

Response to the National Productivity Commission Draft Report

From Di Nailon, Chair, Northern Tasmanian Early Years Group Tasmania (NEYG) 3rd September, 2014

The Northern Tasmanian Early Years Group Tasmania (NEYG) is a group of services and agencies working with young children and their families across Northern Tasmania. The group includes people who work in government services, schools, child care settings, neighbourhood houses, various community organisations and the University of Tasmania. Since 2008 NEYG has advocated on behalf of young children and their families living and learning in the north of Tasmania. Our members work in and provide support to the early childhood education and care sector. Many of us work with vulnerable and 'at risk' children and families.

I wish to comment on the Draft Report on behalf of the members of NEYG. Our points for the Commission's consideration are italicised in bold in response to key recommendations from the Draft Report.

1. The Productivity Commission recommends that the *National Quality Framework* (NQF) for early childhood education and care (ECEC) services must be retained and modified.

We agree that the NQF is retained and that modifications are undertaken in consultation with the field.

2. It is recommended that the NQF be extended to all government-funded services including nannies, block funded services (such as the existing Budget Based Funding providers) or any other service which wishes to receive Australian Government ECEC subsidies. It is recommended that the same requirements that apply to family day care apply to the regulation of nanny services.

We agree in principle to the recommendation with caution. While nanny services should be regulated – we suggest that they are required to adopt a similar governance model to family day care and include field staff and managers. Our preference would be to expand support for in-home care operated by current family day care schemes and incorporate nannies into this approach. Funding caps for family day care should be removed to support the training and guidance needs of an increased in-home educators/nannies workforce.

3. The Commission recommends that requirements for educators in centre-based services should be amended by governments such that:
 - all educators working with children aged birth to 36 months are only required to hold at least a certificate III, or equivalent
 - the number of children for which an early childhood teacher must be employed is assessed on the basis of the number of children in a service aged over 36 months.

We disagree strongly with this recommendation. Monies saved hiring staff at certificate iii level is very little and will not allow greater access to care or make education and care for under-threes more affordable. Differences in wages between certificate iii and diploma level graduates amounts to about \$2.00 per hour. Given the propensity of research on the critical nature of brain development of birth to three year olds and the need for high quality interactions and stimulating environments in these years (http://www.himh.org.au/data/assets/pdf_file/0017/5831/01-Full-Issue.pdf) it is inappropriate to consider lowering the current staffing qualification requirement for educators. Creating partnerships with parents in their children's most vulnerable years requires staff with higher rather than lower levels of qualifications so that they can draw on a more informed knowledge base for collaborating on programs and routines. It is for this reason that we believe that access to an early childhood teacher to support programs for under-threes is vital.

4. The Commission recommends that current inconsistencies between states and territories in staff ratios and qualification requirements should be resolved, with all jurisdictions adopting the national requirements as minimum standards.

We agree with this recommendation but also caution the need for some flexibility in remote regions.

5. Educational and child-based reporting requirements for outside school hours care services would cease under changes proposed.

We disagree with this recommendation. The educational and child-based reporting for OSHC programs that are currently in place have been specifically designed for the sector and have been well considered with the age group and needs for leisure and recreation in mind. Some modifications created in collaboration with the sector would make the requirements more 'workable'. We believe that the OSHC sector should continue to be valued and recognised by remaining under a quality framework.

6. Dedicated preschools would also be removed from the scope of the NQF and regulated by state and territory governments under the relevant education legislation.

We disagree with this recommendation. All children from birth to 5 years require a commitment from the Federal Government to regulate for strong outcomes based on common educational frameworks and pedagogy, no matter where children spend their days.

7. The Commission has recommended that ACECQA and governments explore ways to determine services' ratings so they are more reflective of overall quality, with the 'Excellent' rating abolished, so that 'Exceeding National Quality Standard' is the highest achievable rating.

We disagree with this recommendation. While the 'Excellent' rating is difficult and often time-consuming to achieve at present, we believe that there had not been sufficient time to judge its benefit to the sector. The research, advocacy and leadership aspects of the 'Excellent' rating provide possibilities for the sector as yet not fully explored. Perhaps focus on the 'Exceeding' benchmark in the short term in order to save on costs of resourcing submissions for an 'Excellent' rating. The 'Excellent' rating might be re-established at a future date agreed with the sector.

Assistance for universal preschool access

8. The Commission recommends that governments should maintain preschool program funding as a priority area.

We agree with this recommendation. Preschool funding should be a priority and the delivery of these programs should be regulated under the NQF.

9. Government funding for preschool (on a per child basis) should ensure universal access for children to 15 hours per week of a preschool program for 40 weeks, in the year prior to starting school. Under the Commission's recommendations, the Australian Government would provide the same level of assistance for preschool to every child, regardless of whether they participated in a dedicated preschool or a preschool program in a long day care centre (LDC).

We agree with this recommendation with the caution that the hours of access are increased over time and in continuous consultation with the sector. Much will depend on how, and how well, school-based and long day care preschool programs are able to attract early childhood trained teachers, and the continuing viability of long day care centres should schools extend their hours of operation to accommodate working parents. We need choice for families where multiples siblings require education and care that can only be arranged in long day care.

