



Municipal Association of Victoria

**Submission to Productivity Commission Draft Report into
Child Care and Early Childhood Learning**

September 2014

The MAV can provide this document in an alternative format upon request, including large print, Braille and audio.

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While this paper aims to broadly reflect the views of local government in Victoria, it does not purport to reflect the exact views of individual councils.

Introduction

The MAV is the legislated peak body for local government in Victoria and represents all 79 councils. The Association's members remain critically interested and involved in the provision of childcare and early childhood services and therefore welcome the opportunity to provide a response to the Productivity Commission Draft Report into Childcare and Early Childhood Learning.

Councils are the leading provider of children's services and early years infrastructure in Victoria. All Victorian councils are committed to the aim of providing children in their municipality with the best possible start in life through effective planning, development and provision of services that improve the health, connectedness, education and care of children and their families. Local government has responsibilities for local planning around all of these services as well as providing a strong local early years platform.

The work that local government has undertaken particularly over the past five years with the implementation of universal access to 15 hours of kindergarten has shown that the provision of Early Childhood Education and Care (ECEC) in Victoria is a core part of the economic and social fabric of communities and municipalities.

The MAV restates its position on ECEC, which is underpinned by:

- Support all families by ensuring affordable and flexibility of choice in high quality childcare options that optimise children's learning and development
- Maintain public investment in a universal approach to early childhood education and care with a priority focus on vulnerable families
- Provide infrastructure support for capital, workforce, planning and integrated facilities, and regulatory requirements
- All levels of government planning and funding be reviewed to ensure greater collaboration and used more strategically

Whilst the MAV supports some of the Key Points made by the Productivity Commission on page 2 of the Report which are: *the National Quality Framework for ECEC services must be retained, modified and extended to cover all Government funded services; and the Australian Government should continue to support the states and territories for all children to attend an approved preschool program in the year prior to school*, we also make the following recommendations for consideration by the Productivity Commission.

Recommendations

- I. The Commonwealth Government commits to extending the National Partnership Agreement on Early Childhood Education with the Victorian State Government beyond 2014
- II. Establish a Commonwealth/State/Local Government Early Childhood Education and Care (ECEC) planning body to: plan for current and future publically funded ECEC service provision; foster a diverse range of ECEC options available for families; meet the future supply and demand needs for service provision; and address the areas of market failure of the long day care sector.
- III. Ensure that Victorian kindergartens remain as part of the National Quality Framework (NQF) to ensure that linkages from birth to school entry can be retained.

- IV. Maintain the current qualification requirements for services and educators working with children under the age of three years old.
- V. The Commonwealth Government reviews the changes to the Community Support Program in relation to Family Day Care and In Home care before implementation in July 2015 to ensure that high quality schemes such as those operated by Victorian local government remain in place.
- VI. Strengthening of the Australian and Victorian government's commitment to OSHC and Vacation Care as the demand for these services is likely to increase as children leave ECEC and move into school.

In this response, the MAV provides information on a number of key issues which we believe are critical to the objectives of the Inquiry.

These are:

1. The Roles of Governments in ECEC with a focus on place-based planning
2. The need for the ongoing commitment by the Australian Government to 15 hours of kindergarten
3. The need to obtain accurate costs as part of setting the Early Care and Learning Subsidy
4. The need for a professional and qualified workforce of educators working with children of ALL ages
5. The need to ensure that integration and early years linkages from birth to school entry can be retained and strengthened
6. That the proposed universal changes to Community Support Program as it affects Family Day Care are reviewed based of the outcomes of the Productivity Commission Inquiry
7. That the areas of Out of School Hours Care and Vacation Care are further examined as part of a broader service system that supports families

1. Roles of Governments in ECEC with a focus on place-based planning

Local government in Victoria has a statutory role to plan for its communities and does so through its Municipal Health and Wellbeing Plans. In addition to these plans councils also produce Municipal Early Years Plans. Historical practice, legislative requirements and Victorian State Government policy directions have influenced the role of local government which has led to councils playing a significant and active role in the ECEC service delivery system. In Victoria local government represents approximately 20% of the system today across both centre-based and home-based care¹.

