



## RESPONSE THE PRODUCTIVITY COMMISSION INQUIRY DRAFT REPORT INTO CHILD CARE AND EARLY CHILDHOOD LEARNING

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### Background

Lady Gowrie Tasmania is a community based not for profit organisation providing education and care for approximately 1200 per week in:

- Centre based long day care
- Home based family day care
- Outside school hours care
- Occasional care
- Preschool

Employing over 350 staff including teachers, educators, consultants and ancillary staff, Lady Gowrie Tasmania is committed to providing and supporting the provision of high quality education and care services to children.

### Response

The Productivity Commission Inquiry into Child Care and Early Childhood Learning has released its Draft Report. The Draft Report includes many recommendations that will be welcomed by the sector. The Report also contains recommendations that are in conflict with the National Reform Agenda for Early Childhood Education and Care and more specifically undermine the National Quality Framework. Many are not in the best interests of children and families and their right to access quality affordable education and care services.

Lady Gowrie Tasmania has consulted with families, educators and staff in respect of the recommendations within the Draft Report and now makes the following response to some of the key priority areas.

An extract of the response from an employee who is also a parent user of long day care is included below as it epitomises much of the feedback in relation to qualifications, ratios, NQF and not for profit tax exemptions.

*"I have worked in the OSCHC sector for 10 years and am Bachelor of Education degree trained and currently studying Diploma of Education and Care. I am also a mother of a 4 year old in full time LDC. I am deeply disturbed by this draft report and find it contradictory when the government espouse that they want quality outcomes for children yet want to water down ratios and qualification to which there is extensive research to suggest quality care results in better outcomes for children.*

*I have seen professional growth in educators and quality outcomes for children from the implementation of the NQF within both sectors. I am appalled of the suggestion that school ratios would be sufficient for OSCHC and that individual child planning would not be needed. I have seen a lift in professionalism and importantly the intentional teaching from educators since we have been required to do this and am concerned with this implementation we would be taking a step backwards.*

*The financial impact in the suggested tax changes for not for profit centres will put the price up for families as they will need to recover costs. Taking away qualified educators will not reduce costs; it will result in a loss of jobs and career progression for educators.*

*The government want to support the return into the workforce for women yet with this report the financial impact and decrease of quality in care would be contradictory to this. I would like to have another child in the near future but if these recommendations for non-qualified and averaging of ratios I will not put my child into care and would prefer to battle decreased income than risking my child's cognitive, social, emotional and physical development. Research shows the importance of quality care and secure attachment in birth to 5. Brain development particularly in first few years highlights that this is the crucial period in a person's lives that they have secure attachments, exposure to quality play and educational experiences, nutrition and physical activities. They don't just need bottles, bed and food they need to be with people who know what quality care and education means and the ability to implement it.*

*The report comes from a money based angle and completely removes the education component and just looks at care. Higher wages for educational professionals will solve the issue of creating a sustainable childcare system in the future along with the NQF we have in place. Our children deserve better and Australia will be paying for this in the future.*

*I am asking the government to keep the NQF as it is at the moment and not roll back any requirements because quality matters”!*

## **Draft Recommendation 7.2: Qualification requirements for educators working with children under 3 years**

***Educators working with children aged birth to 36 months is only required to hold a Certificate III level qualification.***

This recommendation conflicts with the National Reform Agenda and the elements therein – National Quality Framework and National Quality Standards.

There is extensive evidence based research both internationally and nationally indicating that qualifications are a key determinant of quality. Such research identifies the first three years of a child's life as the most critical in their brain development - a time when the connections within the brain are at their most intense level.

While it is not qualifications alone, the qualities of educators and teachers also play an important part in supporting optimal development of the under 3's. Children must have highly qualified, experienced nurturing, responsive individuals for this to occur.

Parents accessing education and care services for their young infant already struggle with the challenges of leaving their child, they need reassurance and support from skilled individuals who understand child development and able to translate this into their practice. With the demise of many support systems for families – child health clinicians, extended family support – they look to the experienced qualified educators for such support. Educators who have the maturity, qualifications and extensive experience and life skills fulfil this support.

Certificate 111 educators have basic foundation knowledge provided through this qualification, however, this does not support the reality that under this recommendation the educator could be responsible for leading teams, must have the ability to critically reflect on practice, and undertake action research to support improved practice.

Children under 3 have the same right to access highly qualified educators and teachers as their peers in the older cohort.

