



UnitingCare Australia Submission
to the Productivity Commission Inquiry
into Early Childhood Education
and Care

UnitingCare Australia
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Executive Summary

UnitingCare Australia is the national body for the UnitingCare Network, one of the largest providers of community services in Australia.

With over 1,600 sites, the network employs 39,000 staff and is supported by the work of over 28,000 volunteers. We provide services to children, young people and families, older Australians, Indigenous Australians, people with disabilities, the poor and disadvantaged, and people from culturally diverse backgrounds in urban, rural and remote communities. The network includes over 150 Early Childhood Education and Care (ECEC) services, including pre-schools, long day care, out-of-school-hours care, occasional care, mobile services and family day care.

UnitingCare Australia works with and on behalf of the UnitingCare Network to advocate for policies and programs that will improve people's quality of life. UnitingCare Australia is committed to speaking with and on behalf of those who are the most vulnerable and disadvantaged, for the common good.

UnitingCare Australia welcomes the opportunity to provide feedback to the Productivity Commission's *Draft Report into Childcare and Early Childhood Learning*. We commend the Commission on the consultative approach taken during this process, and appreciate the time of the Commission in attending forums and hearings, and in accepting comment on a wide range of areas.

We understand that the Commission had a dual purpose for their inquiry: to assess the contribution that access to high quality, affordable childcare could make to increased workforce participation; and optimising children's learning and development. UnitingCare Australia believes that workforce participation should be facilitated, but it is imperative that the early childhood, education and care sector (referred to as childcare in the draft report) places children front and centre. Improving outcomes for children should be the primary consideration in reform to the system.

In this regard, we commend the Commission for their focus on improving access to services by disadvantaged children, particularly Aboriginal and Torres Strait Islander children, children identified as 'at-risk', and those with a disability. As noted in the extensive research conducted by the Commission, evidence consistently shows that high quality ECEC services lead to improved outcomes for children across the lifespan. Disadvantaged children have the most to gain from ECEC services, with quality programs creating equity in opportunity through life, and these ECEC programs cost much less and are more effective than downstream interventions. Providing greater access to high quality ECEC services therefore has positive benefits for individuals, but also for communities, Australian society and the economy as a whole.

UnitingCare Australia supports the extension of integrated services for identified communities, but also contends that Aboriginal and Torres Strait Islander-specific services require inputs beyond funding. To be successful, programs must include holistic, strengths-based, high quality and culturally appropriate provision. Existing investments in integrated service provision, specifically Aboriginal Child and Family Centres (ACFCs), must be protected, and operational subsidies resumed as a matter of priority.

UnitingCare Australia also supports the extension of funding to disadvantaged children through the Special Early Care and Learning Subsidy (SECLS), and additional funding and subsidies suggested in the *Draft Report*. We particularly welcome the recognition of the need to support service without viable markets with block funding. This will ensure children in remote and regional communities continue to be able to access services.

However, UnitingCare Australia is concerned that other recommendations in the report will undermine the intention of the above provisions, and limit access to disadvantaged children over all. Firstly, the move to implement an activity test will limit many parents currently able to access subsidies through the Child Care Benefit (CCB), from accessing affordable ECEC for their children. UnitingCare Australia contends that the Commission should broaden its scope of disadvantage to match accepted definitions that include low-income families. These are the children who stand to benefit most from accessing ECEC services and they should continue to be supported to do so.

Secondly, recommendations to remove qualifications requirements for under-3s and their consideration in the 'count' for an Early Childhood Teacher (ECT) will erode quality provision in services. This will have far-reaching consequences for all age groups, and mean that many centres will no longer legally be required to employ an ECT. As noted above, only quality services are linked with improved outcomes. The three key quality inputs are unanimously agreed to be staff-child ratios, qualifications and service environment. Disadvantaged children will not reap the benefit of access to ECEC services if current qualifications and ratio standards are allowed to drop. The goal should be further quality improvements over time, and this recommendation if implemented would represent a retrograde step on that path to increasing the quality of service.

Research and evidence shows that the first three years of a child's life are critical for future development. It is vital that programs have access to someone with the skills to integrate pedagogical knowledge about these early years into practice, particularly where services include children from disadvantaged backgrounds or children exhibiting challenging behaviours or developmental delays. In essence, education and care are not, and should not be thought of as separate entities at any age of provision. There is demonstrated need for degree-qualified teachers to drive pedagogy in this age group, while also providing critical input into compliance with regulations, staff mentoring and provision of specialist services.

The recommendations of the Commission, if implemented, represent significant changes for the ECEC sector. In terms of the funding system, some of these changes are long overdue and have substantial support across the sector including from providers, governments and parents. A simplification of the subsidy is warranted, and can contribute to what UnitingCare Australia regards as a top priority: better targeting of public subsidy toward lower income groups and their children. Identification of an appropriate cost base to define the level of subsidy is going to be a challenge: while UnitingCare Australia supports an emphasis on efficient pricing, work undertaken in our network suggests it will be difficult to design this model effectively and account for the many variables that have legitimate effects on cost of service.

UnitingCare Australia looks forward to the Commission's final report and the opportunity to partner with government to strengthen the education and care of the youngest Australians, particularly those who the evidence shows will gain most: vulnerable children and those in disadvantaged families.



Structure of this submission, and UnitingCare Australia feedback on recommendations

Given the wide purview of the *Draft Report*, UnitingCare Australia's response focuses on four areas of interest to our organisation and services:

1. The funding model
2. The activity test
3. The removal of ECTs for children aged birth to 36 months
4. Provisions for disadvantaged and "additional needs" children

We then go on to give specific feedback to some other recommendations that are relevant for our services. An overview of our feedback and recommendations is given below.

UnitingCare Australia Recommendations and Feedback to the *Draft Report*

1. The subsidy should be targeted more tightly than in the Commission's option 1, tapering to a level lower than 30 per cent, and reaching that taper at a family income level closer to \$200,000 than \$300,000.
2. For many low income families, a subsidy of 100 per cent would deliver valuable child education and development benefits.
3. To ensure equity of access to ECEC services by disadvantaged children, UnitingCare Australia recommends that rather than relying on an activity test, means-testing be the primary vehicle for targeting funding to those who will most benefit; or alternatively, that a two-step test be introduced that exempts a broad range of low income households from the proposed activity test, including holders of Pensioner Concession, Health Care and Low Income Health Care Cards.
4. Current qualifications standards in services for children aged birth to 36 months should be retained.
5. The number of children for which an ECT must be employed should continue to be assessed on the basis of all children attending the service regardless of age.
6. Current requirements for ECTs who work with children aged birth to twenty four months who have practical experience with that age group be retained.
7. Nannies should meet NQF and NQS requirements for FDC services in order to be eligible for ECEC subsidies.
8. Nannies should be employed through a LDC or FDC service in order to qualify for subsidies.
9. Au pairs should not be considered part of Australia's ECEC system.

10. We endorse SNAICCs submission and support the full implementation of SNAICCs recommendations regarding ECEC programs for Aboriginal and Torres Strait Islander children.
11. The definition of “additional needs” should be expanded to include children undergoing a diagnostic process. The Commission should further explore how to assist children with undiagnosed behavioural and developmental disorders.
12. The Commission should explore what extra provisions could be provided to increase access in ECEC services by children from a low-income CALD background.
13. UnitingCare Australia recommends provision of constant block funding to services operating in rural and remote communities where needed, to maintain service viability.
14. Identification of children ‘at-risk’ should be expanded to allow referrals from any state- or territory-funded intensive family support service or appropriate registered professional.
15. Preschool funding should continue to remain separate from schools funding.
16. No penalties should be introduced that are linked to attendance at preschool programs. Instead the Commission and government should build on work already done to address barriers to accessing services by disadvantaged families.
17. Dedicated preschools should remain in scope of the NQF.
18. Funding for Home Interaction Program for Parents and Youngster (HIPPY) should remain in the ECEC budget allocation. Shifting the funding base for HIPPY should be contingent of availability of funds to maintain the program through other departments.
19. Current standards under the NQS should be maintained.
20. Jurisdictional differences in educator-to-child ratios and qualification requirements, where they are above the NQF, should be allowed to continue, to help drive further improvements in the NQF.
21. Expansion of temporary flexibility for ratios pertaining to educator: child numbers should not occur.
22. Decisions on amendments to the ratios and assessments system should be determined after the current review by Woolcott Research is complete.

The funding model

UnitingCare Australia supports key elements of the Commission's general approach, in particular:

- The simplification of the mechanism by which subsidy is delivered
- The targeting of the main subsidy according to income
- The maintenance of some specific programs directed at targeting particular sources of disadvantage, and demonstrated areas of market failure.

As this submission will set out in more detail, we wish to see a system that ensures appropriate access for all families, particularly those on low incomes. We also recognise the desire of the Commission and the government to identify the best way to achieve the dual ECEC objectives (quality early childhood education, and enhanced parent workforce participation) within a limited budget envelope.

