



**Australian Government**  
**Productivity Commission**

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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**

**AT PRODUCTIVITY COMMISSION, CANBERRA  
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**DR CRAIK:** Good morning, ladies and gentlemen, and welcome to the public hearings for the childcare and early childhood learning. My name is Wendy Craik and I'm the Presiding Commissioner on this Inquiry. 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, to get some comments and feedback, particularly to get people on the record, which we may draw on in the final report. We have already held hearings in Perth, Port Macquarie, Sydney and Melbourne, and these two days are the last two days of hearings.

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 is being taken. We don't take comments from the floor but, at the end of the day'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 choose 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 are any other media representatives, who haven't spoken to staff, could they please see our staff.

(Housekeeping matters)

We've got quite a busy day today, so we'd ask you to keep to the times that we have. If you can keep your opening presentations brief, that's helpful to us because this is a really useful opportunity for us to actually ask you questions. Our first presentation is from Marie Coleman and Marion Baird. If you'd like to come up to the front and, when you're comfortable, if you'd like to state your names, positions and organisations for the record and, if you'd like to make a brief opening statement, we'd be happy to hear from you. Thank you.

**MS COLEMAN:** Thank you, Commissioner. My name is Marie Von Coleman. I chair the Social Policy Committee for the National Foundation for Australian Women.

**PROFESSOR BAIRD:** My name is Marian Baird, and I'm a member of the Social Policy Committee of the National Foundation for Australian Women. I'm also Professor of Employment Relations and Gender at the University of Sydney Business School.

**MS COLEMAN:** Thank you, very much. Can I begin by saying that I think we should put on record that this has been, in our view, a most important and valuable exercise. This is a complex field, which has become ever more complex since I was responsible for it in the Fraser Government, and the situation has never been completely simple. The changes in funding arrangements have tended to lead to a situation where it hasn't been necessary for central departments to really understand the full workings of individual services because the

funding has been based on placing cash in the hands of service users. I think one of the consequences of that is that it's been very difficult for some of the parliamentary inquiries which have looked at childcare, for example, to get a firm handle on the actual structure of the sector and get a real understanding of what the actual costs of service delivery are and, indeed, of the variety of services within the sector.

We, of course, are an organisation which is concerned with policy; we are not service delivery. I'd emphasise, therefore, that the comments we make about service delivery are very much based on advice to us from people who are in actual practice. We've been looking for some time at issues to do with enhancing women's labour-force participation, and that, of course, is Marian's area of speciality. We've been very interested, for example, in other things which influence women's workforce participation, including a family-friendly workforce, workplaces, the availability of paid parental leave, and, of course, the dreaded effective marginal tax rate as a major disincentive. I think it's important for us to recognise that changes to the structure and funding of childcare will not solve all of those other problems but they will be a helpful contribution.

In broad terms, we think the direction of the Commission's approach towards designing an hourly subsidy rate, based on a reasonable standard of childcare, is the way to go, and, as I'm sure everybody else has told you, that is where the fine detail is going to be very complex. Clearly, one of the issues around this is the proposed activity test.

One of the conversations we've had so far has been with Goodstart, whom I'm sure have made submissions to you, and I have noted with interest that that organisation, which is probably the largest single provider of childcare in the country, is very concerned that a significant number of their families, in the tens of thousands, quite possibly - possibly up as far as 10,000 - maybe disadvantaged by the subsidies which you are providing. When we look at that, I think the picture there is the extent to which Goodstart and other agencies are providing services for children who come from particularly vulnerable situations, where, quite obviously, parents may not meet an activity test. I am aware that special services have been funded in the past for children from families who are regarded at risk by child welfare agencies and I'm advised that some state child welfare agencies make it a proviso of a child remaining in a home where there are difficulties, that the child attends a day-care service.

I think we would have to be extremely sensitive in devising any new subsidy system, to make sure that those vulnerable children were not inadvertently excluded from care settings, even though their parents may fail to meet the activity test. That may well have implications for an increased level of intensity of service in some of those services, where, because of the special needs of the children, they may need much more intensive programs and specialist input than some of the more regular families, if I can put it in those terms.

We were very interested to see your observations about the extent to which you felt that improvements in affordability would indeed lead to enhanced workforce participation, and I'd like to come back to that in another moment but I think that emphasises again that so much of this must be about the welfare of the children, and this reinforces my comments about looking at the vulnerable children side of the equation.

There are a number of other issues that we'd be happy to answer questions on but I think, in broad, I'd also like to say that I really feel for your inability - I think that's what it is - to get a thorough handle on what his happening in out-of-school hours with school vacation care. I have no data to base this comment on but I would suspect that improving the vacation care and out-of-school-hours care sector would probably have a bigger impact on workforce participation than massive changes would within the under fives. Going on everyday experience, it's when children are at school that a great deal of women feel that this is the time when it might be easier to go to work, and a failure to actually restructure out-of-school-hours care appropriately, I think, is going to be a problem.

That leads me to the general feeling that it's very likely that I think you may not have the time, in the timeframe that you've been given, to explore this area as thoroughly as it needs, but we do hope that it would be possible for some further investigations to occur because it's a very little understood or appreciated sector. It's very likely that the current National Quality Framework isn't as appropriate for this age group as might have been the case.

**PROFESSOR BAIRD:** I think the main thing I can do here is endorse what Marie has said and probably just come back to the issue of workforce participation. Clearly, under the objectives of the review, you're charged with looking at childcare, the provision of childcare, early childhood care and learning, as well as assisting with the increasing participation of parents. I really would like to note that, really, when we're talking about that, we're probably targeting those sorts of policies and that research to increasing the participation of mothers with preschool and young children.

The two aspects that Marie has raised there are crucial. The first that I would like to return to is the out-of-hours-school care issue. We know, and you've already reported that, that women's participation in the workforce does increase as their youngest child is older and that Australia still tends to fall lower than OECD averages on that, up to a certain point, and then we are at the average. I think that is an important point, that we do need to consider the types of care that are most appropriate for both the age of the child and where the mother is at in the overall life cycle, the career cycle, and meeting those what sometimes are fairly difficult objectives to meet at the same time - that is, childcare and workforce participation - is critical. I think out-of-hours school care is essential.

The second one there is flexibility at work. You do alert to that in your draft report and I think that's important, and it may be worth drawing out even further that the issue is not just when children are young and mothers are needing - or parents but most of the care is done by mothers at that age - flexible work arrangements. It's also the issue of when they return to work we need to encourage workplaces and employers to not penalise mothers for the time that they've spent out of work caring for children. To complement the childcare system and the parental leave system that we currently have, we do need more attention to the availability of good quality career paths for women who have been on a caring track for some time. I think trying to draw all those policies together will actually enhance women's workforce participation but one policy alone doesn't do that.

**DR CRAIK:** Thanks very much for that, Marie and Marian, you've given us something to think about. Just if we could start, perhaps, with the activity test issue that you raised: is that

for children who are like formally at risk, or is that DTC or someone has said - - -

**MS COLEMAN:** We have been advised that some states are requiring this. So that's a formal decision, which is probably taken in association with recommendations to the Children's Court. But it would be state welfare authorities that would be in a position to give you more detail about that than I can. But certainly we understand from various providers that we heard from that there are other children who they feel are vulnerable who may not necessarily accompany them over to the state welfare agencies.

**DR CRAIK:** We've certainly heard that and Goodstart certainly has raised a number of 10,000 families. I guess the question then becomes: what would be the criteria? Do you have any suggestions about criteria other than kind of universal access for people who – which is the current arrangement – don't meet an activity test even though we have the dual objective of trying to increase workforce participation?

**MS COLEMAN:** If we're talking about universal services, then the cost goes through the roof; and we recognise that's a problem. However, I'm very conscious – while I'm not an expert in early childhood development – that many of the past studies on the impact of early interventions have been based in vulnerable communities. So it's a fair bet that the good outcomes from intensive early intervention can legitimately be seen to come from children who start with some sort of deficit. Now, whether that is children with developmental delay or other problems, or whether it's children who are socially at risk, or whether it's children whose parents are in a very vulnerable situation at a particular time, I think any definition would have to manage and encompass all of those.

**DR CRAIK:** Challenging.

**MS COLEMAN:** Yes.

**DR CRAIK:** We don't want a definition that leads to such an administrative nightmare.

**MS COLEMAN:** That's right.

**DR CRAIK:** It's got to be straightforward. Thanks.

**MR COPPEL:** To pick up on your comment on out-of-school-hours care, you mentioned that, if restructured appropriately, it could lead to quite a significant impact on workforce participation. Could you tell us what you have in mind in terms of what would be an appropriate restructure of out-of-school-hours care?

**MS COLEMAN:** Well, can I say at the beginning that I think your observation that principals ought to have the responsibility of organising verges on the brave in this instance.

**DR CRAIK:** Even courageous.

**MS COLEMAN:** Even courageous, because it is my understanding – I've had a conversation with the Education Union and they're resolutely opposed to it.

**DR CRAIK:** We knew we were stepping into the lion's den.

**MS COLEMAN:** It certainly seemed to me to be the case that this would be good grounds for making sure that school premises can be used. But one of the things that the Education Union drew to my attention was that there are often problems in the schools when premises aren't left ready for the school to use the next morning. So I guess that comes to facilities needing to be available at schools which are probably dedicated. I'd suggest you really need to talk more extensively with somebody who is engaged in that game.

You can see the difference when you talk to somebody like Goodstart who have got a scale of operation about the range of things that they're able to implement and their understanding of what the situation is across a wide diversity of geographic and socioeconomic areas. There isn't a really effective peak body, I think, in out-of-school-hours care that can give you that kind of scale picture. I think the ACT is probably one of the better provided jurisdictions and I notice that the trend here has been away from the school running the program to the school negotiating with another body, whether it's the YWCA or a community service, to actually provide the program but using school resources. I think we need to look at what the evidence is from those people who are running a network of services, actually running the network rather than just being a coordinating body of the network, and see what kind of evidence they can provide as to the reality of how the quality framework works and what kind of facilities they do need.

I think it's also true that many of the programs with which I've had any familiarity have tended to bore any child over nine absolutely mental. I speak from the fact that for a few years I was taking on responsibility of driving a grandson around after school because his school had after-school but he wasn't going to those programs any more with little kids because he was really grown up at nine. That involved taking him to various other community activities that he was interested in. Surely we should be trying to look at how the out-of-school-hours care system can bring those activities into programs which do interest nine, 10, 11 and 12-year-olds, because these are not age groups that you want to leave sort of feral. It's very difficult for parents to be back at home unless they have a grandma who's got nothing else to do to drive the child from one service to another. I think we're looking at a need for some restructuring and a funding system which makes it possible for the organisers to bring specialist services in or to link kids up.

I mean, the child wants to play football this afternoon or netball, that should be possible. If the child wants to learn to play the saxophone - very trying to the neighbours and the grandmothers - then that should be possible because these will keep the children engaged. It's not that they have to do schoolwork, it's that they need to do things that engage them. They need to be safe and secure and have a good time.

**MR COPPEL:** When you say the NQF may not be appropriate, do you have anything specific in mind?

**MS COLEMAN:** I've spoken with at least one provider who points out – and I'll just read from this email – that it needs to be acknowledged that documentation is now bordering the ridiculous:

*It's noticeable during the assessment and rating process for each program. It needs to acknowledge that children attend before and after-school programs for a maximum of three hours per day with an average attendance of 1.75 hours.*

The person raises the question of whether there's need to have two educators present at all times when, particularly before school, there may be less than 10 children attending. So I think there's some reality testing there. So we're not saying that we shouldn't have competent people and enough people, but rather, that before and after school is a different proposition to a full day care program.

**DR CRAIK:** Thanks for that. Marian, can I ask you: You raised this issue of flexibility at work and we certainly ventured a bit into that territory. Do you have any specific suggestions? Given the variety of workplaces that there are and things, it's difficult to come up with very specific suggestions other than kind of saying that it should be encouraged and people have the right now to ask for flexible work arrangements and those companies that provide it or those organisations that provide it – we've had some submissions from them and we've heard from people where even despite an infinitely flexible work organisation, someone was telling us in our Melbourne hearings that if they lived in the CBD, that was okay because they could get to work, but if the parents lived out at Frankston and had to get back to pick up their kids from childcare, even with an employer that was extremely flexible and helpful and supportive, in the end it was just all too much.

**PROFESSOR BAIRD:** This area is under enormous scrutiny at the moment, as you know, both in a policy sense and a practical sense. Some of the leading companies have introduced policies that are really now starting to shift, I think, what is expected from employers and what employees can expect in workplaces. But our research shows that there are a few things that really make a difference there. One is the culture, if you use that word very loosely, of the workplace. So even though there are policies that encourage the use of flexible work arrangements, both in the legislation and in company policy, often it can be very difficult for parents to use those policies.

We also know that the uptake, however, of those policies is highly gendered and that women use them more than men, which potentially has a scarring effect on their future income earnings and their career prospects. The other side of that is, of course, that men often don't use them or feel that they can't use them because it's still not accepted that men will be responsible for the childcare and the pick-up from work.

In the research that we've done actually over the last decade, one of the most common refrains from women is that they're so lucky if they have an employer who will let them leave at 4.30, for example, to meet that deadline of the 5 or 5.30 train or pick-up or whatever it has to be. And the second one, they're so lucky if they've got a husband who will do the pick-up one day a week. So we still have quite a gender imbalance in terms of that.

I suppose there are plenty of examples now of what can be done for flexible work arrangements. It's the start - autonomy or some control over the start and finishing times; perhaps working in a different place some days a week so that you are closer to the childcare; perhaps bringing childcare in to the workplace. That has sort of fallen off the agenda a bit amongst employers and there are reasons to do with tax and often concentration of work is in one area, then looks as though it's favouring those workers over others.

I do think we could actually spend a bit more time thinking about what do we do around those critical moments in the day, at the beginning and the end of the day, and vacation periods. They seem to be the critical times for parents. And perhaps spreading the load of care more between both parents, so that it's not always falling on the mother, for example, to carry that childcare, which ultimately then has this impact on labour force participation. What we get down to is really a need for workplaces that are able to cope with varying numbers of people on site at a particular time, which might require more people to cover those. The pressure on workplaces and organisations, of course, is to control costs all the time. So finding that balance or finding some way of allowing more flexibility around the edges of the day is really, I think, the critical area, and vacation. That does involve both policies and culture in workplaces, or practices and culture.

**DR CRAIK:** Hard to legislate for culture.

**PROFESSOR BAIRD:** It's very difficult but I wouldn't under estimate the effect that legislation has over a period of time. It's hard to measure the impact but we do know that there's much more interest in flexibility now than there was before. Technology is making a difference as well. Many more conversations about the use of technologies to disrupt what we see as the normal way of working. I think there is potential to explore that, both in terms of keeping in contact with children but where work can be done.

**MR COPPEL:** You mentioned culture and policy. On the policy side, are there any specific measures or ideas that would address those issues?

**PROFESSOR BAIRD:** One of the areas would be to make it – and this has come up in other inquiries too, is in the right to request flexible work to have a more stringent enforcement and appeal mechanism in that one, which we don't have under the National Employment Standards, which does enable – how will I put this – perhaps that encourages employers not to give it the full consideration that it could be given, that is that request for flexible work arrangements. I think enforcing that more strongly and encouraging that more widely is important.

The other thing that we have found in our research is that, despite the introduction of formal policies, and this is where I think you do see a link, even though it's hard to prove the causal link, there has been an increase in the use of informal arrangements in workplaces. They're much harder to track because no records are kept. That is another area that we do need to have more information on, about who is actually using flexibility at work and what is it like.

Leadership from the top, we know, of organisations is important. We also know that role modelling in organisations makes a difference to who else uses those policies within the organisation.

**MS COLEMAN:** Yes, that's sort of less that it's a badge of honour to still be at the office at eight.

**MR COPPEL:** One of the areas which is relatively little treated in the draft report does relate to vacation care. We have had one participant at the hearings last week who commented on the number of weeks of vacation care and the ability or the inability to juggle work and care during those periods. Do you have any idea or expertise on models that have been used for vacation care that may be appropriate in the Australian context?

**MS COLEMAN:** I'm not quite sure about models. I seem to recall many, many years ago when there were much more – well, it was one of the earlier worries about child health and nutrition in Australia, and I'm thinking here in the period post-World War II, we had a huge range of school-age programs being run by Department of Sport and Recreation which were very much engaged in picking up children during school vacation. That seems to have tapered away, although perhaps the contemporary anxiety about childhood obesity might lead to a bit more interest in activity programs, physical activity programs.

The dilemma always with the vacation programs, I think, is that probably many children don't want to be spending their vacation back at the same school where they have been all through term, and yet there is obviously good sense in using the resources that exist in the community as a place around which to base them.

I think you will find that a great many parents during vacation do look to programs which are being run by a body, so whether it's a sporting program or daily programs being run by museums to interest children in a ship museum or whatever. They clearly are meeting the need and people are attending them, but they're not eligible to be defined as childcare. They are not eligible to attract subsidy as a result of that.

My feeling is that, if we could move towards systems whereby the organisers of vacation care were structured and funded in such a way that they could buy into these programs by providing before and after services, you might well find we could mobilise much greater use of existing resources in the community services, which will be entertaining and developmental for the children, rather than trying to herd them back into the school building. I don't know whether that's helpful.

**PROFESSOR BAIRD:** There isn't that much research on the area interestingly, but I do recall American research done in this area in the late '80s, early '90s. What they found in the States is that what parents do for childcare is use their annual leave. That's how they cover those periods of time. And, of course, the average for Americans is only two weeks' annual leave; ours is four if you're in a permanent job. I mean one obvious policy would be to increase the length of annual leave for workers so that there was more to share in a family.

**MS COLEMAN:** Americans are very big on vacation camps. Summer camps are really big and even whether it is summer camps for affluent parents who can afford the children go away to the Catskills or something. Many decades ago I once worked as a youth volunteer in a summer camp in Chicago where one of the charities took over this facility and brought in mothers and children from disadvantaged families. I forget how long that ran for. I think that ran for about a month during the summer.

**DR CRAIK:** Maybe we should take a look at the United States and see what they do

**PROFESSOR BAIRD:** Well, I think one of the issues, of course, is that their vacation period is a different length to ours. We have more during the year as I see the school term operating now. Another policy that some employees have introduced is the ability to purchase that leave and I think that can be encouraged as well, so that you can purchase or request school-term arrangements.

**MS COLEMAN:** The research we've done - we commissioned some stuff from Newspoll - showed, pretty obviously, that the propensity to use organised or structured care services is strongly correlated with family income, which is hardly surprising but much research tells you something that you thought might just be the case. We do note that there are a great many children who are unsupervised or are having an eye kept on them by a teenage sibling or by the lady down the street, and that's probably not really suitable.

**DR CRAIK:** Marian, you might be able to answer this: one thing that I've found interesting during this inquiry is the fact that Australian mothers, more of them, tend to work - a greater percentage - part time than, say, in other OECD countries, and a lot of people say it's their preference. I guess my curiosity is, is it their preference because the incentives in the system lead them to that preference, it's hard to know you'd distinguish this in research but do you have any views about that, or is it like a genuine preference?

**PROFESSOR BAIRD:** This is a critical issue and a major research question for many people, and I don't know that we have the absolute answer to that. Most of the academic research talks about preference and constrained choice, so there are sort of two camps: one camp that argues it is a preference; another is that it's really a constrained choice and that they do work that way because the system sort of enables that. I think I fall somewhere in between, having interviewed hundreds of women, now, since commencing work on parental leave in the early 2000s. What seems to come through very clearly is a couple of things, that women, because they're having children slightly later in life, now, in their early 30s, this is at a crunch point in their careers as well, and that, whereas in the past women, we used to say, came to motherhood with not much work experience, they now come to motherhood with a career behind them, and it's important to them to keep that investment in their education and their career ongoing.

One way to do that is to try and work what systems and policies are available to keep one foot in the labour market and look after their children. I think there is a very strong maternal culture in Australia, that women with young children do either have a preference for, or a desire to, have someone in the family, typically themselves, looking after preschool-aged children particularly and then later, but this is not to say they would prefer that over other

arrangements if they were available. That's where we're not exactly sure to what degree that would shift if more quality childcare was made available. I think it's a constrained choice, actually.

Historically, we've had a system - and here we can talk about past dependency of policies - that has really assumed that it is the mothers who will do that care, so, from the first unpaid parental leave decision, it was a recognition that women were participating in the workforce more but that, at the time when they were having children, they needed to be able to leave work but have that job guarantee. You could argue that those policies have set in train now certain other policies that reinforce that pattern, so that, by the time we get to the '80s and '90s, the part-time or the one-and-a-half model has really become entrenched, except for a group of women who are now becoming primary breadwinners. I think that's a critical shift that has happened that we haven't really picked up on that much in our policy framework, and these are an increasing number of households, especially in the inner cities of Melbourne and Sydney, probably Canberra, sort of correlates with, or is associated with, the demand for childcare in those cities too. These women are now the primary breadwinners, up to 25, 27 per cent in those areas; 11, 12 per cent, I think, is the latest stats for Australia-wide. That trend is noticeable in the UK and the USA, where it's expected to increase to somewhere between 30 and 40 per cent over the next 10 to 20 years. That is an enormous shift and that will then have repercussions for childcare.

One thing I would like to say is, when we think about designing a childcare system now, we also have to think about what the demand is going to be in 10 years' time. I think that shift will come through fairly quickly now.

**DR CRAIK:** I suppose the other side of that, and it's partly related to women being primary breadwinners, is the number of women who leave an employer and go and set up their own business so they can work from home.

**PROFESSOR BAIRD:** Yes. You're probably familiar with that - I have a PhD student who's studying this and her results are quite interesting. Going back to your choice issue, they also show that there's sort of a gradation of choice that goes on, and we certainly can't say all women who set up their own businesses do it, or choose to do it; they're a group who are pushed out of the workplace because they cannot get the flexibility that they need to look after their children. An overriding feature of all those women is that they do want to combine being a good mother with some good work that they can do. That's where the fastest growth in self-employment is happening, is amongst those women. That is another issue.

They still need some sort of childcare facilities, often. They might combine it with their work at home but you can't work all the time and have the children with you; so, some childcare for them is still necessary.

**DR CRAIK:** Thanks.

**MR COPPEL:** Among the women that are primary breadwinners, is there any work that's observing what the impact is on the man, as the secondary breadwinner, in terms of response to high effective marginal tax rates?

**PROFESSOR BAIRD:** I haven't seen that. Most of our work around that has been more qualitative, trying to really pick up on what's happening in the household. We haven't done the impact on their decisions, economic decisions, around tax rates, and choosing or not choosing to work because of that, yet.

**MR COPPEL:** Do you think it would be the same between a man and a woman, or are there factors that are influencing - - -

**PROFESSOR BAIRD:** That's a good question. It's a good question because, culturally, Australian households, when they talk about the cost of childcare, they talk about as a cost on the mother's income. Even though in the report you talk about parents, I know what happens in households is that they talk about that as, "By the time I take childcare out and other expenses, why is it worth me going to work?" I think we'd have to test that, whether it would have - I don't necessarily think it would be exactly the same for men because there is still such a strong male-breadwinner understanding in Australia that I'm not sure that they would do that adjustment.

What we found in our qualitative research was that (a) it was very hard to find participants who fitted what we would call the ideal type, in a model sense, female breadwinner, male stayed at home, about a quarter of our sample were of that, but even those men, over time, started to return to work, in a similar way to women who return to work once the children get older. Most of them had found the mother, or the female, either was in a better job or more career-orientated and they had made the decision, as a unit, to go that way, and his career had sort of stepped back a bit, but none of them discussed taxation as one of the reasons for making those choices.

**DR CRAIK:** Is there anything that defines women who work on through terrible EMTRs; are there any characteristics that - - -

**PROFESSOR BAIRD:** I think it is what you have described in the report, actually, is that notion that in the longer term it's important to stay in the job and maintain your connection with either your career, your employer or the labour market, in order to sort of realise those benefits down the track.

**DR CRAIK:** Do we know anything about the kind of the relative percentage of those in, say, highly-educated women, who do choose to do that, or - because there are always exceptions and we've had lots of submissions - - -

**PROFESSOR BAIRD:** I haven't got that note to hand, I'm sorry, no.

**DR CRAIK:** But is there data on that?

**PROFESSOR BAIRD:** I don't know that there is. We could go and look at Jenny Baxter's work; it may help us there.

**DR CRAIK:** It would be interesting to know kind of roughly what percentage of well-

educated or well-paid women will actually do that, because we've had many submissions on both sides of the question.

**PROFESSOR BAIRD:** We could get some of that data from the parental leave evaluation because we know women's income and occupation. You could sort of track how many of them return to work and when they return to work.

**DR CRAIK:** Okay.

**PROFESSOR BAIRD:** We're doing a study now called Millennium Mums, which is actually following that group of women, as their children grow up, to see what decisions they are making, but those results aren't in yet, I'm sorry.

**DR CRAIK:** It's always the way.

**PROFESSOR BAIRD:** Yes.

**MR COPPEL:** Thank you.

**DR CRAIK:** Thanks very much, both of you; that's been really interesting.

**PROFESSOR BAIRD:** Thank you for the opportunity.

**DR CRAIK:** Thank you. Our next presentation is from Amanda Johnstone. When you're ready, if you could state your name, position and organisation, and, if you're like to make a brief opening statement, we'd be happy to hear from you. Thank you.

**MS A JOHNSTONE:** My name is Amanda Johnstone. I'm from In Home Child Care in Mayfield. I actually have it all written down for you but now I've just got to find it.

**DR CRAIK:** Lost your piece of paper. That's all right. When you're ready.

**MS A JOHNSTONE:** I have that many pieces.

**MS J JOHNSTONE:** My name is Josephine Johnstone, and I'm the coordinator for In Home Child Care. We service Newcastle and the Hunter.

**DR CRAIK:** Are you in the same family?

**MS A JOHNSTONE:** Yes. Josephine has been my daughter-in-law since 24 May.

**DR CRAIK:** Congratulations.

**MS A JOHNSTONE:** That's why we've got the same last name. Good morning, ladies and gentlemen and Commissioners. As explained, I'm the owner of In Home Child Care in Mayfield. I've actually been working with the government since 2001 but, privately, I began in 1993 because I actually had twins and I already had a two-year-old. I went to my

workplace to introduce my twins and my boss actually said, “I’m glad you came in. Can you hand in your keys? You can’t work and have three children.” So then I started up my own childcare. That was mainly for people like your nurses, your cleaners, your doctors, all the early starters, so we have all (indistinct) the work hours and all that sort of thing for the staff and, over quite a few years, I actually sent letters to ministers, saying, “Hey, look, you need to do something about this; it’s not fair.”

At the moment we have looked after 505 children and, since the CCMS system started, in 2009 - I’m not sure if you are familiar with the CCMS.

**DR CRAIK:** Yes.

**MS A JOHNSTONE:** At the moment we have, currently, 32 weekly families, and 105 children in our care per week. Those ages range from birth to 12, and we have special-needs children as well. We have six families who are using occasional care. 15 families have special-needs children. We have 22 families all together; we have a mixture of special-needs children and special-needs parents - some of them actually have both, unfortunately. We go 24 hours a day seven days a week and we go every day of the year, so we cover your before and after-school care, we cover your holiday care. We cover the families that - the nurses that are going on practical and - the same sort of thing - so we cover everything.

**MS J JOHNSTONE:** We also have a significant amount of culturally and linguistically diverse families at the moment as well.

**MS A JOHNSTONE:** Which is really hard because the government is not really giving them any help whatsoever; it’s like, “If you come from another country, we don’t want to know about you.” That’s the opinion that the people actually are getting and so are we, as a service.

I have a couple of comments here for recommendations.

Recommendation 12.2, which is a combination of benefits. My concern is the matter for the JET payment. My information for the eligibility of JET is a parent has to be single, studying or starting a new job. There is no flexibility in JET. A parent who has shifts which change weekly or even daily, may not be covered for their childcare at that time. With this new payment, will this new payment correctly address the needs of the client, will it be able to ask for changes – sorry, will a parent be able to ask for changes, how long will it take and often. Can the service provider change it to suit the needs?

Draft recommendation 12.4: To determine annual hourly cost for non-centre based care would be virtually impossible. All services charge different fees in the whole of Australia. So, it would be virtually impossible to do that, unless you looked at the highest fee, which I believe could be \$68 an hour per child. I don’t charge that though.

There are many variables in the parents’ hours and needs and an hourly cost would not be appropriate, an annual hourly cost would not be appropriate. In a bygone era of childcare, we completed duplicate forms with childcare usage. These were submitted and were paid on

this claim. These were done every three months. The problem was we were paid on the previous three months claim. There may have been new families which began here and in the new quarter there was no money for their use. If previous payments were more than was actually used in the previous quarter, then that payment actually deducted from the one that you were given. Either way you are disadvantaged by that system. With the introduction of the CCMS, this stopped the problem and usage could be updated and payments made accordingly within a few days.