10. State and territory governments not providing funding for preschool in long day care would have funding withdrawn.

We agree in principle with this recommendation if the caution noted in response to point 9 above is taken into account.

Subsidies

11. To replace the current subsidy system, The Productivity Commission has recommended that an Early Care and Learning Subsidy (ECLS) be established:
ECLS would be paid directly to providers, and be passed on transparently as a discount in the fees charged.
A family income of \$60 000 or less would have 90 per cent of the cost of ECEC subsidised by the government, reducing gradually to 30 per cent for those with a family income of \$300 000 or more.

ECLS will be based on a deemed or reasonable cost of delivering a service. The deemed cost would include ECEC salaries associated with meeting NQF staffing requirements, variable costs such as for operating items, rent and administration, and a reasonable surplus or profit. This would be legislatively indexed to the annual change in the relevant wage for ECEC services.

the Commission has assumed a deemed cost equivalent to the median price charged for ECEC services. In 2013–2014, these rates are estimated to be: \$7.53 per hour in LDCs, \$6.84 per hour in family day care (this rate is also applied to approved nannies), and \$6.37 per hour in outside school hours care (OSHC). For its final report, the Commission intends to further refine the estimates of deemed cost as a basis for a child-based subsidy.

We agree with this recommendation with the provision that nannies are incorporated into the governance model required of in-home family day care services under the current regulations.

12. Proposed ECLS access requirements:

available for all centre-based ECEC services (including long day care, occasional care and OSHC) and all home-based care (including family day care and approved nannies) which satisfy the appropriate *National Quality Standards* applying to the hours of care charged for, up to 100 hours of service per fortnight available for children whose parents undertake at least 24 hours per fortnight of actively looking for work, undertaking work, study or training; or are in receipt of a disability support pension and unable to work; or in receipt of a carers payment and unable to work; or for children who have, as their primary carer, someone other than their parent(s).

We disagree with this recommendation from an equity perspective. There are many instances where parents will not fit these access provisions without first having their children in care, in order to set themselves up into training, study etc. The need for flexibility in the provisions described under this recommendation is paramount for vulnerable families.

Nannies and occasional care

13. To better meet the needs and budgets of families, the range of services approved for assistance should include approved nannies and the cap should be removed from occasional care places.

The Commission has *not* recommended extending government subsidies to the use of au pairs—but would like to extend visa requirements for au-pairs for up to 12 months.

We disagree with aspects of this recommendation. While the cap should be removed from occasional care places we believe that assistance should not be provided for nannies unless nannies are regulated under a family day care governance model, or be incorporated into that model as described earlier in this submission.

At risk children

14. The Commission has recommended support for children who are assessed as ‘at risk’ to access ECEC services, providing:

a 100 per cent subsidy for the deemed cost of ECEC services, which includes any additional ‘special’ services at their deemed cost, funded from the Special Early Care and Learning Subsidy program

up to 100 hours a fortnight, regardless of whether the families meet an activity test support for initially 13 weeks then, after assessment by the relevant state or territory department and approval by the Department of Human Services, for up to 26 weeks.

We disagree with this recommendation. Our experience with ‘at risk’ children in vulnerable families is that the support required for families should be extended rather than limited to 26 weeks. Perhaps a scaling down of subsidy as parents’ circumstances improve would empower rather than punish should they not find themselves securely established by 13 or 26 weeks.

Children with additional needs

15. The Commission is recommending that the government create two block funded programs to replace the current funding for Budget Based Funded services, various Indigenous ECEC services, the Inclusion and Professional Support Program (IPSP), the CSP, funding for children and family centres and the Australian Government funding.

The first of these new programs—the *Disadvantaged Communities Program*—would block fund providers, in full or in part, to deliver services to concentrations of children in highly disadvantaged communities. This program is to be designed to transition recipients to child-based funding arrangements wherever possible. This program would also fund coordination activities in integrated services where ECEC is the major element.

The second of these new programs—the *Inclusion Support Program*—would expand on the existing Inclusion and Professional Support Program to provide once-off grants to ECEC providers to build the capacity to provide services to additional needs children.

The block funded programs would all have capped budget funding, which could be adjusted to fit within budget constraints.

Children with additional needs would have access to a 'top-up' subsidy to meet the additional reasonable costs of service. Services should have access to assistance to build capacity to provide ECEC for: individual additional needs children, children in highly disadvantaged communities and to facilitate the integration of ECEC with schools and other services.

We agree this recommendation in principle. We believe that some flexibility should be outlined so that some arrangements can be negotiated to suit individual circumstances and grants extended where necessary to ensure continuity of services for children and families. Services ought to have opportunity to access additional grants if required.

Viability assistance

16. The Commission has recommended the establishment of a capped 'viability assistance' program to assist ECEC providers in rural, regional and remote areas to continue to operate under child-based funding arrangements (the Early Care and Learning Subsidy and the Special Early Care and Learning Subsidy), should demand temporarily fall below that needed to be financially viable. This funding would be accessed for a maximum of three in every seven years, with services assessed for viability once they have received two years of support, prioritised to centre-based and mobile services.

We disagree with this recommendation. Our experience with rural, regional and remote services in Tasmania is that childcare services provide a hub for the entire community. Many communities take longer than three years to recover from industries that shut down (as they are doing and continue to do in regional Tasmania). Again the need for flexibility is paramount.