The Commission has modelled a range of scenarios for its single child care payment. The modelling on which its draft report focussed was of a subsidy of 90 per cent for family income of \$60,000 or less, declining to 30 per cent at a family income of \$300,000 or more (referred to as option 1). It also modelled a scenario of tapering the government's contribution down to zero at above \$300,000, and also considered each of these two scenarios with a linear rate of reduction in subsidy, and with a stepped reduction in the rate.

The main benefit of the more generous schemes (no step, or reducing to 30 per cent rather than zero) is that they enhance workforce participation; their main cost is the government expenditure involved in maintaining the higher subsidy.

While UnitingCare Australia supports the workforce participation objective of the system, we have also argued in other policy discussions that those who can afford to, should contribute to the costs of services.

UnitingCare Australia has concluded that, given the government's commitment to existing fiscal constraints, and given UnitingCare services' commitment to supporting those experiencing economic disadvantage, the means-testing regime should taper the payment to a level below 30 per cent for very high income earners. We would consider that a family earning more than three times the national average is receiving sufficiently high income that they should be able to take responsibility for bearing a higher proportion of care fees, and in doing so would experience a relatively modest increase in their effective marginal tax rates (a policy concern in the ECEC area).

A taper that drops to below 30 per cent, and which reaches that level at a value closer to \$200,000 than \$300,000, would deliver savings compared to the Commission's base case, bringing the cost closer to the existing funding envelope.

The Commission's analysis indicates that inserting a step in the taper rate, instead of making it linear, saves more money but significantly dampens the positive participation effects for parents returning to the workforce (2014: 569). For this reason, UnitingCare Australia is reluctant to see a large step in the subsidy rate. It is also more difficult to introduce a step in the subsidy when the upper subsidy limit occurs at a lower family income level (as UnitingCare Australia proposes above).

The main reason that UnitingCare Australia wishes to see tighter conditions on the subsidy than the Commission's option 1, is to allow greater resourcing of ECEC for disadvantaged children, consistent with our emphasis on the education and developmental benefits of ECEC. In this connection, we wish to comment on the 90 per cent maximum subsidy, and on the activity test (see next section).

In recommending a 90 per cent upper limit on the value of the subsidy, the Commission argues that there are benefits for all families in making a contribution, or co-payment, for ECEC services. The advantages are:

“Co-payments can reflect the private benefit that accrues to the child and family. This is particularly true for add-on services and quality beyond the standard, but also where ECEC enables workforce participation and has child development outcomes that benefit families as well as the community as a whole.

Some co-payment provides an incentive for families to consider their usage decisions and reduces the risk that parents will take up places when they are not needed (work/study tests can also mitigate this risk)

Co-payments are a way of controlling government expenditure on ECEC.” (2014: 521)

In considering why low-income families should still pay 10 per cent of care costs, the Commission notes that this would involve a “co-payment of 60 to 80 cents an hour. With a minimum wage of \$16.87 an hour, this subsidy rate is likely to be affordable (although the net wage will be lower after taxes and any loss of transfer payments).” (2014: 524-5)

UnitingCare Australia sees two potential problems with this argument. First, it does not consider the actual impact of these costs on a household budget, in particular taking account of the relatively high effective marginal tax rates faced by some of these income earners. None of the cameo modelling performed by the Commission in Appendix G extended to low income families (except in some respects cameos 1 and 5, both being for single parents). However, the high marginal tax rates shown in those scenarios indicate the broad nature of the problem. The *proportional* cost of 80 cents per hour to a minimum wage earner after taxes and loss of transfer payments may be inequitably high. UnitingCare services that provide emergency relief and financial counselling are also aware that some of these households face other costs (particularly transport) associated with undertaking work

(rather than remaining home) that would further erode the net income retained by the person.

The second problem with the argument that a 90 per cent subsidy is reasonable for low income families is that it is premised on the person paying for care having an income of at least the minimum wage. However, there will be welfare recipients who do not receive such an amount, and for whom an outlay of around six dollars per day would present a significant budgetary pressure.

The Commission's draft report recommends an activity test that would effectively exclude most welfare recipients from receiving subsidised care, which is why this issue does not arise for the Commission in its draft report. However, in the next section, UnitingCare Australia examines the activity test and argues that it is too narrowly conceived.

We recognise and support the Commission's acknowledgement of the benefits of providing a 100 per cent subsidy in some circumstances, but suggest that the range of cases to which the Commission's draft report argued it should apply is too limited. UnitingCare Australia believes that the children of many low income families would benefit from a 100 per cent subsidy.

Finally, UnitingCare Australia's suggestions above are premised on the government's insistence, acknowledged by the Commission, that ECEC services be funded within existing overall expenditure levels. UnitingCare Australia believes that there are clear benefits, in both childhood education and development and workforce participation, for ECEC to be funded at a higher level, and that the government should consider revenue measures to support this. In the event that the government decided to raise expenditure on ECEC, it would be possible to adopt the Commission's option 1 rather than the more tightly targeted proposal advocated in this submission.

UnitingCare Australia Recommendations

The subsidy should be targeted more tightly than in the Commission's option 1, tapering to a level lower than 30 per cent, and reaching that taper at a family income level closer to \$200,000 than \$300,000.

For many low income families, a subsidy of 100 per cent would deliver valuable child education and development benefits.

Activity test

Recommendation 12.2 A means-tested single child-based subsidy available for all children attending mainstream approved ECEC services.

UnitingCare Australia supports the move to a means-tested single based subsidy. A single subsidy will be clearer and less confusing for parents, and also provide greater equity than the current system under which the greatest levels of funding flow through to higher income families. However, we have concerns about the imposition of an activity test which would negatively impact on a significant number of disadvantaged families who can currently access subsidised services through Child Care Benefit (CCB). This concern is discussed in more detail in the next section of this paper, where we also provide feedback on calculating “deemed cost”.

Recommendation 12.4 Fund the Early Care and Learning Subsidy to assist families with the cost of approved centre-based care and home-based care. The program should:

- **assist with the cost of ECEC services that satisfy requirements of the National Quality Framework**
- **provide a means tested subsidy rate between 90 per cent and 30 per cent of the deemed cost of care for hours of care for which the provider charges**
- **determine annually the hourly deemed cost of care (initially using a cost model, moving to a benchmark price within three years) that allows for differences in the cost of supply by age of child and type of care**
- **support up to 100 hours of care per fortnight for children of families that meet an activity test of 24 hours of work, study or training per fortnight, or are explicitly exempt from the criteria**
- **pay the assessed subsidy directly to the service provider of the parents’ choice on receipt of the record of care provided.**

Information request 12.3: Views sought on the activity test

UnitingCare Australia does not support the application of a simple activity test to subsidies for ECEC services. The Commission has recommended initiatives that would provide support for some disadvantaged children, which UnitingCare Australia commends. These include support for Aboriginal and Torres Strait Islander children, and children identified as ‘at-risk’ or with a disability. However, the nature of “special needs” supported by the Special Early Care and Learning Subsidy (SECLS), and the targeted nature of other programs, will mean that a large proportion of disadvantaged children will miss out on access to ECEC services. While UnitingCare Australia supports additional measures for disadvantaged children, access needs to be on a broader basis than envisaged in the draft report.

A significant number of children from low income and disadvantaged families are currently able to access subsidies through CCB regardless of work or study activities. Currently, the Child Care Rebate (CCR) requires recipients to meet an activity test, while the CCB does not. The differences between figures for people receiving these benefits allows some insight into

who is using childcare but may not meet an activity test. The May 2014 Education Portfolio Budget Statement shows that there are currently 97,000 children whose family receive CCB only and not CCR (DEC, 2014:38). A majority of those receiving the CCB are not working and are on low incomes (SMH, 12/08/2014). We expect that most of these children would not qualify for SECLS under the Commission's draft proposal.

The SECLS seeks to replace other existing supplements to the CCB and CCR including the Special Childcare Benefit, accessed by approximately 13,700 children due to short term financial hardship (SMH, 12/08/2014). Unless these children had come into contact with the statutory child protection system, they would also lose access to this funding.

While UnitingCare Australia does not have national figures on the scale of impact of the activity test on current families accessing services, many UnitingCare services have reported that they expect a significant number of families to be adversely affected by the proposed changes. Analysis of one service in south-western Sydney shows that the families using the service are on relatively low incomes and fifteen percent of those using the service would not meet the activity test. Under the Commission's draft proposal, these children would miss out on education and care.