Dr Ron Lally, US researcher, expert in early development, Co-Director of the Centre for Child and Family Studies in California, who has visited Australia on many occasions, articulates this importance in his statement:

*"People ask why should funding priorities during challenging economic times be directed to babies. The answer is simple! Based on what we know and continue to learn about the developing brain from conception to age 3, we know that without paying attention to infants whatever we do later with children and adults either builds on or compensates for a weak foundation. Infancy is the foundation for later learning and life. Building on a weak foundation causes problems later. Fixing and reconstructing what should have been built properly in infancy is both difficult to accomplish and expensive to undertake. If we don't build things right from the start, we will have to do more work and pay more later to get them right."*

*We need to attend to babies first, no because we want to diminish the importance of other periods of development, but rather because we see that without the foundation of healthy infancy, the other periods of development will be diminished. Paying attention to infancy maximises the opportunity for children to take advantage of experiences that come their way in later periods of development. Attending to infants makes it easier for children to learn, teachers to teach, and adults to achieve their potential".*

Reference: <http://forourbabies.org>

We need Australians functioning to full capacity – emotionally stable, intellectually strong and verbally fluent. Those fully functioning Australians come from the wombs and homes and education and care services that have been adequately supported to actualise the development of our infants. The Commission needs to consider seriously and take heed at what science is telling us about the development of young children and act on it otherwise we will always be trying to catch up and expending resources to fix it later. Therefore, the most highly qualified and experienced educators and teachers should be working with the infants and toddlers as this is a time of the most

The draft report recommendation states the number of children less than 3 years will no longer be taken into account in respect of the early childhood teacher requirements at the service.

**All** children regardless of age must have access to high quality education and care.

### **Draft Recommendation 7.1: Simplifying the National Quality Standard**

This recommendation of identifying Standards and Elements of the National Quality Standards that can be removed while not altering quality outcomes for children.

While acknowledging some of the standards and elements work together and are linked, there is the potential to identify those which are duplicated and could be combined.

However such simplification cannot be undertaken without comprehensive research and only then after all services nationally have participated in the Rating and Assessment process on.

Furthermore, under no circumstances should any changes to the NQS reduce the outcomes for children or quality of education and care provided. The NQS cannot be 'watered down' or 'rolled back'. The sector has advocated and lobbied for decades to get a commitment from governments. The NQF and NQS must be embedded in practice and then to continue to extend to further improve outcomes for children.

The NQF and NQS has been a tool to support improvement in practice and provided the opportunity for increased flexibility and creativity in program development. The non prescriptive focus of the NQS has empowered educators and provided an environment where professional judgement has been valued and accepted.

### **Recommendation 7.5: Allowing services to temporarily operate with staffing levels below required ratios**

The recommendation to allow services to temporarily operate with staffing levels below required ratios, by maintaining staffing levels on average (over a day or week), rather than at all times has the potential for abuse by providers and indeed impact negatively on the outcomes for children.

Minimum ratios must be maintained to support the safety, health and well being of young children.

It is acknowledged that for services in rural and remote areas, the application of this recommendation may support temporary situations when there is a true inability to secure educators for short periods. As a provider of services in rural and remote areas where at times despite our best effort the ability to secure a suitably qualified and experienced educator at short notice for relief purposes is impossible.

If this is applied under special circumstances strict monitoring and compliance required to reduce potential for abuse of the application.

### **Recommendation 8.3: Abolish operational requirements that specify minimum and maximum operating weeks or hours for services approved to receive child based subsidies.**

This recommendation would support existing services in rural and remote areas that have ‘seasonal’ trends in terms of community need. For example: Two services currently operating in rural areas must comply with the current requirements for operation yet during ‘off peak’ season the demand for the service diminishes. The service remains open for the full hour/days/weeks to comply – incurring operational costs that are unnecessary.

This recommendation could also provide the opportunity increased access for families as for

### **Recommendation 8.5: Allow approved nannies to become eligible services for families to receive ECEC assistance. NQF requirements for nannies determined by ACECQA with minimum qualification of Certificate 111 and same ratios as family day care. Assessment of regulatory compliance based on random and targeted inspections by regulatory authority.**

Any service or individual in receipt of government funding assistance for education and care must comply with the NQF requirements. There must be no reduction in NQS for nannies so as children in such services have access to quality services and educational outcomes supported.

Whilst random and targeted inspections are supported, given the regulatory authorities are unable to meet the current timelines for rating and assessment for services currently in scope, the ability to take on further work is problematic, making the compliance and quality measures unachievable. This has the potential to compromise children’s educational, health and well being outcomes.

## **Draft Recommendation 10: Removal of Pay Roll Tax Exemptions and Fringe Benefit Tax Exemptions for Not for Profit Providers**

This recommendation impacts negatively on the viability of NFP providers of education and care services with wages and superannuation cost that exceed the threshold levels.

For this organisation the removal of pay roll tax exemption equates to an additional \$522,830 per year which would have to be included in the annual budget. To address this additional cost, families will incur a fee increase of approximately \$10.80 per week per child.