Within this context the MAV proposes that there be a more robust examination of the future role of governments in ECEC. In the Draft Report paragraph 3.4 provides some information about the future demand for ECEC services, which are all predicted to grow quite strongly. The Draft Report also comments on the range of government assistance to ECEC. The MAV considers there is a real need for governments to work in collaboration to undertake planning and in the words of PwC 'Strategic monitoring and engagement to ensure the right services are available in the right places.'²

¹ Productivity Commission Report on Government Services 2014

² PwC Submission to the Productivity Commission Inquiry into Childcare and Early Childhood Learning (2014)

Governments as the holder of information and data have a responsibility to their communities to ensure that this information is used in the most strategic and best possible way to plan for and meet their needs. What is missing is there is currently no vehicle to do this in the ECEC sector.

The MAV reiterates its long-standing position of the need for a tripartite approach to planning for and funding current and future ECEC service provision in order to:

- foster and ensure a diverse range of ECEC options for families
- meet future supply and demand for services
- address and mitigate market failure particularly in the long day care sector
- address market failure in rural, remote and smaller communities
- plan for and coordinate access for vulnerable children and their families to ECEC services

The MAV notes the discussion in Chapter 12 of the Draft Report that outlines the case of a supply-side funding model and considers that this is worthy of further discussion and exploration as such a model involves the type of planning the MAV is advocating. Such a model can offer governments better policy, planning (and therefore funding) control. This does not necessarily limit the choice for parents, for example kindergarten provision in Victoria is delivered by local government, community and private providers so parent still have a choice of those services who all have to meet the same criteria in order to receive the per capita rate of funding.

The MAV considers there is a great opportunity now for the three levels of government to engage in the strategic place-based planning and funding for the ECEC sector building on the success of the implementation of 15 hours of kindergarten in the year prior to school.

2. Ongoing commitment by the Australian Government to funding universal preschool access

The MAV commends the Commission on its recommendation that the Australian Government maintains preschool program funding as a priority area. However this funding is currently time limited to the end of December 2014.

The MAV strongly recommends the National Partnership Agreement of Early Childhood Education with the Victorian State Government is extended beyond 2014. The MAV notes the Commission's draft finding 5.2 – *'that any decision to extend universal access arrangements to younger children should be based on analysis of the effectiveness of the existing arrangements in improving developmental outcomes and from evidence drawn from relevant Australian and overseas research.'* As a general comment, the MAV would welcome a decision based on the evidence that sees universal access extended to younger children particularly vulnerable children. Some councils in Victoria already offer three year old children a quality educational program which supports their development, improves their outcomes and transition to school.

3. Accurate costs of ECEC service provision to inform the development of the Early Care and Learning Subsidy

As a funding model concept, the MAV supports the collapsing of the current range of payments into a model that makes it easier for families to understand and access. The MAV has long advocated that any model should provide no cost access/fee relief for vulnerable

children and their families and provide increased weighted subsidies for rural and remote services through a simplified, agreed Commonwealth/State funding arrangement that collapses the current fee support schemes.

The MAV notes the recent presentation by PricewaterhouseCoopers (PwC) at the Centre for Community Child Health's Forum on 25 July 2014. In their presentation they stated their contribution to the Commission Draft Report is undertaking advanced economic modelling to demonstrate the value of quality ECEC and attempt to measure the potential of economic and wider benefits associated with alternative models of care and potential reforms in childcare funding and support. The MAV is very interested in the results of this modelling and will provide further comment once this information is available.

As the Commission draft report says, the current modelling omits costings for children with additional needs and preschool³ and that it has not fully modelled the deemed cost of care to vary by child age or for care-only and care-education services. The MAV recommends that the Commission does not align costings to a disability but rather ensures that support for inclusion of children with additional needs can move across settings and takes into account the full range of funding provided by State and local governments such as Early Childhood Intervention Services, Preschool Filled Officer program, and Kindergarten Inclusion subsidy.

The MAV puts forward the position that the Commission must obtain the most accurate costings for its modelling in order to avoid understating the true cost of care. In addition the requirements of the National Quality Framework and costs of regulation and compliance must also be included in any deemed cost model the Commission examines and recommends.