There is overwhelming evidence that disadvantaged children have the most to gain from formal ECEC services, with research showing it is a cost effective way to reduce social inequality. Attendance at quality ECEC services by disadvantaged children is associated with greater short and long term academic outcomes (Reynolds et al, 2007; Sammons et al 2008; Campbell et al, 2008) and better outcomes in social behaviours and health (D'Onise et al, 2010). In some instances research has also shown the benefit of participation in ECEC services from a very young age (four months old), particularly for children in contact with the child protection system and considered 'at-risk' (Sparling, 2010).

These outcomes produce benefits for individuals, families and the community at large. The improved academic outcomes attributed to ECEC program attendance are linked to better school preparedness, higher workforce participation rates, higher incomes, and less use of state welfare programs (Biddle, 2011). For vulnerable and disadvantaged children, ECEC programs have also been found to be more cost effective than more expensive interventions and services later on (Kershaw et al, 2010). Due to this evidence, the Commission notes there are strong financial incentives for increasing access to disadvantaged children through greater government subsidisation:

“What government can do is to enable ECEC services to be affordable – particularly for low income families for whom expenditure on ECEC may be less of a priority – so that developmentally vulnerable children can be identified” (Productivity Commission, 2014:549).

While we support many of the initiatives to address identified additional needs (discussed in more detail later in the paper), UnitingCare Australia is concerned that the narrow focus on “additional needs” does not encompass the much larger population of disadvantaged children. Internationally and domestically, disadvantaged populations are identified to be those households residing in the lowest income quintiles of the population (NATSEM, 2013:6; OECD, 2011). The National Centre for Social and Economic Modelling deem household poverty to be where after-tax income is less than half of the median after-tax income of all Australian households (2013:6). In Australia both of these measures include children whose parents are long-term unemployed and/or welfare recipients).

Households with very low incomes generally experience poorer outcomes across a range of areas including health, education and employment compared to other income groups (NATSEM, 2013:7) and encompass a range of other characteristics of disadvantage such as social exclusion, geographic isolation, poor health and cultural barriers (AIFS, 2011a/b:2). Households dependent on income support and unemployed people are also at some of the highest risk of experiencing multiple forms of disadvantage and persistent poverty (Productivity Commission, 2013:11).

It is these groups of children that evidence shows benefit from access to quality ECEC services. We commend the Commission for addressing communities of disadvantage, but note that disadvantage also exists across suburbs, cities and states (NATSEM, 2013:36). We also commend the Commission on attempting to address specific access barriers for identified cohorts of children, specifically Aboriginal and Torres Strait Islander children, children with a disability and those deemed at-risk. However, this should not be at the expense of subsidies for other disadvantaged children.

In order to support all disadvantaged children to access ECEC services, UnitingCare Australia believes that rather than relying on an activity test, the Commission focus on means-testing as the primary vehicle for targeting funds to those who will most benefit.

Alternatively, the proposed activity test could be replaced with a two-step test, in which an activity test is applied, but all holders of Pensioner Concession, Health Care or Low Income Health Care Cards are exempted from it.

UnitingCare Australia Recommendation

To ensure equity of access to ECEC services by disadvantaged children, UnitingCare Australia recommends that rather than relying on an activity test, means-testing be the primary vehicle for targeting funding to those who will most benefit; or alternatively, that a two-step test be introduced that exempts a broad range of low income households from the proposed activity test, including holders of Pensioner Concession, Health Care or Low Income Health Care Cards.

Removal of Early Childhood Teachers (ECTs) for children aged birth to 36 months

Recommendation 7.2: 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

Recommendation 7.5: To provide services with greater flexibility to meet staffing requirements, ACECQA should:

- Remove the requirement that persons with early childhood teacher qualifications must have practical experience for children aged birth to twenty four months

UnitingCare Australia does not support removing existing qualifications framework for children aged less than 36 months. Current qualifications standards, including the requirements for Diploma holders and degree-qualified ECTs, must be retained to ensure that quality gains in Australia's ECEC sector are maintained. These quality frameworks are investments that are proven to result in positive outcomes for children, especially vulnerable children, and that result in a net benefit for society.

The evidence base overwhelmingly shows that early childhood education and care that is informed by the evidence on pedagogy, cognitive development, neurodevelopment and child psychology at all ages, is linked to positive outcomes for children. It also demonstrates that education and care cannot be separated. Indeed, ensuring educational programming is appropriate and reflects the development level of children in the early years is essential for quality outcomes.

The early years of a child's life are unique in terms of growth with the years before age three being a particularly significant time of rapid brain development. Evidence from neuroscience demonstrates that this is an age at which the brain's architecture is set, as the rapid process of neuron connection occurs, forming synapses and neurological pathways (Maggi et al, 2010:629). Cognitive, linguistic, social, emotional, and motor skills develop at this age and cement the pathways for life across a range of developmental outcomes (National Scientific Council on the Developing Child, 2007:6). These skills are essential for academic achievement and economic success (Coley et al, 2013) as well as emotional and behavioural regulation (Reynolds et al, 2007; Sammons et al, 2008; D'Onies et al, 2010).

Evidence shows that the interactions and experiences that children have during this phase of life are critical for the rate and level of brain development (Shonkoff & Phillips, 2000:1). Longitudinal research on language development found significant differences in the range of

vocabulary and verbal intellect in children by the age of three that were the result of number of interactions and type of interactions those children had on a day to day basis (Risley & Hart, 2006). Children who were provided with greater positive reinforcement, and experienced a greater range of the types of interactions had higher language skills:

“By age three, some children were so hopelessly behind in total language experience and resultant vocabulary size that no later preschool or school intervention could catch them up” (Risley & Hart, 2006:83).

Other research has demonstrated the importance of relationships and interactions with children under three. The National Scientific Council on the Developing Child highlights the “serve and return” process in which young children interact with others through behaviours such as “babbling, facial expressions, and words, and adults respond with responsive vocalising and gesturing back at them, as the process continues back and forth like a game of tennis”. These interactions influence the structure and function of a child’s brain and importantly, while these relationships may begin in the family they “often also involve other adults who play important roles in their lives”. (2007:8)

Oxford University researchers highlight how memory, language and emotional behaviours develop through children’s sensory and physical environment. These factors are all impacted by the ability of caregivers in facilitating children’s self-expression through talk, song and dance, engaging in play-based activities, and encouraging interactions with adults and other children. (Mathers et al, 2014:11).

Relationships with warm and attentive carers that facilitate positive environments for growth are also critical (Dalli et al, 2011). In short:

“Decades of research shows us that mutually rewarding interactions are essential prerequisites for the development of healthy brain circuits and increasingly complex skills” (National Scientific Council on the Developing Child, 2007:6).

Where children do not experience a nurturing environment, their development will be impeded. Hertzman & Williams note that inequalities in development emerge in early childhood before school entry, with children who are behind their peers at preschool, likely to fall further behind as their education develops. They argue that early intervention does make a difference, particularly access to early childhood programs in the first years of life (2009). Research shows that children who grow up in poverty have their life chances seriously impacted through multiple risk factors (Mathers et al, 2014:12).

To create the best possible environment for a child to thrive, the practitioner’s challenge is to understand and apply this knowledge about early years growth. While researchers accept the Commission’s position that parents or primary carers are the biggest influence in a child’s life, the experience that children have with formal ECEC services has also been found

to be significant. This significance is increasing as more families come to rely on formal care arrangements to facilitate work (Mathers et al, 2014:11). As noted by the National Scientific Council on the Developing Child:

“the most important relationships begin in the family but often also involve other adults who play important roles in the lives of young children, including providers of early care and education” (2007:6).

Internationally, governments are using scientific knowledge on the developing brain to provide the optimum environments that allow children to thrive (Shonkoff & Phillips, 2000:1). Much of the evidence cited here on early years development was utilised by the Australian government in the creation of the Early Years Learning Framework (EYLF) which embeds pedagogical practice.

The Abecedarian projects provided targeted intervention for children from poor and minority families that started at 7 weeks and ran until the child turned three or five. Evaluation of these studies ran over 30 years. This study found that those who had attended a high quality service experienced doubled learning capacity and improved socio emotional well-being. In later life this group had attained higher academic qualifications, employment outcomes and were less likely to be teen parents than the control group (Campbell et al, 2008). High quality services are ones with highly skilled teachers, low ratios, a language-rich environment, positive interactions and importantly a focus on age-appropriate curriculum. Sparling notes:

“The Abecedarian curriculum approach affirms that, in the first five years of life, education and care giving cannot and should not be thought of as distinctly different activities” (Sparling, 2010:2).

Research by Li et al (2012) investigated the impact of the quality of care provided in ECEC settings on children from one month to the age of five. Using a large data set of 1,364 families the study found that high quality care for infants and toddlers was “positively and significantly” related to higher cognitive development and memory scores at 54 months compared to children attending services in low-quality settings. Li also found that high-quality preschool led to improved outcomes. However, significantly better results were found amongst those who attend both high quality infant-toddler care and preschool, than those who had attended a low-quality infant care setting and high quality preschool.