The Commission recommends 100 hours per fortnight per child of paid care, with the aid to be used as needed. What happens if they go over 100 hours in that fortnight? Will they still receive any benefit to cover extra usage?

The Commission recommends that the payment go to the service of the parents' choice. We have a really big problem with this and I am guessing many other services do too. Can this be changed and how often and how long will it take? If a family use more than one service and the hours coincide, who gets paid. Will the parent receive a benefit for the hours used from the other service? Some services can charge 12 hours a day now, whether or not those hours are used. The parent may not want their child going to care at 6 am and in-home care covers that gap and takes the child to care at eight. This is where the services cross. Now the person getting paid is the one that gets the hours in first.

Recommendation 8.4, the removal of the occasional care gaps: Will occasional care receive the new payment and how do you propose to do annual fee for them. In-home care has been promised for hours to be uncapped for many years and we are still waiting.

Recommendation for nannies becoming eligible service: A nanny or au pair is usually a choice made by a family because they do not want to place their children in to a centre. The nanny is expected to do everything for the children, from doing the shopping, looking after the children, paying the bills. They are employed by that family. The family usually has an income which enables them to afford a nanny. In-home care offers this type of service but without the extra duties of a nanny.

My in-home care coordinators usually visit the families every two weeks, do the home safety inspections. We have a play group and we have excursion days to take the children out. We have a toy library. We do interviews with the parents every three months as well. They are also employed by the service and they are covered by WorkCover, superannuation and other insurances.

If in-home care had uncapped hours, we could employ the nannies, we could monitor them and pay for them. Is the Commission looking at nannies doing the same as in-home care or in-home care becoming nannies? The Commission recommends using the family day care ratio for nannies and in-home care services. Families have a different amount of children and different ages. We actually have one with nine children. They cannot pick and choose what children come to their service as family day care do. Do you propose a family has two nannies? If so, who's going to pay for the second nanny?

Recommendation 5.1: This is the portion of the Family Tax Benefit A taken if the child doesn't go to 15 hours of pre-school. Is this going to be seen as a punishment? Some families may not be able to take the children to pre-school for various reasons.

The recommendation 12.6, ISS funding, is available now as an extra payment. It is to the carer. It is not to the service. It is not flexible for the parents' roster which can change. A service receiving a payment for items which you are proposing for special needs children would be most welcome. This could be quoted for and paid for directly to the supplier or the service can be given the money and it can be claimed as an income and an expense.

In-home care has now been going for 14 years and is a very necessary service. Many people don't even know it exists. When parents find out the care is available, it often reduces them to tears. But imagine how we feel when we have to say, "I'm sorry, we don't have any places available." Please uncap our hours.

Did you know that in-home care is not represented on the Ministerial Council for Child Care? In-home care has its own association called NICA, which is now in its tenth year. I am sure with our history and knowledge, we can bring a wealth of ideas to you. Just ask.

The recommendation for Certificate III for all carers and nannies would cause issues with our grandparents and older carers who come to us and will no longer actually be able to care for these children, as they may not be able to study. They are not has-beens and are very much needed to teach the children and share their knowledge and experiences. Do you propose to deny the children of this because their nanny or carer is over 30 and doesn't have a piece of paper from college? Can you organise a prior learning certificate which can be developed for these staff?

Being a mum of four children and now two and three-quarters on the way, I have used several types of childcare while my children were growing up and I know that not all families fit one type of care. We need to encourage parents who choose to work and those who have to, to be comfortable with the type of care they choose. Please stop the daily job losses for parents who cannot get care by allowing services to expand and uncap in-home care.

Thank you.

**DR CRAIK:** Thanks very much for that. I am not sure we will get to all those issues today.

**MS A JOHNSTONE:** That's all right. I only did a few for you.

**DR CRAIK:** We will do what we can. In relation to the issue of special needs, how do you define special needs? I guess my question is why is there 24-hour care required and is that all covered by childcare in-home care subsidies under childcare.

**MS A JOHNSTONE:** We do have criteria that's given to us by the government which we have to follow.

**DR CRAIK:** In special needs?

**MS A JOHNSTONE:** In special needs, yes. So we have to follow that appropriate documentation and the parents can be given whatever care they need.

**DR CRAIK:** And any number of hours they need?

**MS A JOHNSTONE:** Yes. Currently what our definition of special needs is, currently in our service we have children with oppositional defiance disorder, ADD, ADHD, cerebral palsy, autism.

**DR CRAIK:** Are they all diagnosed?

**MS J JOHNSTONE:** All diagnosed, every single one of them. Mothers with severe post-natal depression or other mental health issues, parents with substance abuse, children with physical disabilities like club foot. We've got one boy who is paralysed. We have a very broad range of children with additional needs.

**DR CRAIK:** But they're either diagnosed for the children and/or the parent?

**MS J JOHNSTONE:** For every single person, yes.

**DR CRAIK:** Okay. The issue of providing 24-hour care, because in our recommendation we're saying that it shouldn't be any more than 100 hours a fortnight because we see childcare as childcare, not kind of 24-hour, not around the clock.

**MS J JOHNSTONE:** Of course. We have also got recommendations from Family and Community Services.

**DR CRAIK:** So, we're saying only the 50 hours, yes.

**MS J JOHNSTONE:** We get recommendations from Family and Community Services who don't yet want to remove a child, but we had to come in – and that parent may not physically even be allowed to touch their child. But our carer has to be there for that child to remain in the home. So that's an issue that needs to be taken into account and that's why our service is good in that way. That these children get to stay at home, but there needs to be supervision; we provide that.

**DR CRAIK:** Does the carer then have to stay for 24 hours in the home?

**MS J JOHNSTONE:** Yes.

**MS A JOHNSTONE:** We can have two or three - - -

**DR CRAIK:** And you inspect the homes and everything first.

**MS A JOHNSTONE:** Yes.

**DR CRAIK:** You're saying every two weeks or something.

**MS J JOHNSTONE:** I meet with the carers every two weeks to touch base, see how things are going, developmental checklists, all sorts of different things. Then we meet with the parents minimum of three months but we'll often converse over the phone more regularly than that.

**DR CRAIK:** Can I ask how much you charge?

**MS A JOHNSTONE:** \$26 an hour, that's by family, not per child. But if there's children with special needs, it can go up to 40 an hour. But we only have one that fits into that, a boy that's paralysed.

**MR COPPEL:** How many coordinators do you have relative to in-home carers?

**MS A JOHNSTONE:** Four, and one special-needs coordinator.

**MR COPPEL:** And the number of in-home carers?

**MS A JOHNSTONE:** Thirty-five.

**MR COPPEL:** Are there qualification requirements?

**MS A JOHNSTONE:** No, there's nothing.

**MS J JOHNSTONE:** For the coordinators, we need diploma-trained - - -

**MS A JOHNSTONE:** Coordinators, yes, one of them has to be – has to have a diploma.

**MS J JOHNSTONE:** Then the rest have to be Certificate III working under.

**MR COPPEL:** The rest of the coordinators.

**MS J JOHNSTONE:** Yes.

**MS A JOHNSTONE:** Our child carers themselves have to have a first aid certificate with anaphylaxis and asthma. They have to have a letter from the doctor to say they're fit and healthy work with children, working with children's check and we ask for a few other things as well. But they don't have to have a Certificate III.

**DR CRAIK:** Do you think that – I mean we would see in-home carers coming under the kind of nannies program in what we propose. Do you think that coming under the NQF is a good idea?

**MS A JOHNSTONE:** For the younger ones, yes. For the old ones, no.

**DR CRAIK:** You'd like to see them grandfathered or something or grandmothereed, whatever the right term?

**MS A JOHNSTONE:** A lot of them have parents saying, "Have you (indistinct) a teacher" this, that and the other. We just want them to be loved and to be taught like we were taught. Show them how a flower grows. Take them out for a walk. Just do all the normal things that they do with children.

**MS J JOHNSTONE:** I think in my experience with the difference I think both bring very good things to the table. A grandmother who has raised her own children has raised – can care for her grandchildren as opposed to, on the other hand, a very strong education in children's needs. From my experience though, I found that a lot of younger people who have gone through and done their Certificate III previously haven't had training with children, I mean a more practical sense. Because it's unsupervised and in-home childcare, you can't send them off to an infant, they don't know what to do. They don't have that practical experience of caring for a younger child on their own. So grandparents in that sense are fantastic.

**MR COPPEL:** You mentioned that many of your kids have got a diagnosed disability and a number of them are at risk. What's the interplay between those kids with a diagnosed disability and the support through the National Disability Insurance Scheme?

**MS J JOHNSTONE:** Nothing.

**DR CRAIK:** Do you get any support for anything?

**MS J JOHNSTONE:** No, we don't as a service. Some of the parents do though.

**MS A JOHNSTONE:** A couple of the parents do though. Unfortunately, what I have seen of that it's very bare minimum.

**MR COPPEL:** What proportion of your kids that you're looking after are with a diagnosed disability or from a family that is – in a family at risk, kid at risk?

**MS J JOHNSTONE:** We didn't do all of the kids. We just did 22 families out of currently 50 have additional needs. But in those families some – up to four children in one family – will all be diagnosed with something.

**MS A JOHNSTONE:** What we find is usually they're the ones that are with the grandparents.

**DR CRAIK:** You mean they live with their grandparents?

**MS JOHNSTONE:** And it's because the parents have said, "Hey, we don't want the kids any more." If you're going to take that free care from the grandparents, they shouldn't go back to stay, end of story.

**MS J JOHNSTONE:** As said before, we have one grandmother who's looking after nine of her grandchildren, all from the same child too.

**DR CRAIK:** Do you provide in-home care to her?

**MS J JOHNSTONE:** We provide assistance, yes.

**MS A JOHNSTONE:** To the grandparent. And she's single on her own.

**DR CRAIK:** With nine kids.

**MS A JOHNSTONE:** Yes, 18 months to 14 years.

**DR CRAIK:** You said there's a wide range of prices that in-home carers charge.

**MS J JOHNSTONE:** You mean by other services, yes.

**DR CRAIK:** You said it'd be impossible to set a fee.

**MS J JOHNSTONE:** We charge the lowest fee because like we're in the Newcastle area. So we know the people's incomes. You can't afford - - -

**DR CRAIK:** What sort of range? What's the upper range of hourly fees?

**MS J JOHNSTONE:** Sixty-eight dollars an hour.

**MS A JOHNSTONE:** Sixty-eight dollars an hour is the highest that we have heard of.

**MR COPPEL:** Is that overnight?

**MS A JOHNSTONE:** The majority is in the 40 and 50 an hour, yes.

**MS J JOHNSTONE:** And this is per child too.

**DR CRAIK:** So you charge \$26 a family and they would charge \$68 an hour per child.

**MS A JOHNSTONE:** That's just what we've been told. And if the government wants to put an annual fee, how are you going to work that out?

**MS J JOHNSTONE:** I think it's better expended in metropolitan city areas. You would expect that the price would be higher but we're a bit more regional and therefore the price should be lower. It should reflect what is – reflect the wages of the families that are working. And Newcastle is very much a tradie town, it's working class.

**MR COPPEL:** What is the average number of kids per in-home carer that you're looking after? You mentioned one with nine kids.

**MS A JOHNSTONE:** That's more carer because the grandmother is there. She's there on her own. The grandmother doesn't want anybody else. Josie can probably give you more information on her.

**MS J JOHNSTONE:** But the average of children to carers across the board - - -

**MS A JOHNSTONE:** Is one to two, depending on what the issues are.

**MS J JOHNSTONE:** Probably two is average because you've got some families with four but a lot of families just with one. So I would average two to three.

**DR CRAIK:** Do you have many with over four kids?

**MS J JOHNSTONE:** Yes, the majority.

**DR CRAIK:** With over four kids?

**MS J JOHNSTONE:** There's quite a few.

**MS A JOHNSTONE:** But they've come and gone. Not currently. They've come and gone.

**MS J JOHNSTONE:** Most families get one child into a day care centre. But once you get over one or two, you could get - - -

**MR COPPEL:** Those fees of \$26 an hour, does that include the cost of the coordinator?

**MS A JOHNSTONE:** It does, yes.

**DR CRAIK:** Do you get additional funding from the government?

**MS J JOHNSTONE:** We do, in-home care, yes. So that helps.

**DR CRAIK:** So you get the sustainability funding on top of the - - -

**MS A JOHNSTONE:** Yes. I think it's about 74 cents an hour per child. It's not a lot. But it helps. Everything helps. Because we have a small office, we do very little, bare minimum, and keep everything in the local area. We have a carer, a coordinator who works in one area and everything is sort of like kept to a bare minimum for us. So far we find it works very well. I know there'd be some very upset families if their carers couldn't work for them.

**DR CRAIK:** How do you assess the safety of a home?

**MS J JOHNSTONE:** In assessing the safety of the home what we mainly look for – we've sort of got a checklist and we're looking to make sure that your – it's a fine line because it's got to be lived in, it's their home but it's got to meet safety stuff for us too. So we want to make sure that all their chemicals are up higher or they're locked and they're stored correctly, that there's appropriate fencing, that it's generally tidy and free of vermin and it's got fire

alarms that are functioning, they don't have firearms, that they've got evacuation plans in place, that kids' toys, clothes and nappy-changing facilities are all accessible and easy for the carer, and that they have suitable ventilation and suitable vision of the outdoor area and that there aren't any high railings, that they've got to be sufficient as well or retaining walls pose a problem. So we look at quite a range of things.

**DR CRAIK:** Do you knock back many houses on the basis that they don't meet all those requirements?

**MS J JOHNSTONE:** Yes, and we do home safety inspections. It was every six months, it's just gone to every three, to make sure that they continue to comply. And we have just suspended two people because their houses didn't comply.

**MS A JOHNSTONE:** They were also passed on to DOCS.

**DR CRAIK:** So you no longer provide care. Is that what you're saying?

**MS J JOHNSTONE:** They've been advised that until their home meets compliance with our home safety check, they will not receive care.

**MR COPPEL:** What sort of insurance arrangements do you have to cover your in-home carers?

**MS A JOHNSTONE:** We have WorkCover for all the staff. We just have our million dollar public liabilities and all that sort of stuff that we have to have. We actually have an agreement about this big.

**DR CRAIK:** With who?

**MS A JOHNSTONE:** With government. We have to.

**DR CRAIK:** Federal government?

**MS A JOHNSTONE:** With the federal government, which we have to follow all their policies and actually provide them with the proof that we have all those insurances.

**MR COPPEL:** How big a cost is that in the scheme of things?

**MS A JOHNSTONE:** My WorkCover one is about eight grand this year.

**DR CRAIK:** You asked why we suggested that family tax benefit A would be linked to preschool attendances. It's meant to be an incentive, not a punishment. Try to get them - - -

**MS A JOHNSTONE:** Are parents going to think of it that way though?

**DR CRAIK:** Well, the idea was to try to encourage them to put their kids to - - -

**MS A JOHNSTONE:** Not all families can get to the preschools. You need to make more preschools, make more places for them.

**DR CRAIK:** Is there insufficient places in some areas?

**MS A JOHNSTONE:** In our area, yes.

**MS J JOHNSTONE:** Very insufficient. I also think that it overlooks some families that are at risk, especially mothers who are suffering severe post-natal and they lack the motivation or the ability to get their children off to school. We deal with quite a few of those families. So getting them off to school, day care, whatever the service may be, that's a struggle for some people. To then withdraw funding is just an added pressure for them.

**DR CRAIK:** Do you think under our proposal in any arrangement that your service would – do you think it would work?

**MS A JOHNSTONE:** If in-home care looked after the nannies, yes. But will the parents agree to how in-home care works?

**DR CRAIK:** I guess what we were thinking was that there'd be agencies, like yours I suppose, that would look after the nannies. So you have all the superannuation, the tax and everything is properly done as to be expected. But our suggestion was that to receive the government subsidy they would need to come under the National Quality Framework. Now, the National Quality Framework would then need to be tailored to the particular kind of service.

**MS A JOHNSTONE:** To the home, particularly to the home. With the different languages and the backgrounds and all that sort of – but nannies also do their cooking, their shopping, their cleaning. They do everything, where that's not - - -

**MS J JOHNSTONE:** We would need to significantly raise our - - -

**MS A JOHNSTONE:** That doesn't come within in-home care. They're not covered by WorkCover if they do any of that because it's not part - - -

**DR CRAIK:** But if they were getting subsidised for childcare the focus would be – the idea would be the focus would be childcare.

**MS J JOHNSTONE:** We don't offer that service now and our carers are constantly harassed to do housework. It's already an issue.

**MS A JOHNSTONE:** “Get tea ready for me when I get home. You haven't put the washing out.” “The washing got wet. Why didn't you get it off the line?” Well, the child could have drowned by then.

**MS J JOHNSTONE:** If we start calling them nannies there's an automatic inference that we will start taking care of their home.

**MS A JOHNSTONE:** How would you work out their wage? I mean - - -

**DR CRAIK:** That's up to the nanny agency. That needs to be the agency that's employing them, same way you guys work out - - -

**MS J JOHNSTONE:** But we're governed by certain rules on what – and family has to have the same charge. You cannot charge a different family a different rate because of where they live, how many children – don't know about the how many children. But if they're on special childcare benefits or if they're on grandparent benefit, you have to charge the same rate. You cannot change it.

**DR CRAIK:** But you're saying that different services charge different amounts, hourly rates.

**MS A JOHNSTONE:** Yes. But if we had nannies come to us, we could only charge what we charge. Each family couldn't have a different rate. But that nanny might say, "I want more money. I want \$30 an hour." We can't do that. So then does the family give them the cash in hand? Then the family then misses out on that funding. So how do you make that fine line work?

**DR CRAIK:** Good question.

**MR COPPEL:** Just one last question from me. You mentioned that there's that distinction when you talk about in-home carer and a nanny in terms of what's expected. Do your in-home carers take care of washing the kids' clothes or preparing food?

**MS J JOHNSTONE:** They will prepare basic meals like sandwiches and snacks, but they won't cook. So at dinnertime the parents are required to cook that throughout the day and we will reheat it. We'll tidy up after the mess that the children have made in the home. So the home is to be left at the same standard that it was when the shift started. Nappies and things are disposed of appropriately. It's just to leave the home in the same way that it was when the carer arrived.

**DR CRAIK:** How long is the average shift? Is that usually 10, 12 hours?

**MS A JOHNSTONE:** Ten to 12, yes, depending on whether it's - - -

**MS J JOHNSTONE:** Because they've got to get to and from work as well. Some of them work in the mines of course, their money is fine. But they can do 16-hour days. So there we try and have two separate carers that come in.

**DR CRAIK:** Do the carers take the kids to preschool or whatever?

**MS A JOHNSTONE:** Yes, wherever they need to go. They take them to activities.

**DR CRAIK:** In their own vehicle?

**MS A JOHNSTONE:** Yes. They can also bring them to our playgroups and they also go out on excursions. They go whale watching, they go bowling.

**MS J JOHNSTONE:** After-school activities.

**MS A JOHNSTONE:** They're not left at home.

**MS A JOHNSTONE:** The idea for us to meet the families' needs and to do the things that the parents require just in their absence. So if they've got Johnny registered for soccer on a Tuesday, he goes to soccer on Tuesday.

**DR CRAIK:** Will you be putting in a submission?

**MS A JOHNSTONE:** As to your questions that you guys have asked?

**DR CRAIK:** Yes.

**MS A JOHNSTONE:** I have and I've written it out but I haven't gone any further.

**DR CRAIK:** If you would send it in writing, that would be great.

**MS A JOHNSTONE:** It's just about usage for a couple of weeks. It shows you that we're there 24 hours a day for a couple of weeks. Then we have the big ones there that could be over three or four days. So we actually cover everything.

**DR CRAIK:** That's really good. Thank you. Would you be able to put it in a submission, because that would be really helpful explaining how your service works and what it does and where you see difficulties in what we've proposed.

**MS A JOHNSTONE:** I know the chairman of the In-Home Care Association (NICA), he actually asked me to bring up that comment, that there is nobody on your board from in-home care representing us.

**DR CRAIK:** It's not our board, sorry, that's the government's board. It's not ours, it's the Minister's committee.

**MS J JOHNSTONE:** How do we - - -

**DR CRAIK:** I guess you'd get in touch with the Minister's office would be the place to raise that issue. We didn't set the - - -

**MS J JOHNSTONE:** It's not your fault.

**DR CRAIK:** No. But we did go and meet them at their first meeting. But there was someone on that committee who had been on NICA or had been involved in in-home care

**MS A JOHNSTONE:** Male or female?

**DR CRAIK:** They had been the previous president or something.

**MR COPPEL:** It's male I think it was; it was a guy in Sydney.

**DR CRAIK:** But anyway, yes, the Minister's office would be the place to direct that comment to. But look, thanks very much, that's been really helpful, really interesting.

**MS A JOHNSTONE:** Thank you for having us.

**DR CRAIK:** If you could get in a submission and explain how this sort of works and what would work under what we've said and what wouldn't, that would be really very helpful. Thank you.

**MS A JOHNSTONE:** Thank you.

**DR CRAIK:** Thanks for coming down from Newcastle. We'll now take a quick break for morning tea and if you can come back in 10 minutes at 10 to 11, that would be great. Thank you very much.

**ADJOURNED**

**[10.43 am]**

**RESUMED**

**[10.58 am]**

**DR CRAIK:** The next presenter is from The Parenthood; Fiona Sugden. Would you like to state 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 SUGDEN:** Certainly, Commissioner. Fiona Sugden, Executive Director of The Parenthood. Thank you very much for the opportunity to present today, Commissioners.

The Parenthood is a new national advocacy body for parents. We're a voice for all parents who are passionate about seeing positive change for their children in business and in government. We've grown in a short time to more than 20,000 parent members nationally, with most of our membership across the eastern seaboard. More than 10,000 parents have joined our campaign on quality early learning, and thousands have now responded to our surveys, to share their own views and experiences of the early learning system in Australia. We're member-led and strive to ensure we advocate strongly for our parents on the issues that matter to them and to their children.

We welcome this opportunity today for this important Inquiry and the chance to present, and believe that it's really important that this Inquiry ensures that no parent or child is worse off. Our evidence today can be summed-up into two clear areas; the first being quality

education and care for all children and the second being opportunity for parents and children to access that quality care.

On the first topic, quality education and care for all children, our parents strongly support the evidence from medical and child health professionals regarding the benefits of being in a quality early learning program between the ages of zero to five. As parents, we want to see the government invest in quality childcare, whereby children have more one-on-one attention with qualified educators in centres that are safe and hygienic.

While The Parenthood knows this is an excellent opportunity for reform, through the inquiry that you're conducting, we also have some concerns about a couple of the recommendations that appear to suggest that centres should reduce the quality of education in some areas in order to save money.

In response to the specific recommendations that I'm referring to there, where the Commission has recommended that all governments should allow services to temporarily operate with staffing levels below required ratios, such as by maintaining staffing levels, on average, over a day a week, rather than at all times, at Parenthood, our members are really concerned about this recommendation and what it will mean for our children. We are very concerned that it will mean children won't receive the same level of one-on-one attention and quality care. A survey of our membership that's currently still in the field but that has had nearly 700 parents responded so far, in a few days, has found that 98 per cent of parents have deep concerns about averaging out staffing ratios over the week, with the majority stating that they would be concerned about the impact this would have on the safety of their child.

The second area that I would like to address in this same area is around the requirements for educators in centre-based services to be amended by government, the draft recommendation stating that:

*All educators working with children aged birth to 36 months are only required to hold at least a Certificate III or equivalent.*

We feel strongly that we wouldn't accept, as parents, teachers working in a primary school that weren't qualified - and that parents value the early learning system and the education that their children receive through that, in the same way. As parents, we believe that these recommendations do put money ahead of our children's education, and lowering the standards of qualifications of educators working with children under the age of three goes against all of the scientific and medical evidence about the significant brain development and physical and emotional development that occur from birth.

In fact, once again to reference the interim results from our national parents' survey that, as I mentioned, is still in the field, we've found that 95 per cent of parents don't support the recommendation to lower the qualification levels of educators for children under the age of three. Parents won't accept their lower standards for their children, so, therefore, we respectfully disagree with that particular recommendation.

Something else that our parents have listed as very important to them is safety and hygiene in centres and ensuring that there is a rock-solid guarantee that they are of the highest standards at all times. Above all else, when parents leave their child in a centre, they want to know that they're safe and that they're cared for in a clean environment. Therefore, our parents are very concerned that the combination of averaging out the ratios of educators to children over the week, with the suggested recommendation to lower the qualification standards of educators looking after children under the age of three, will impact safety and hygiene as well in centres.

Ninety-eight per cent of the parents that we have surveyed so far have said that they would not send their child to a centre that had lower educator-to-child ratios, even if it made their fees slightly cheaper. Obviously, the feedback that we are getting from our parents is that they don't want to see quality compromised for affordability.

Just very briefly on the second topic that I said I would focus on, which was the opportunity for parents and children to access quality education and care, while we acknowledge some of the very positive recommendations in the draft report to increase access for particular children, including Aboriginal and Torres Strait Islander children and children of lower-income families, we are concerned with the recommendation to limit or stop access for children with parents that don't pass the work or study test. We are very worried that children from low socioeconomic backgrounds could then be denied the chance to participate in a quality early learning program, for whom we know that there is a dramatic benefit when you look at the scientific evidence to back that up.

Further within this topic regarding access of opportunity, as you may be aware, The Parenthood strongly supports the 50 per cent childcare rebate for all families, capped at \$7500 a year. The childcare rebate is one of the strongest workplace productivity measures in our country and has helped to ensure more women return to work after a child, whilst also helping us to maintain our female-workforce participation. Australia is still below the OECD average for workforce participation of women and we fear, and feel there is strong evidence, that any cut to the rebate will take us backwards in our ranking. We fear that it will hurt the quality of women in the home and in the workplace.

A very brief example: a Parenthood member and kindergarten teacher, Louise Smith, a mother of three on Queensland's Sunshine Coast; Ms Smith has determined that, with the suggested cuts to the rebate, she would be worse off and, for her, it would be the difference between her returning to work or not before her youngest child reaches school age. In her family situation, and the facts are that she would be worse off financially, it means she would be better off staying at home rather than returning to her role as a fully-qualified kindergarten teacher. Ms Smith is just one of hundreds of parents that have informed The Parenthood they would face a personal scenario like this. In fact, in a recent national survey conducted in February of more than a thousand of our parents, we were told that 75 would either stop work or reduce their hours significantly if the rebate was reduced or means-tested. We have re-asked this question in our survey that's still in the field and, so far, the interim results have shown 79 per cent of parents would stop work or reduce their hours.

Just very quickly in conclusion of this statement, thank you very much again for the

chance to come today. We are really excited at the opportunity that it does create for the early learning system in Australia but, most importantly, we feel that it's critical that quality education and care remain for all children and that opportunity for parents and children to access that quality care remains. Thanks.

**DR CRAIK:** Thanks very much, Fiona; thanks for all that. We'd be interested when your survey is done, obviously, to get the results.

**MS SUGDEN:** We thought we'd do it especially for the final submission, written submission.

**DR CRAIK:** That would be great. Thanks very much. I guess the general comment - we were asked to look at the issue from two perspectives - one was workforce participation and the other one was child development - and, of course, one of the things the government asked us to do was to give them recommendations within the existing funding envelope. Even though our preference was outside the funding envelope, we still gave them options within the funding envelope.

Given what you've said about means-testing and the childcare rebate and retaining qualifications ratios as they are now, I guess the question would be, what's the alternative, so that we don't have continually unsustainable rises in the cost of childcare? Every time the childcare rebate went up, up went the fees, and it's kind of never-ending. Do you guys have any alternatives or you just don't particularly like what we've proposed?

**MS SUGDEN:** Yes. Not at all. No, I agree, it's very difficult for you to make recommendations within the current funding envelope; that's a difficult position to be in. I think that the cost of the \$5.5 billion paid parental leave scheme, as you've recommended, should see some of that money diverted into an early learning system. I think, and our members clearly think, based on other data which we have, which I'll be able to provide to you, that that would be much better bang for buck of taxpayer dollars, that a quality early learning system is of benefit to a family for up to five years per child; paid parental leave benefits a family for six months. We know the benefits it has to society as a whole as well, of course. We strongly support paid parental leave at The Parenthood but we have a system already in place that we can afford. It is going to be very difficult to get the new scheme to be passed, in any case; this would be a better use of dollars. We think that would be much better than cutting the rebate.