4. Need for a professional and qualified workforce of educators working with children of all ages

There is overwhelming evidence to support the need for a qualified workforce of educators delivering a quality program of care to support the development of children of all ages in ECEC. The MAV is concerned at the draft recommendation 7.2 stating that 'requirements for 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 services aged over 36 months.⁴

As many in the sector will support, the requirement under the NQF to have a qualified Early Childhood Teacher and qualified educators working with children of all ages including those under three years of age, was based on extensive Australian and international evidence and research about the development of children's brains postnatally. The MAV directs the Commission to the research of Dr Tim Moore from the Centre for Community Child Health, Murdoch Children's Research Institute.

³ Productivity Commission Draft Report 2014 : pg. 25

⁴ Productivity Commission Draft Report 2014 : pg. 59

Dr Moore most recently stated that:

*'Previously infants were thought of as needing loving care and protection but not as active learners or social partners. We now know that children come out of the womb primed to engage with their caregivers, and that the parents are primed to engage with them. We now know that learning starts from birth and that learning and development are cumulative, with later development building upon earlier development.'*⁵

Early Childhood Educators and Teachers are well placed to support families as often ECEC settings are where the early identification of children experiencing developmental issues and subsequent timely referral occurs to the early intervention support needed. The MAV strongly supports the continuation of the current requirements of the NQF regarding the appropriate qualifications of the ECEC workforce, as it is an investment that will have economic and social benefits in the longer term with the reduction of vulnerability and disadvantage for some children.

5. Need to ensure that integration and early years linkages from birth to school can be retained and strengthened

Local government in Victoria supports the view that the planning, design and service delivery of ECEC services should be underpinned by the objective of universal accessibility. Whilst there are undoubtedly good international models, particularly around service response for vulnerable children and their families, there is in Australia a history of well-coordinated, flexible ECEC service delivery models that could be built on, strengthened and expanded to meet the childcare needs of working families, without introducing new uncostered models such as nannies.

Victorian local government leads in the provision of flexible, integrated ECEC service delivery with over 60 integrated centres built by local government that provide a range of flexible ECEC options for families. The fact that both education and care aspects of service delivery now come under the NQF has enhanced and facilitated further integration in the areas of workforce, management, regulation and outcomes for children.

Victorian councils support the continuation of kindergarten (preschool) remaining under the NQF for the following reasons:

- the artificial divide between education and care is not reinforced through a carve up of regulatory responsibilities
- to implement such a change at this point in time is considered to be counterproductive to the concepts of integrated services providing streamlined access for families with wrap around care for the child
- the benefits for the ECEC workforce given they are working under the one regulatory and outcomes framework has provided improved career paths and opportunities for educational improvement - as the barrier between education and care has been removed.
- Significant transitional requirements would be needed to reverse the current arrangements

⁵ Dr Tim Moore (2014): Why Change? Challenging existing models of early childhood education and care in Australia. Presentation to CCCH Seminar, RCH 25 July 2014

6 Implementation of the changes to Community Support Program are reviewed

Local government in Victoria continues to provide a platform of early years services to its communities with over 40 councils providing Family Day Care (FDC) Services. Since the announcement of the Commission's Inquiry, the proposed changes to the eligibility for services to access Community Support Program funding would seem to be premature in light of the fact that the Commission is not due to provide the Australian Government with its final report until October 2014. To single out Family Day Care services for wholesale change at a time when the sector is likely to experience further significant change is unfortunate as the intended and unintended consequences of these changes are yet to be seen. The MAV notes the rationale the Commonwealth has provided for these changes but would caution against such an approach as FDC already supports the objectives which the Australian Government has commissioned for this Inquiry including:

- supports workforce participation, particularly for women
- is more flexible to suit the needs of families, including families with non-standard work hours, disadvantaged children, and regional families

The MAV recommends a review is undertaken of the proposed changes to the Community Support Program as they relate to Family Day Care, once the recommendations of the Commission's Inquiry are available in October 2014.

7. Outside School Hours Care and Vacation Care

The Commission projects in the years from 2011 to 2026 the population of children under 13 years of age will grow by 23 per cent and that such a growth will require around 113,000 full-time places in formal care including Outside School Hours Care (OSHC) and Vacation Care. In Victoria, there has been continued growth in the sector with currently over 1200 OSHC services⁶ There is increasing evidence to suggest that families continue to need access to extended hours of care for their children between five and under thirteen years of age once they start school.