NFP services are no long enjoying peppercorn or reduced rents for premises. Owners of facilities (government and non government) are seeking commercial rates for rental income. NFP providers have little choice but to commit as the for profit sector is aggressive and competitive willing to pay market commercial rates to secure additional services.

As a NFP service, this organisation provides services in areas where others will not - low socio economic areas or areas where viability is problematic. For example, this organisation operates three services with such demographics and underwrites the losses of these services from the surplus generated from more regional services operated by the organisation. If these services were not available within these communities, many families would be disadvantaged but more importantly the children would be void of access to education and care programs.

Without the continuation of the tax concessions and FBT exemptions the organisation would not be able to support services in low socio economic areas. Furthermore, the FBT exemptions are an incentive to attract and retain educators to the sector as this closes some of the gap of low sector wages.

NFP services reinvest any surplus back into services and the local community by supporting child and family focused activities/events as part of the commitment to being a social enterprise, thus the NFP services play an important role within the education and care sector and broader community.

Given the for profit sector dominates long day care service provision in Australia validates that there is not impact of these benefits in terms of competitive advantage in the marketplace.

## **Draft Recommendation 12.4: Funding arrangements that would result in reduced access and financial support for many families including vulnerable families and children**

### ***Subsidy Payment***

The one single subsidy is welcomed. The current CCB/CCR regime is confusing to families, does not provide government with the kudos for the investment as families do not often relate CCR to child care fees.

This recommendation simplifies the system and will reduce administration and be a more effective in reducing bad debts for services as the funds will be paid directly to the service.

### ***Activity/Work Test***

The restriction of subsidised education and care for families who do not meet the PCI recommended activity test for work or study is inequitable and discriminative.

Families who currently access subsidised education and care (24hrs week restriction apply now) may be excluded and pay full fees for such service.

**All** children have a right to access quality education and care services. The decision of their families to remain at home or outside of the workforce should not result in the denial of access. Many of these families contribute significantly to the community through a range of non paying activities.

**All** children benefit from quality learning experiences and interactions with other children. The value of education and care in the child's development cannot be underestimated. The current limitations must be retained and not reduced.

### ***Deemed Cost of Care***

Identifying a cost model must take into consideration the variances of services. It is agreed government subsidies should not support the 'frills' provided by some services.

When considering a cost model the following should be considered

- Location of service
- Type of service provided
- Age cohort – noting young age groups are higher cost
- Demographics of the community - socio economic, workforce trends, age cohort
- Acknowledgement of services working above minimum standards – qualifications/ratios

The Australia Early Development Census (previous AEDI) data may be useful in this process.

The deemed cost calculation has the potential to disadvantage services operating above the minimum requirements.

**Draft Recommendation 12.5: The Australian Government should establish a capped 'viability assistance' program to assist ECEC providers in rural, regional and remote areas to continue to operate under child based funding arrangement, should demand temporarily fall below that needed to be financially viable.**

This recommendation has the potential to force rural and remote services to close meaning communities will not have access to any education and care programs as it does not provide ongoing support to services where there is no other service available.

Our experience in operating services in rural and remote areas validate that without ongoing support they would not be viable and continued operation would be compromised even by a NFP underwriting financial losses as such losses cannot be sustained forever.

These communities would lose the 'heart' of the community and children will not have access to programs delivered by early childhood educators.

### **Draft Recommendation 12.7: Special Early Care and Learning Subsidy**

This recommendation indicates services will need to make a referral to child protection within a week of applying the ‘at risk’ subsidy. This subsidy should be extended to include vulnerable children and disadvantaged families.

Should such subsidy be based on the deemed cost and should a service charges be more than that cost there would be a gap fee for the family which will make access unaffordable and vulnerable and at risk children slip through the gap.

### **Recommendations Supported by Lady Gowrie Tasmania**

- Diverting a portion of funding from the proposed new Paid Parental Leave scheme to early support increased investment in education and care
- Increased investment in subsidies for low income vulnerable children and families
- Ongoing funding by the Australian Government for universal access to 15 hours of preschool
- Extending National Quality Framework to include all centre and home based services that receive Australian Government funding assistance
- Encouragement for employers to trial innovative approaches to flexible work and other family friendly arrangements that support access to quality education and care services
- Implementing a nationally recognised working with children check as a proactive approach to support the health and well being of children
- Requirement for schools to take responsibility for organising the provision by a proven quality provider of an outside school hours care service, where there is sufficient demand to support ongoing viability and sustainability of the service to give families surety of the service

**Thank you for the opportunity of providing a response to the Productivity Inquiry Commission Draft Report.**