There is, in my mind, no doubt, from the evidence that we have received back, that this will hurt, mostly, and I'm making a generalisation, professional women.

**DR CRAIK:** One of the things that we have found recently is, with the change to effective marginal tax rates, even some families who are well over the 160,000 family income actually end up being better off because of the effective marginal tax rates, quite a bit better off, actually, but that's obviously not going to apply across the board.

**MS SUGDEN:** No, and what we have found is that over - I think just under 80 per cent of children go to early learning childcare three days a week. That means that, up until now,

unless you're in a very expensive centre in Sydney CBD, you're not reaching the \$7500 cap. That's why so many of those people are going to be - it's going to hurt them financially. It's a big change. I understand some people will say, "Well, 50 per cent - what's 30 per cent - difference?" It's a huge difference, especially if you've got more than one child. We do still really live in a society where, often, the female is the secondary earner in the family and, if there's no financial incentive, really, left there to go to work, then it starts to impact whether she goes back to work, and you start to have women that are out for five to 10 years, and that has a cost to the taxpayer as well, long-term.

**DR CRAIK:** I don't know if you've investigated but in your membership - one of the issues about women who are more highly educated and perhaps in better-paying jobs anyway - that they're prepared to work through that period, even though the effective marginal tax rates are punishing and a disincentive to work.

**MS SUGDEN:** We do, in that we can work out where the people who are saying, "Yes, we'll still keep working anyway and we won't reduce our hours," in relation to these questions - - -

**DR CRAIK:** Are you surveying that as well?

**MS SUGDEN:** We're not asking people, directly, that question but we are able to break down data in a way that helps to give an impact around the demographic; so, where people are from. I think that what I can say definitely, anecdotally, from what we're hearing back from parents, is that, yes, highly professional women do have a commitment to remain in the workforce, even though it's often very, very hard to do so. The thing about it, though, is that there is this productivity measure in place right now that incentivises them to stay there because they get 50 per cent of their fees back. With everything, if you take away the dollar incentive, it starts to remove how much they really want to go, when it's already very hard to get there, just to turn up and walk through the door every day, and then it starts to mean, at the end of the fortnight, you have not got much left, financially, to show for it.

**DR CRAIK:** If anything, yes.

**MS SUGDEN:** It's difficult and it becomes more and more difficult to justify. If you want these women to still have children and keep climbing the ranks as well in government and in business, I think you've got to leave the incentive there to do so.

**MR COPPEL:** When you say your survey takes account of the demographic impact, are you asking what the educational payment or income - - -

**MS SUGDEN:** No.

**MR COPPEL:** No. It's just postcode basis?

**MS SUGDEN:** Yes. We do go back to people and get more information where we're particularly interested in answers though with some of our members, if they're willing to - if they're happy to do that.

**DR CRAIK:** It's an area that we're quite interested in, this area at the higher end where we have reduced the subsidy of the kind of relative percentages of women who are prepared to work through that period.

**MS SUGDEN:** Yes. I think it's that emotional toll that comes into play there. And another parenthood member based in Brisbane, I was shocked when she told me she and her husband are emergency department doctors. She said if we lost the rebate, it would change everything. She does only part-time now, to be able to finish her specialisation to be an emergency doctor and so, because she is part-time – yes, I was quite surprised because obviously you would think people do fall into an income bracket where they can sustain extra payments. But that's why I think it is that the truth is it just comes back to the fact that this is a productivity measure. That's what it was always designed to be and it's very difficult to say that some people just shouldn't get it at all.

**MR COPPEL:** On the qualification requirements, in particular, you made reference to the recommendation relating to kids under three years old.

**MS SUGDEN:** Yes.

**MR COPPEL:** We have noted that there is a difference in qualification requirements if it's a long day care centre or a family day care provider, for example, where that provision for a diploma-educated carer in family day care is not present. I am wondering whether you are aware of any evidence or material that identifies differences in outcomes, depending on whether kids have gone through one type of long day care provider or a family day care provider.

**MS SUGDEN:** No. Sorry I don't have evidence around differences in outcomes between family day care and child care at a learning centre, however the - - -

**DR CRAIK:** Do you have members using both?

**MS SUGDEN:** We do but the majority are from early learning centres, but we do have family day care in that as well. When you look at the difference in qualification that a Certificate III is one-year part-time and designed to be more of an assistant role in a room versus a diploma. It's more focused on achieving a group leader that can design educational programs for children. It's clearly you want to have a mix of both, of course, in a centre but to not have the requirement in there that children aged three and under. You know, when you're three, you're going to go to kindergarten next year. It's such a big, important year, that kindergarten year and they need to have been actually participating in a structured, quality early learning program prior to entering kindergarten, especially now that there's so much expected of children as soon as they arrive in prep.

**MR COPPEL:** The family day care coordinators have that qualification and they provide guidance to the family day carers. Do you think that could provide that sort of structure or guidance on the structure that would operate in the family day care environment?

**MS SUGDEN:** So sorry, you are saying should they have the same level of qualifications as what is required in an early learning centre?

**MR COPPEL:** I am just saying that the coordinator of a family day care centre has the same qualification, or a diploma-level of qualification and provides help to the family day carers. My question is whether that sort of arrangement would meet those sorts of considerations in terms of design of a program?

**MS SUGDEN:** Yes, sure, I understand. No, well our parents have been very clear about what they think which is that they think that they want their three-year olds, two-year olds and one-year olds actually being cared for by highly qualified educators and it's really important to them. It's coming back very strongly in our results and through, like I said, the anecdotal evidence and to the degree that our parents are sharing with us all of the time. I think parents views on childcare have changed dramatically now from maybe what they used to be. And parents place a very high importance on actually seeing their children go through an education program. They understand what it means. I have heard a lot of people say around the sector that parents don't really understand this quality word but they understand what we do. Our membership absolutely does and they can define what they think it means. You know, it is safety. It's a quality early program. It's a qualified educator.

**DR CRAIK:** It's interesting, because COAG on the RIS on the NQF said that the impact of particular qualifications was actually unclear in summarising the RIS when the NQF came in.

**MS SUGDEN:** Yes. I don't know how much they spoke directly to parents. I can only speak on behalf of the parents that we represent.

**MR COPPEL:** You know that the survey of your parents indicated that they wouldn't be prepared to pay less for lower quality.

**MS SUGDEN:** Yes.

**MR COPPEL:** And we have also heard from the side of providers that they are unable to raise their fees for a higher quality service, which seems to sort of create a paradox between those two views. Do you have any – how you reconcile those two? They do seem at odds with each other.

**MS SUGDEN:** I think that parents have just been resoundingly clear with us that if the qualification levels were lowered and things like ratios, where they feel it would impact the safety of their children, they would not choose to go to a centre where it was slightly cheaper where those things were watered down. What private providers and other providers that you're referring to are saying about increasing their fees, I can see, sure that's right. But really I can see how that's right from their perspective. They don't want to keep putting up the fees, especially where they're running a profit making business. They need to keep the clientele walking through the door, but I think that it's just very important that we don't ever look at the kids as a product that we put a price on and that can be discounted. It's so important that every child has this opportunity to access the quality care, and unless those

quality measures are legislated that we have this amazing power to be able to try and keep that in place, then yes, I mean of course they will get watered down for profit.

**DR CRAIK:** What does your group think of nannies? Do you think more people will take them up than currently do? Do you think they will be from centre-based care or do you think they will be from – do you have a view about whether they would be from home-based care or whatever?

**MS SUGDEN:** I absolutely think that we will lose great educators to go and be nannies. The pay rates, which is a completely separate issue, of course, that really that they leave them with no choice. But also, there are so many educators that are incredibly committed to remaining in centres because that's what they're passionate about doing.

We support nannies. We support them being qualified to the same level as early learning educators though, if they are going to be receiving a taxpayer funded subsidy.

**DR CRAIK:** Cert III?

**MS SUGDEN:** Yes.

**DR CRAIK:** And it's going to be day care.

**MS SUGDEN:** You know, but really there are – like we have members that for the ability to have a qualified person that would come to their home, that they receive some subsidy for would be very helpful, especially actually if there are lots of nurses, you know, people that would really help them out a lot. Yes, we would just be really wanting to ensure though that they have to be qualified. I think it would be very difficult to regulate.

**DR CRAIK:** A challenge, yes.

**MS SUGDEN:** Yes, it would be a challenge.

**DR CRAIK:** Thanks very much, Fiona. That's been great and we look forward to getting your submission and the end of your survey.

**MS SUGDEN:** Thanks. Thank you for the opportunity.

**DR CRAIK:** Thanks very much. Thanks a lot. Next we have the Total Childcare Solutions Australia. Thank you.

**MR COPPEL:** Fiona O'Donnell.

**MS O'DONNELL:** Good morning. My name is Fiona O'Donnell and I am the company director of Total Childcare Solutions. I also represent, and am company director of, Foundation Early Learning, and Canberra Early Learning Services. I'd like to thank the Commission for the work and the dedication of the team in evaluating our sector. We value this opportunity for collaboration and consultation.

I've been an owner-operator of childcare services in the ACT since 1991, that makes me a bit of a veteran, but the background to Total Childcare Solutions is a management and consultancy company to the early childhood sector. So we're providing educators, management services to a variety of clientele; some are local government councils in areas where they find it very hard to manage services themselves, or corporates, like Rio Tinto in Weipa, in remote locations, who are providing services for a community. We're flying educators in and out, FIFO educators, into childcare services in remote locations. It's quite a diverse clientele in our company.

I too believe in recruiting qualified professional staff to support children in their learning, and our workplaces reflect a culture of ongoing professional learning for staff. I believe that access to high-quality education and care has a hugely positive benefit, not just to children and families but society and community, as a whole, and our mission is to provide high-quality early education and care to all children and families, regardless of circumstance.

I'd like to make my first point, which is whether we are really faced with a shortage of childcare places or do we have a lack of local government planning? I think that we're starting to see a disparity between what is a perception of childcare places being a shortfall and what local government are doing to approve childcare services when they're approving residential and development in their own communities.

I make the suggestion that, when families experience a lack of childcare places in their area, it is because their local government or council has failed to plan suitable amenities, whether we're talking about urban-infill developments or remote-location developments, including mining or new subdivision developments. This morning, on the ABC, I heard that another 6000 apartments had been approved in the Sydney CBD. I'm sure, though, council have not given a thought to what services might be available for the families that might take up apartment-living in the CBD for children.

I further suggest that consideration must be given by local government authorities and their town planners to the needs of their communities, and respond to the needs analysis and the demographics when they choose to release all land for urban infill, and give a more balanced approach to the supply and demand for childcare. I further suggest that local government, councils and planning authorities are not fulfilling their responsibilities in that regard. Census data and needs-analysis data is readily available information for town planners, as well as the councils, so it needs to be relied upon. I'm assuming as well that the next census will be out in a couple of years and that will further give more information across the board of where people are living and how old their children are.

I use an example of town planning here in our city of Gungahlin. Parts of Gungahlin have been developed for 20 years, with major development over the last 10 years. There has been a shortage of childcare in the area for some time. The ACT Planning and Land Authority have been selling mix-use sites that may include childcare but are not specific in their lease purpose, so, until recently, there has not been any consideration of childcare places offered on these mix-use sites.

In the last 12 to 18 months, we've seen the numbers of places available to children in the Gungahlin town centre alone increase by 570 places, and that's in a really short period of time. In a radius of 1 kilometre, there is: the Yerrabi Ponds Early Learning, 90 places opened in 2013; Bright Beginnings in 2014 with 180 places; YMCA, due to open in November 2014 with 90 places; extension to Gungahlin Children's Services, an additional 40 places; a new service located in the ACT Government Building; and another 80-place childcare centre, due to open in 2015. That's just in the Gungahlin town centre, so you can see the effect that town planning has got on childcare services.

The abundance of places in this short time illustrates a lack of planning at the ACT government level, and it will result in an oversupply in a very short period of time. So, I suggest that local government must, as a priority, obtain up-to-date data and keep up with urban infill and their new residential developments and ensure they provide adequate amenities for their families.

When we hear mothers crying, "We cannot get a childcare place," I ask, "Does this mean 'I cannot get a place in the centre of my choice' or is it that she is unable to secure a place timed with her return to work?" Our waiting lists, in all of our services, are not as long as what some of the media are alluding to. In my business, I work closely with employers to try to offer them incentives to encourage their staff to - offering employers an opportunity to motivate staff returning to work by securing childcare places, by way of a priority-of-access arrangement.

That leads me, really, to my next recommendation or suggestion that the federal government should assist in supporting employers - employer-supported childcare places, with some sort of relaxation in the fringe benefits tax. This would be outside of the existing funding envelope, I assume, but this would incentivise employers to support the needs of their employees and support productivity in their own workplace. There is scope to review current incentives for employers, through FBT relaxation and assist employees with children back into work and create a smoother transition back to work from maternity leave. This is a benefit that would be applied directly to parents and will have less of a budgetary impact.

Has the collapse of ABC become a distant memory? As a private developer, manager, owner and operator, I say that the collapse of ABC had a significant impact on the development of early education and care centres but the collapse of ABC was an extraordinary event and, whilst it had a catastrophic impact nationally for Australian families and childcare business owners, it's starting to become history. The value of businesses plummeted back, then bank-lending tightened, and that restricted and prevented the entry of developers speculating on real estate and providing these whole premises to operators.

I suggest to the Commission that there are many conversations to be had, and I would further suggest that we be more careful and ensure that we are not engaging with owners and operators of all sizes and not listening only to the loud voices of the major childcare operators.

The sector has stabilised significantly since the collapse of ABC and we have banks now lending more freely to developers and operators, and the market is gaining momentum at

speed. Through my own organisation, we're currently involved in the construction of 15 new childcare services, with an estimate of an additional 1700 licensed places across those services. Having seen this momentum previously in the sector, I'm sure that we will see another saturation of childcare centres within the next two years. It's our estimation that supply will absolutely catch up to demand very quickly.

I highlight as well that the private sector makes a significant contribution to the provision of services in communities and saving local governments and councils from having to provide facilities themselves. In return, councils receive our rates and our land tax. We support the federal government continuing to provide assistance to regional areas, in the forms of grants and sustainability funding. I note that we are operating in some of these areas as well, for very little return.

Local government should collaborate with big business to ensure that community services are provided as part of approval processes, and I could probably look at the Rio Tinto scenario and we've done quite a bit of consultancy with BHP, Rio, some of the big employers, when they're moving into communities. Particularly when they have a lot of fly-in/fly-out workers, councils are wanting to make their communities more sustainable. I think that the case of Weipa and Rio Tinto, really, is a very commendable one, where they've poured a lot of money into an early childhood service, providing something of really high quality for their community and for the workers that are moving into that community.

What does the private sector save local government and contribute to state and federal government? I suggest the private sector makes a significant contribution to community. We deliver services that require substantial outlays in land and building development, recruitment and staffing of staff, and, certainly, opening a new business. So, should decisions be made that threaten the viability and profitability as well of the sector? Developers and operators are less inclined to deliver these services, particularly in marginal areas. Then the responsibility would fall back to local governments or councils to build their own childcare services, in the absence of the private sector, and, of course, the building of a childcare centre doesn't cost hundreds of thousands, it costs several millions of dollars, upward of three to four million dollars.

Most childcare companies, really, qualify as small-to-medium businesses and they're enterprises that employ significant numbers of employees, contributing large amounts of payroll tax to the state coffers and rates and land tax to local coffers. We also save government, as I said, from delivering services themselves. We pay company tax to the federal coffers, to subsidise things like this Commission hearing. However, long-term, we think that we contribute far more than that because our services, through our highly qualified teams provide advice to new mothers on best practice and care for their babies, we link families to early-intervention support for children with disabilities, we're parent support and introduction to community services externally, we're education and learning in the most significant years, zero to five, that makes a lifelong difference, and, of course, I confer with Fiona from Parenthood and certainly my learned colleagues from ARACY; they will certainly reiterate our view that the zero-to-three is not to be discounted as a developmental stage for children, that they deserve less - if anything, they deserve more.

We also are care and protection workers for children at risk, we are behaviour-guidance and management specialists for little children having difficulty, and we connect families and children as well, to speak to therapists, nutritionists, paediatric physiotherapists, et cetera.

The adoption of National Quality Standards was visionary and revolutionary in its introduction by COAG in 2009, and we fully support a truly national scheme of best-practice standards in education and care and we've made many inroads into adopting best practice within our businesses, often at our own financial cost.

The whole sector and government have invested greatly with the introduction of national laws and regulations and the adoption of the National Quality Standards, so I further suggest that centre-based care in Australia is on its way to being best practice by world standards.

I also caution that we should be vigilant in making decisions that could upset the current momentum. That has been the government objective for some time. The quality framework aims to raise the quality, drive the improvement and, certainly, the delivery of the services.

Sorry, I've lost my train of thought there.

**DR CRAIK:** I hope we're going to have some time for questions.

**MS O'DONNELL:** I've just got one little spot and then - - -

**DR CRAIK:** Okay.

**MS O'DONNELL:** I'll just jump to the conclusion. I would like to just reiterate something that Fiona said before, and I've got my learned colleagues here from the nannies' association as well, that we are challenged by finding suitably-qualified staff. Retaining them has always been a really big issue. We feel that this would be quite challenging if nannies were funded in homes. It's not that we're opposed to in-home care at all but we are concerned about the potential loss of qualified educators working in individual homes, as we struggle to find staff already.

In conclusion really, we support one simple easy-to-understand payment for parents for childcare services, paid directly to the service.

We recommend a review of the requirements of local governments and town planning to ensure that childcare is not in short supply.

We recommend a review of the current FBT guidelines to incentivise employers to assist their employees back to work, outside of the existing funding envelope.

We recommend that the shortfall will soon be met from market with the development that's on the rise.

That's our recommendation.

**DR CRAIK:** Thanks very much. It's been really great to hear from you because you're the first firm of your nature that's actually got in touch with us, so we're very glad to hear from you.

We're certainly interested in hearing about your Rio FIFO arrangement, in particular, but do you have aggregated information from buyers and sellers of childcare centres?

**MS O'DONNELL:** Well, often it's hard to gather and I suppose what we have to do is take the broad perspective too, is that it's not an even playing field when our largest competitor really is a not-for-profit. I think that there probably is more information you can gather as to why a not-for-profit can charge the same fees and not markedly less than a - - -

**DR CRAIK:** And in fact on average they charge more.

**MS O'DONNELL:** Yes.

**DR CRAIK:** Do you think that gives them a big advantage for profits?

**MS O'DONNELL:** Well, I could look at something in Canberra just as a comparison, as an example. Gungahlin Children's Services is an ACT government-owned facility. It is operated by a private operator who pays \$5 a year rent. So, I am 300 metres down the road and I don't pay \$5 a year rent. In the private sector, of course, we have the impost of payroll tax and employee costs are up to really 70 per cent of our complete income. So, our labour cost is incredibly high and only getting higher obviously as some of the new changes come on board. So, payroll tax is a significant advantage, particularly to Goodstart, who would have a more than \$20 million a year advantage by not having the impost of payroll tax, and of course they don't pay company tax. So, you know, their business really should be extremely profitable.

**DR CRAIK:** They do complain they can't borrow money and that business costs are tax deductible. So, the argument that they have put to us is that private providers have different but other advantages.

**MS O'DONNELL:** Look I am not sure about their status or not being able to borrow from commercial banks. But I am certainly aware of lenders who lend to not-for-profit organisations all the time. I dare not suggest that they are not operating a sustainable business model or I am sure that banks that banks would quite easily lend to the sector. I mean they certainly are to the private sector and they have got more of an advantage than we do. So, I mean I don't think that that quite makes sense.

**DR CRAIK:** Okay, thanks.

**MR COPPEL:** Do you have information on the cost structure of providers by geographic location and type of provider?

**MS O'DONNELL:** Fundamentally we could look at a staffing structure and it wouldn't matter whether we were in a regional location or a CBD location. Our staffing requirements

are the same. What we need to look at some times is what recruitment costs because it's very hard to get workers into regional locations. We're also spending a lot more money now processing visa applications and employing 457 visas and people from overseas, which is often not appropriate in some regional locations either because culturally it's very hard to give employees a sense of belonging in regional communities. I have got a service struggling at the moment in a remote location and we have just been unable to attract staff there. We have an operator who was employed – the majority of people are on 457 visas, otherwise they wouldn't be able to keep going.

**DR CRAIK:** And so the cost of equipment bringing them out, is that imposed on the childcare service as well?

**MS O'DONNELL:** Yes, it's absorbed in your employment costs but it's really quite significant. In fact, it's really another budget line in our business now is recruitments costs. So whether we are paying a fee to one of the recruitment agencies that seem to snap up a lot of educators and advertise very heavily and certainly to migration agents, et cetera, et cetera. Look, we're in the situation too where every time we deal with a migration agent for an educator that might be suitable for a position, we have to make a full company financial disclosure. So, I mean it's quite difficult when you're dealing with someone behind an email address at hotmail.com that you're releasing all of your financial information as well.

**DR CRAIK:** So what is an average recruitment cost?

**MS O'DONNELL:** For a centre director, up to \$12,000. So the average fee would be about 15 per cent of salary plus super.

**DR CRAIK:** Okay.

**MR COPPEL:** Are these difficulties in mining towns, in particular, or are they more broadly spread across regional Australia.

**MS O'DONNELL:** Well, I think regional Australia probably does struggle a little bit. The service I am talking about is in Biloela. So, that probably would be considered mining but also an agricultural town and it's just extremely hard as young people grow up. They aim to leave the town. They don't stay in the town. And, of course, those communities are really impacted I think by fly in/fly out workers as well, because it does decimate sometimes communities where people come, they live in temporary accommodation and they leave on a rotational basis.

We've got a centre in Kalgoorlie. We are expecting a downturn in the gold industry. We're yet to see the impact that that's going to have on the town in general but house prices are falling by 50 per cent in some of those communities.

**DR CRAIK:** What sort of people are buying and selling childcare centres at the moment?

**MS O'DONNELL:** Well, it's really hard to compete with the large corporate G8. They're very active in the community. There's another publicly listed company called Affinity

Education. We're seeing a lot of recklessness in acquisitions. So, companies buying services at way over what a business ordinarily would be valued at, and sometimes double the price, so it's quite unsustainable.

In one location in the northern area of Cairns, there is one particular service that is giving away free childcare, just to pick up the childcare benefit component to try and, I suppose, incentivise parents but make the most of childcare benefit when it's available. I mean if there was going to be some tightening of regulations, obviously some of those things where services can claim obviously childcare benefit, and not charge the parent component, is something that could be tightened up. But, you know, as I said before, ABC's history, we have to be careful, I think, that history doesn't repeat itself.

**DR CRAIK:** Is there anything in the governance of childcare centres that you think that came out of the ABC Learning thing that is not currently in place, because it seems a lot of ABC Learning's problems were related to the way ABC Learning was run and their accounting and their funding arrangements and the cost they paid for centres. Is there any particular - - -

**MS O'DONNELL:** Way, way in the beginning I think that Eddy Groves probably had a good idea to gather some scale and corporatize things and it did lift things probably to another level. But to get market share, they were doing some fairly reckless things. I am starting to see a bit more recklessness now and I think that that's a little bit concerning. At the moment we've got G8 releasing really good financial reports but they're still acquiring very heavily. Soon they will overtake Goodstart as the biggest provider of early childhood services.

We only remain in the industry because we can't buy business. We have to go and build them. So, we have to still speculate and develop and take a large commercial risk. G8 and Affinity, the large corporates, aren't necessarily doing that. They just want to buy an already up and running profit driven childcare centre and pay some people remarkable odds. So, we will see a lot of changeover now of people that had been staying in their businesses and not selling, returning to the market now that the values are rising.

**MR COPPEL:** You made the point that the shortage of childcare places is more a perception than a reality. In your view, is there a distinction between where those limited places are in terms of the age of the kid, that there is an issue for three year-plus or under three?

**MS O'DONNELL:** We still need to build childcare centres a little bit differently now to meet demand because we know that our four to fives there is less demand because parents are accessing external preschool or kindergarten education. So we're building larger nurseries or more nurseries for infant care. We don't see a lot of babies under six months. Really mums are going back to work between six and nine months, sometimes 12 months if they've managed to stretch out their paid parental leave and they're in a position to do so. But it is difficult when the most profitable part of the business really is at the end when children are over three because our ratios are different. But a lot of those we're losing to external

kindergartens that are subsidised by local government. We get some kindergarten funding in some states, not in all. We don't get anything in the ACT and you don't get anything in New South Wales. But certainly Queensland and Victoria have incentivised services to make sure that they're providing an early childhood qualified teacher to children to access the universal 15 hours of a kindergarten program.

**MR COPPEL:** Do you know if the centres that are responding to the shortage of places for kids under two years are distinguishing in terms of the price per day? Because we've heard that often a centre will have a standard price regardless of the age even though it's more expensive to care for an under-two-year old. Is there any shift in that direction?

**MS O'DONNELL:** There is a bit of a shift. We do see a trend moving towards one flat fee so that it's just more balanced. But of course we are - - -

**MR COPPEL:** What do you mean by "more balanced"?

**MS O'DONNELL:** It means that rather than incentivising that payment for children who are over three because there's less educators, there seems to be a requirement, parents' expectations as well – I mean, it might cost less to provide but we certainly have children on computers and we've got all the smart boards in rooms and we probably have got some external programs coming, whether it be for music or sport or some of those sort of things. So is it really – does it cost us less to provide or really are we providing more and getting the same for the money? So we are seeing more of a flat fee across all services and less of an incentivised fee structure where the fifth day is at a heavy discount if you come for five days. We're seeing a lot of that move out. So I think that where childcare expenses has increased it's actually in the fee structure. That sort of incentivised and discounted fee structure seems to be phased out by a lot of operators.

**DR CRAIK:** Do you think many services are viable only because of the government subsidy?

**MS O'DONNELL:** There's a lot of services that are only viable because of the government subsidy.

**DR CRAIK:** The majority, do you think?

**MS O'DONNELL:** If we didn't have parents accessing childcare benefit, they couldn't afford childcare. So we'd close our doors.

**DR CRAIK:** It's interesting because we had one provider in Sydney come and talk to us who's been running a service for 30 years, not quite the hours required to attract the subsidy. I think she was saying she was charging \$150 a day and she never had a problem filling the centre. It was very interesting. But the parents aren't subsidised.

**MS O'DONNELL:** That's an interesting business model and I would assume that it's in a very affluent area. But I'd probably reiterate what my colleague Fiona from Parenthood said before as well, is parents do want the best for their children. If they've got a choice of care

between a service that might offer less, whether it be food or nappies or something like that, or they go to a centre up the road that has got a music teacher that comes in once a week or whatever, they are not going to really tear themselves apart around an additional 20 or 30 dollars a week, or maybe even \$50 a week, if they can satisfy themselves as a parent that they're giving their child the best. So it is competitive. But I don't have many centres that have got a hundred per cent occupancy. So collectively across the organisations, I'm looking at probably a hundred childcare centres, mainly on the eastern seaboard, but as far north as North Queensland and Gippsland in Victoria, I haven't got a hundred per cent anywhere.

**MR COPPEL:** If I understood correctly, you were calling for more information that would help strategic planning and planning of where childcare centres are located using Census data, which is available now. Is there anything that sort of stops you from accessing that information?

**MS O'DONNELL:** No, well, we access that information all the time. I certainly don't want to go and build or recommend an investment and build a childcare centre for somebody if I haven't got good demographic information. So we would use in a residential subdivision maybe a Demasi report, something that Woolworths might use. But the Census data gets very out of date for us. So we do rely on information from local councils about what residential developments have been approved to guess as well about what a population might be evolving into. But they don't seem to be addressing it themselves. I mean, I know that in the CBD of Sydney it's very hard to get childcare because apartments by the thousands are growing. So the population is swelling. But the local government hasn't really done anything about trying to fast-track or incentivise or make sure that there are services available for those families that are choosing apartment or CBD living as their Australian way of life now.

**MR COPPEL:** Do you know if that's linked to other planning regulations? We've heard that centres may need to have a helipad if they were on the second floor in the event of an emergency and that may be acting as a barrier.

**MS O'DONNELL:** It sounds a bit Hollywood, doesn't it? I don't know about the helipad. Obviously if you're dealing with any planning within an existing CBD building, fire egress is very important. But I think with the foresight in development, new buildings going up, is childcare is on the ground floor. There is access on the ground floor plate or the first floor mezzanine that you can access an external area and there can be reasonable fire egress. You don't probably want 120 children - - -

**DR CRAIK:** It's interesting you comment about Sydney because Sydney city council seems to be quite focused on the subject of childcare. But it's interesting you say that - - -

**MS O'DONNELL:** But are they actually investing in it themselves? I think that's really the answer to the question. They might be making a noise about it. And parents are certainly making a loud noise about not having those services as well. But are they actually investing themselves? Because they're certainly taking plenty of money in approving their developments and all of the increased rates that they would be receiving, land taxes, et cetera. So maybe Sydney city council better invest in some services as well.