Local government continues to be part of the OSHC and Vacation Care service sector and notes that the Commission is largely silent on the fact that working families need flexible, accessible and affordable vacation care options, particularly for those children who have a disability or are vulnerable. The current mismatch between the number weeks of school holidays a school-age child receives and the number of weeks holiday even two working parents can access reveals this is an area that could have a positive impact on workforce participation and productivity if appropriate 'wrap-around' care could be provided.

The Commission's draft recommendation 8.1 which recommends "*the requirement for CCB Approval for OSHC for most children attending an OSHC to be of school age be removed and not carried over into any new legislation*" warrants further analysis. OSHC is not simply a recreational platform and often deals with a complexity of children with difficult issues. Ratios in OSHC should not reflect school ratios as the environment and after hours arrangements are quite different to that of a school day. Likewise the Commission's proposal to remove National Quality Standard (NQS) 6 from OSHC is unwarranted. Local government considers the inclusion of OSHC in the NQF has improved the standard of

⁶ Community Child Care Victoria Submission to PC 2014

education and care provided and this service is seen as part of a broader professional career path in the sector.

Local government would like to see a strengthening of the Australian and State government's commitment to OSHC and Vacation Care as the demand for these services is likely to increase as children leave ECEC and move into school.

8. Additional comments

8.1 Victorian local government response to draft recommendation 7.12

The MAV notes the issues highlighted in this draft recommendation and offers the following in response. Victorian state planning laws reflect the building code of Australia which recommends standardised parking allocation related to the applicable zoning requirement. Victorian councils are very consistent with their planning approaches and follow a transparent and fair process. Parking can be an issue for example when a service increases in size in a built up area and most councils do use their discretion in such instances.

In Victoria there is a clear process and set of guidelines for the assessment of development proposals in relation to ECEC services.

8.2 Assistance for at risk children draft recommendation 12.6

The proposal for the Special Care and Learning Subsidy needs careful consideration with regard to how children are assessed as eligible for the subsidy. Much can be learned from the current situation with the Special Child Care Benefit particularly with regard to the continuity of participation of a child at an ECEC service when the benefit is only initially available for 13 weeks, and then for 26 weeks as long as the child continues to be assessed as at risk by the relevant state and territory department, with final approval of each period of assistance by the Commonwealth Department of Human Services (DHS). Evidence from councils in Victoria is that often they are funding the gaps in fees and costs in order to ensure that vulnerable children continue to attend the service. The MAV proposes that the initial benefit period be extended up to 26 weeks given the complexities usually associated with the initial assessment process and review arrangements.

8.3 In-home care to be strengthened

The MAV considers there is already available to government a strong well-regulated platform of family day care and in-home care that can be built on and enhanced to provide families with flexible, affordable ECEC. The proposal for including nannies in the funded service delivery system should be considered in light of what already exists.

8.4 Viability Assistance to ECEC providers in rural, regional and remote areas

Draft Recommendation 12.5 says "*the Australian Government should establish a capped 'viability assistance' program to assist ECEC providers in rural, regional and remote areas to continue to operate.....*" The MAV suggests that in relation to geographically rural and remote areas local government is most likely to provide the only institutional infrastructure to support ECEC services, and is often the only provider in the most challenging circumstances. I.e. the private market only provides services to those areas that it can easily

make its profit. Therefore the MAV recommends the Productivity Commission consider this aspect when determining just how the capped viability assistance program could work.

9. Conclusion

Access to high quality, affordable education and care for Australian children should be viewed as a right not a privilege or optional. Local government in Victoria comes from a well-informed place about their communities as they work with them across the life continuum and therefore highly value and understand the critical importance of ECEC to building the capacity of their communities.

The current demand-driven system is susceptible to market failure and government intervention will always be required particularly if it wants to ensure that outcomes for all children across Australia in their early years are achieved. ECEC was once a major community service and an opportunity has been missed with this Inquiry and Draft Report continuing to view ECEC as a largely commercialised arrangement.

‘The evidence suggests that direct public funding of services brings more effective governmental steering of early childhood services, advantages of scale, better national quality, more effective training for educators and a higher degree of equity in access compared with parent subsidy models.’⁷

The MAV firmly contends that public planning, oversight, funding and investment in ECEC is critical to a nation’s well-being and building of social capital. The children who attend the ECEC services today are the workforce of tomorrow.

⁷Family Day Care Australia, Submission to Productivity Commission Inquiry into Childcare and Early Childhood Learning. 301, p. 6.