High quality was described as occurring when:

“Caregivers provide frequent warm, stimulating, and responsive interactions with children, as well as clear intentional instruction. This is best achieved via low child/adult ratios and substantial investment in skilled caregivers” (Li et al, 2012:10).

Li et al argued that investment in the ECEC sector should not be back-loaded on to preschool services, but distributed across early childhood periods, including investment in staff.

For staff to provide the optimum thriving environment for children to become “knowledgeable and capable practitioners”, evidence demonstrates that they need to understand concepts of cognitive development and pedagogy, and be responsive to children’s needs. As noted by the OECD, qualifications enable staff to understand the theory of pedagogy, tailor environments for children, create stimulating interactions and create diverse activities (2012:11). A range of organisations have provided suggestions on what critical content should be included in mandatory qualifications. Zero to Three and the National Scientific Council on the Developing Child both providing detailed content that matches elements of the Certificate III (Cert III) and Diploma of Children’s Services in Australia¹. As noted by the OECD:

“More specialised education and training of staff is found to be strongly associated with stable, sensitive and stimulating interactions in ECEC settings” (2012:11).

International research also supports staff with minimum basic qualifications having access to and being supported by degree-qualified early education teachers. In a review of all literature pertaining to ECEC services for under-3s in Australia, New Zealand, the UK and the US, Oxford University researchers attempted to find optimal thresholds for qualifications and ratios.

Based on all available evidence they recommend that two year olds in centre-based ECEC services have direct contact with a graduate-qualified staff member for at least part of each funded session in order to provide specialist pedagogical knowledge to guide individual programs for children. This is particularly important for disadvantaged or at-risk children. As the authors note:

“Children who are likely to be lacking stimulation at home will need more than warm and responsive care to enhance their language and thinking. They will require highly qualified staff with specialist pedagogical knowledge, and the capacity to extend their ideas and vocabulary in a way which recognises their developmental starting points. In addition to expert knowledge, practitioners will need linguistic skills to model and shape children’s developing vocabulary and grammar” (2014:38).

¹ See Zero to Three, 2010, ‘Professional development for the infant/toddler early care and education workforce’, *Professional Development*, August (provides references at the end which is probably a better guide to detailed course content’, and NSCDC, ‘The Science of Early Childhood Development’

This position supports the experience of our staff in delivering services. During consultations with UnitingCare educators, the link between access to qualified ECTs and quality service delivery, especially for disadvantaged children, was made frequently. Educators noted that ECTs were instrumental in identifying and working with children suffering from trauma, disabilities, autism, severe language disorders, developmental delays and with children exhibiting challenging behaviour. Often a mix of these issues can be present in any of our services. Managers felt that it was not appropriate or reasonable to expect staff with a Cert III qualification to provide solutions to these complex issues, and that a lack of access to expertise could potentially increase risk.

Certificate III equips educators with a basic understanding of child development. Diploma holders and ECTs are responsible for the planning and evaluation of educational programs and for ensuring the programming and activities comply with regulation and legislation and meet standards, as well as a range of management, mentoring and community engagement skills. The ECT qualification provides greater in-depth knowledge on theoretical pedagogy and child development, contemporary practice and a greater emphasis on evidence based practice.

Degree-qualified staff also provide an important role in mentoring staff, leading professional development, providing expertise, and provision of guidance. As noted by Mathers et al:

“Effective practice does not happen in a vacuum, and practioners need the skills to enable the delivery of good quality pedagogy and environments which support them in doing so” (2014:40).

We note that the Commission cites evidence that shows attendance at an ECEC service can be damaging for very young children (under a year) who are in LDC for very many hours (approximately 40). According to ABS statistics cited by the Commission only a very small proportion of children (less than 5 per cent) of all under-ones are in a formal ECEC service, with very small proportions of that group using more than 30 hours a week of care (2014:103). This is therefore not a significant concern in the ECEC system. For those very young children in care for extended periods, research has shown that negative impacts can be ameliorated with the provision of high quality care, particularly those from disadvantage backgrounds.

Finally, UnitingCare Australia is concerned about the impact of the removal of children under three in the count of children necessary for an ECT to be present at a service. We contend that this will have implications across the sector and many services will lose their access to an ECT for some children aged three years and over.

Below is an example of a typical education and care service. This service has 48 approved places per day:

- 12 children are under 2 years
- 16 children are aged 2-3
- 20 children are aged 3-5

Currently, this service would have two ECTs and at least two Diploma qualified educators in attendance. Under recommendations by the Commission this service would only have a requirement for attendance of one educator holding a Diploma qualification and access to an ECT for 20% of the time that the service operates.

The ECT does not need to be present at the service, may be working with the service by means of information communication technology and they may be calculated on a quarterly basis. Despite reduced attendance, the ECT will still be required to help guide programs for all of the 3-5 year olds at that service. Provision of staff mentoring, specialist advice and assistance with regulatory compliance would fall to lesser qualified staff under this scenario.

This has major consequences for the children attending those programs and their families and will drag quality down for a substantial number of Australian children. We expect that there are many 3-5 year old children who are currently attending services with a full time ECT who will be impacted by these changes. UnitingCare Australia is concerned that this recommendation may impact on the provision of preschool programs. We are also concerned that dedicated services for under-3s would legally be allowed to operate with staff who only have a maximum of 6 months training. UnitingCare Australia suggests that the Commission release any modelling done on the likely impact of these reforms, and how many children could be impacted.

UnitingCare Australia Recommendations

Current qualifications standards in services for children aged birth to 36 months should be retained.

The number of children for which an ECT must be employed should continue to be assessed on the basis of all children attending the service regardless of age.

Current requirements for ECTs who work with children aged birth to twenty four months to have practical experience with that age group be retained.

Determining the cost of care

One of the main matters that will have to be determined under the Commission's proposal is how the value of the proposed Early Care and Learning Subsidy (ECLS) will be calculated. Because the Commission is proposing to move away from a subsidy based on fees charged, it requires a mechanism for calculating the ECLS that is related in some way to the price of care. The Commission described this as

“the ‘deemed’ cost of providing a reasonable standard of ECEC (including a profit margin), given the type of service provided (care, education or a combination thereof) and the age of the child.” (2014: 22)

The Commission suggested that, once determined, the ECLS would “have the deemed cost legislatively indexed to the annual change in the relevant wage for ECEC services” (2014: 22).

The Commission has sought a range of information around its proposed subsidy model, including:

“on the best approach to setting and updating the deemed cost of ECEC services. In addition, information on the cost premiums of providing services in different locations, to different ages, and in meeting different types of additional needs is sought.” (2014: 47)

UnitingCare Australia understands the merit in assessing efficient cost of delivery of service as a possible basis for determining deemed cost. We have undertaken some analysis of service costs across a network of 25 long day care and 35 pre-schools for which we could derive comparable and detailed operational data in the time available. This allowed us to consider some of the factors associated with the cost per child per hour of service delivery. Our observations based on this data set are:

- Cost of delivery is extremely complex, with no single variable (other than ratio of staff to children) being a determining factor on the cost at any single site.
- Our preliminary assessment is that the basic cost of service in a metropolitan site of average size with mixed ages of children is probably between \$8 and \$9 per child per hour. Limitations on data, and unresolvable ambiguity around what might be considered ‘basic’, mean that any more precise estimate is not possible. The figure for a rural or regional service is higher.
- Unsurprisingly, the ratio of staff to children affects the cost per child, in particular placing a floor under how low the price can be.
- UnitingCare Australia found that, overall, service size did not appear to have a significant effect on the per child cost of service, however none of the services in our

sample had fewer than 16 children and almost all had more than 30, so this result could not be applied to small services.

- Neither rental costs nor the adoption of above-award pay appear to be major determinants of relative cost at the level of the individual site in the majority of cases. While we know that these items impact on the aggregate expenses and therefore on cost per child, their influence appears to be small compared to other factors.
- Property costs per child vary greatly between services in relatively similar circumstances, ranging from close to zero to \$2000 per child per annum.
- Geographical effects appear to be highly specific and very variable, including high variation in market rents across relatively small distances within cities, as well as other factors including the historical effects of local planning and building decisions, that affect issues such as block size and the existing building stock available. Within the metropolitan services in the sample, these influenced costs at individual services, but could not be generalised according to any tested variable.

UnitingCare Australia raises the following points around determining deemed cost:

- UnitingCare Australia supports the objective of targeting resources to give the greatest educational and developmental benefit for children, and ensuring that services are priced and delivered efficiently is important.
- Our investigation suggests that it is not clear how an efficient cost could be reliably determined without relatively sophisticated analysis. Given the large possible range of significant variables, assembling appropriate data may engage centres in gathering and disseminating data significantly beyond what is currently routinely undertaken.
- Since the age composition of the children in a service is a fundamental influence on the number of staff needed per child, UnitingCare Australia would support the age of the child as having a bearing on the subsidy paid for that child.
- Wages are the largest operational cost in UnitingCare (and we expect for all providers). A deemed cost calculation needs to be based on the wage levels needed to 'clear the market'. This will not be award wages, but some higher figure. In some capital cities, the majority of services pay above award as a function of the labour market.
- This also means that calculations of changes to the ECLS could not be a function of the award, but would need to be related to actual labour costs. UnitingCare Australia queries what approach would be taken to this issue.