**DR CRAIK:** What did the NQF do the value of childcare businesses, the qualifications? Did it make any difference to the value?

**MS O'DONNELL:** Not to the valuation, no. What has been reflected in the value of childcare businesses is the appetite now of not-for-profits because it's become a lot more competitive and they're more desirable. It did add a layer of cost. I mean, we spent a lot more on training. We spend a lot more on training staff because the quality of the qualifications is quite less at times. That's one of the things that we really struggle with is someone coming with even a Diploma of Children's Services and really having very little knowledge of the learning framework and how to implement that into an educational program for children. So we now have other layers of training in our organisations as an impost. But we stand behind the National Quality Standards, absolutely we do. We think Australia should be moving and investing in these early years just as the COAG reforms have set out. And change comes at a cost. But we've certainly leapt on board and embraced those changes and we're working really well with them. We really enjoy having access in some states to subsidy to employ early childhood qualified teachers. Even though teachers don't do anything on the National Quality Standards and the learning frameworks in their degrees, we have to re-teach them too. I think that on the majority private services are absolutely doing their best. We certainly are.

**MR COPPEL:** I have no further questions, but I would really encourage you to put in a submission because you've got a lot of information that you presented there.

**DR CRAIK:** I agree.

**MR COPPEL:** If you could bring that together or draw on that information, it'd be very helpful.

**MS O'DONNELL:** Probably the submission that we will make and try and focus a lot on really is about the relaxation in FBT to incentivise employers - - -

**DR CRAIK:** We recommended it in our report that employers retain an FBT tax concession for basically putting an option on places and childcare services for their staff.

**MS O'DONNELL:** Thank you.

**DR CRAIK:** But we'd certainly be interested in some of your detailed information and we'd be interested in your rare - the FIFO experience as well. That would be great. Thank you very much.

**MS O'DONNELL:** I'll just share a little story. We did have to discipline a staff member for ignoring the "beware of crocodile" sign when she was running on a beach.

**DR CRAIK:** Hopefully she ran fast enough. But she was there to discipline.

**MS O'DONNELL:** Yes. Thank you.

**DR CRAIK:** Thanks very much, that's been great. Our next appearance is from the Australian Nanny Association. When you're ready, if you could state your name and organisation.

**MS ROBERTSON:** I'm Danielle Robertson, President of the Australian Nanny Association.

**MS SANSOM:** Annemarie Sansom, Vice President of the Australian Nanny Association.

**MS ROBERTSON:** Thank you for having us here today. My background also is I run Dial An Angel, an emergency and general home help organisation that does have a large childcare side of things. We've been in existence for 47 years. So we've been established since 1967 and we've seen childcare change over the years.

**MS SANSOM:** And I run Night Nannies nanny agency, which has been in operation for 10 years, and we specialise in overnight care and helping shiftworkers and staff that are outside of the normal scope and practice with hours and centres.

**MS ROBERTSON:** So we had a look through the recommendations that the draft recommendation report and there's a few things that we'd like to bring to your attention that we'd like to raise as possible issues. Number 1 would be the minimum qualifications for nannies.

**MS SANSOM:** I read your report in regards to the Certificate III, which we definitely agree with. But we also agree with the general consensus in regards to the community in early childhood; that is, that we feel that the more training and the more qualifications, the better. My background is early childhood and my background is a diploma. But I do think that nannies can fit into that scope, especially if they have someone who is mentoring them such as similar to the family day care system where they have a diploma-trained coordinator coming out to visit them and provide an educational role and supervise them and do surprise visits, the same sort of thing that family day care does.

**MS ROBERTSON:** And can I say that's one of the issues. The deemed costs and blocks of minimum hours – so the four-hour minimum, we believe that obviously the four-hour minimum is crucial for nannies because it's not viable to have a child dropped for an hour or a couple of hours unless you can coordinate it. It would be a subject of logistics really to have kids being dropped an hour at a time. Coming back to the deemed cost, when you're looking at deemed cost, what is reasonable, the cost of a nanny is quite comparable to childcare centres but there's no rebate obviously at this time with nannies.

But from my perspective, we actually employ all our nannies and that is quite expensive because you're paying them usually above award. You've got superannuation, you've got workers compensation, you've got payroll tax and you've got all the add-on costs involved in employing a nanny. Yes, there's a misconception that nannies are just for the rich. We've got clients all over Australia that will struggle to pay for a nanny because that's the only option for them. When we're looking at reasonable costs and deemed cost, it's a hard

scenario to say that we might be able to pay somebody \$25 an hour cash in hand versus coming to Dial-An-Angel and paying \$38 an hour to have somebody who's fully employed and fully insured. So we'd like to look at the reasonable costs of that and have some comparison. So we'll be looking at that when we provide our submission further.

Socialisation in the nanny sector, that was an issue that was concerning.

**MS SANSOM:** Yes, so we just wanted to answer some of the – we're really just addressing some of the things that we've seen that's come up in the hearings that you've been attending. I notice that a few of the people who have presented have mentioned socialisation from a nanny's perspective. Just to address that we'd just like to say that's – the same way that family day care addresses that; they can attend playgroups, they can attend outings that have been pre-organised and they've received permission slips from the parents well in advance. They actually in some ways – they also would socialise within the sector. So in-home carers providing care can visit another carer just as family day care operators do. And also outings within their community. In some ways they would get to have more varied activities in a social setting than they would in the same sort of setting in a centre-based care location. That's really just addressing that.

**MS ROBERTSON:** Ratios, currently in a private nanny agency it's one to four anyway in the majority of nanny agencies, versus the new model. Well, we believe that shared care is an option for nannies. Two families getting together and paying for a nanny but that one to four is acceptable. We agree with that. Both our agencies have that one to four ratio and if there's more than that, children can't just be dropped, having friends just dropped over for a play date unannounced. That can't happen in a situation and we see that moving forward that will continue. So, we will address that as well.

The hours and activities test, Annemarie?

**MS SANSOM:** Yes. I noticed in your report that you had said 24 hours in a fortnight. I know there's a lot of concern within the childcare community about that and we do have some concern about that as well because, for example, from my client's perspective. I mean we have a variety of clients with night nannies and, you know, that could be as little as them doing a four-hour shift on a weekend, two four-hour shifts. And really that potentially wouldn't work out in that activity test of hours. So, from our recommendation we would probably say if you could look at halving those hours.

**MS ROBERTSON:** WHS issues was another thing that was addressed having nannies care for children in the home, in the client's home and that the home is now a workplace and nannies obviously going into people's homes. What we see is some sort of a checklist similar to family day care that the nanny can go in or a coordinator to go in just to check the safety of the premises before a nanny is employed. From a personal perspective, Dial-An-Angel has been doing home and safety checklists for a few years now under ISO certification that we do that. Our nannies actually do that. They go 15 minutes earlier. If they've got any concerns they address it with the parents. If the parents are not heeding that advice, they do come back to the agency as well. We get a copy of that checklist and we see that that could be opened up if they're subsidised nannies. It's not an onerous situation. I mean, you know, where there's glass. I mean every home has glass, every childcare centre has glass. You

can't expect that a parent is going to change their glass to a certain thickness for the safety of the children. This is their home. So, we see that that's not going to be an onerous issue and we're quite happy to feel that that would be able to be opened up then.

Licensing of approved providers to meet minimum standards, as these changes will be opened up to other operators and providers to manage. If it's under the family day care model - - -

**MS SANSOM:** Under the National Family Day Care legislation. We see that it could fit in under that legislation but we would like to see separate state-wide licensing so that operators and community based are not forced to then be under that Family Day Care legislation on a state base level where they have to force then to open up a family day care as well as an in-home care service, that they would have a separate stream at the state level.

**MS ROBERTSON:** The au pairs and extensions on visas. We're happy to hear that the au pairs were not going to be getting the rebate but I think there is a misconception about au pairs, that they are cheap nannies. We understand and have known that the au pairs are a cultural exchange. They are meant to be an extra pair of hands to the parents. They're not meant to be in sole charge but we know that this is happening because people can't access affordable childcare. So, they are using au pairs who have never had experience. They have not had working with children checks. They haven't got police clearance and no qualifications or skills to care for kids. So, we think it's an option and people will continue to use that, but as long as they are made and educated that au pairs are not nannies.

**MS SANSOM:** Can I just address that as well?

**MS ROBERTSON:** Yes.

**MS SANSOM:** I mean we believe that there is obviously a need. A lot of people in the community are using au pairs because of the need to use flexible and affordable care but au pairs are being underpaid currently. Some au pairs are working 40 to 50 hours a week for \$200. I mean there are some – I know for myself that there's some au pairs that do have overseas childcare qualifications but they're such a small percentage in comparison to people who are travelling over here from – who are here to work on study visas or 457s and are working au pairs. So, that is quite concerning for us and in regards to extending to provide the continuity of care in regards to the six to 12 months, we disagree with that on that basis. We think if you do decide to fund a regulated nanny or in-home care system, or home-based care system, that you will see less demand on au pairs, more people picking up the need for home-based carers regulated.

**MS ROBERTSON:** Funded nannies under the existing legislation. We believe that they should come under the NQF and considerations for consultation on differences for own children in their own home, the open marketplace for private and community based providers.

**MS SANSOM:** So that was more just to do with the state-wide legislation that I mentioned before. Did you want to talk about - - -

**MS ROBERTSON:** There was a couple of discussions previously about losing staffing from centres, you know, if nannies are then becoming educators and out of the centres. But we know for a fact there's a minimum of 30,000 people out there who are currently working as nannies, who are not registered anywhere and there could be as high as 80,000 people out there. So, we feel that if it is a regulated industry that you will see a flow of people coming through. Yes, they will have to upskill. I mean a lot of them are skilled already, aren't they, and we've got a lot of Certificate III and diplomas.

**MS SANSOM:** A lot of our staff and members with the association work across the sector, across centre-based care and family day care as well as doing nannying. A lot already have their Cert IIIs or diplomas and some have higher qualifications.

**MS ROBERTSON:** That's right. Some are nurses. Some are teachers.

**MS SANSOM:** But I don't think there would be a great loss suddenly from the centre-based sector, because there's already quite a lot of nannies, about 30,000 or more working in the industry.

**MS ROBERTSON:** The last point is the award for nannies. We would like to see an award for nannies because some of them are currently obviously being paid cash in hand and under the standard award but may be closer to social and community services. Some agencies, like Dial-An-Angel, have an enterprise agreement, rather than the Children Services Award. But just giving people more flexibility and affordability in light of overnight shifts. We have seen that some centres have opened up trials for overnight care and they've been unsuccessful and we understand why, because parents don't want to leave their kids overnight in a centre. They want to have them in their own homes, in their own familial surrounds. So, we will be addressing that as well.

**DR CRAIK:** Thanks very much. Thanks for all that. The figure of 30,000 nannies, where did that number come from?

**MS ROBERTSON:** That's in the ABS statistics but we feel that it's a lot higher, a lot, lot higher.

**MS SANSOM:** That's the minimum.

**DR CRAIK:** Yes, okay. Well, it's interesting that you think a lot of the nannies from the unregulated sector would move into the regulated sector if subsidies came in.

**MS SANSOM:** We have had a lot of positive feedback from our sector in regards to the regulation and I think that there would be a lot who are already working in the private sector who want to work under that system, or a combination of both private and community-based.

**DR CRAIK:** Okay, interesting.

**MR COPPEL:** I didn't quite get the point in relation to the licensing, a distinction between family day care and nannies because of state requirements

**MS SANSOM:** In regards to national or state legislation?

**MR COPPEL:** Yes, what is exactly the issue there?

**MS SANSOM:** I was just saying that we think we would be happy to see it come under the national legislation for family day care, and that it would slot in there. But once you get down to the state-wide licensing, our concern is that operators would then have to become a family day care operator and then have an extension of their business as a home-based care operator as well separately. We would like to see two streams rather than have them, for example, Dial-An-Angel be forced to open up a family day care because most private businesses, myself included, and I think Danielle you said that too, that we wouldn't be prepared to operate as family day care operating that service. We would be happy to operate under that legislation and follow all of the regulations, but once you get to that state licensing, if it goes under the family day care state licensing, we would have to then open up our own family day care, as well as have that home-based nanny service as well. That's not something we're prepared to do.

**DR CRAIK:** What happens if a family has more than four children and is asking for a nanny service? What do you do then?

**MS ROBERTSON:** I mean Dial-An-Angel provides two carers.

**DR CRAIK:** So you stick to the one to four.

**MS ROBERTSON:** Yes.

**DR CRAIK:** And then if kids want to come around after school and play with their friends, what do you do there?

**MS SANSOM:** You wouldn't be able to.

**MS ROBERTSON:** That's something that you would negotiate with the parents and say that can't happen.

**MS SANSOM:** Not unless the parent is going to be there.

**DR CRAIK:** Unless there's another - - -

**MS ROBERTSON:** Second adult.

**DR CRAIK:** Second adult. Okay, interesting. Thanks. Can you tell me what the breakup of your clientele is, like professions?

**MS ROBERTSON:** Professions, they're nurses, they're teachers, they're lawyers, they're accountants, they're everyone. It's anyone. We've got blue-collar workers, we've got shift workers, we've got - - -

**MS SANSOM:** I have all that, plus Coles workers or mums who are just doing some shift - - -

**MS ROBERTSON:** Hospitality workers, ladies of the night, we have all sorts of people who use our services.

**DR CRAIK:** Would there be a kind of – is it a majority high-income people or not?

**MS ROBERTSON:** Probably the majority at this time, yes, because they can't get the rebate. But we do have clients who are struggling. We've got clients out west down in Campbelltown and Blacktown and Parramatta, which are not high socioeconomic areas, but in Sydney – but they need help and if they can't get places, and particularly the shift workers and nurses overnight, then they need to source help.

**MR COPPEL:** One other question of clarification in relation to the award for nannies. You say that the Children's Services Award over the Social And Community Services Award - - -

**MS SANSOM:** No, in fact the other way around.

**MR COPPEL:** What are the differences there?

**MS ROBERTSON:** I believe with the shifts and the - - -

**MS SANSOM:** There's more flexibility and not as many penalties in regards to the rates that are being paid. It's more about affordability and the flexibility in overtime and things. Because a lot of the community-based services who operate home-based services for disability use the SACS award rather than the Children's Services Award.

**MR COPPEL:** Which award are you under?

**MS ROBERTSON:** Personally, I've got an enterprise agreement.

**MS SANSOM:** Some of our nannies are employed, some are self-employed. So there's no award for us.

**DR CRAIK:** Do you deal with any children with additional needs?

**MS ROBERTSON:** Yes.

**MS SANSOM:** We do.

**DR CRAIK:** How do you deal with the extra costs of looking after them? How does that work?

**MS ROBERTSON:** Currently through Dial-An-Angel we work with the NDIS. So we are actually not making any money on that.

**DR CRAIK:** How does that work?

**MS ROBERTSON:** The government has set the rates.

**DR CRAIK:** Do the parents apply for that?

**MS ROBERTSON:** Yes, they do. The parents apply. Their child is assessed and they come under the NDIS. Then they're given a certain amount of funding and that funding has to last for a certain block period. Once that money is gone, it's gone. If the parents want additional respite or time out, they'll have to then top that up or pay a fee for service for that. But at the moment we're not requesting the clients pay additional. We're covering it. We're just doing this as a courtesy to make sure that these people are looked after. We're in the pilot area in the Hunter and also in Barwon in Victoria and Adelaide the childcare side of things. We're not making any money on that.

**DR CRAIK:** How much does that leave you guys out of pocket?

**MS ROBERTSON:** Probably about 5 per cent. We're not making a profit on that. In fact, childcare over the years we've seen a decline in our profit margins in childcare. Dial-An-Angel is in a fortunate situation that we're a diverse organisation. We've got aged care, disability care and domestic home services and support. So that supports us. So we're not just focusing on childcare. If we were just in childcare we wouldn't have a business.

**DR CRAIK:** Is that right?

**MS ROBERTSON:** That's correct. Because we are deemed the employer in the situation, we can't use contractors now. We changed our business model in July of 2012 as a result of a worker's comp claim with a contractor and we were deemed the employer. So we had to change our whole business model on that basis. We've seen, obviously, a decline in our use of the services because of the employment side of it. I mean, we still do permanent placements where it's a once-off recruitment fee. But then the client is regarded as the employer, the parent.

**DR CRAIK:** Do the parents pay you?

**MS ROBERTSON:** In a permanent placement, no. They become the employer and they pay - - -

**DR CRAIK:** But normally they would pay - - -

**MS ROBERTSON:** Yes, if it's casual assistance or emergency assistance, they pay us. All costs included and they don't have to worry about anything from an insurance perspective.

**MR COPPEL:** You mentioned concerns over the deemed cost.

**MS ROBERTSON:** What's reasonable.

**MR COPPEL:** What we've proposed in the draft report is that the deemed cost for a nanny would follow the calculation of a deemed cost for a family day care centre.

**MS ROBERTSON:** Whether it's per child or per hour, that's something that we're looking at as well. Because currently in our businesses we charge per hour. So whether there's one child or four children, the nanny gets an hourly rate. I know in family day care they do it per hour as well. But in childcare centres it's per child.

**MS SANSOM:** Because they have minimums.

**MS ROBERTSON:** That's right. So with the deemed cost, what we'll propose to do in our updated submission is to give you an idea of the current cost from our perspective and how that's made up and really divulge exactly how much we're actually not making.

**DR CRAIK:** Do you have a minimum four hours in your - - -

**MS ROBERTSON:** We've got the minimum three hours during the day and four hours in the evening.

**MS SANSOM:** We have a flat four hours.

**DR CRAIK:** One of the reasons we recommended removing the minimum and maximum hours requirements was so that long day care centres could kind of slot in where there were people only using half the day. So having a single hourly rate. But you just think it would be totally inefficient, do you?

**MS ROBERTSON:** It would be.

**MS SANSOM:** It wouldn't be viable and a lot of nannies wouldn't be happy to work for an hour at a time.

**MS ROBERTSON:** Realistically, you've got to think these people are trying to earn a living. If they're only employed or have money coming in for an hour over five days, that's five hours a week. That is not viable for them to run a service.

**DR CRAIK:** Just going back to children with additional needs. You say you guys aren't making money. Does that mean that the aged care part of your services is subsidising the childcare?

**MS ROBERTSON:** Correct. But our private is private clients. There's no subsidy for aged care in this state. I mean it's just changing now with the four levels of care. But once again, it's minimal and clients will have to top up if they want 24/7 care. The government might give them up to \$40,000 and it might cost 250,000 to care for someone 24/7 in their own

home. So that family is going to have to come up with another \$210,000 a year to pay for care in their own home. It's very, very expensive. With childcare we see that the rebate will be some sort of help and it's giving parents choice and another option.

**DR CRAIK:** Do you expect a big explosion in nanny services?

**MS ROBERTSON:** I think it's already there. But we'll just bring it all aboveboard and it will professionalise the industry. We're very keen and the nannies in the association are very, very keen to professionalise themselves. They feel that there's a misconception that they're just cleaners or they're there as babysitters. They're very offended that they're looked – it appears that that's what they are.

**MS SANSOM:** Because a lot of us have come from the centre-based sector and we have done our training and so we – that perception that that's the problem with that name of I guess that the perceived perception of what a nanny actually is. But yes, to answer your question as well, we have a different model in regards to special needs. We do a lot of brokerage with Night Nannies for Department of Defence as well as Department of Community Services in New South Wales where we have a brokerage for them if they are unable to place their staff or find immediate care for their children. That's where my business would play a role there and we'd do a fee for service.

**DR CRAIK:** If a family asks one of your nannies to do the washing up or do the cooking or hand out the washing or something, how does the nanny - - -

**MS ROBERTSON:** It's usually negotiated beforehand. So that might attract a higher rate. If it's just the focus on the childcare – and particularly with small babies it generally is – we would – if it was a significant part of the role we'd be saying you need a cleaner. We can organise a cleaner for you once a week or twice a week and yes, the nanny can do some bits and pieces, light housekeeping, tidy up the kids' toys, make the children's meals, pop on a load of washing, hanging it out and bringing it in and fold it, which is – that's common sense too. If the baby is sleeping, what are they going to do? Sit and watch TV, read? They may as well keep - - -

**MS SANSOM:** Every service is different. But from our service perspective and a lot of the nannies that are our members, my understanding is it's obviously something that's negotiated prior, just like it would be in in-home care currently. It's a contract that's negotiated. But we see it as the same as a centre, coming from a centre-based background myself. It's maintaining a hygienic environment, making sure that the area that – the toileting area, the kitchen area, all of those areas are tidied and cleaned after use but solely related to the care of the children.

**DR CRAIK:** Thanks very much, that's great.

**MS SANSOM:** Thank you.

**DR CRAIK:** We look forward to your submission.

**MS ROBERTSON:** Thank you.

**DR CRAIK:** It's really interesting. Thank you. And any suggestions, other suggestions, you have for us. Thank you. Our last one before lunch is Australian Research Alliance For Children and Youth, ARACY. If you could state your names and positions and the organisation for the record. Then if you'd like to make a brief opening statement, that'd be great. You must be the new CEO.

**DR FOX:** No, I'm not. I'm speaking on her behalf today. She's yet to start on a permanent basis and sends her apologies. I'm Dr Stacey Fox, I'm the senior research manager at ARACY.

**DR SMITH:** I'm Dr Charlene Smith, I'm a research assistant at ARACY.

**DR FOX:** ARACY is a peak body for child and youth wellbeing focusing on collaboration evidence and prevention for the wellbeing of children and young people. We'd like to thank you for the opportunity to present today. Our brief presentation today and ARACY's response to the draft report were developed in collaboration with our early years chapter to the network of a number of Australia's leading early childhood researchers and practitioners and also reflects the view of a number of our three and a half thousand members across all kind of fields related to child and youth wellbeing.

There's a number of recommendations in the draft report that we really welcome. We were particularly pleased to see the recommendations around investing in research and linking datasets to enable longitudinal research, and we'd like to commend you on that. We think that will really drive some important longitudinal research. But today we want to add our voice to those who are emphasising the importance of maintaining quality in a focus of learning on the zero to three period and to talk about the importance of placing the wellbeing of children at the centre of policy and investment around early education and care.

The draft report suggests that there's insufficient evidence to support the impact of early childhood education and care on children in that younger cohort and on this recommendation suggests shifting the focus from education to care in that period, including through reducing minimum requirements for carers in that cohort. We contend that the evidence for how children learn and develop in their first three years is exceptionally strong. Although the evidence base may not answer all of the questions that you have definitively, we think that there are multiple pieces of evidence from multiple disciplines and a number of different studies that, together, build a pretty rock-solid case for the importance of investing in this period, particularly the zero to three cohort.

The evidence suggests that separation between care and education doesn't necessarily make sense in the context of how young children learn or in the ways that learning and development are supported and scaffolded in the early years. Children's learning is a continual process that happens from birth through their interactions with their caregivers. It's founded in secure attachment and fostered through rich language environments, through play, imagination, exploration and the responsibility of caregivers to children. The children's emotions, their interactions and their learning are all fundamentally interrelated in this period.

This research involves the NQF and the Early Years Learning Framework and shapes the way that early years professionals structure children's learning environments. We think that the balance of evidence demonstrates the impact of quality on children's wellbeing and it especially shows the negative impact of poor-quality care, particularly on younger children. The balance of evidence also supports tertiary qualifications in child development, with the provision of responsive and stimulating care and the ability to identify and respond appropriately to children with additional needs.

Both the reduction of carer qualifications for under-threes and the proposed separation of education and care according to parents' preferences and budgets are of concern to ARACY, particularly due to the risk of further entrenching disadvantage and exacerbating the gap in school readiness that we see between children from advantaged and less advantaged backgrounds. We need to start early. Cognitive development at age four is a good predictor of children's success at school and inequalities start as early as 12 months and sooner. Early education and care has a significant role to play in achieving more equitable outcomes for Australian children.

The second point we wanted to emphasise today is that child wellbeing must be at the centre of the design of ECEC system, with access to quality early education recast as a universal provision alongside the health and education systems that all families have access to because of the impact that it has on children's developmental outcomes. Research consistently demonstrates the importance of the first five years for children's health, learning and early social and emotional development. We really warmly welcome the recommendations around funding models that support integrated service delivery which goes somewhere to addressing our initial recommendation in our first submission that an integrated health parenting and learning platform be available to all families and be delivered with an intensity that's proportionate to need.

We note that children from disadvantaged backgrounds have the greatest levels of vulnerability and have the most to gain from high-quality early education. We think that the design of the system must include incentives and supports and not additional barriers for these families to participate. We're concerned about participation requirements for disadvantaged families to access subsidised ECEC and about a potentially narrow and administratively complex definition of "risk", acting as a further barrier for these families.

We think that ECEC is an important preventative intervention for vulnerable children and that free access to early education should be available to them, not just those who are already in the child protection system; it plays a really important preventative role for potentially vulnerable children.

In conclusion, we believe that the first five years is the most crucial period for early brain development and experiences in those early years shape children's future developmental trajectories. Interventions that target children's cognitive development and their social and emotional wellbeing have been demonstrated to persist into adolescence and strive improved outcomes for those children. It's also the period in which the service system has the lightest touch and the least investment per child, so there's a mismatch between our

investment in children and the period of their development that has the greatest impact. Redesigning the ECEC system is an opportunity to move Australia from the middle of the road, in terms of child wellbeing and in comparison to our peer countries in the OECD, to the top, to achieve the best futures for our kids.

**DR CRAIK:** Thank you very much. The arguments that you give and the importance of universality and things and the stated benefits for down the track would almost be an argument for compulsory ECEC.

**DR FOX:** I think boosting participation in early childhood, particularly for four-year-olds and increasing access for three-year-olds - I think that there's a strong argument. I think there's still a little bit of work to be done around exactly the optimum number of hours for kids, kids from different backgrounds and kids with different needs, so I don't think we necessarily have the ability to exactly specify how much time is important but I think some level of incentive for all kids to participate, particularly in the older age cohort, is really strong.

**DR CRAIK:** What about the under-threes, accepting the importance of preschool for before school - - -

**DR SMITH:** I would add that the research evidence really indicates very strongly that the most influential aspect of child development outcomes is the home-learning environment, the quality of parenting the children are receiving. We know that many children who are vulnerable and at-risk are not receiving quality parenting at home and, rather than recommending that those children necessarily be in compulsory care, whilst also encouraging universal funding for ECEC services, we would also encourage parenting development, parenting skill development, investment in making sure that every home-learning environment is the best it can be, that parents know that they're their children's first teachers and how important it is to engage with their children to communicate, to talk, to sing, to play, to have books in the home, all of those things. We believe that the two work in concert; it's not one or the other. We believe that a really rich ECEC system would be one that supported the home-learning environment, rather than took children out of that environment.

**DR FOX:** And was part of a coherent zero-to-five policy and service platform, of which formally the ECEC may play a part but can also include playgroups and supported playgroups and a kind of national approach to supporting parenting.

**DR CRAIK:** The evidence certainly shows that children with additional needs or disadvantaged children benefit if the quality of care in the childcare centre is better than the quality of care at home, and certainly benefit in the longer term, over their life, longer life, but I'm not sure the evidence exists yet for, say, mainstream children who come from a high-quality parenting environment, that they're better off having gone to early childcare, for their later life. Does it? I'm not sure that we're aware of any evidence that shows that those childcare benefits, from a very young age, persist into 30s, 40s, 50s.

**DR FOX:** That's why we're so happy that you're supporting the linking of (indistinct) to enable that longitudinal tracking.

**DR CRAIK:** Yes, because it's not clear, I don't think, as far as I understand.

**DR SMITH:** What I believe is clear is that more children are in out-of-home care, non-parental care, for more hours, and it's becoming a normative thing that children, even at very, very young ages, are in non-parental care. Whether that participation in non-parental care is of benefit is really contingent, to a large extent, on quality, we believe, of the services provided. So, while we would not say all children zero to three should be in care, the reality is that many are and the reality is that poor-quality care is a risk to those children's outcomes. For those who are in care, and increasingly the numbers show - and, obviously, we're hoping to boost workplace participation of parents and, should that happen, more children will be in non-parental care, and what we really don't want to see happen is that adverse outcomes restrict children's abilities and restrict their outcomes and lead to worsening outcomes; that's the last thing we'd want to see.