Flexibility and accessibility provisions: other

Recommendation 8.5 Nannies to be approved for ECEC assistance where they meet NQF and NQS requirements

UnitingCare Australia is not opposed to families who access nannies receiving ECEC assistance under specific circumstances provided that they are in scope of the NQF. UnitingCare Australia understands that there are families who need ECEC services outside of the regular hours provided by centre-based or family-based ECEC services and that nannies may be an option for this particular group. Mechanisms would need to be adopted to ensure that funding is limited to provision of ECEC services and does not subsidise extraneous services sometimes provided by nannies such as other domestic tasks.

We welcome the recommendation that to qualify for funding, approved nannies are brought in scope of the NQF. This is an important provision that prevents fragmentation in the sector and maintains a base-level national standard that is based on best practice evidence. We welcome the recommendation that staff ratios for nannies follow the same guidelines for Family Day Care (FDC) services (1:7) and that no more than four preschool or below aged children can attend a service. In our experience, ratios and qualifications set by the NQF in FDC provide a baseline standard that allows delivery of quality education and care for children.

A mandatory minimum qualification of Cert III provides standardisation with FDC services. It is also supported by research evidence that consistently shows qualifications are one of three major elements of quality that impacts upon children's outcomes (Snow & Van Hemmel, 2008) with a Cert III providing a base level of knowledge on theory and practice of children's development, as well as safety and risk minimisation. A recent significant review of international evidence on provision of ECEC services by Oxford University, recommended implementing mandatory minimum qualifications at Cert III level for all home-based practitioners in the UK for these reasons (Mathers et al, 2014:42).

However, staff must continue to have access to professional development. As previously noted, graduate qualified staff play a critical role in providing expert knowledge and mentoring staff. Work by Oxford University suggests that childminders (the equivalent of nannies) form links with graduates in centre-based services under a formally funded "Graduate Leader Fund" (2014:43). We believe there is merit in this suggestion and recommend the Commission explore avenues for nannies to improve their practice and form links with the wider sector. Brennan & Adamson note that international best practice requires nannies and other in-home workers to be employed by an organisation such as a LDC or FDC service (2014:42). As well as providing opportunities for mentoring and staff development, greater oversight and regulation is provided. They note this also prevents

exploitation that has been known to occur in direct contracts between in-home workers and families.

FDC services provide particular opportunities to be expanded to provide in-home care due to existing central coordination arrangements. As the Commission recommends mirroring FDC regulatory requirements for nannies, extending current provisions within the existing FDC framework would provide efficiencies for the government. As noted by Family Day Care Australia, FDC does not require extra legislative provisions, and already has a comprehensive plan for the sector to deliver quality learning and developmental outcomes for children (Family Day Care Australia, 2010:11).

UnitingCare Australia Recommendations

Nannies should meet NQF and NQS requirements for FDC services in order to be eligible for ECEC subsidies.

Nannies should be employed through a LDC or FDC service in order to qualify for subsidies.

Other initiatives

Recommendation 8.7: Simplification of holiday working visa requirements to make it easier for families to hire au pairs

UnitingCare Australia does not support the extension of holiday working visa requirements for the purpose of hiring au pairs. As stated in our response to recommendation 8.5, we understand that a small proportion of Australian families have demand for ECEC services outside standard hours of service provision. However, initiatives for extensions of nannies, or of existing FDC services, should meet the shortfall between demand and supply. Recommendations for nannies to be put in-scope of the NQF ensure that national standards and quality provisions are upheld, and avoids creating fragmentation of the sector.

While the extension of au pair programs might initially appear to be a cost-free solution to demand, they are not a long-term solution to ECEC shortages for parents and risk undermining quality in the sector if presented as a credible alternative to formal ECEC services. As noted by the Commission report, au pairs do not have to hold qualifications, first aid certificates or undergo working with children checks (2014:376). Regulation is difficult due to payment generally being made through a mixture of wages and board. Lacking a robust system of oversight and regulation has previously led to a number of reports of exploitation both in Australia and overseas (Schoenhardt & Jolly, 2010; European Parliament 2011). It is therefore not appropriate for the au pair system to become a viable part of Australia's ECEC system.

UnitingCare Australia Recommendation

Au pairs should not be considered part of Australia's ECEC system.



Additional needs children and services

UnitingCare Australia welcomes the Commission's focus on disadvantaged children. We commend the Commission for providing innovative funding solutions to support greater access to ECEC services by children with additional needs. As noted by the Commission, disadvantaged children have the most to gain from ECEC services but are the most likely to miss out on access to those services (2014:115). We also commend the Commission in recognising that there are significant benefits to be gained from access to ECEC services beyond facilitating workforce participation for this cohort.

In responding to the recommendations under this heading, UnitingCare Australia first discusses provisions for Aboriginal and Torres Strait Islander children. We then respond to each of the other recommendations in this section.



Aboriginal and Torres Strait Islander ECEC provision

Recommendation 12.6: Establish three capped programs to support access of children with additional needs to ECEC services.

- **The Disadvantaged Communities Program would block fund providers, in full or in part, to deliver services to specific highly disadvantaged community groups, most notably Indigenous children. 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.**
- 13.1 Continue support for the current block funded ECEC services for Indigenous children to assist their transition to mainstream ECEC funding (where there is a viable labour market). Regulatory authorities should work with providers to assist them in satisfying the National Quality Framework and managing the transition to child-based funding arrangements.**
- 5.2 Plan for greater use of integrated ECEC and childhood services in disadvantaged communities to help identify children with additional needs (particularly at-risk and developmentally vulnerable children) and ensure that the necessary support services, such as health, family support and any additional early learning and development programs, are available.**

UnitingCare Australia is highly supportive of integrated service provision in disadvantaged communities. As a provider of Aboriginal Child and Family Centres (ACFCs), UnitingCare Australia has experienced first-hand the benefits that can be achieved through provision of culturally appropriate, co-located services. This includes radical improvement of attendance rates at ECEC services by disadvantaged and vulnerable families, and broader community outcomes in areas such as health and employment. We commend the Commission on their support for integrated service delivery for Aboriginal and Torres Strait Islander communities and for recognising the wealth of evidence that supports this approach. To ensure that the Disadvantaged Communities Program (the Program) delivers for communities, it needs to both incorporate this evidence on the design and implementation of the Program, as well as address funding needs. This is especially important for those services working with Aboriginal and Torres Strait Islander children.

In order to successfully provide improved outcomes for children and families, research evidence consistently shows the need for Aboriginal and Torres Strait Islander services to be culturally appropriate and culturally safe (Brennan, 2013). They need to integrate a community controlled approach, promote leadership, economic participation and build social capital, be strengths-based, holistic and adapted to local needs and contexts (Bowes & Grace, 2014:3; ANAO, 2012; Brennan 2013).

Brennan further identifies four sustainable foundations for successful Aboriginal and Torres Strait Islander ECEC services:

1. Local workforce development
2. Adequate long term funding
3. Operational structures and systems that are determined by services and respond to service context
4. Ownership or long-term control of land and building

While UnitingCare Australia supports the recommendations above, the research evidence and experience of existing programs suggest that amendments need to be made in order for the Program to be successful for Aboriginal and Torres Strait Islander communities.

Utilising a strengths-based approach

Aboriginal and Torres Strait Island communities are often portrayed as deficient. UnitingCare Australia rejects this position. It is important to recognise that while each community has unique histories, experiences and culture, as Brennan notes, they each offer an extraordinarily rich learning environment with a sense of a strong Aboriginal or Torres Strait Islander identity and culture (2014:5). Strengths-based approaches identify and build on these strengths, an approach that is central to the work of UnitingCare services. UnitingCare Australia is therefore concerned that the current name of the program stigmatises communities, which could produce a barrier to participation. We support SNAICC's recommendation that the name of the program be changed in order to reflect an inclusive and strengths-based approach.

Provision of holistic, community based, culturally specific services

ACFCs provide an excellent framework for the provision of integrated services, being founded on best-practice principles and domestic and international evidence. We note the Commission asks for evidence on appropriate funding models for integrated services. We believe that ACFCs provide an appropriate starting point to assess the costs of running appropriate integrated services, and how viability is affected by attempts to transition to mainstream funding. Commonwealth funding for these services was discontinued in June 2014 despite substantial investment of \$300 million for the establishment of 38 child and family centres across Australia.