**MR COPPEL:** In our terms of reference, we were asked to look at workforce participation and childhood development in a way that provides quality, flexibility, affordability and accessibility, and all within the current budget parameters. I notice many of things that you like, I would imagine, have an additional budgetary cost. If you were in the position to, then, effectively, think about what would be the priorities, how would you prioritise those particular areas that you see as important for childhood development and workforce participation?

**DR FOX:** Good question. I think, maintaining the current standards we have around the zero-to-three period is crucial. We think that the NQF and the Early Years framework establish a reasonably strong benchmark for Australia, a reasonably strong starting ground, but it's not Rolls Royce or gold standard; it's an acceptable solid starting point for child development, and any weakening of those, I think, would set us back considerably.

In terms of the integrated-service delivery models, we think that there are ways of improving system-level factors to support that kind of collaboration. We know that, in communities, lots of money is funded into support services and support systems but often work in isolation from each other, and that improved governance arrangements, more-flexible funding streams, models of braided funding and funding for outcomes show some promise to improving the way that those separate buckets of money work together to improve outcomes and deliver the kinds of models that we're interested in.

We make the point that vulnerability doesn't only exist in disadvantaged communities; so, only investing in disadvantaged communities, for those integrated models, does leave a large range of children who are developmentally vulnerable and families who are experiencing disadvantage and poverty are out of the equation if you only invest in identified communities, but we think that kind of provision is a real priority for Australia. We can't answer any of the detailed questions that you have until we get a really rich evidence base.

My answer is that, obviously, it's all a priority.

**MR COPPEL:** Do you have any views on how we proposed the design of the early

childhood learning subsidy, which essentially is 90 per cent for low-income households, declining to 30 per cent?

**DR FOX:** I think we would defer to some of our member responses to this. I think the vast majority of our members have been attending your hearings. We would just flag some concern around the deemed cost, and that could lead to a significant gap. I think you could see that playing out in areas such as Canberra or inner cities, where the majority of families in a particular area might be of a reasonably high socioeconomic status, so the centres would charge proportionate to that demand, but if you've got pockets of disadvantage within those communities, then, those families are going to be significantly out of pocket. We would just flag some concerns there.

**DR CRAIK:** What evidence is there that you need a degree, tertiary degree, to help a young child learn?

**DR FOX:** The balance of evidence does suggest that robust understanding of early childhood development flows on to improved interactions, more structured learning environments, the provision of more stimulation. There is a body of evidence there, and we can provide you with that.

**DR CRAIK:** Yes, we'd be interested.

**DR FOX:** I think the point is that it's the sophisticated understanding of child development that's important. The specific qualification that gives you that is kind of a proxy for that knowledge and understanding.

**DR CRAIK:** I guess this is only an anecdotal observation but, thinking about universities and school, it's not necessarily the most highly-qualified person teaching you that actually is the best teacher; it's often because they're a really good teacher, even though they may not be so highly qualified.

**DR FOX:** Yes.

**DR CRAIK:** Does the same apply in early childhood? One would think, on the balance of probabilities, it might.

**DR FOX:** I suspect that's true for every field.

**DR CRAIK:** That's right.

**DR FOX:** I think qualifications is the most useful proxy we have for that but it's not necessarily the only indicator of quality.

**DR SMITH:** I would just add that the vast bulk of the evidence that we have and the research that's been done has not been experimental research. It's very, very difficult to design trials that isolate something like "Did the teacher have a post-doctoral qualification or did they have a Cert III?" It's really hard to isolate that one aspect of quality in any kind of,

even longitudinal, study. The volume of the evidence that we have available to us indicates that there is a suite of indicators of process and structural quality which impact on children's outcomes, and qualifications comes up and again as one of the things that is present in high-quality services. That may be a chicken-and-egg thing because the high-quality service may have better conditions, may have better structures in place that attracts the higher standard of employee; it's very hard to isolate single aspects of that in that kind of robust, experimental research trial.

**DR CRAIK:** Thanks.

**MR COPPEL:** You mentioned that there's little work on the optimal number of hours in ECEC. Do you have any views on the 15-hour preschool per week?

**DR FOX:** That's slightly outside of our area of expertise but we can consult with our members, particularly our early-years chapter, who would be well placed to respond to that, and ensure we include it in our response.

**MR COPPEL:** Thank you.

**DR CRAIK:** Still on the qualifications, Family Day Care requires a Certificate III, and we're proposing that nannies would require a Certificate III. Right now, in-home care doesn't require any qualification. Given the comments and the views of your members about qualifications for long day-care centres, what's their view - I don't know if you have Family Day Care members or - do they have views about qualifications there?

**DR FOX:** It hasn't come up in our discussions with the chapter. We support the establishment of a minimum standard of the Cert III.

**DR CRAIK:** It would be interesting if you do have Family Day Care members or - while one's accepting and one's not - the same one is not acceptable in another, or vice-versa.

**DR FOX:** Yes.

**DR CRAIK:** I'd be interested in that issue. Just on the research issue, is there anything that we haven't recommended that you think is really important for research that we should consider making a recommendation about, because it does seem that longitudinal studies are really critical in this area and that's where there's a great-big gap, both here and overseas, particularly for mainstream?

**DR FOX:** Ideally, we'd really love to see some rigorous research around the integrated service models. We know that there's quite a lot of good Australian research about to come through the pipeline, the South Australian centres and the child and family centres, but, if the recommendations of the Commission do drive a further uptake of integrated models, wrapping some really good evaluation around that, so we understand what works in what contexts, for what kids, and tracking the longitudinal outcomes of those kids, that'd be wonderful.

**DR CRAIK:** Yes, it'd be good. I would have thought a lot of it led itself to ARC linkage grants and things like that.

**DR FOX:** It's complex and challenging to get funding for that type of intervention. They're challenging evaluations to run because of the nature of what it is you're evaluating; they're not cheap or easy to do. There are efforts out there to do that. What we're not good at in Australia is ongoing monitoring and evaluation, as well. We're not too bad at point-in-time evaluation but building a robust tracking and monitoring framework that measures outcomes over time is complex if you're going to do it well.

**DR CRAIK:** Thank you very much. That's been great, thank you, very helpful, and we look forward to your submissions.

We'll now break for lunch and if, we can resume at 1.30, that would be great or maybe just before 1.30 because they've only got exactly half an hour. Just before 1.30 would be excellent. Thank you very much.

**LUNCHEON ADJOURNMENT**

**[12.46 pm]**

**RESUMED**

**[1.29 pm]**

**DR CRAIK:** If everyone is okay we might get going. If you would like to state your name and position and organization, and if you would like to make a brief opening statement, we would be happy to hear from you.

**MR HOLLAND:** Thank you. I am Ian Holland. I am the director of services development with UnitingCare Australia, a service which operates amongst many other community services, a range of early childhood education and care services. I am here on behalf of the UnitingCare network. The UnitingCare network which you're probably familiar with, is a very large network of social service provision all around the country. The system as a whole has around 39,000 employees and operates in about 1,600 locations. That's across a range of service provision, including aged care, disability services and, of course, early childhood education and care, as well as youth and family at risk services.

We're a devolved network so providing precise quantitative answers on any aspect of our operations can be a challenge. We operate somewhere over 150 services that we understand fall within the terms of reference of this inquiry and we operate them in most but not every state and territory in the country. They include a significant number of both long day care and pre-school, as well as a number of other services.

We were happy with many of the elements of the draft report that came out and we have indicated that when we did some media in response to seeing that draft and the organisation is quite keen on a model that targets funding to those who need it most. One of the broad scale features of the draft report that we like is the notion of a model along those lines.

Our services – your report indicated that the services provided in early childhood educational care range across all socio economic demographics in the community that there are childcare and related services in every kind of suburb, if you like, and that’s true in our organisation. We operate across a range but in terms of a mission and a mandate for the organisation our priority in policy terms is to see systems that ensure service to those with greatest need.

I think probably a couple of the key things that we’re thinking about in terms of the draft report and where we would like to see this go, firstly is that the objective of this being an educational and developmental system for children be seen as just as important, as important as it being a workforce participation system. And that the greater the disadvantage faced in any given family or by any given child, the more important the educational and developmental aspect of the system becomes. So, probably one of the basic principles we’re interested in the system design is that those educational and developmental objectives are emphasised according to potential disadvantage, and we know that there are both social and economic reasons for that. In terms of high level system design, that’s probably one of the most important things that we would like to see.

In that regard, we are supportive of seeing a model that produces greater subsidy to low income families. We recognise that there are some issues there that are very difficult for you to solve, particularly around some things like the marginal tax rate stuff. That’s a Gordian Knot. I have stared at it and, like you, I have not undone it yet. I have one or two questions for you. This may not be the setting, but about how that might be progressed.

I think one of our two greatest concerns in terms of where we go from the draft report, ensuring an effective service to children in families where both parents may not be working. That goes back to what I said about this is a childhood developmental and education system. It’s not just a workforce participation system. Our view was that the suggestion in the draft report around an activity test is going to present too great an issue in that form. We understand the issue that’s raised but we don’t think that’s the right solution.

You have, I’m sure, heard this from service providers like us and others already, but I did just want to check in with the Commission’s thinking, I suppose, around the qualifications issue that was raised in the draft report in relation to people aged nought to three in particular. We felt the evidence was there for some of it directly. We accept the premise that there is less evidence in that field than in older ages, but we thought the evidence was there in terms of what the broad indications are that are appropriate at that age and we’re probably hoping that we can see some shift in the discussion in that area too.

I think I will leave it at that and see what you want to talk about.

**DR CRAIK:** Thanks very much, Ian. Yes, we have heard from your Victorian, I think, and New South Wales colleagues last week, but thank you. I guess the two big issues you raise, effectively the activity test, because as you note we have had dual objectives in this inquiry, but certainly your colleagues and others have raised the issue of many children who would benefit probably significantly from early childhood would miss out because of the activity

test. Are you aware of any – is there any criteria that you can think of that would be able to be used and reasonably administratively efficiently applied that would pick up those children? Some people have suggested the health care card but that's a pretty wide ambit.

**MR HOLLAND:** Yes, and look we have a couple of reactions. One is a wide ambit is good. We want to see these kids in a system. It's a really important goal and the notion of what we would much rather deal with a wide ambit and worry about the funding model and our organisation has broader views about that, than a narrow ambit and not.

**DR CRAIK:** We feel somewhat constrained by the funding model issue.

**MR HOLLAND:** I understand that. I mean I think as one of the roles for organisations like ours and a broader public debate about this is to say that this is a priority. We need income and revenue streams to match the expenditure streams that we think is what the community would want in a field like this. We understand that's not entirely your battle, but I think the first principle we would still stick to is the wide ambit one.

The second one is how clear are we that the income test system for the central subsidy is not on its own enough. What is it that we're actually trying to fix here? See, you're proposing a kind of means tested eligibility model for the bucket of money. So, as per the family income rises, the access to that bucket drops. Are we really sure that that appropriate design, and I realise you've raised some design options in the report, that that is not actually going to be the one and should perhaps be the only design criteria that does that. Do we really want to add a second test? Clearly, you're of the view at the moment that you do want to add a second test.

**DR CRAIK:** You mean the automatic activity test? Yes.

**MR HOLLAND:** Yes. Because at the moment you're already proposing a model that is going to progressively withdraw that funding from families who can afford either other models of care or can afford simply to pay for that care if they want to exercise that option. There has not been – we have not done any modelling work, quantitative modelling work, in our organisation about whether it would be feasible to let that model stand on its own and what the economic cost of that would be. That said, I think it would be fair to say that our organisation probably favours some of the more generous options within that funding model and we realise that this isn't an endless supply of money. But that probably is one of the first things that we would be looking at, is how clear and what do we know about the behaviour of families. Do we have enough information about the behaviour of families under the system to be sure that that isn't going to be a sufficient incentive structure to try the appropriate choices?

The healthcare card idea, I saw that floated last week. I have not had an opportunity to get feedback from individual service providers about that. It certainly seems a feasible option. Does it cast a wide net, see my previous answer.

I suppose the other reason that we're fairly concerned about this is you did raise in the draft report and you will need to correct me if I get this wrong, the notion of a kind of

targeted program for disadvantaged communities. We are aware of existing programs of that sort in some settings and we just weren't convinced that the sort of dramatic upscaling of that that would be involved in reaching significant proportions of people we're talking about here, would be viable. So we also came at this from a negative argument if you like, but you couldn't scale that up.

**DR CRAIK:** I think that's quite correct, yes.

**MR HOLLAND:** Okay, all right.

**DR CRAIK:** I think that's a fair assessment. We were not exclusively but largely thinking, for instance, of indigenous communities and I guess other locations where there's significant pockets of disadvantaged children.

**MR HOLLAND:** One of the difficulties is that there is a really large number of children who would benefit from this. We can all identify and our service providers in non-ECEC areas will be able to identify some of those communities from other services they're providing in concentrated pockets. But I would suspect that if you did the numbers you would still find that the large majority of the children who benefit from this are geographically dispersed in the rest of the community. There may be pockets but actually the bulk of people you try to reach are in the community as a whole.

**DR CRAIK:** Would you be able to give us some indication from the data from your services as to if our activity test were applied the families or children who would be – numbers and things would be disadvantaged. Is that possible without horrendous expenditure?

**MR HOLLAND:** I've started work with providers around that. I would say some of the progress is limited. One of the reasons is that the short answer for a number of services is we don't know. We don't have that information, that type of information about the families. We'd have to be asking them questions that we don't currently ask. But that's not true in all cases. I've had other answers too. So I'd like to do some more work on that and see what I can indicate to you. But can I say that really I'm not sure it's the right question. The reason is that most of those kids are probably not in the service now. We actually want to get kids into the services that are in the community now. This is actually an area we want to grow. We're not about – the primary mission in that area is not the protection of some existing people in the system, it's actually bringing into the system that we're currently not successfully accessing. I think it was raised possibly in one of Brennan's works and I may have seen it somewhere else about models in other countries that basically have a far more generous system for allowing those families to access the service in order to achieve that outcome than we do in this country at the moment.

**MR COPPEL:** Do you have any idea of the number of kids that are out of the system that you would see as being important for bringing into the system?

**MR HOLLAND:** We don't. I think I've read that elsewhere. I thought maybe others might have mentioned that to you. But I can see if I can find anything on that. Whether we might have a number of services that operate in partnership, whether we have any ECEC services

that are operating in partnership with non-ECEC family-at-risk services at any given location, I might be able to find some case studies of that. But I will let you know.

**MR COPPEL:** On the means testing we're proposing in the draft report for the ECLS, do you have any views on how we're proposing that that means test be designed? So starting at 90 per cent and then plateauing at 30 per cent for household incomes of 300,000 and above.

**MR HOLLAND:** I don't think we have views directly about those numbers. We have views indirectly about them. The first of them is drawing in those families at risk whose children will have the greatest benefit, educational benefit, should be one of the drivers of system design. The second one is we know that you're not dealing with an unlimited bucket of money. So really we would say we can't speak to you about those numbers. But those are the two things that this needs to come out of. The design and system to ensure access for disadvantaged communities has consequences for which those numbers are for. That's probably where we would want to see them fall. I'm sorry I can't address them directly. Yes, I'll come back to something else later.

**DR CRAIK:** The activity test, as you point out, might exclude some children who are in the services now. But if your priority or an aim of your service is to somehow attract the children who currently aren't in now – and clearly the activity test is neither here nor there for them in a sense – but how do you propose getting them in if they haven't been attracted by 24 hours of subsidised care already? I mean, you're almost sort of suggesting universal – totally subsidised care.

**MR HOLLAND:** There will be families for which totally subsidised care would be appropriate; and that is done in some countries. We would support that one.

**DR CRAIK:** But we don't have an unlimited bucket of money.

**MR HOLLAND:** No.

**DR CRAIK:** So I guess what I'm saying is how do you attract those – the question is, how do you attract those who are currently not in the system who would benefit? What sort of offer do you make them?

**MR HOLLAND:** First of all, there's no easy answer to that. I will talk to our providers about some of the existing things that they do. But the first thing you need to do is remove the barriers to the access. If that's not sufficient, then we can look after that. But at the moment, our focus in the context of this report is to ensure that we don't have a system of economic barriers in the first place.

**DR CRAIK:** But what are the economic barriers existing now I suppose is my question in the current arrangements because there isn't 24 hours subsidised care at the moment?

**MR HOLLAND:** Well, I'm not sure that I know enough about that area to talk to you about that. I'm happy to talk to our providers and write to you in response to that. I'm not sure

how well that system is articulating with the business model for the mainstream centres and I'm not sure if that's one of the issues, but I'll ask.

**DR CRAIK:** That would be helpful, thanks.

**MR COPPEL:** What about the preschool kids, is there any information on kids who are not in preschool that ought to be in preschool?

**MR HOLLAND:** Say that again, please.

**MR COPPEL:** About preschool kids. So there are kids that are under four years of age that are out of childcare that would be better in childcare. Do you have any similar information or information on kids of preschool age that are not attending preschool, at least for the 15 hours of subsidised care?

**MR HOLLAND:** Short answer, no. Slightly longer answer, we know that the participation rates vary massively between the states. I can only presume that would relate to the design of the – the architecture of those systems. We have systems in some states where access is effectively universal. So clearly there's an existing solution to that. The question is applying that solution in all jurisdictions. What we want is to see that there is a nationally unified system that emulates that model that ensures that those people have access to that. In that regard actually, one of the questions I was curious about – and I'm happy to be directed elsewhere – is what the states are saying to you about the preschool system.

I'm very interested in the evidence that you're getting and what they are offering about their systems, particularly those who have lower access rates. We would only encourage the Commission to target the state governments of those jurisdictions which have relatively low participation rates in the system and ask them to be talking to you in some detail about what they're doing now and what they're planning and what do they think their relationship is with the Commonwealth to achieve a better participation outcome. But to the extent that a successful model exists in that area, let's get that rolled out nationally.

**DR CRAIK:** If you can highlight where you see success, that would be - - -

**MR HOLLAND:** Okay.

**DR CRAIK:** And in preschool stuff and where – the model that accompanies that, that would be helpful. I guess the states are keen that we recommend continued universal access. The states are not keen we're recommending that it be incorporated – that stand-alone preschools come under state legislation. Our motives are perceived to be different from what they actually were. They were really to stop duplicating regulation actually, that since preschool is a transition to school, we thought bringing it all under the education legislation – some of it is under there now – was a kind of sensible move. But it isn't perceived that way, that's fine.

**MR HOLLAND:** We understand that.

**DR CRAIK:** I think there's concern that in the states they see the Commonwealth by suggesting that ultimately it'd come under state school regulation, that preschools come under state school funding. But they're pleased that we recommend continuing subsidy. Our view is that the subsidy should be delivered where – it should end up where it's actually delivered. So if a preschool is delivered through a long day care centre, the \$1500 per child should go to the long day care centre. The state shouldn't be able to re-jig the funds depending on where they want.

**MR HOLLAND:** I know there's a great deal of concern in our provider network around this and I'll try to write to you in a bit more detail about how we see that playing out. But it appears to be a long-running problem for the providers. The notion that it's so different from state to state is a great concern and disappointment.

**DR CRAIK:** It makes it very difficult to recommend something sensible across the board.

**MR HOLLAND:** Ultimately it's quite clear that if we are achieving full coverage in some states and half to three-quarter coverage in others, more money will be required. You can't rearrange if it you're going to create an additional several tens of thousands preschool places. And I understand you and several others have the unenviable task of trying to persuade somebody to be the one who coughs that up. But from a provider point of view, our message is that it's got to be coughed up. Unfortunately, we probably don't have a strong view about whose wallet it comes out of. We have strong views about what the quality assurance for it should be and strong views that everybody should be able to get in there.

**DR CRAIK:** Just one other question. You're supportive about integrated child and family centres, and we think they're good too. Our recommendation was that funding go for the coordinating function, the sort of glue that holds the centre together. I guess we'd be interested in your perspectives on that funding. I mean, there'd obviously be the mainstream subsidy funding for the children going to childcare, elements of that. But we were trying to avoid childcare funding going to services that can be funded out of other buckets of money, health services and things like that, where that's appropriate. So we were suggesting that there be funding for the integrating function. So I guess we'd be interested – because UnitingCare probably has – well, they may have at least one, but I'm sure there's more than that that UnitingCare has been involved in. So I'm interested in your views.

**MR HOLLAND:** We've been involved in a small number and that's because there's only been a small number funded. I think it would be good if we were able to get something to you about what we've learned from the administration of that. One of the things I know we've learned is that I think there was a hope that – and I think I saw this in one of the charts of your model in the draft report – that there are systems where you can provide capital funding to get this thing to run and then, having injected that and got it up running, you can put it on a pathway towards the mainstream recurrent funding model. I don't think we've seen any strong evidence that that's the case. That's probably no surprise. But really unless an entire community for economic development reasons or something transitions, then the reason that that community needed that type of intervention model isn't going to go away. So the money is not going to lie within that community to then produce a mainstream funding pathway. So certainly the first thing that I would say is we're not confident that that

transitional model will work. What the ongoing model should be, I'll see if I can say something more to the Commission down the track.

**DR CRAIK:** That'll be very helpful. I guess it seems odd to us that funding is provided for the establishment of these things but no apparent consideration on how their operations were to be funded.

**MR HOLLAND:** Sometimes there are models in this sort of area that are based around the idea of log jams or catalysing community development. Those things sometimes work. But you probably don't want to be designing a whole system around the notion that that's how it's going to work. The second thing of course is that sometimes those things are designed as an intergovernmental negotiation strategy. They're not a funding model, they're a negotiation model. "We will do this and that puts you on a ticking clock to sort something out." I suspect that that may have been a factor.

**MR COPPEL:** When UnitingCare decides to set up a long day care centre, do they look at areas where there's a particular existing lack of centres in communities where there may be a greater concentration of people from disadvantaged backgrounds or is it determined on sort of how a market – sort of a market provider would look at how to evaluate whether a centre is established or not?

**MR HOLLAND:** It's a hybrid of those two things and to take the second one first. Everybody's service provision is constrained to the government's funding and the business model consequences of the funding. As long as we are all working off that model, we all have to follow the funding consequences of that model. So, to a significant extent that is the case.

That said, one of the things that does go on in our organisation is that there are discussions that take place within congregations and within service providers around, whether there are opportunities to combine congregational or church interests with things like church assets and combining them with community need to try and meet those things.

I would say our organisation's capacity to implement that in communities is often constrained. Strangely, it goes back to the answer of the previous question by the fact that we may have community goodwill or a one-off asset opportunity, but that doesn't create for a current funding model. So yes, we look across those things and we do environment scanning for kind of low SES need and opportunities for that, but the capacity to implement that on a sustainable basis tends to be constrained by the funding model, and that's why we are so interested in the content of this report.

**MR COPPEL:** Each centre has to be viable or be assessed as being viable on its own? You're not using a centre which may be doing very well to support a centre which is struggling to be financially viable?

**MR HOLLAND:** I would have thought all of the large providers would be moving money around to some degree. I don't know that for a fact obviously. I know that when I have conversations with our people, they're looking at, "Well, we have these centres. We're

having some difficulty running this one. The community is very committed to it.” So, I would expect some of that money is being moved around to do that. That I think is why we are also very interested in and doing some work around – it’s not work that’s been completed yet – around the costing model you’re considering, because the difficulty with getting a cost model to fly is the extent to which it removes the opportunities to do that. It doesn’t have to. It depends on the design and the amount of money involved and so forth. But no, we look at it as the whole of organisation point of view. We don’t only look at it on a site by site view.

**DR CRAIK:** When you said that we all have to follow the government’s funding model, what did you mean precisely?

**MR HOLLAND:** The funding model, well a business is only going to operate on the money that comes in. How much money comes in is determined by that model. That model is not driven with the exception of a small number of the integrated services, by such economic demographic for example. It’s blind to that and we understand why. That’s not an issue in itself, but it does mean that even in a large organisation we can only put a small number of services into basically loss making sites before the model will then drive us into high revenue sites to somehow balance that out. That’s fine as long as it produces - we’re perfectly happy for a system like that to run if it ends up delivering care into the relevant communities. We’re perhaps not entirely clear that sufficient education and care has been driven into all of the needy communities.

**DR CRAIK:** How would you know when it was? What would be the - - -

**MR HOLLAND:** I would be looking at distribution of centres trying to analyse where they sat compared to SEIFA data that ABS gather and family form data that ABS also gather. I have to ask myself the question, if that’s what family structure is in these areas, that’s what the SEIFA demographic is. This is where the centres are. What does that look like in terms of, if you want to pull it back, the penetration? The only extent to which we have been able to do that is looking at some broad scale SEIFA stuff in terms of where our sites are and we have a structure in our organisation that’s similar to the structure that’s identified in your report. But if I was wanting to know how effectively is that being done, that’s probably where I would start and maybe the ABS data. I don’t know if you’ve got a partnership with the ABS in relation to this project.

**DR CRAIK:** We’re certainly working with them.

**MR HOLLAND:** I just had two queries that I want to leave with you, not to get answered. One was are you working with the NDIS on the articulation or are they talking to you?

**DR CRAIK:** We haven’t yet but we have made it clear in our report that we don’t think childcare should pick up NDIS responsibility but we haven’t actually had a - - -

**MR HOLLAND:** A response to that comment.

**DR CRAIK:** No, not formally.

**MR HOLLAND:** Okay. Do you think you will? It's certainly something that's been raised with me by our individual providers around cost of service models and they're thinking what's the commission going to recommend? What's the Commonwealth going to pick up? They're looking at their service provision. We have got people who have significant numbers of children with special needs, including disabilities, in their services and they're fairly exercised about how it's going to affect that. Are you getting an indication that you are going to hear something?

**DR CRAIK:** I am sure we will at least at a preliminary level have some interaction with them but we are a bit constrained by time at the moment.

**MR HOLLAND:** Yes.

**DR CRAIK:** Time and issues. So, the level of detail and particularly as the NDIS are still being rolled out, so it kind of makes it a challenge, but hopefully we will have a bit more on that.

**MR HOLLAND:** It's a complicated interaction.

**DR CRAIK:** I suspect it won't satisfy what your providers want to know.

**MR HOLLAND:** Yes, okay. I will leave it at that, but thanks.

**DR CRAIK:** Just before you go, what do you think is the proportion of your parents who effectively are cross-subsidising other parents? I mean do you have any idea of that?

**MR HOLLAND:** Say that again?

**DR CRAIK:** The proportion of your parents who are cross-subsidising other parents, you know, where you talk about some of your services and you're clearly not alone but in higher socio economic areas, making services in lower socio economic areas affordable.

**MR HOLLAND:** I would love to know but we wouldn't know and one of the reasons we wouldn't know is we don't necessarily know who those parents are.

**DR CRAIK:** But you must know which services are cross-subsidising other services, wouldn't you, or at least cross-service between the services?

**MR HOLLAND:** Across the organisation we would probably know that but what we wouldn't know is how that translates the level of families, rather than the levels of whole of site budgets. Interesting question. I will talk to a couple of our people about that.

**DR CRAIK:** Well, thanks very much, Ian. That's been very interesting. Thanks a lot.

**MR HOLLAND:** Thanks.

**DR CRAIK:** Our next present is from Culburra Beach Preschool. If you could come up and take a seat and if you could state your name and organisation for the record and then if you would like to make a brief opening statement, we would be happy to hear from you. Thank you.

**MR HEFFERNAN:** If it's all right, I will read from my notes.

**DR CRAIK:** That's fine, yes.

**MR HEFFERNAN:** Hopefully I will get through it. I am recovering from a bit of bad cold, so I hope I don't get into a coughing fit.

Good afternoon and thank you for the opportunity to address the Commission. My name is Andrew Heffernan. I am the owner/manager of Culburra Beach Preschool, an approved long day care service that has been operated by me since its inception 20 years ago in 1994. The service is a small, 20 place centre, catering for children aged two to five years of age. We are at the northern end of what is referred to as the Shoalhaven Region, which stretches from Berry in the north, down to Ulladulla in the south, on the New South Wales south coast.

My service is located in a regional coastal village of approximately 3,600 permanent residents, 23 kilometres east of Nowra, just north of Jervis Bay. It also has an Aboriginal community with the Jerringa Mission located some two kilometres from my preschool.

I would like to explain my current situation and then later how your proposed approach will affect my service and, I believe, many other coastal and regional services throughout Australia. I have also lodged a written submission. I don't know whether you have been able to look at that yet.

You have outlined in your report, a proposed new form of assistance called ECLS, Early Care and Learning Subsidy, which will replace all current subsidies, mainly CCB and CCR, Childcare Benefit and the Childcare Rebate. I note that the ECLS is subject to an activity test and that the families who do not meet the requirements will be ineligible for assistance from your report, where it says where at least one parent does not work, study or train for 24 hours a fortnight.

The current system we have of CCB and CCR has virtually the same activity test but in the present case these families who do not meet the criteria for work, study or train are still able to get childcare benefit but are restricted to 24 hours of childcare benefit a week and they are unable to get the cash rebate. Later in this submission I will refer to these families as 24-hour families.

For the past 16 years my service has had an exemption from the 24-hour limit on CCB for non-work related childcare. I have had to reapply for this exemption every two years and show profit and loss statements and reasons why my centre needs this exemption to remain viable. It allows these families to exceed their 24-hour limit and therefore assists with increasing my centre's occupancy levels. It is not something that I have ever abused.

In figures I have obtained from the Department of Employment as at December 2013, the unemployment rate for New South Wales was 5.3 per cent, but the employment rate in the Shoalhaven area was 10.4 per cent, nearly double the state average. Unlike larger metropolitan areas, our fee structure must be in keeping with the affordability of the socio economics of the area, therefore my fees are considered low compared to my city counterparts. I currently charge \$64 per child per day. These have risen by \$8 in the past 12 months. Costs are always increasing, particularly wages.

Similar centres in larger metropolitan areas are currently charging somewhere between \$80 and \$110 per child per day and therefore are generating a much greater income for their centre.

It is interesting to note that all my major expenses, such as wages, superannuation and insurances are the same as the centres that are able to charge much greater fees than I can.

A major portion of my occupancy levels is made up from these 24-hour families. The average income for these families is between \$43,000 and \$65,000 per annum. I could tell that from their CCB rate.

If your proposed approach is approved, these 24-hour families would not be able to afford childcare. Without fee assistance they would have to pay full fees and this would be beyond their affordability, therefore I would lose them as clients. A large amount of small services in regional and remote areas like mine rely on these 24-hour families to assist in increasing our occupancy levels to a level that will keep us all viable as centres.

In my 20 years of operation I have never had a waiting list. At present I have a few enquiry forms for families whose children are waiting to turn two years of age and when that day comes, I will have a position for them. As I am licensed for 20 children a day and I am open five days a week, I have a total of 100 positions per week. I am currently 91 per cent occupancy but have averaged 75 to 80 per cent occupancy a year for the past seven years. I started this year with 74 per cent occupancy.

As this is a small coastal village, the number of children needing care can vary greatly from year to year. Of my current 90 filled positions per week, 36 are filled by children from the 24-hour families and 55 positions are filled by children from families who meet the activity test. Should your proposed approach be implemented, I would estimate an average occupancy level of 45 to 50 per cent over a 12 month period.

As childcare centres have reduced occupancy levels, they can cut some of their running costs by decreasing staff to a level that is sufficient to meet the guidelines. That's okay, for example, at a 60 place centre that may only have 40 children per day, however once you get down to a centre of my size, you are unable to cut back any further on staff.

I currently have three staff to meet the child/staff ratios and to provide quality care. I am required to have at least two qualified staff on the premises at all times. Even when my occupancy levels drop to 50 per cent, I am unable to cut the cost of wages as I still require

three staff. Please consider they require meal breaks, toilet breaks and one staff to be off the floor at times preparing meals, morning and afternoon tea.

If I had to operate at 50 per cent occupancy level with my current fees, this would generate a gross income for my service of about \$160,000 per annum. This would not be enough to cover the major costs of running a small childcare facility. Category such as wages, superannuation, insurance, rates, loan repayments and utilities alone cost in excess of 170,000. That's before I include other categories such as advertising, bank fees, cleaning, excursions, government charges, printing and stationery, purchases of food, equipment, purchases of art and craft, repairs, staff training, subscriptions, tax and, of course, my own wages. As a sole trader, my wage comes out of what's left over after costs.

In short, when my occupancy levels drop, I am unable to reduce my major costs. I would have no choice but to close this centre as I could not operate at a large loss. Our small community would be robbed of a valued facility. I mentioned earlier that this would affect many other coastal and regional services throughout Australia. Last week I took the time to contact a lot of centres on the south coast. I contacted at random. I contacted 15 other childcare centres along the Shoalhaven coastline. Three of these were community-based centres. Seven of them were running at full occupancy and the others average 90 per cent at this point in time. The average fee was \$70 per day.

I discussed the Productivity Commission's report and, in particular, the effects that the activity test would have on their service; and you won't be happy with the reply. The reply from most of them was they had not only not looked at the report, but knew very little about the whole issue. They were all way too busy running their childcare centres. Many of them said that they couldn't see how they would remain viable if all these children were taken away from their service. They also questioned what will become of the children from these families and how will they access early childhood education and interaction as they would not be able to afford the full fees.

The results of my survey backed up my thoughts on how the introduction of your proposed activity test would impact on regional centres. All of these centres have agreed for me to pass on the following figures to the Commission. I won't state the name of the centre, but I will state the locality and then I will state the percentage of weekly positions currently being used at their service by children from families who do not meet the activity test. So these are how many they'd lose: Nowra, 21 per cent; Nowra, 40 per cent; Bomaderry, 27 per cent; St Georges Basin, 14 per cent; St Georges Basin, 30 per cent; Callala Bay 18 per cent; Basin View 31 per cent; Ulladulla 33 per cent; Ulladulla, 50 per cent; Ulladulla, 20 per cent; Ulladulla, 54 per cent; Milton, 23 per cent; Milton, 70 per cent; Milton, 35 per cent; and Lake Tabourie, south of Ulladulla, 33 per cent.

Little centres like us, we act are more than just childcare centres in these communities. We're a meeting place for families, parents and grandparents. My trained experienced staff are the first to notice any problems a child may have ranging from speech, hearing, behavioural issues, through to possible signs of things like Asperger's. We are able to guide these families to facilities, usually in Nowra, where the child and their family can be assessed and assisted by people such as speech pathologists, early intervention centres, paediatricians,

et cetera. Often families don't realise there's a problem, plus they're unaware of the facilities that are available to them. If children from families that don't meet the new activity test cannot afford the full fees to attend centres such as mine, they will not only miss out on early educational programs and therefore put them behind other children that were able to attend via government assistance, but they will go for some years before problems are discovered and will miss out on early intervention.

In short, by depriving these families of affordable childcare and an educational program for at least two days a week the government will be creating an entire section of our society that would fall behind all because they didn't meet the activity test. One set of rules does not fit all childcare situations or localities. What works in the big cities does not work in regional areas. Regional areas are not made up of just inland districts, they also include coastal regions. There have to be allowances made for these isolated and regional areas and assistance provided to them if you, if the government, want working families in these areas to have access to quality childcare. We need the children from these 24-hour families to attend a few days per week to remain viable and they need to attend to maintain pace with the educational early years learning framework. Thanks for listening.

**DR CRAIK:** Thanks very much, Andrew, and thanks for your submission and also your little surveys. That's all very helpful.

**MR HEFFERNAN:** It took a bit of time.

**DR CRAIK:** Now, you're drawing to our attention that you had an exemption from the 24-hour limit on CCB.

**MR HEFFERNAN:** Yes.

**DR CRAIK:** And non-restricted childcare is a revelation to us. We've never heard of that before. So what's the basis on which that exemption is provided?

**MR HEFFERNAN:** I've had it since 1998.

**DR CRAIK:** Is that for your service or for the families, for each of the families?

**MR HEFFERNAN:** It's for my service. It's for the families that attend my service.

**DR CRAIK:** But it's the exemption for your service that you could - - -

**MR HEFFERNAN:** For my little area so that if I need to, I can allow these families that are limited to 24 hours to maybe have an extra day above and beyond that. At present I think it might only be one person using one extra day.

**DR CRAIK:** What's the basis for you getting that exemption?

**MR HEFFERNAN:** To help me – because I'm a small country area and the numbers vary and to help me stay viable.

**DR CRAIK:** What are the sort of criteria?

**MR HEFFERNAN:** I have to put in – from my accountant I have to put in audited profit and loss reports and show that if I can use this, it'll help me stay viable and earn more income for the centre so that we can all survive.

**DR CRAIK:** And you've had it for how many years?

**MR HEFFERNAN:** Since 1998. They might knock me back this year; who knows.

**MR COPPEL:** So every two years you have to apply?

**MR HEFFERNAN:** Every two years I have to reapply, yes. There's quite a few centres around Australia that would have it. It's through DEWR.

**DR CRAIK:** How many extra days do you provide to your families?

**MR HEFFERNAN:** Well, it's not something I promote. But if a parent comes along and they say, "Look, I want to come" – which would put them over the 24 hours, I can say, "Well, look, normally you wouldn't be allowed to but at my service you can." But at present I haven't really had to use it. As I said, I think it's only one parent who's going over their 24-hour limit. So I'm going okay at the moment.

**DR CRAIK:** Would you use it much some years?

**MR HEFFERNAN:** Not overly. It might be up to five or six parents during the year that might go over. They might use 30 hours instead of 24. As I said, it's not something I abuse. But I just thought I'd put it in there to let you know that these things are happening.

**DR CRAIK:** News to us. And then you get sustainability assistance through the CSP?

**MR HEFFERNAN:** Yes, I applied for that seven years ago, again because we were the only long day care centre in the area. It's an isolated community. And they could see that we can't charge a lot because of the low socioeconomics in the area. Look, it's just all dollars and cents really.

**DR CRAIK:** How much do they give you for that?

**MR HEFFERNAN:** I wouldn't like to discuss that in the room.

**DR CRAIK:** Can you tell us confidentially?

**MR HEFFERNAN:** I can, yes, sure. Not a problem at all. And again, that was in – so you've read my letter.

**DR CRAIK:** Yes, I read your letter.

**MR HEFFERNAN:** Sorry if I doubled up on a few things there.

**DR CRAIK:** That's all right.

**MR HEFFERNAN:** But again, that's something you have to apply for and show cause.

**DR CRAIK:** And you've had it every year since?

**MR HEFFERNAN:** No, that's just since 2007, I think.

**DR CRAIK:** Could you operate without that?

**MR HEFFERNAN:** Well, if I didn't, I'd have to, wouldn't I? But I certainly couldn't operate without the 24 hour children. I'd have to work out a way, yes. I mean, I'd like to charge a lot more in fees, but most of the people are fairly poor. So they really can't afford it. The families that get the childcare benefit at the moment are the 24-hour families I refer to. Most of them are on 80 to a hundred per cent. So at my centre that would work out to fees of about 26 to 30 dollars a day. They wouldn't be able to afford much more than that.

**DR CRAIK:** Under our system if they actually meet the activity test they would get 90 per cent of the deemed rate and on a long day care centre it's at \$7.53 I think if they're paying – I don't know what an hourly rate would work out at yours, what, six dollars something or other?

**MR HEFFERNAN:** You know it works out at \$64.

**DR CRAIK:** I just say 10. I assume you're open 10 hours a day.

**MR HEFFERNAN:** You must have used my centre as a sample. Yes, but they don't meet the activity test.

**DR CRAIK:** But if they did they would probably get it all paid.

**MR HEFFERNAN:** Well, depending on what I would charge, yes. I'd be like a bull-billing doctor, I suppose. But it would allow me – like we don't put the fees up deliberately. And the National Quality Framework itself has added to it. For example, last year – this is just off the subject – the inclusion support subsidy, this year is the first time I haven't had a child that's had a disability for a while. But last year I had one child who was borderline autistic that came two days a week. Now, they gave me funding for an extra staff member which I desperately needed because somebody had to be one-on-one with this child, otherwise they were going around clobbering people over the head. But they gave me funding for an extra staff member for five hours a day. The child was there more than five hours. And they paid me \$16 an hour. That's an absolute joke.

**DR CRAIK:** How did you cover the extra cost?

**MR HEFFERNAN:** I had to cover it. I've got to find it. It worked out to be about 6000 a year because a Certificate III after – and you include superannuation – they're probably up in the figure of \$27 an hour then. So I'm out of pocket. Yet the two years before that I had three or four children. So the centre was out of pocket about 10,000. That's just another issue with costs. When the National Quality Framework came in it meant that I had to rewrite the 27 policies that I had because under the new system they didn't like them and renamed a lot. So I – we're not very good at writing policies, we're basic people. So we went to our association, the community childcare or the New South Wales Childcare Association, and downloaded templates. Then we had to match them up on our existing policies. That whole procedure took myself and my two senior staff many, many, many hours over a whole year. And I'm paying them overtime every afternoon. These are girls that are working eight-hour shifts looking after kids; they're buggered. Then they've got to do this. So that added to the cost too. It was probably five or six thousand dollars in overtime just for that.

**MR COPPEL:** Are you getting funding from the New South Wales Government for preschool?

**MR HEFFERNAN:** No. It's for state-government-run preschools, as I referred to. They're a complete different system. They can vary the hours they're open but they're usually closed every school holidays. So they're not much good to working parents in that regard. So they'd be closed about 12 weeks a year, I suppose.

**MR COPPEL:** If you had a preschool program, would you be able to access that?

**MR HEFFERNAN:** I have a preschool program. All long day care centres run a preschool program. We've been trying to educate people on that for years. At the moment in the rules people who get childcare benefit are allowed to have so many absences per year, 42 I think. Then if they go beyond it, they don't get childcare benefit. But there are certain rules in there for them to have allowable absences. One of those rules is for them to be taken out of my centre to be sent to a state government preschool; they'll still pay the childcare benefit. But we're already giving them the preschool program. So why – it's crazy. In the city I think people understand how it works. But in the country areas it's taken me a long time to educate them because they think that we're day care and that we don't provide an educational program.

**MR COPPEL:** Did you notice any impacts following the introduction of the universal 15 hours of preschool?

**MR HEFFERNAN:** No, nothing. No-one's rung me up and said anything about it. As far as I know, that's only at this stage for state-government-run preschools in New South Wales. I think the other states might be handing it over. But at this stage the long day care aren't party to that in New South Wales. You could check with my association, Brianna Casey, I think you know Brianna?

**DR CRAIK:** Yes.

**MR HEFFERNAN:** She would know.

**DR CRAIK:** Your child that you said you got extra funding for was borderline autistic. What did you have to do to get that extra funding? Did you have the child diagnosed?

**MR HEFFERNAN:** We're the first port of call. Some parents are really good because they'll concede that there's a problem with their child. This particular family, the mum knew but the dad didn't want to know about it. It took us six to eight months to even convince him to get her off to a specialist. But we can't say anything because we're not qualified doctors. But we've got a pretty good idea. Then once we got the diagnosis, dad was in denial for some time. So there was a stalemate. But eventually we have a worker in Nowra at the early intervention centre who helps all the childcare centres in the area with these sorts of things. And, yes, we had to fill in an enormous amount of paperwork and jump through a lot of hoops. Then eventually you get the \$16, which is really well worth waiting for. I actually believe I have a right not to take that child. But I'm in a small coastal community. Everybody knows everybody. I'm providing a service. I've got to do this sort of thing. That's what happens. It's not the big city. So everybody's related; only joking.

**MR COPPEL:** Your preschool only takes kids from two years and above. Is that right?

**MR HEFFERNAN:** Yes, two, three to five. When we first built it with my late wife back in 1992 – we opened in '94 – a lot of us – there was a real flurry of childcare centres opening then because that's when the government allowed private centres to have the childcare benefit for the parents that attend. So that's when we had – the banks were going crazy lending everybody money to build childcare centres. Most of the ones that opened, all opened for three to fives or two to fives.

All this shortage that we had of childcare, and this is only my opinion, is just for babies. Nobody wanted to do babies because back then - it's now one to four, that's the ratios, but it was back then one staff to five. Whereas with three to five-year olds, it's one staff to 10. The hourly rate, like you were deemed a rate that you were talking about, the hourly rate for childcare benefit, which is like the scheduled fee with a doctor is currently \$4.10. That's \$4.10 for five-year olds, three-year olds, one-year olds, but yet it should be linked to the ratio, just like your deemed rate. I don't know if I am explaining it right.

If I can employ you to look after 10 children and pay you that wage, and pay you the same wage to look after four, it's not very economical. I would have to charge – I think you mentioned in your report, why aren't centres charging double. Well, because people can't afford to pay it. You know, if I was taking babies, I would want to charge \$120 a day, double my fee. But the amount of childcare benefit they get is calculated on this \$4.10, so it's still the same.

The government did that, in my opinion, because they didn't want to know about it. They pushed everybody into family day care. That's where all the babies were going in the country area and I think you will find if you go around Sydney or anywhere and see what shortage is for two to three or five-year olds, there will be plenty of spots. The babies is the

problem because they're not paying enough compared to the ratios. Did that make any sense?

**DR CRAIK:** Yes. Do you have many Aboriginal children? You said there's an Aboriginal

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**MR HEFFERNAN:** Yes. I would have probably about 15 per cent of the kids are part-Aboriginal, yes. They really benefit from it, you know, socialising with the other kids and the educational program.

**DR CRAIK:** How many hours a day are you open?

**MR HEFFERNAN:** Eight and a half. I was originally opened nine and a half when we first started, but we only had one or two clients using the late hours in the afternoon. Back then, when my wife was alive, she was like the director of the centre, and she could stay back on her own. So it wasn't really costing us wages, only her time.

Then some years later they brought in the rule where you had to have two staff on the premises at all time and for the amount of children we had using it at that hour of the day, we cut it back. In doing so the government doesn't have to pay out as much childcare benefit for the people that aren't using it either.

**DR CRAIK:** So how many hours a week are you open?

**MR HEFFERNAN:** Forty-two and a half.

**DR CRAIK:** Forty-two and a half, yes.

**MR HEFFERNAN:** Yes, 8 until 4.30. That meets the needs. I am not losing clients over that or anything like that. That meets the needs of a small coastal community. There's a lot of aunts and uncles around. A lot of people are self-employed. If I wasn't there, these people say that run the local kitchen company or the newsagent or even the doctors, they would have to drive into Nowra, which is about 23, 24 kilometres away and about a good half hour or so, and then come back again.

**DR CRAIK:** So the nearest service to you is about 30 minutes away or something.

**MR HEFFERNAN:** That's the big smoke, yes, Nowra.

**DR CRAIK:** Yes, sure. I've been there.

**MR HEFFERNAN:** Yes, you want to come there on a Thursday. It would be an eye opener for you.

**DR CRAIK:** It's busy, is it, because it's pay day.

**MR HEFFERNAN:** Hey sister. It's pay day, yes. I get paid. I'm me. Sorry.

**DR CRAIK:** That's all right.

**MR HEFFERNAN:** We see some very – I don't know, what's the word? Dysfunctional families. I am sure that happens in the city as well as up and down the coast, even in Canberra. So we do our best to help them too. That's what I meant at the end. We're more than just a preschool and childcare centre. We're a facility and the figures speak for themselves, because without these 24-hour families, I can't run a business. It's just not going to happen.

**MR COPPEL:** What would happen then if one of your parents was pregnant and wanted to take their child out of the centre during the maternity leave and then come back in later on?

**MR HEFFERNAN:** How would I work that?

**MR COPPEL:** Would that be feasible in your - - -

**MR HEFFERNAN:** Well, they would just have to give me notice that they're not coming any more and I would resell the position and we will talk about it when they come back. I mean somebody has got to pay for the position while they're gone. I can't do that.

**MR COPPEL:** You wouldn't be able to keep it open or your current position - - -

**MR HEFFERNAN:** Well, given my current occupancy levels, there's a damn good chance, yes, but I wouldn't guarantee it. I mean if I get 10 people walk in the door tomorrow and want spots, well I've got a business to run. I would give them a spot. But you saw from my figures, they're not all full. It's not all like the city. They're mainly all husband and wife family operators. There's no Eddy Groves on the coast. I don't think he's interested because he wouldn't make a quid out of it.

**DR CRAIK:** You have to have three staff with that ratio.

**MR HEFFERNAN:** Yes.

**DR CRAIK:** Do you have degree-qualified teachers?

**MR HEFFERNAN:** No, no, no. That was another reason why a lot of centres in that flurry of the early '90s opened up centres for smaller than 29 places or less, because if you opened a centre for 30 places, you then had to employ a teacher. Now, that rule has changed under the National Quality Framework, which is a really good point you brought up because I have got some issues with regulation 130, which states that centres under the size of 25 places - - -

**DR CRAIK:** Have to have a teacher 20 per cent of the time.

**MR HEFFERNAN:** Bear with me a second, will you? Requirement for early childhood teacher – yes, 25 places. I am just trying to see where it's actually quotes but yes, we must

have – the way it is written is very peculiar. We must have access to an ECT 20 per cent of the time.

Now, like your report, which I have had a look at because I am involved, I looked into that six or eight months before and we had just gone through the accreditation thing or whatever you want to call it.

**DR CRAIK:** The assessment?

**MR HEFFERNAN:** The assessment, yes, sorry.

**DR CRAIK:** How did you go?

**MR HEFFERNAN:** I will get on to that in a second. I asked this lady who came and did it, now she's the one that ticks the boxes and says I'm okay or I'm not, and she couldn't give me a ruling on it. She spoke to her eight other people in Wollongong and they couldn't give me a ruling on it because they didn't understand the rule. So I wrote to Ruth Callahan. Have you heard of Ruth Callahan?

**DR CRAIK:** No, I can't say I have.

**MR HEFFERNAN:** She is the general manager of New South Wales Early Childhood and Education Care Directorate, so the old DOCS. She is the boss. I wrote a very lengthy letter saying I wanted some straight answers on it and don't give me a wishy-washy answer because I've got to know how this affects my budget.

I got a letter back from one of her cohorts underneath her, a Mr Paul Sherman, which I gave to Brianna at New South Wales Childcare. That was the first bit of solid information anybody had got on the ruling, because one of the community-based centres told me that if I employed them for one full day a week, then that would equal 20 per cent. But they said this teacher would have to be solely there for programming. I am going, "It doesn't take eight-and-a-half hours a week to program. That's just crazy. You're throwing money away."

In his letter that I got back, they said that I can employ them and have them on the floor as one of the workers. I advertised a position several times, nobody. I advertised it again. I got one person apply. I looked at it as a Friday position because that's when we had most of the older kids. Mind you, she can't program for Billy and Johnny to come on Monday and Tuesday because she doesn't see them. You can't do an individual, so it's really a silly rule. Then I told her that because we're a small centre and we're all hands on that there's a bit of cleaning to be done Friday afternoon. She didn't want the job.

My big issue then is what does this access of 20 per cent mean. What does it really mean? It's like a 16-year old kid writing an essay. They just repeat the question again. They repeat what it says in the rules. "You can do it via the internet technology or you can do it in blocks of a quarter." I said, "What have I actually got to do?"

So, I applied for a layer. Now, the guy from this department rang me up and said, “I’m not going to give it to you”, and I was talking to him about it. He said, “What about the diploma lady?” That’s my educational leader. “How about she stays back for two hours each afternoon and gets on the phone with this teacher that didn’t want the job?” And I said, “What? So, they’re going to talk about the program for two hours each afternoon, eight-and-a-half hours a week? I’ve got to get her to document it and I’ve got to pay her overtime. And I’ve got to pay this other person a commission for doing the job.” I said, “I can’t do all that. This person has got to be an integral part of my budget for staffing, albeit costing me a bit more than a Certificate III.” He didn’t understand it.

I said, “Have any of you people in there ever worked in childcare? Do you know how stressful it is?” You’ve got to sit back and you’ve got to document it then. Nobody still knows the rule.

**DR CRAIK:** So do you have a - - -

**MR HEFFERNAN:** I got a waiver.

**DR CRAIK:** You did get a waiver?

**MR HEFFERNAN:** One year. But I might be correct next year because they can’t give it to me again. I can’t get anybody to give me a ruling. What have I physically got to do? Have I got to sit there and say, “You’re a teacher, I can get my diploma lady to communicate with you and document it for eight-and-a-half hours each week”? What are they going to talk about? They would have been better off saying you’ve got to employ an ECT full time and I would sack her. That’s just the way people write things in governments.

Sorry, I’m frustrated. I really am. They drive me bananas.

**DR CRAIK:** Do you see that having a degree qualified teacher will add any value?

**MR HEFFERNAN:** You asked me before how did I go with the accreditation.

**DR CRAIK:** Yes.

**MR HEFFERNAN:** The assessment we will call it, okay. I am old school. We got “working towards”, which was unfortunate, because under the old accreditation system we had gone through it I think six or seven times since the early ‘90s and got “high quality” every time. We got knocked back on it.

She spent one day and my associate diploma lady who does the educational program, she grilled her for about three-quarters of an hour on the EYLF and the educational program, the preschool program. Then the assessor came in to me to give me a glowing report on what a wonderful job my associate diploma was doing with the early educational program and how she had been to about 70 or 80 centres at that stage, including a lot that had teachers, and my associate diploma had the best grasp on programming and the EYLF of any centre she had seen, including all the teachers.

She then said, “I have looked at all your policies. They’re okay. Do you have a goals for programming?” I looked at Maureen and she looked at me. I said, “We haven’t done that” and I said, “No, we haven’t”. So, while she was at lunch Maureen and I wrote a two-page goals for programming which we gave to her. She said, “You beaut. That’s great”, but you didn’t have it this morning. So, we’re marking you down on that. It’s very nit-picky.

See, the assessors that are doing this now are what I call the old DOCS licensing people and they’re looking for the minutest things to pick you up on. The old accreditation system under the National Childcare Accreditation Council, the assessors were peers from our industry, people like my diploma lady. They would go off and take six months or eight months leave of absence and they would get trained up by the NCAC. They were directors of other centres. They were human beings that had worked in childcare. This is it. It’s so petty and picky.

People know when you go into a childcare centre whether it’s a good centre. You get a feel for it straight up. Sure we’ve got to be marked on a lot of things but it’s getting ridiculous now, the hoops we’ve got to jump through. And the 20 hours ECT, what does that mean? Nobody can tell you.

**MR COPPEL:** Was that the only thing that you fell short of exceeding all requirements?

**MR HEFFERNAN:** No, no. The other area we got marked down on was one that a lot of centres are not doing is sustainability of the environment. I think her words were along the lines of we weren’t embracing it. We showed her, like we’ve got separate bins for recycling and we’ve got a vegetable patch. The kids were even on a roster of switching the lights off when we leave the room to go outside, things like that. She felt that if we had a worm farm we would have completed the cycle.

We’re talking about three and four-year old kids. These people that write the National Qualify Framework, they want them to come out with a bloody university degree at the end of year five. It’s beyond a joke. They’re kids. It really is. It’s madness. This is what we’re dealing with.

Anyway, if you can do anything about the 20 per cent teacher thing, I would be really appreciative. And if you don’t give childcare benefit to these 24-hour families, well then you won’t be talking to me again or my staff. That’s the size of it.

**DR CRAIK:** Okay. Well, thanks very much for all that.

**MR HEFFERNAN:** No problems. I hope you had a good laugh.

**DR CRAIK:** It’s been very useful to us because you’ve alerted us to things that we weren’t aware of, so thank you.

**MR HEFFERNAN:** Look, and how disappointing is it from your point of view that these other centres – see people don’t realise how much work is involved in running a childcare

centre with all the rules and the hoops you've got to jump through these days. They haven't had time to look at your report, and that's a shame for you guys. Really nice to meet you. Thanks for your time.

**DR CRAIK:** Yes, you too. Thanks very much. Thanks for coming up.

**MR HEFFERNAN:** I will go drive back to Culburra.

**DR CRAIK:** Yes. Thanks a lot for driving up.

Our next appearance is from YWCA. When you're ready if you could introduce yourselves and say your position in the organisation and then if you could make an introductory statement or statements, then that would be helpful.

**MS LADYZHYNSKY:** Certainly. My name is Tania Ladyzhynsky. I can spell that for you later, if you like. I work for the YWCA of Canberra as the manager of family day care.

This is Louise Billman, who is the early childhood manager for the YWCA. She will be speaking after me. Then we have Bernadette Carbin, who is the manager of children's services and Jackie Green who is the manager of school age and centre-base care.

**DR CRAIK:** Can each of you, when you do speak, introduce yourselves first, so we can relate the name to the voice.

**MS LADYZHYNSKY:** Sure.

**MS CARBIN:** We've just got the two speakers. You don't have to listen to all of us.

**MS LADYZHYNSKY:** Firstly I would like to acknowledge the traditional owners of the land we're meeting on and pay our respects to their elders, past and present. We would like to start by briefly explaining a little bit about the YWCA of Canberra and the context in which we operate.

The YWCA Canberra is a feminist not-for-profit community organisation that has been providing community services and representing women's issues in the Canberra community since 1929. We employ more than 350 staff across the ACT and work primarily in the areas of children's services, community development, housing, youth services, women's leadership, advocacy and training.

Children's services offers programs across centre-based care, family day care and school aged care, providing care for over a thousand children per week at our services. Children's services currently employs over 200 educators on a full-time, part-time or casual basis.