Limited transition funding has been provided until June 2015 utilising underspent funds across the projects, with all ACFCs expected to transition to mainstream funding. However, without sustained support these centres will not remain viable as Aboriginal-specific services. As noted in our February submission, block funding subsidised the cost of ECEC services. It also funded a range of other programs including substantial traineeships and workforce development in the local community that assisted in creating a 100 per cent Aboriginal-staffed service. The decision by the Commonwealth to not continue operational funding means these services will be lost, including the programs that assisted community

participation, outreach, provision of wrap-around services and referrals. Fees for ECEC services will also rise. Programs will therefore become mainstream in all senses of the word, excluding from participation the very families that the programs aimed to assist.

In order for the ACFCs to continue operating as integrated and Aboriginal-specific services, UnitingCare Australia contends that ongoing operational funding for these services would need to be restored. Continued funding would protect the viability of services and the original investment, meaning that the model could survive, allowing thorough evaluation to proceed and examples of best practice to be produced. This could then be utilised in adapting models for the proposed Disadvantaged Communities Program. It would avoid damaging the expectations of the communities that have been involved in building the programs, who currently risk having them taken away.

We understand that not all ACFCs currently provide ECEC services and therefore would not be eligible for funding under the Disadvantaged Communities Program. We commend the Commission on recommending block funding options for these services, but do not believe that transitioning Aboriginal-specific services to mainstream funding is a viable option (we discuss this in more detail below).

We therefore support SNAICC's proposal for an explicitly funded Aboriginal and Torres Strait Islander-specific program that funds holistic integrated early years services. This includes those ACFCs without ECEC services, given that each ACFC has explicit child-focused outcomes. We would also support the Commission investigating the potential for ECEC services to be provided at those ACFCs that do not already have them.

Block funding and transitioning “to the mainstream”

UnitingCare Australia supports the Commission's recommendation for block funding of ECEC services for Aboriginal and Torres Strait Islander children. However, given our experience of attempts to transition ACFCs to mainstream funding outlined above, we know that this will likely render many services unviable, and limit the provisions that make them relevant for Aboriginal communities and circumstances. Work by Brennan (2014) and SNAICC (2013) also demonstrates that many Aboriginal and Torres Strait Islander people have been excluded from accessing both CCB and CCR due to a range of administrative barriers.

In order to create an integrated model that is accessible, high quality and culturally appropriate, UnitingCare Australia contends that the Commission should implement the recommendations of SNAICC. UnitingCare Australia fully endorses SNAICC's recommendations pertaining to the creation of an inclusive ECEC system for all Aboriginal and Torres Strait Islander children. This includes those living in urban as well as remote communities.

We particularly wish to highlight the recommendations of SNAICC regarding an appropriate future funding model for Aboriginal and Torres Strait Islander-specific ECEC services.

SNAICC's recommendations:

- A long-term block funded program is created that is specifically targeted to meet the needs of Aboriginal and Torres Strait Islander children and families, in line with the broad commitment of Australian society to heal and strengthen Aboriginal and Torres Strait Islander communities, promote Aboriginal and Torres Strait Islander culture, and close the gap in outcomes for Aboriginal and Torres Strait Islander children.
 - Rename the Disadvantaged Communities Program to a more appropriately strengths-based name that does not emphasise disadvantage as the main focus.
 - Within the Disadvantaged Communities Program, block funding of service budget is allocated through the following process:
 - Service to demonstrate their need for support under the (renamed) Disadvantaged Communities Program through a three year funding proposal. The funding proposal would demonstrate need through explanation of factors central to the cost of service provision within the local service area, including for example: geographical location (urban, rural, regional, remote); service type (for example long day care, out of school hours care, playgroup, crèche, mobile service); socio-economic difficulties; proportion of children with high additional needs; proportion of children experiencing a disability; workforce development needs; infrastructure development needs; capacity of families to pay fees.
 - This could be repeated on a three year basis, allowing for changing service needs over time, while providing adequate security for service planning and development.

Other initiatives to support additional need children and services

Recommendation 12.6: Establish three capped programs to support access of children with additional needs to ECEC services.

- **The Special Early Care and Learning Subsidy would fund the deemed cost of meeting additional needs for those children who are assessed as eligible for the subsidy. This includes funding a means-tested proportion of the deemed cost of mainstream services and the ‘top-up’ deemed cost of delivering services to specific groups of children based on their needs, notably children assessed as at-risk, and children with a diagnosed disability.**

UnitingCare Australia supports the provision of extra subsidies to groups of children with identified additional needs, where those needs are not met through mainstream provision of funding. As noted by the Commission, the provision of additional supports (for instance through increased staffing and presence of physical supports) to children with additional needs can result in increased costs. The SECLS will lessen fees for provision and so increase access to services for a proportion of children identified as having additional needs.

However, UnitingCare Australia notes that the limited definition of ‘additional needs’ children only applies to children who have diagnosed needs. UnitingCare Australia is aware that there will be many children who have additional needs, but who do not yet have an official diagnosis or are undergoing a diagnostic process. These processes can be lengthy and in the case of autism spectrum disorder generally occur at a later age of five or six. We therefore recommend broadening the scope of ‘additional needs’ to ensure that those children undergoing diagnosis, and who require additional support to participate in ECEC, have access to the SECLS. We further recommend that the Commission explore how to include in SECLS those children who have complex behavioural and/or development disorders that are undiagnosed, for example through recommendation from an ECEC Director or other professional.

A second issue with the ‘additional needs category’ is that it does not encompass the full spectrum of disadvantage. As noted earlier, disadvantage is more generally understood by the sector, and in the literature, to encompass families in the lower quintiles of household income. This includes families who receive income support, who are not included in the ECLS where they are not working and/or studying due to the activity test. As also noted earlier, these families would benefit from access to ECEC services and should be supported.

Within groups of children who are both likely to be disadvantaged and have less access to ECEC services, those from a culturally and linguistically diverse (CALD) and lower socioeconomic background have been identified by the literature and the Commission (Baxter & Hand, 2013:xvii; Productivity Commission, 2014:549). The Commission notes that

children from CALD backgrounds may have needs that mainstream services cannot provide without additional support, yet they are not included in eligibility list for the SECLS. We recognise that the new Inclusion Support Program suggested by the Commission will include CALD children, however this is not as extensive as the supports provided through the SECLS. UnitingCare Australia recommends that the Commission also consider expanding the SECLS to children who are both from a CALD and lower socioeconomic background and other initiatives that support increased access of all CALD children to mainstream ECEC services.

UnitingCare Australia are also concerned that the intentions of recommendation 12.6 will be undermined by recommendation 7.2 that would remove the requirement for children under three to have access to degree-qualified ECTs, and remove the need for Diploma-qualified staff. Access to programs driven by degree-qualified teachers is essential for high-quality service delivery. For children with additional needs, it is essential that staff with specialised skills are available to help guide programs and therapies, for example those services provided to children with delayed speech development, autism and behavioural issues. UnitingCare Australia has addressed this recommendation elsewhere in the submission.

UnitingCare Australia Recommendation

The definition of “additional needs” should be expanded to include children undergoing a diagnostic process. The Commission should further explore how to assist children with undiagnosed behavioural and developmental disorders.

The Commission should explore what extra provisions could be provided to increase access in ECEC services by children from a low-income CALD background.

- **The Inclusion Support Program would provide once-off grants to ECEC providers to build the capacity to provide services to additional needs children. This can include modifications to facilities and equipment and training for staff to meet the needs of children with a disability, Indigenous children, and other children from culturally and linguistically diverse backgrounds.**

UnitingCare Australia commends the Productivity Commission for their recognition of costs associated with barriers to access by a range of children. The new Inclusion Support Program (ISP) will create greater access for children where the costs are limited to one-off expenditures.

However, we are concerned that children whose needs extend to longer-term support, most notably due to inclusion of extra support workers, will continue to face barriers to access. We note that extra provisions are made for children with a disability and those residing in

identified disadvantaged communities. We recommend the Commission propose extension of supports for all children who have ongoing extra needs. Also, while the provision of training is most welcome, quality and inclusive provision also necessitates the presence of degree-qualified teachers in services, regardless of the age of children attending.

UnitingCare Australia contends that there is merit in extending existing models for administering the ISP to ensure accountability and correct targeting of funds. For instance, under the current Inclusion Support Subsidy, an Inclusion Support Agency receives a referral from the service. An Inclusion Support Facilitator (ICF) then visits the service and develops an Inclusion Improvement Plan with specific needs identified and a timeframe for action. The ISF visits the service within the timeframes established and reports on the success or barriers on the services inclusion capacity.