The family day care model with the YWCA is an employer-based scheme, where all our family day care educators are employed on full terms and conditions of employment, just like the rest of us in the organisation, as distinct from the more usual self-employed or contractor model. We are one of four such schemes in the ACT and we currently employ 50 educators.

In the May 2014 budget, the government announced changes to the eligibility criteria in relation to family day care schemes when they are applying to receive the community support funding program. The new criteria will result in a majority of schemes no longer being eligible to receive this funding.

The operational funding pays for quality support unit staff, also known as coordination units, who monitor compliance and support home-based educators. Without this funding, schemes will have the choice of raising fees or downsizing their quality support staff or closing their doors.

Schemes have worked hard to meet the requirements under the National Quality Standards and the level of quality assurance in family day care could be significantly compromised when the funding ceases and that's our main concern.

In response to the Productivity Commission's draft report, Early Childhood Australia stated that they would support the plan for parents to have access for subsidies for using nannies, as long as it was regulated under the National Quality Framework and as long as other quality services didn't miss out on the funding. Family day care is perfectly situated to oversee nannies within the existing family day care framework.

The government is wanting to expand on services that can provide flexible, affordable childcare and family day care already caters to this need. I believe you heard earlier about the incoming system a little bit as well. I wasn't here to hear it, so I hope I am not overlapping too much.

The current in-home care system is overseen by family day care schemes, however families have to meet very particular eligibility criteria which limits the number of families who can access this type of care. The in-home care system could potentially be replaced with a nanny service, monitored and supported by family day care schemes. Existing schemes have staff already trained in the National Quality Framework and regulations and these staff have extensive experience in supporting independently working educators.

If nannies were working independently, we would be interested to know who would be responsible for administering childcare benefits, for one thing. Family day care, if we were overseeing nannies, obviously that issue would be solved. If in fact nannies are regulated and fall under the National Quality Standard, there are several questionable risks from the perspective of maintaining resources and monitoring safety which would need to be taken into account before this system was put in place, regardless of whether or not nannies are overseen by an existing family day care scheme or operate independently.

If the difference between family day care and nannies is that a nanny operates from a child's home, questions regarding who is responsible for maintaining these levels of safety that are critical in our eyes. For example, are the families therefore responsible for providing a safety environment? Is the family then regulated, rather than the nanny? If nannies were to be rolled out in a similar way to family day care and provided through an organisation,

how can the organisation maintain the responsibility for the family's home, like the safety in the family home?

The burden on regulatory authorities to monitor, regulate and quality assure the nannies would increase if nannies were to be regulated which would slow down the process for school age care family day care and centre based care. I guess if they were monitored under a family day care scheme, at least then they could be assessed in the same framework, so it wouldn't add so much extra burden to the regulatory authorities.

Then question is around if nannies are provided, employed and regulated by organisations such as ours, the YWCA, then how can we ensure the safety and wellbeing of children in the family's home. For example, if a family over the weekend notice a beeping sound from a smoke alarm and they remove the battery but forget to replace it before a nanny starts on Monday morning and a small fire starts and the smoke alarm doesn't go off, questions around who is responsible for the safety of the environment when it's in a family's home.

On closing, the YWCA Canberra asks the Commissioner to recommend to the government that they not de-fund existing family day care schemes. The proposed nanny system could be possible if previously mentioned questions are resolved, however we don't feel this should happen at the detriment of the professional quality family day care model which is already in place.

**DR CRAIK:** Thank you.

**MS BILLMAN:** Following on from Tania's briefing - - -

**DR CRAIK:** Can you say who you are?

**MS BILLMAN:** Sorry, my name is Louise Billman and I am the early childhood services manager at YWCA Canberra.

Following on from Tania's briefing, I just wanted to respond and highlight some discussion points in relation specifically to early learning centre based care services. As I said, my name is Louise Billman and I have been working with children and families in various roles for 15 years. I am an educator and a passionate leader within this sector and I, like many others within early childhood services, have dedicated my career to improving learning outcomes for children. So, I sit, not stand, before you on behalf of YWCA Canberra, as well as every one of our educators.

As a sector, we have dedicated years, sweat, and tears sometimes, into raising the professional profile of the work that we do, the importance of early childhood as a growth and development opportunity and also as a valid opportunity for those seeking a challenging and fulfilling career that has an impact on the future success of children in this country. And so, we would like to submit to the Commission the following response in relation to the draft report.

I will cover four issues today that we would like to respond to, the first being government investment in the sector, specifically with regards to accessibility to high quality education and care services. As the draft notes, the current contribution from the federal government in subsidising care and other services is upward of seven billion dollars per year. Is that correct?

**DR CRAIK:** Yes, it's about seven at the moment, yes.

**MS BILLMAN:** The draft report also makes that these funds currently do not address the needs of some families, particularly the most vulnerable, in accessing high quality education and care services.

The YWCA Canberra supports the creation of the new ECLS scheme that streamlines support subsidies, noting that we agree with the observations in the draft report that families often do not currently understand subsidy arrangements, what they can access and how they access that.

The report also considers accessibility challenges, including waiting lists, increasing fees and physical access to some services.

YWCA Canberra believes that in a case where the investment in subsidised early childhood is reduced, these funds need to be redirected to improve accessibility for all children to a high quality education and care. It has been noted in recent research projects outlines in the Australian Early Development Census, or AEDC is what I will refer to, that service systems at the moment do not maintain continuous contact with families of young children during their early years. Family units are becoming more complex, with less extended networks and little exposure to parenting, prior to adults themselves becoming parents, which is representing a significant skill gap, which obviously makes it even more critical for them to be in early childhood and care services, which was discussed earlier today.

If the \$7 billion currently allocated is not sustainable to taxpayers and the current subsidy programs do not meet the needs of some families in accessing care that is of a high quality, alternative recommendations will need to consider the following: 14,435 services currently operate in Australia, which is an increase of nine per cent just in the last three months.

It was noted in the AEDC that governments spend a disproportionate amount on other types of services in comparison to what's provided to the very young, despite the greater developmental importance of their early years and the greater likelihood of young children in Australia living in poverty. When considering accessibility concerns that includes rising fees, it is important to consider that profit margins for ECEC services are often lower than five per cent. To maintain the quality of service delivery, government investment in the sector cannot be decreased through the streamlining of subsidies of families without those funds being redirected to further address access challenges. Accessibility to high quality early childhood experiences is a right that the YWCA Canberra believes each child in Australia has.

The UN Committee on the Rights of a Child outlines specific developmental reasons why early childhood is a critical period for the realisation of children's right. There are many things that happen in the first five years of life, but during this developmental period young children experience the most rapid period of growth and change during the human lifespan. In terms of their maturing bodies and nervous systems, increasing mobility, communication skills and intellectual capacities and they have rapid shifts in their interests and in their abilities. Young children actively make sense of the physical, social and cultural dimensions of the world they inhabit, learning progressively from their activities and their interactions with others, children as well as adults. Young children's earliest years are the foundation for their physical and mental health, emotional security, cultural and personal identity and developing competencies. Young children's experiences of growth and development vary according to their individual nature as well as the gender, living conditions, family organisation, care arrangements and education systems.

UNICEF, in a 2008 publication, noted that evidence shows quality education and care can make a real difference to the education, health and wellbeing outcomes for children. Conversely, poor quality care can be detrimental.

There is a significant amount of services and there is some debate with the regard to percentage exactly that aren't meeting the National Quality Framework, the minimum standards at the moment, but we believe that instead of rolling back those regulations or those standards in order to adjust our expectations, the YWCA Canberra believes that we can actually address that gap. Any decision to recommend changes to the structure of federal investment in the early childhood services sector needs to actually consider the impact of those recommended changes to the quality of the services for the children of Australia.

It's interesting in the draft report a comment was made that children are developing generally well in Australia and yet in a recent 2014 worldwide report named The Learning Curve, research was completed and an analysis was also completed on the cognitive skills and educational attainment of countries around the world, Australia placed fifteenth. Whilst research into the value of early childhood is well accepted and it's been discussed today as well, this particular developmental opportunity represents improvements in the future success of individual Australian children in an ever changing increasing complex modern world, as well as the future of our country and its leaders.

High quality education and care can have a positive impact on the alarming trends that are happening in Australia of childhood poverty, youth mortality, as well as health and obesity rates, some of the most prevalent social issues that are plaguing our country.

YWCA Canberra are strength based and solution focused, so we would like to put to the Commission that rather than decreasing federal investment, we as a country should be considering increasing and redirecting these funds into a targeted approach to further increase quality, particularly for vulnerable families.

Considering reducing the investment or changing the investment would have a significant impact on the future learning when we sit in fifteenth on the global index of cognitive skills and educational attainments. Considering reducing or rolling back any of the

standards or regulations prevents one of the highest barriers between healthy and resilient young people and youth mortality, youth homelessness and youth unemployment. In our eyes it is neglecting the future leaders of our country. YWCA Canberra would instead urge the Commission to recommend that a targeted approach to bridging the gap between services that are currently not meeting the NQS to those that are exceeding.

We would suggest that increasing targeted support and funding to the services for professional development, not through a PSC or Professional Support Coordinator, but specifically when services are not currently meeting the National Quality Standards. We recommend that the federal government commits to supporting services that are working towards the minimum requirements by increasing the expectation that advisers are specialised, available and provide clarity to services.

Education and services need solid examples of the difference between working towards and exceeding. We would suggest that the regulatory body supports those services heading towards meeting or exceeding by providing mentoring throughout our services as well and throughout our community.

YWCA Canberra believes strongly that early childhood centre based care services are not over-regulated. We are committed to ensuring minimum standards of care and education within centre based services and making sure that these are maintained across the country, however there are many service structures and models across the country that are unique and where the service structure is not supported appropriately within the regulatory frameworks. Family day care and school age care services represent alternative options for many families who need to work full-time hours, however the current regulatory framework poses unrealistic expectations for those service models to deliver high quality services in the same way as centre based services.

School age care services are not education and care services. Children of primary age spend up to six hours a day in formalised educational environments. With youth poverty, mortality, health and wellbeing being such a serious concern, YWCA Canberra would urge the Commission to recommend we address these urgent and ever rising rates, but allowing school age care services to assist. If the regulatory burden is altered to reflect a respite style service that school age care in reality often is for children, it will release educators, regulatory authorities and advisers to focus and address building capabilities with children who attend the services. This was suggested earlier today as well.

Documentation of the curriculum program should reflect the unique opportunity school age care provides. They can be respite. They can be soft entry points to support services. They can be ways to identify ratifiers with social and emotional wellbeing and they can provide young people with supportive, positive mentors within their communities.

If these changes were made, they would impact centre based care services by releasing advisers to support the centre based services that are not currently at, meeting or exceeding.

Vulnerable children, particularly those with additional needs in early childhood settings, currently are not adequately supported, as noted in the draft report. The YWCA Canberra

acknowledges that the ABS Autism in Australia 2009 report noted that autism in Australia diagnosis rates are doubling and that the pinnacle of this diagnosis by age was five years old, which is often in line with formal school. What we're seeing happening in early childhood education and care services is that diagnosis is often preventative when it comes to accessing funded support services. We would like to see these vulnerable families, who can't access multi-disciplinary teams, still being able to access funding for support services. Many of the most vulnerable families that we have in our services don't have access to those teams or they decide not to put their children through that extensive, stressful process at such a young age, considering the consequences for them of having their child, at such a young age, labelled. Many physicians report to families, also, an apprehension to diagnose a child so early in their life, particularly with the DSM-V.

The YWCA Canberra - I'll finish up very shortly, I promise.

**DR CRAIK:** We do want to ask you some questions.

**MS BILLMAN:** Sure. The YWCA Canberra would also just like to point out that we support the National Quality Standards in its current form and that we, as most other people who have spoken today, support that the ratios need to be maintained as the qualifications. We were having a discussion with a couple of educators and realised that - I'm from Victoria and have only just moved up to the ACT. In Victoria, when you go for your learner permit, the expectation is that you do 120 hours learning and training before you get that driver's licence and are allowed to independently drive around. In the discussion with lots of different educators, we realised that most people who achieve a Certificate III qualification do it between a three and six-month period. Someone can attain a Certificate III level with up to one-week practical experience and maybe 85 hours of sitting in a classroom. So, to suggest that, within a zero-to-three-year-old age range, a person can walk into a service and be responsible for the education and care of children, when they've had as little as 85 hours of sitting in a classroom and a week of practical experience, has certainly raised some concerns with our educators and with the YWCA Canberra.

That would be it.

**DR CRAIK:** Thank you. Something that you didn't mention at all is after-hours school care. I'll come back to nannies and qualifications and things, and family day-care, because we do want to ask you about those, but after-hours school care - you guys were here when Marie Coleman spoke this morning, were you?

**MS BILLMAN:** Yes.

**DR CRAIK:** I guess we'd be very interested in your perspective on that. How do we fix after-hours school care - how do we make after-hours school care more useful?

**MS CARBIN:** About a week ago, I did attend the talk at Sydney uni, at the women's college; Marian was there. What was said today - first of all, we do feel, as an organisation, we're quite happy with the ratios here in the ACT, which are 1:11. For every 33 children,

you have one diploma-qualified educator and then that goes up at 66 and 99. We're quite happy with that.

The problem we see in school-aged care, as I indicated when I was in Sydney, is the amount of documentation that you have to produce when you run a school-aged care program; it is bordering ridiculousness. Primary school teachers do not believe us when we show them what we have to comply with and the amount of documentation we have to produce.

**DR CRAIK:** What would be reasonable, then?

**MS CARBIN:** As we said, it's not a childcare facility, it's not education. To us, it's a fun-based child-directed program that happens at the end of the school day or during school holidays. Either way, it's outside of school hours, so it doesn't need to be educational. It needs to be fun and directed by the child.

There is a need to have a program, as such, which, in our service, is compiled with the children. Everything we ask them to do now has to be evaluated and written down and produced, and this is just onerous. The danger in that, of course, is that you're asking the children to do something so that you can evaluate it. Whether that's negative or positive evaluation doesn't really matter; the fact is, you evaluate it and you document it. That really is not on; we don't need to do that.

**DR CRAIK:** You're talking about individual learning programs for the child, getting rid of them but have an overall program for the centre.

**MS CARBIN:** Yes, have an overall program for the service. That's what you do - or that's what you do this week or - there are so many opportunities in school-aged care to get the children out of a room, outside, either playing games or exploring nature or whatever, and that's the sort of thing we would like to see happening.

**MS BILLMAN:** Or linking up with community services, like what was suggested earlier. There's no way an educator would have time to create the documentation that would support something like an active after-school care program if the burden of - - -

**MS CARBIN:** Which will be de-funded at the end of this year, unfortunately.

**MS BILLMAN:** - - - which allows the children an opportunity to access things like karate, soccer and netball, when the children that are, often, in school-aged care services can't access that because they're at after-school care rather than able to travel around. Certainly, some documentation is really important because we all understand that we need to be able to provide evidence to suggest what we're doing is correct. Having said that, it's just above and beyond what's appropriate for a program that's not education. It can be respite and it can be soft-entry points and it can be a way for children who don't necessarily have that contact time with parents to have that from a mentor that will have positive benefits for those children later on.

**DR CRAIK:** What about the idea Marie was suggesting, taking kids to museums or for kids to have music lessons, or whatever, that after-hours school care can integrate those sorts of things, and what about vacation care?

**MS CARBIN:** During school-holiday programs, we try to incorporate this. We bring our children to things like the theatre, bring them bowling, bring them swimming, bring them to an adventure park, to get away from the classroom and experience what's in the community.

**DR CRAIK:** Do you get evaluations from the kids after they've done these programs?

**MS CARBIN:** Yes, we do.

**DR CRAIK:** Are they positive, having fun?

**MS CARBIN:** Suffice to say, when we're taking bookings for school-holiday care, the days that are booked out are - - -

**MS BILLMAN:** Excursions are always better.

**MS CARBIN:** - - - excursion days or, equally, incursions, and that's when we invite somebody in from the community to run something, and that goes across from our famous reptile man, who brings his various reptiles in, to an Aboriginal dance company coming in and show-casing that, you know, the Dreamtime story-telling. All these people we can bring in, and we do attempt to do this.

**MS BILLMAN:** We were talking at the break about the idea of a summer camp, as well. We would be really keen to investigate that a little bit more. Certainly, the feedback from children in my working experience is that they definitely do not want to be on school premises if they can possibly help it, so, being able to access facilities where we could run summer-camp programs or something similar, where all of the vacation-care programs could come together and contribute to a community of vacation-care programs would be excellent, if there was funding to support that sort of accessibility.

**MS CARBIN:** As Marie pointed out this morning, these things are actually happening in school libraries and museums, and whatever, across the ACT and, probably, other CBD areas as well. If we could have funding to bring them into where the children are - yes, you can take them out but that's not practical every day that they're there because, let me tell you, moving a hundred children around Canberra is something that you have to see to believe. If we could bring those people to the services, that would be fantastic.

**DR CRAIK:** Okay. Thanks.

**MR COPPEL:** Just getting back to out-of-school-hours care, if you have a kid in out-of-school-hours care that has got a disability, do you need a specific plan for that individual?

**MS GREEN:** Yes.

**DR CRAIK:** Could you just say your name, for the record?

**MS GREEN:** Jackie Green, YWCA Canberra. We have inclusion support, so they would come out and do an assessment with the program and the child. We integrate all of our children so they're not segregated. We don't have one-on-one staff members, so we would include the children with the whole group. Our program, INTERNA(?), has up to 25 children with special needs, additional needs - attends our program of 122 children during term time and up to about 60 through the holidays. Again, as the gentleman said before, the funding is, like, \$16 an hour, which doesn't go very far and it is being cut constantly, as well; we would have up to nine or 10 children that are attending every - we have 15 one day and we would have six or seven support workers. That has now been cut down to three and four. With three or four support workers to try and cover 15 children, you've only got to have one or two of them have a bad day at school and then the whole afternoon is destroyed for the rest of the group, because you're spending that time, and we would like to try and integrate them in with the whole group.

**MS CARBIN:** Certainly, at the moment, our organisation is picking up the shortfall. We get that \$16. As Andrew pointed out, you - I'm not terribly sure what we're meant to do with that but it certainly doesn't pay anybody, so we make up the shortfall in the wages for those support workers that we're currently employing at our services.

**MS BILLMAN:** There are many, many children at our early learning services or education and care services that are undiagnosed with additional needs. Certainly, the need for support is there but the access to funding is not.

**DR CRAIK:** Okay. Can I ask you a few questions about nannies? Do you see that the cost of running a nanny service would be similar to family day-care; do you think the costs are kind of similar, essentially, to family day-care?

**MS LADYZHYNKY:** We obviously haven't done figures but I'd imagine so.

**DR CRAIK:** We're looking at a subsidy that's essentially the same as family day-care.

**MS LADYZHYNKY:** It would just be the hours used. So, if it was at night-time, we would then have to be paying the nanny or the educator overtime to cover those hours.

**MS CARBIN:** On that point, I find it very strange that the government, independently of your report, has made a decision to de-fund Family Day Care services, who is our tried and true flexible-care option, and then introduce a nanny system and start to fund them, it merely seems, instead of funding Family Day Care.

**DR CRAIK:** We certainly didn't see one as a substitute for the other.

**MS CARBIN:** No. As I said, that was clearly independent of your report. We still have received no explanation for why they're doing this, and none has been offered, certainly. Really, Family Day Care is a truly, truly flexible - not necessarily cheaper form of childcare but it's a different and flexible model, and the economy has come in because in that model

you pay for exactly what you use, unlike long day-care services. We think it's a shame that this proposed de-funding is about to happen, which will - we will try not to close our scheme, and keep our educators going, but the quality support unit supporting those educators will be decimated.

**DR CRAIK:** Wouldn't you translate the CSP funding into an increased fee per hour?

**MS LADYZHYNSKY:** We could but it would be quite significant, and a lot of schemes are finding that they would have to raise their fees too much, and it's just not an option.

**DR CRAIK:** When you say "it would be quite significant" - we had ones that would add 72 cents an hour, or something; that'd be 10 per cent.

**MS LADYZHYNSKY:** That's if you're in a rural area, I guess. One of the estimations has been that, if you had a full-time child for 15 hours a week in care, a service would need to cover \$34.50 per child per week, but more in rural or remote areas, because they obviously get a higher rate of funding per hour per child.

**DR CRAIK:** In the deemed-cost scheme, coordination would be an element of the structure of the cost, so, part of that, we would imagine, would be covered by the subsidy, the deemed-cost subsidy. The idea is that it's the reasonable cost and, if these elements make up the reasonable cost, coordination is part of cost.

**MS LADYZHYNSKY:** One of the explanations that I was reading today, and I have heard it before, and it's on the website when you're looking at fact sheets about the funding and everything, is that they were wanting to bring it in line more with the eligibility for centre-based care, because a large number of Family Day Care schemes receive it, but a small number of centres - I don't know the figures. However, the centres' fees pay for their staff, whereas our fees pay for our educators out in the field. We do rely on the funding for the staff to support them. It would be quite a bit to recover and, especially, as well, if parents' eligibility for childcare benefits and the childcare rebate is changing as well, it's - - -

**MS CARBIN:** It's very problematic. I guess, with our scheme, as Tania prefaced her comments, ours is an employer-based Family Day Care scheme, so our 50 educators are on full terms and conditions of employment. Again, that adds to the cost, I'm afraid, and that cut in funding. As I said, it's our quality support unit that will suffer and the educators, in the long term, because we will not be able to support them at anywhere near the level that we're doing at the moment.

**MS LADYZHYNSKY:** No. Then, to be able to keep up with our ratings under the National Quality Standards and everything will be more challenging.

**MS CARBIN:** Yes. That will have an effect as well.

**MR COPPEL:** You made a comment, in relation to out-of-school-hours care, that it's care, it's not education, which is something that's been picked up in the earlier hearings as being something that's not possible to separate. When you make that comment, is it specific to out-

of-school-hours care or is it something which would be also applicable in other forms of early childhood and education?

**MS BILLMAN:** Specific - definitely not for centre-based care services. I think that, genuinely, for particular centre-based care services, the two are linked very heavily and you cannot, at that age range or developmental opportunity, make the two separate, I guess. For school-aged care services - I mean, I started my career in school-aged care services and I worked for a very long time with school-aged children, and, on a needs basis, after they've spent six hours in formalised schooling - it's a different type of education; it's life skills, it's allowing children to build those life skills and have respite from a formalised way of learning. So, certainly there are types of education that happen, in that they might be learning resiliency and chatting to a mentor or an older person about something really challenging that happened to them that day. Yes, absolutely they are learning but they're life-learning; they're not - the learning outcomes and the expectations to create documentation around a curriculum is similar to that of a centre-based care service, where that really forms - - -

**MS LADYZHYNKY:** Or Family Day Care.

**MS BILLMAN:** Yes - where that really forms the foundation of what we do, and every action that we take within centre-based care services really surrounds a more-formalised education approach and we use theories to inform that, whereas, in a school-aged care services, it's important that the children feel like they can step away from that and that there is balance in their life.

**MS CARBIN:** Louise and I were commenting today about commonsense. I guess, everything is a learning experience. If you're in an after-school-care program and you decide that you want to read the latest Harry Pottery book or whatever, we would look upon that as a learning thing of some sort, whether it's just learning about Harry Potter or learning - - -

**MS BILLMAN:** About magic.

**MS CARBIN:** It's a learning thing but it's far less formal than what the child has come from and, I guess, that's what we mean. We think commonsense should play a more important role in school-aged care and, I guess, there's intentional learning and teaching and non-intentional learning and teaching. Somebody else was talking about children watching plants grow or planting - and looking at that - that's all a richness in what they do, and that's what we mean by fun-based, rather than educational-based, programs at school-aged care.

**MR COPPEL:** Thank you.

**DR CRAIK:** We'll have to call a halt now because we've got someone on the phone in five minutes.

**MS BILLMAN:** Thank you very much.

**DR CRAIK:** Thanks very much for that. We'll take 10 minutes and resume at 25 past.

**ADJOURNED**

**[3.19 pm]**

**RESUMED**

**[3.29 pm]**

**DR CRAIK:** Judy, if you could state your name and position and organisation for the record. Then if you'd like to make a brief opening statement, we'd be very happy to hear from you. Thank you.

**MS NEWTON:** I'm Judy Newton, I'm the federal president of Isolated Children's Parents' Association Australia and I'd like to expand on a few of the points that I've already raised. ICPA was established 43 years ago to agitate for equity for access to educators for children to help open up childhood family experience while living and working in remote regions. These days, ICPA represents 3000 families with state councils working in their own right in all states and parts of Victoria. ICPA supports universal access to early childhood education and welcomes this inquiry to highlight the issues that we have raised for a number of years around accessible, flexible and affordable early child education and care which (indistinct) considers not mainstream.

Early childhood education in small, remote townships must have greater flexibility when it comes to meeting the NQF requirements. While a number of states have addressed these issues and delivered the four-year-old programs in school, ICPA has identified a number of remote towns which have no programs at all despite there being vacant facilities at school. ICPA concurs with the recommendation to remove preschools from the NQF and regulate under state school legislation, particularly when there isn't a school as the sole provider of education in that community.

While it is considered expensive to deliver education for a few children in these towns, the cost should be seen as an investment in the future to counteract the cost of educating their children in the later years where taxpayers are currently paying anywhere from \$40,000 to \$60,000 per student per year for secondary students to address remedial problems and bridge the gap in education.

The in-home care scheme is the main provider for childcare for families living in remote regions of Australia. The scheme is not meeting the demands of this service and more places are needed, particularly in times of crisis. So the great demands on carers to be accredited would also impact on staffing of this scheme which is already proving difficult to staff.

There needs to be greater flexibility in our own in-home care guidelines for families of education by distance education to include the educator role. The guidelines only allow for carers for under school-aged children and for out-of-school-aged care for older children. In remote areas parents cannot go out to work while their children are taking part in distance education school lessons as they are required to supervise the work. The carer is a live-in position and it would seem sensible if they were to continue and be educated through the day

into the school time where there would be no need for a second person to supervise the schoolwork.

The various changes that we've outlined in our submission to enhance the in-home care scheme for distance-educated children including to be eligible to work of a second-year visa applicant would be beneficial. Finding workers to teach and care for remote children is becoming increasingly difficult. Foreign backpackers are looking for work in remote regions. They have to be employed for a fixed amount of time to gain their second-year work visa for Australia. However, teaching and childcare are not – these are not jobs for the visa form 1263 that qualifies as rural work. Currently, the visa only includes agriculture, mining, construction and fishing. We would like to see teaching and childcare on the list of specified jobs for this visa form.

We also concur that the national working with children checks would assist greatly for those working within (indistinct) or cross that boundary. Various (indistinct) forms of early learning are often in poor rural communities. For those living beyond these communities, ICPA acknowledges these programs can be difficult to access in both metropolitan and rural remote areas. ICPA believes the impact of not being able to access early learning for children living beyond the metro boundary is evidence of the gap between educational outcomes for rural and remote students when compared to those living in the larger centres. Much of it can be attributed to the learning difficulties going undiagnosed in the early years and having very limited opportunity to socialise and interact with other children. In areas of sparse of population density families who access (indistinct) programs in their home distance education, which includes a mixture of hands-on, play-based learning and involves use of the communication technology are effectively blocked from any funding to assist with meeting the cost of these programs. It is vital that these families are able to access or cover the out-of-pocket cost, and the expansion of the isolated children's scheme, distance education allowance has been lobbied for for quite some years.

For many years various mobile children's services have delivered the important service of professional (indistinct) early childhood programs and development opportunities for children and parents in small communities and outlying (indistinct) of those areas. In many cases these services provide the only face-to-face interaction to children of similar ages and flexibility of funding is vital for these services. Thank you.

**DR CRAIK:** Thanks very much, Judy. Can we start off by asking you about – you said the in-home care is the main provider for childcare for families in remote areas, but it's not meeting demand for the service. So were there a lot of people who can't get in-home care because they can't get care, they can't find care – the in-home care services can't find carers. I guess my question really is related to would – do you think our scheme for nannies would help to alleviate this issue?

**MS NEWTON:** What we're hearing from members is there's not enough places and then there's also the issue of trying to staff those places.

**DR CRAIK:** Do you think what we're proposing for nannies would assist?

**MS NEWTON:** So that's the work visa one?

**DR CRAIK:** No, that's really the au pair one I think we're recommending. We might be talking about the au pair where we're recommending the visa be changed so they can spend 12 months with a family. But we don't really see them as a nanny and they wouldn't be subsidised. But in the nanny scheme they would be subsidised and they'd have to have a Certificate III level of training.

**MS NEWTON:** Sorry, it's very hard to hear you.

**DR CRAIK:** Is it? Sorry. In the au pair scheme we're recommending that their visa conditions be changed so they can spend 12 months rather than six months with a single family. And for nannies we're suggesting that they would be subsidised at the same level that family day care is subsidised but that would be available to go to the homes of the parents. So I guess the question is, do you think the nanny scheme would help – or having subsidised nannies would help meet this demand in remoter parts of Australia?

**MS NEWTON:** I think it would assist to some degree, yes.

**MR COPPEL:** Just a question of clarification. You talk about the eligibility for work for second-year visa applicants. Are you referring to the working holiday visa program, which is currently one year?

**MS NEWTON:** I've got the visa form 1263. Is that the same thing? Apparently it's a working in rural areas in agriculture, mining, construction or fishing where the visa is extended to the second year.

**MR COPPEL:** I think that's correct.

**MS NEWTON:** I think it might be a little bit different to what you were talking about with the au pair.

**MR COPPEL:** I'm not sure. It sounds the same, but it might be a different one.

**MS NEWTON:** I can follow up and get a bit more information on that.

**DR CRAIK:** Can I ask you, you suggested that there should be greater flexibility in the guidelines for families of education by distance education. So is what you are saying that the distance educator can deal with the preschool and after-hours school care, is that what you're saying, but not the school hours. Is that what you're saying?

**MS NEWTON:** Yes, what we're getting from (indistinct) is that the person that's in a position through the in-home care service can only provide the care for the under-school age and the after-school care for school-aged children. So they can't actually go into a classroom and deliver the program that is sent out.

**DR CRAIK:** I see. So you would like to see them be able to deliver the school program as well?

**MS NEWTON:** Yes.

**DR CRAIK:** Okay.

**DR CRAIK:** That's a program that is used by the Education Department and it's a fantastic program and all the states have got great programs that they deliver to these kids, but it's all based on the assumption that there is someone there to supervise. We have tried to have that recognised but we haven't had any luck with it so far.

**DR CRAIK:** Okay, thanks.

**MR COPPEL:** You may have seen in the draft report that we're proposing the establishment of a capped viability assistance program to support ECEC providers in rural, regional and remote areas.

**MS NEWTON:** Yes.

**MR COPPEL:** The idea is that that would provide a support for a maximum of three in every seven years. Do you have any views on that particular recommendation?

**MS NEWTON:** As far as coming from a national level, we haven't had a lot of feedback on that but from some of the states they counselled, they certainly do have concern and concerns vary between the states as well. It depends on how the states are set up to deliver the four-year-old program or that program before they start school.

**DR CRAIK:** One of the things you mentioned in your note to us was mobile children's services. Have you got any suggestions about those? I mean are they valuable? Would you like to see more of them? Do you think that our proposal of a per child kind of translates into a per child subsidy base would actually work in some of these areas?

**MS NEWTON:** They are very valuable and I think because they have been around for so long they have become quite an entrenched part of the early learning services. Most of the (indistinct) it's a playgroup-type service and they're delivering a program for zero to five. They offer the basic placement, the actual component of the early childhood education, so people teaching by distance education or they might be just taking their children in to town for a six hour a week program. It's vital that they remain funded and I know that we have had some issues where whole services have had to be closed down and lose staff, lose their staff and it's really hard then to get that sort of generated and get the staff back. They really do need to have a surety of funding so that they know that there is going to be something ongoing. So if that per child situation can work, then I believe that would be really good.

**DR CRAIK:** Okay, thanks.

**MR COPPEL:** I just have one final question and that relates to the support mechanism which we're proposing which is based on a deemed cost. I was wondering whether that deemed cost model would need to take into account cost differences on a geographic basis. So distinguishing, for example, a metropolitan area from a remote area, given differences in the costs of providing a reasonable level of childcare and education.

**MS NEWTON:** Yes, that's a little bit difficult to answer that one. There's so many different services that are sort of put together to be able access the early childhood program. One thing that we have asked for with the children that would typically do distance education right through their primary schooling, is just to have that distance education children's allowance extended. That's going to amount to about \$4000 a year. It's to help to meet the costs of setting up the school room, all the resources and there may be travel to playgroups and things like that. So, that would actually, while the program is being delivered by a school, it's not actually a service. I don't think those families would be able to access the childcare rebate or that sort of thing and if that actually happened it would take that group of kids that are complicated to fund, I suppose, out of that system, if that makes sense.

**MR COPPEL:** Yes, thank you.

**DR CRAIK:** Judy, I think we have just about exhausted our questions but thank you very much for phoning in today and being available this afternoon. We look forward to your submission.

**MS NEWTON:** Okay. Thank you for the opportunity to phone in. It was very much appreciated.

**DR CRAIK:** Thanks very much. It saves a trip from Walgett. Thank you. Are we going to phone our next person? So you have a two-minute break while we phone our next person.

Thank you very much for phoning in and being available this afternoon. Would you like to state your name and position for the record and then if you would like to make a brief opening statement and then we will ask you a few questions after that.

**DR PRESS:** Sure. My name is Frances Press. I am an associate professor in the early childhood education at Charles Sturt University in Bathurst. Is that all you need?

**DR CRAIK:** Thank you. Yes, that's fine, and if you would like to say a few words about what you think and your views, we would be happy to hear them. Thank you.

**DR PRESS:** Thank you for giving me the opportunity to present, especially over the phone, although it feels a bit odd. There are a number of recommendations within the Commission that I broadly support, for instance, the objective of making early childhood more affordable to low income families, the need to ensure that the training of the staff is of sufficient quality and the support that the Commission gives to integrated child and family programs in areas of need.

However, as someone who has had a long interest in Australian early childhood policy, I'm concerned with the overall thrust of the report. Many of the recommendations seem to me to be made without an understanding of the previous policy problems that have confronted us and I am concerned that we might repeat some of the mistakes of the past.

For the previous decade and a half, research and practice has pointed to the need for cohesive policy that recognises the interrelated impact of various policy levers, for example, the nexus between parental leave and access to early childhood education and care, the transitional arrangements between early childhood education and school. But I feel that that attention to policy cohesion across those domains isn't evident in the report. I do understand that the Productivity Commission is somewhat constrained by the terms of reference. But I am concerned that the system that supports the healthy development and wellbeing of children can't be driven primarily based on women's workforce participation. By saying that, I'm not downgrading the importance of a good system to support women's workforce participation but I do think it skews the facts of the report.

For me, I participated in the OECD's management review of early childhood education and care policy in 2000 and 2001. In its commentary on Australia, the overseas review team commented that:

*The ad hoc development of early childhood policy over the years in relation to the needs of parents, the workplace and the economy had tended to subsume the needs of interested children as being synonymous. There are tensions in this and it is opportune to reflect on the current policy priorities from a perspective that places the interests and needs of children to the fore.*

It further recommended that structured policy and practice have a reference point which begins with the child. I really want to promote the fact that I think building a cohesive early childhood education and care system must start with the primary question of what supports the wellbeing and development of children. I am concerned, therefore, that some of the recommendations of the report I think will downgrade the quality in care and education for children, the recommendation for reduced qualifications for under threes, the fact that infants' programs won't have the oversight of a teacher, reduced numbers of diploma-qualified staff. I suppose as the historian, I have to say that Sydney (indistinct) introduced a two-year qualification for its staff working with children under three in the middle of the last century. So to go back to a Cert III seems to me to not learn any of the lessons of the past.

I'm glad that the Commission acknowledges that the quality of ECEC matters, but I am concerned about the lack of definitional clarity. I did a search on the report about the number of times quality is used and the way it's used. The report slips between the use of quality, high quality, appropriate quality and acceptable quality, but at no time did I see any definitions of those terms and what they were being measured against. In reading the report I feel that the Productivity Commission is using the NQF as a proxy for quality, the National Quality Standards as a proxy for quality, and in many ways I think that's fine because I think the National Quality Standards when they were developed were developed with reference to a broad base of research. But you can't one time use it as a proxy for quality, at the same time water down some of its inputs for quality because you will have no idea what the impact

will be of it being watered down. So it can't be a proxy and be kind of tampered with at the same time.

The other big concern for me, because again in previous policy reviews there's been a push for policy coherence across the domain of early childhood education and care, and one of the things that the National Quality Framework did so well was to bring a range of different services into the system and particularly preschools which previously hadn't been in that framework. I think that was a very positive move. It created a base for professional exchange between people working in different domains but I also think that it strengthened the early childhood pedagogical aspect of many departmental preschools. I'm very concerned about the recommendation to remove departmental preschools from that framework, because again I think policy has been telling us that early childhood practices should have an upward influence on the schools. I think with some of the recommendations about preschool education and preschools just becoming more normalised - early childhood education within the school system and children being subject to a school curriculum rather than the Early Years Learning Framework.

If we look at the research generally, it is the early childhood practices integrated between care and education, the relationship with families and the strong collaborative work with families, the developmental appropriateness of the curriculum, et cetera, that has the positive impact upon children. It's not that they just start the formal school year (indistinct). I might stop there because I could go on for a very long time.

**DR CRAIK:** Thanks very much, Frances, thanks for that. I guess, first issue, the term "quality", how would you define quality in relation to early childcare and learning?

**DR PRESS:** I think that attention to quality for children has to look at the nature of their daily experiences as well as their long-term outcomes. So I think a good-quality early childhood program supports and promotes healthy wellbeing and development in children, supports their learning over time in school, but it's one in which children's innate capacity to nurture be strengthened. But it's also something that pays attention to the nature of children's daily experiences and recognises that the early childhood environment is one where they form friendships, they learn sociability, they're part of the cultural life of the community. So it has to be enriching rather than – which it possibly can be – very stressful for children to be in those group environments.

**MR COPPEL:** I was just wondering whether there would be any metrics that could capture that definition of "quality".

**DR PRESS:** There might be. Most of the work around quality also pays attention to its contextual nature. It often looks different in different contexts because culturally and in community contexts communities might value certain things about quality that are slightly different, like altruism, et cetera. But I think one of the problems is, if you're going to use terms like "adequate", "acceptable", where do they sit on the spectrum? I think one thing that the NQS has tried to do is allow people to meet, exceed and be excellent to look at a way that those aspects can be measured.

**DR CRAIK:** Do you think then that the NQF is a – I mean, people have put to us that the NQF is kind of world leader and other jurisdictions are envious of Australia’s NQF. That’s one message we get. But other messages we get are that Australia is lagging behind other countries so it’s a bit unclear. But I guess I’d be interested in your view about that. I suppose, along those same lines, your definition of “quality” – a good parent would provide a quality childcare program under that definition, wouldn’t they?

**DR PRESS:** I heard some of it; I didn’t hear some of the last bit because you’re fading in and out, I think, over the speaker. I actually think that the NQF has made a really good attempt at drawing on research and looking at quality in new ways, in ways that are a little bit more sophisticated than the previous quality framework. Though, I will say that I think the previous accreditation system was a real leap forward in drawing attention to the fact that the quality of children’s experiences in early childhood programs matter, whereas I think previous to that people were more concerned about waiting lists and making sure that people could get their children into childcare places without much attention to quality.

I think some of the problems that places are facing with the NQF are teething problems, that the system needs some time to bed down, to get assessments - to learn from the assessment process. I do think one of the things that concerns me about the assessment process is that not all assessors, as I understand it, have early childhood qualifications. I think, if you’re going to have sophisticated, professional discussions about children’s learning, you need to have some shared professional base for that to occur. In many ways, I think the NQF has really done a good job at getting services to think about the quality of what they’re doing, and, in its differentiation of levels, I think that’s been quite useful as well.

In relation to that, I think there’s probably some value in retaining the excellence rating in the NQF if excellence can be used as a way to help other services look at high-quality or innovative practices in particular areas. I’m a bit tentative about the recommendation to remove the excellence rating but I haven’t had long conversations with people about that, so I’m not quite sure why people would want that removed.

**MR COPPEL:** You make the point that we and, I think, others, haven’t sufficiently emphasised the linkages, for instance, between the first six months of a baby’s life, early childhood education and care, and then the transition to school. What would you recommend in terms of taking onboard those linkages? What sort of ECE system would you envisage as one that would be able to - - -

**DR PRESS:** I think we need a broader kind of childhood and family policy framework that recognises that the duration that families have access to parental leave will probably affect when their child first goes into early childhood programs, that that transition from the home environment into a formal environment should be smooth and of high quality, that there should be the - I’ll just take a step back. I think one of the things - under the last (indistinct) reforms, a lot of early childhood policy moved from the domain of community services or health into education and I think in many ways that was driven by the desire to create more policy cohesion between early childhood programs and departments of education and is kind of a good step, but what we want to see with that is that the unique and distinct nature of

early childhood pedagogies being recognised in terms of broader educational policy, so there is that smooth transition between the early childhood program and the school, and a positive impact of early childhood education on the early years at the school, rather than it being, if I can be blunt, a colonisation of the early childhood program by the school.

I think we have to what supports all families with young children, from birth to school age, so that families and their young children can thrive; and part of that occurs within the domain of family and part of it occurs in the more public domain of, for instance, early childhood health and early childhood education.

**DR CRAIK:** You've made some observations about our recommendations on preschools. Our motivation was not to reduce the standard of preschool education or, really, separate education from care but it was really to reduce some of the duplication and overlap in regulation. Right now, the Western Australian and Tasmanian systems' stand-alone preschools - and, certainly, the Western Australia meets the NQF but their preschool system is under state legislation, the Northern Territory is under both NQF and territory legislation, and Queensland - I'm not quite sure - I think there's a bit of a mix. It was really trying to bring some standardisation to the sector; it really wasn't an effort to have the schools colonise preschool, I suppose, as you put it but, also, the other reason we did it was because preschool is seen as part of the transition to school; so, you know, really trying to give them a closer linkage. Our motivation was perhaps different from how it's been received.

**DR PRESS:** I think, in all formal early childhood programs eventually, eventually there is the element of the transition to school, whether it's located within a departmental preschool or community-based preschool or a long day-care program. All that happens in early childhood education should be around building up the skills and dispositions, both cognitively and socially, that enable children to - that support children to make a smooth transition to school.

I suppose my view would be, recognising that early learning comes in all those contexts, and not just in preschool, it's better to have the preschools in the ambit of the framework than seen as being distinct from the framework. A side issue for me, too, is I think that there's a lot of good professional exchange that occurred because everything comes within the National Quality Framework, rather than having some aspects of it segregated off. I guess my fantasy would be bring Tasmania and Western Australia into the fold, not take everybody else out of the fold.

**DR CRAIK:** I think, if we could bring Western Australia into the fold, we'd probably achieve a national first.

**DR PRESS:** That's true. I'm well aware - I also think one issue is that in Australia is that the systems, particularly around preschool education, have been so different in each jurisdiction and it's very often difficult for people working in policy in each jurisdiction to realise that everywhere else isn't the same as what they've got. Australia does suffer, I think, from that kind of fragmentation but I think one thing that the COAG reforms did and the NQF has done is created a bit more of an exchange that people can see both their differences and their similarities and start to work towards some common services a bit better.

**DR CRAIK:** Western Australia has some of the highest preschool usage in the country, so it's a bit hard to tell unless you come under a different piece of legislation.

**DR PRESS:** I'm not saying they should adopt our system but I think, having them within the framework - - -

**DR CRAIK:** They say they meet it anyway, so presumably they do.

**DR PRESS:** They may well meet it. My concern would be, though, if you take everybody else out, that they're going to start having their - they're going to be more fragmented system. So under previous - I would think that fewer early childhood teachers would be employed in those programs and they would be more primary-trained teachers than early childhood teachers, that people will start teaching to other curricula, rather than the Early Years Learning Framework, so I think we'll start to get a more fragmented system rather than a cohesive system. I think, the move towards cohesion has been a really important step from the previous reforms.

**DR CRAIK:** Okay. Do you support our approach to including all the other services, like nannies and mobile services and budget-based funding, whatever our version of that ends up being, all those under the NQF, trying to reduce some of the fragmentation.

**DR PRESS:** I think it would be great for mobile and budget-based services to come under the NQF and I think many of those services themselves would like to come under the NQF. My hesitation with nannies is that I think what we're looking at is the same bucket of money and the same bucket of funding. I think we're going to be spread really thinly in terms of nannies coming in under the system. So that concerns me.

**DR CRAIK:** Thanks very much, Frances. I appreciate your time and your thoughts. Hopefully you might send us a submission. Thanks very much for being available this afternoon.

**DR PRESS:** Thank you very much.

**DR CRAIK:** Thanks. We have one more. Hello, is that Andrew?

**MR HUME:** Yes, and I've got Jenny Nicholls with me as well.

**DR CRAIK:** Welcome, Andrew. I'm Wendy Craik and we've got Jonathan Coppel here as well, and you're being broadcast to an audience of about a dozen people. Could you state your name - both of you state your names and positions and organisation for the record. Then if you'd like to make a brief opening statement, we'd be happy to hear from you. Thank you.

**MR HUME:** Thanks very much. I'm Andrew Hume. I'm a CEO down in Victoria. Jenny Nicholls is our manager of professional learning. Today we're representing the Professional Support Coordinator Alliance. As you know, the PSC Alliance is an alliance of professional

support coordinators for each state and territory. Our role as PSC is to provide professional development and support to childcare services. That covers family day care, long day care, outside-school-hours care, occasional care, home care, budget-based funded services. We work in partnership with our inclusion support agency and indigenous professional support units.

To give you an idea of activity, last year we delivered 14,000 supports by email and phone, around 4000 professional development events to 56,000 participants, about 900 intensive support visits to services in crisis or working towards the NQF, along with 1700 bi-cultural supports in 56 languages and some 900 pieces of specialist equipment were provided to assist with inclusion. This annual program, as you've noted in your report, costs about \$18 million. It endeavoured to expand on policy reforms, implementation of the NQF, quality improvement, leadership development and inclusion. A brief introduction on the PSCA.

So we'd like to address the recommendations and emphasise the importance of qualifications and professional development programs as a component of a quality system for childcare and early learning. The PSC Alliance is concerned that the draft does not include recommendations that acknowledge the critical role that government funded and contract professional development and support play towards achieving a nationally consistent, high-quality childcare and education system and the development of a professional workforce.

Specifically, if we go to the recommendations for discussion today, draft recommendation 7.2 regarding qualifications in the under three age group, we understand you've heard a lot from the sector on this recommendation already and we don't want to double up. We support those voices seeking this recommendation and implementation. That's based on our understanding of children's developing brain and the need for highly-skilled and knowledgeable educators within the age group. Many of the PSCs are also registered training organisations and will attest to the fact that, while Cert III is a working qualification, providing educators with baseline skills, but greater knowledge and quality practice is required in our relationship with this age group.

The next recommendation is 7.9. In our view it's essential to set the cohesive, consistent message to parents and professional development programs to all remain within the scope and also to bring other services in the scope, as you've recommended. We know that this isn't your intent, but education and care are intrinsically linked and can't be separated out. We think this recommendation could have the unintended consequence of dividing education and care.

Draft recommendations 12.6 and 12.8, dealing with children with additional needs, we've seen the approach of one-off grants for children with additional needs doesn't – it's unlikely to provide sustainable and inclusive practice. We believe change can only occur over time through education and experiences based on critical thinking and reflected in practice. We spoke more broadly about a sustainable and efficient approach to professional learning. We think it could be best achieved by a system which shares jointly the (indistinct) resources, the need for which is determined by a sector and service level needs analysis, and we think learning is enhanced by facilitating regional learning networks and having a range of services represented at professional development sessions. We think this is particularly

important for the relatively isolated services such as family day care and indeed with (indistinct) introduction. So they are four of the draft recommendations. Commissioners are also (indistinct) that recruitment, retention and workforce shortages are most efficiently or effectively addressed by allowing the sector to respond through higher wages, better conditions and improved career opportunity.

Just a couple of points on that to conclude. How that relates to professional learning, which we believe has an impact on these factors, is as follows. Professional learning enhances career opportunity. We have an education and care workforce that tends to begin with a baseline qualification and then moves into higher qualification. It's a predominantly female workforce. This means that women will have greater career opportunities and, as a result, gain greater knowledge and skills. We firmly believe that professional learning enhances retention and that it is vital to the implementation of policy reforms.

Supporting the implementation of the NQF through a cycle of ongoing learning and continuous improvement. Research shows that, for good government policy to succeed, it's essential that an effective, nationally consistent implementation policy (indistinct) and the Minister for Education highlighted this with its successful introduction with the (indistinct) with an accompanying 10-year strategic plan which included professional development.

So that effectively wraps up our opening statement. We're really wanting to amplify that professional learning shouldn't be considered an extra for the childcare learning landscape, but it must be seen as an integral component of a healthy learning and development community of professionals. I think it's one thing we all agree is an essential service. Thank you. Very open to questions.

**DR CRAIK:** Thanks very much, Andrew, thanks Jenny, as well. Just the first question, Andrew. In most other sectors the government doesn't provide separate support for professional development. Usually the employers fund professional development of their staff because they're keen to see them develop professionally. So I guess the question is: what's different here?

**MR HUME:** Let me just make sure I heard you correctly. So, ordinarily, employers provide and fund professional development and the question is what is different here?

**DR CRAIK:** Yes, that's right, yes.

**MS NICHOLLS:** I think one of the really important points is that with the introduction of the new National Quality Standard and new Early Years Learning Framework and, as Andrew alluded to earlier, when we're implementing new policy there's at least a sort of 10-year period of people really getting to the point where they can embed this in their practice and so the responsibility of bringing that to light, getting that working under government policy is something that essentially government money supports from getting their policy – sorry, that wasn't very articulate.

**DR CRAIK:** No, I think I got the message, yes.

**MR HUME:** I think it's also the structure of professional learning that reveals the PSC. In fact, we see that as even with funding we will see one of the risks associated with that program is that less experienced workforces may not be able to best assess their own learning needs. Regardless of who funds professional learning for a second, two points run: one, it's vital; and, two, to do a run efficiently and you know what that qualification base in the sector was several years ago and obviously with part-way introducing - it was a pretty large chunk in terms of the new framework, was being that a joined-up approach allowed for efficient delivery, ensuring development of resources and also actively facilitating or trying to set up a shared learning network in local regions.

**MS NICHOLLS:** Just adding to that cost element, going back to that question too, I guess that, if it was the services' responsibility to fund the professional learning required to implement those, that was something that (indistinct) that would be yet another cost implication, I guess, with a fee outcome for the families using that service, because it would have to be funded through the fees from (indistinct).

**MR HUME:** When you're looking at sort of cutting costs of 18 million within the context of a \$5.8 billion investment in early learning, then you would assume a pretty efficient standard, just looking at the current production.

**MS NICHOLLS:** It's not much in parents' fees either, I guess, if you spread it across all those parents either, I guess whichever way you look at it.

**MR HUME:** I'm sorry, Wendy, we're getting a bit of an echo.

**DR CRAIK:** Never mind. It doesn't matter. It was just a comment. Jonathan.

**MR COPPEL:** I pick up on your comment on the draft recommendation to remove the requirement for educators or children aged birth to 36 months. In the draft report we also have an information request that sought views on the expected impacts on the development of children under 36 months if this draft proposal were to be implemented. Could you share with us your views on what would be the impacts if such a recommendation were implemented?

**MS NICHOLLS:** In terms of obviously the voices you've had talking to this directly from researchers, I am not going to pretend to know more than they know, but from an anecdotal point of view, from what we see in terms of providing support and for the PSC Alliance, it serves the three-year-old age group that often has the most difficulty in translating the complex ideas that sit underneath the Early Years Learning Framework into practice, into what that looks like in working with particularly that birth to two years of age group.

Taking the frameworks and translating them into a context where you might be looking at something, for example, like a child as having agency it can be very easy to see how a three-year-old who you can have a conversation with and who can demand what they're wanting and all the rest, might have agency. But when you look at that with a six-month old baby, then that requires even more skill to be able to look at how that baby is able to demonstrate agency. Some of the skills are even more complex in a birth to three space.

**MR COPPEL:** In terms of the impacts - - -

**MR HUME:** Some of the research that organisations like DCCH have put on the table and will be re-emphasising as part of their next admission is the backbone of the evidence-based research that we would refer to as well.

**MR COPPEL:** Would you look at the differences in outcomes between kids in long day care centres and family day care, where there are differences in the qualification requirements?

**MR HUME:** That would be the (indistinct).

**MS NICHOLLS:** Sorry, what was your question?

**MR COPPEL:** I'm saying in your submission you were going to report on this research. My question is whether that research then has looked at whether there are differences in outcomes for children that have been in long day care centres and children that have been in family day care centres, where the qualification requirements are currently less.

**MS NICHOLLS:** The qualifications, as they sit at the moment, is those minimum standards. I think definitely we would have some issue across the board with – you know, ideally you want to see the higher qualifications across the board. So obviously a minimum diploma in family day care is not something that should not necessarily be considered. We're not saying that it's okay for family day care but okay for long day care. We're not looking at the - - -

**MR HUME:** We're not suggesting that certain types should determine a different level of qualification or, for that matter, engage with professional learning.

**DR CRAIK:** A question in relation to inclusion support: we have proposed it as a grants-based program; how do you see that playing out? Do you see that as being an efficient way to run it or not?

**MR HUME:** Are you referring to recommendation 12.6 and 12.8, so the grant-based funding for children with additional needs?

**DR CRAIK:** And really for inclusion support as well.

**MS NICHOLLS:** Generally speaking, the idea of a one-off grant I think potentially supports that a one-off dose of professional learning or dose of whatever it is that you might be doing, and what we know is that in order to build the capacity of educators to be able to get to the point when they're able to resource their own learning and to design high quality professional practices, that that really takes an ongoing approach to professional development and learning. As with the National Quality Standard, it's an ongoing pathway to continual improvement. It's not necessarily something that you can do in a one-off way.

**MR HUME:** That's why, if you have a look at the services offered by PSCs around the country, you will have seen that there is not so many one-off training programs. Yet here in Victoria it tends to be dominated by group session programs with sufficient time in between to ensure the information research in practice in people services.

**MR COPPEL:** You mentioned that many of your professional support coordinators are also RTOs.

**MR HUME:** Yes.

**MR COPPEL:** Do you have any views on the RTOs, because we have heard many comments that some of the RTOs are basically a sort of a tick and flick, very low quality, and this is one of the reasons that's been put forward to object to our recommendation for under three-year olds, I mean only a Certificate III. My question is do you have any views on RTOs in Australia?

**MR HUME:** Broadly, having read that from your draft report, that accurately reflects feedback from the sector. I think your recommendation around maintaining a reliance on government authorities through audit is an appropriate one. I also notice there that there's a couple of reviews in progress. I guess our comments in general about RTOs probably don't have the breadth of research that you do, albeit happy to make some comments about the importance of the choice of trainers you use, having substantial experience in actually having run and managed services themselves. I think it is also extremely important that people should not be compromising on or outsourcing extensively their assessment of students into services and during placement.

**MS NICHOLLS:** I think on top of that though, even a Certificate III that is done in a really holistic way with a reputable provider still only provides a baseline of quite technical skills and not the level of skill that would be required to work successfully with this age group, with the qualification (indistinct).

**DR CRAIK:** Does that really fall into the question on the issue Jonathan was raising before about family day cares being – the educators having Certificate III and being - - -

**MR HUME:** I figured that. It does fall into the question of (indistinct) children outside the PSC Alliance remit but happy to respond.

**DR CRAIK:** Yes. I think we've asked you all the questions that we - - -

**MR HUME:** Thank you very much for your time and allowing us to our (indistinct) position.

**DR CRAIK:** Just before you go, Andrew, one other question: your comment in your response to the answer that RTOs and their variable quality and the providers using reputable RTOs to assess the capacity of development needs and things, are you suggesting that some providers can't do it adequately themselves; is that the implication?

**MR HUME:** Not necessarily that they can't but I believe that some are effectively subcontracting a lot of that work out to the services in which people are placed rather than with the people who are doing the training. Again, I don't have the objective to make a proper statement of fact around that, to be fair. I think that would be something that we would expect to get from someone who reviews - or the review of that system that's going on at the moment is probably the best source.

**DR CRAIK:** Okay, thanks very much, Andrew and Jenny, that's been helpful, and I hope you are going to put in a submission - - -

**MR HUME:** We will.

**DR CRAIK:** - - - and give us your views about the best way to deal with these issues. That would be really helpful; thank you.

**MR COPPEL:** Thank you.

**MR HUME:** Thank you, we appreciate your time.

**DR CRAIK:** That ends the formal presentations for today and, if there's anyone else who wants to make a brief statement to the Commission; if not, we'll resume again tomorrow at 9 o'clock tomorrow morning for further hearings. Thank you.

**MATTER ADJOURNED AT 4.34 PM UNTIL  
TUESDAY, 26 AUGUST 2014 AT 9.00 AM**