12.7 Continue to provide support for children who are assessed as 'at-risk' to access ECEC services, providing:

- **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.**

ECEC providers must contact the state or territory department with responsibility for child protection within one week of providing a service to any child on whose behalf they apply for the 'at-risk' Special Early Care and Learning Subsidy. Continuation of access to the subsidy is to be based on assessment by this department, assignment of a case worker, and approval by the Department of Human Services. The Australian Government should review the adequacy of the program budget to meet reasonable need annually.

UnitingCare Australia supports the provision of 100 per cent subsidisation of costs of ECEC services for children assessed to be 'at-risk'. We commend the Commission on this initiative.

However, UnitingCare Australia notes that there are practical impediments to identifying 'at-risk' children under the mechanisms suggested above in certain jurisdictions. For instance, in New South Wales, the Department of Family and Community Services is currently in the process of transferring responsibility for child protection and casework to the NGO sector. The Department has therefore devolved responsibility for the above assessments, and would not be in a position to either deem children 'at-risk' or approve their access to SECLS.

UnitingCare Australia therefore recommends that the identification of 'at-risk' children should be expanded to allow referrals from any state-funded intensive family support service or targeted service for children at risk of escalating in the child protection system. UnitingCare Australia also contends that appropriate registered professionals (for instance

psychologists), should also be able to provide referrals to SECLS. This would be particularly beneficial for children whose parents are suffering short-term mental illness which could place a child at-risk. We contend that the same groups identified above should also be endorsed to provide assessments regarding continuing access to SECLS beyond the initial 13 week period.

UnitingCare Australia Recommendation

Identification of children 'at-risk' should be expanded to allow referrals from any state- or territory-funded intensive family support service or appropriate registered professional.

- 12.8 Continue to provide support for children who have a diagnosed disability to access ECEC services, through:**
- access to the mainstream ECEC funding on the same basis as children without a disability and up to a 100 per cent subsidy for the deemed cost of additional ECEC services, funded from the Special Early Care and Learning Subsidy
 - block funded support to ECEC providers to build the capacity to cater for the needs of these children, funded through the Inclusion Support Program.
- The relevant Government agency should work with the National Disability Insurance Agency and specialist providers for those children whose disability falls outside the National Disability Insurance Scheme, to establish a deemed cost model that will reflect reasonable costs by age of child and the nature and extent of their disability. Based on an assessment of the number of children in need of this service, and the costs of providing reasonable ECEC services, the Australian Government should review the adequacy of the program budget to meet reasonable need annually.

UnitingCare Australia supports this recommendation. We also commend the Commission for their focus on addressing barriers to access by children with a disability and providing initiatives that work in conjunction with the NDIS.

- 12.5 Establish 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 3 in every 7 years, with services assessed for viability once they have received 2 years of support
 - prioritised to centre-based and mobile services.

UnitingCare Australia welcomes recommendations of the Commission to provide financial supports to services where a limited market affects the viability of services. Rural and remote communities are especially vulnerable to cost pressures due to small and fluctuating

populations. We support the initiative to provide additional block-funding to services in these circumstances. However, we are aware that there will be services with an ongoing need for funding due to consistently low populations. Access to extra funding for three out of every seven years will still render these services unviable.

UnitingCare Australia Recommendation

UnitingCare Australia recommends provision of constant block funding to services operating in rural and remote communities where needed to maintain service viability.



Universal Access

Recommendation 12.9: Continue payments to state govts for universal access to a preschool program of 15 hours per week for 40 weeks per year.

School services should be encouraged to extend to preschools and funding should be incorporated into funding for schools

Universal access

UnitingCare Australia supports the recommendation of the Commission to continue Universal Access funding to preschools. UnitingCare Australia also welcomes future consideration of expanding both the hours each week available under universal access, and the appropriate starting age of children in preschool services.

Evidence supports preschool provision to support children from at least three years of age to participate in early childhood education and care. Studies in the UK found that high quality preschool provision combined with longer duration had the strongest effect on child development. An early start at preschool (between two and three years) was associated with better intellectual attainment and being more sociable with other children (Sylva et al, 2004). In Australia, results in reading, numeracy and science in Years Three and Four were markedly better for children who attended an early learning service for two or three years compared with those who attended for just one year (Warren & Haisken-DeNew, 2013).

We recognise that two years of ECEC prior to starting school is a longer-term goal. We commend COAG on making important progress in this area, particularly on their priority focus of improved participation of Aboriginal and Torres Strait Islander, and disadvantaged children through the 2013 National Partnership Agreement on Universal Access to Early Childhood Education.

Priority should continue to be given to ensuring that high quality, low-cost ECEC is universally available for children from the age of three, particularly within communities where there is identified and greatest need. We support continued focus on access to include Aboriginal communities as well as low-socio-economic communities.

Funding

UnitingCare Australia believes that preschool or early childhood programs are distinct from formal compulsory schooling (Years K-12) including in the domains of staff qualifications, curriculum design, program structure and delivery. As such, preschool funding should continue to be separate from schools funding. Given that a number of preschool programs

are delivered in LDC services this would also prevent confusion and division within the current system.

Recommendation 12.10 provide preschool payments direct to long day care services for 15 hours per week and 40 weeks per year where LDC do not receive funding from states

UnitingCare Australia supports the continued funding of universal access to services which provide a preschool program, delivered by a university qualified ECT and meeting the requirements of the NQF. Because of disparities in the way various states and territories distribute the funding, there is scope for greater accountability to ensure this funding is distributed to eligible services within nominated timeframes. This should be in addition to funding made available by states and territories to ensure increased investment for an affordable and viable preschool sector.

Recommendation 5.1 Payment of a portion of the Family Tax Benefit Part A should be linked to attendance in a preschool program, where one is available

UnitingCare Australia is strongly opposed to the introduction of punitive policies that link recipients of payments with attendance at preschool. As noted by the Commission, research shows that while disadvantaged and vulnerable children have the most to gain from ECEC services, many are likely to miss out (Baxter & Hand, 2013:xvii). However, parental or primary carer decisions about attendance at formal ECEC programs are made for a variety of reasons, with a significant proportion of children from high-income families also not attending formal programs (ABS, 2011, table 6).

Unfortunately Australia's universal provision of preschool is not a commitment to the provision of free ECEC services (unlike the UK and New Zealand). Only 43 per cent of all dedicated preschools and 7 per cent of all preschool programs in LDC services provide free preschool programs (ABS, 2013:7). A significant number of parents therefore pay fees for preschool services, especially in NSW, Victoria and QLD. While on the whole, fees are low, they vary depending on the service and there are many families for whom any level of fee acts as a barrier to access. Ensuring that universal preschool funding results in free programs, or that extra subsidies provide free access for children from low-income families, will significantly improve participation.

While costs are a key component of access, they are not the only barrier. In their 2013 report *Access to Early Childhood Education in Australia*, the Australian Institute of Family Studies (AIFS) found that "access" or accessibility of ECEC services is a multi-dimensional concept. "Access" also encompasses opening hours, physical location and the responsiveness of services to meet diverse child and family needs (Baxter & Hand, 2013:xiv). Children from Culturally and Linguistically Diverse (CALD) backgrounds and Aboriginal and Torres Strait Islander children face extra barriers such as unmet cultural needs, fear of

racism, negative associations with institutions and government services, inflexible entry points and staffing issues (SNAICC, 2012). Given these considerations, it is unlikely that linking the receipt of Family Tax Benefit A will lead to significantly higher preschool attendance rates. A recent evaluation of a pilot project linking school attendance to welfare payments in the Northern Territory found no evidence of increased attendance (ANAO, 2014:15).

We note that the Commission in particular identifies “family dysfunction” as a cause of non-attendance at preschool services (2014:552). As an organisation that provides services to vulnerable families across Australia, our experience shows that only by providing supportive, strengths-based services will families have the opportunity to address their issues (which can be hard to disaggregate from broader impacts of multi-generational trauma, poverty and disadvantage). The Commission is introducing a number of initiatives that seek to ameliorate some of the barriers to ECEC access for disadvantaged families including the Disadvantaged Communities Program and the Inclusion Support Program. We support these initiatives as positive steps that we believe will increase attendance rates at ECEC services of target populations and long term outcomes.

UnitingCare Australia also supports continuing research on initiatives that help to address barriers to attendance at preschool and other ECEC programs by disadvantaged families.

UnitingCare Australia Recommendation

No penalties should be introduced that are linked to attendance at preschool programs. Instead the Commission should build on work already done to address barriers to accessing services by disadvantaged families.

7.9 Dedicated preschools should be removed from the scope of the NQF and regulated by state and territory governments under relevant education legislation. LDC that deliver preschool should remain within the NQF

UnitingCare Australia strongly recommends retaining dedicated preschools within scope of the NQF. Removing preschool programs that are delivered in schools from the NQF, but leaving preschool programs within LDC centres within the NQF, will create confusion and division within the system and a patchwork of provision across the country. Harmonising disparate state and territory regulation in the field of ECEC was central to the reform process embarked on by the Commonwealth and state and territory governments in 2008. These reforms were significant because they aimed to create national benchmarks and consistency regarding how quality early childhood services can be achieved for all children in Australia.

The work of the Commission in the current inquiry also supports the implementation of a standardised national system and the expansion of the NQF to all services receiving Commonwealth subsidies (Recommendation 7.8). Benefits of the NQF include providing a uniform approach to quality based on best-practice evidence, reducing confusion and costs for providers and parents, and decreasing administrative burdens, particularly for services operating across jurisdictions. Realisation of Recommendation 7.9 contradicts this process and would jeopardise much of the time and money spent by preschool services in implementing reforms, and create a two-tier system of preschool provision.

The Commission notes that there is a divide between programs delivered to children below preschool age and formal preschool programs. However educational activities are central to programming for children of all ages even if the hours of delivery vary between dedicated preschool services and LDC. This does not provide a solid reason for splitting a program between different regulatory frameworks and bodies due to the location it is provided in. We accept that duplication of legislation for dedicated preschool providers in some states is an issue. However, there are mechanisms within COAG to address disparities between jurisdictions on matters of educational legislation which are adequate and appropriate.

UnitingCare Australia Recommendation

Dedicated preschools should remain in scope of the NQF.



Outside School Hours Care

Recommendation 7.4: Develop and incorporate into the National Quality Framework a nationally consistent set of staff ratios and qualifications for those caring for school age children in outside school hours and vacation care services.

UnitingCare Australia supports this recommendation. Developing nationally consistent ratios and staff qualifications, and bringing OSHC into the NQF harmonises OSHC with the rest of government funded ECEC services, as well as creating a national baseline of quality. Ratios and qualification levels should be determined by best practice evidence to ensure that quality is maximised, and should reflect existing provisions under the NQF where children are aged under five years.

Recommendation 8.1: Ensure that the requirement for most children attending an OSHC service to be of school age, is removed and not carried over into any new legislation.

UnitingCare Australia would only support this recommendation if services maintain educator ratios and qualifications, and adhere to all other relevant regulation. In the case of pre-school children attending OSHC services on a school site, the requirements of the NQF would need to be maintained in order to ensure programs maintain quality standards, are age-appropriate and mitigate any risks. We would not support this recommendation if there was any attempt to water down regulations in order to co-locate services. There would also be broader ramifications for the sector if this was suggested, as LDC services are required to maintain regulations at all times.

UnitingCare Australia believes this initiative may help provide greater flexibility to the provision of ECEC services and meet the needs of working parents. We note that there are provisions for this to occur already in some jurisdictions. For instance in NSW children attending preparatory schools can access after-school services where those services maintain the legal requirements under the NQF.

Recommendation 8.2 State and territory governments should direct all schools to take responsibility for organising the provision of an outside school hours care service for their students (including students in attached preschools), where demand is sufficiently large for a service to be viable.

UnitingCare Australia supports this recommendation. We support the encouragement of all schools to take responsibility for organising provision of OSHC for their students as long as quality provision is maintained (which will be supported by implementation of recommendation 7.4). School facilities represent a significant investment by government that should be maximised through provision of outside school services where there is demand.

Removal of ECEC Assistance: Other

Recommendation 5.3 Limit ECEC funding to ECEC services and not allocate funds to social services that largely support parents, families and communities. Further funding for HIPPY should be outside of the ECEC budget allocation.

UnitingCare is contracted by the Brotherhood of St Laurence to run two HIPPY programs through UnitingCare Children, Young People and Families in New South Wales in the Mount Druitt and Fairfield areas of Western Sydney. In our experience there are clear educational outcomes for children whose parents attend a HIPPY program. Children are encouraged to become “active learners” and staff noticed improvement in the ability of children to listen, follow directions and engage more after coming into contact with HIPPY.

Building of parental skills is one of three specific outcomes the program aims to achieve, including the successful transition to school for young children through promotion of self-confidence, and improving employment outcomes of parents (many of whom are employed as home tutors in the program). All of these factors have positive outcomes for children’s learning and development, and impact on the success long-term of the program to improve school readiness, and children’s learning.

Given the implications for children’s learning UnitingCare Australia sees benefit in retaining the HIPPY program within the current ECEC funding envelope. This will also minimise confusion and encourage integration of HIPPY with other designated programs for disadvantaged children recommended by the Commission. Any attempt to move the allocation of HIPPY funding must be contingent on the availability of funds to maintain the program through other departments.

UnitingCare Australia Recommendation

Funding for HIPPY should remain in the ECEC budget allocation. Shifting the funding base for HIPPY should be contingent of availability of funds to maintain the program through other departments.

Recommendation 8.6: Remove the In-Home category of approved care, once nannies have been brought into the approved care system.

UnitingCare Australia are not opposed to the removal of the In-Home category due to the broadening scope of funding for in-home ECEC services. However, for the sake of compliance under the NQF, there will continue to be a need for a categorisation of ECEC services delivered in-home to ensure that they comply with relevant regulation (recommended by the Commission to match that of FDC).

Quality Assurance and Regulation

7.8 Extend scope of the NQF to all centre and home based services that receive Australian government funding

UnitingCare Australia supports the expansion of the NQF to all ECEC services that receive Australian government funding, where regulatory requirements recognise the different structures of each service type. Exclusion of services creates divisions in the system, confusion for parents and administrative burden for providers who operate in more than one jurisdiction. As noted earlier, we contend that preschools should also continue to be in-scope of the NQF.

7.1 To simplify the NQS ACECQA should identify elements of standards in the NQS that can be removed or altered “while maintaining quality outcomes for children” and tailor the NQS to suit different service types

UnitingCare Australia supports a review of the NQS, however we consider the appropriate timeframe for review to be after implementation and assessments have been completed. This allows for services to fully reflect on their experiences and allows proper evaluation to take place. UnitingCare Australia would support a more limited review of the NQS if it was concerned with reducing duplication of standards only.

We are particularly concerned with suggestions made by the Commission in the draft report that Quality Areas (QA) 1 and 6 are not relevant for OSHC services and could be removed. UnitingCare Australia considers all QAs to have relevance for all services. QA1 refers to educational programming and practice. The services provided in OSHC are very different from services provided in schools but they do not lack educational content. The foundations of pedagogy are that children develop skills, and learn through a range of experiences beyond formal curriculums. As explored earlier, there is a tendency to separate the realms of education and care whereas in practice they are mutually reinforcing. A wealth of learning opportunities are afforded to children in recreational environments.

My Time Our Place provides a framework for OSHC services in Australia and was approved through COAG. It noted that:

“The Framework acknowledges the importance of play and leisure in children’s learning and development and that their learning is not limited to any particular time or place. Developing life skills and a sense of enjoyment are emphasised.” (2011:3)

QA1 can be applied in ways that are relevant to those particular services. One of the beneficial features of the Early Years Learning Framework (EYLF) and the Standards is that they provide the flexibility for the Standards to be interpreted with relevance for the service and lack prescription. However, any ECEC service provided for one hour or one week, needs

to demonstrate that there is a level of planning around the proposed activities, that they are of interest and appropriate for the age group, and provide documentation of children's participation for parents. This is a very basic requirement that services should meet as a requirement of operation.

Program planning has always underpinned service delivery in the OSHC sector and was required under prior regulations. Such standards were not introduced with the advent of the NQF. The previous OSHC Quality Assurance system (that the NQF replaced) for instance rated OSHC services against a range of criteria including:

- Programs reflect a clear statement of service philosophy and a related set of service goals
- 5.2 Programs support physical development
- 5.3 Programs support the development of life skills
- 2.2 Staff create a responsive and inclusive atmosphere and relate to children in a warm and friendly manner (National Childcare Accreditation Council Inc. 2008:2).

QA6 promotes partnerships with families and communities which encourages "respectful and supportive relationships with families" (ACECQA, nd). As noted by Outside School Hours Care Quality Assurance (2011:23):

"The relationship between the child's family and staff is crucial to the child's wellbeing, development and progress. Children benefit most when this is a trusting and mutually supportive partnership. When families and staff work together and communicate openly about children, the program can be tailored to meet the individual needs of each child and their family"

Previous regulatory systems for OSHC made similar provisions. As an organisation that provides OSHC services, UnitingCare Australia does not view either of these requirements as particularly onerous and, indeed, views them as vital for delivering effective services for children and families.

One initiative that UnitingCare Australia supports is ensuring that assessors have knowledge of the sector that they are assessing based on practical experience of delivering services to children. Programs and practice do vary between different service types, and it would be beneficial if assessors with relevant skills and experience of appropriate pedagogy assessed the service. This would help to assuage concerns over any perceived bias with ratings and assessments and allow services to receive more meaningful feedback.

More broadly UnitingCare Australia does not support any attempts to water down current standards. UnitingCare services (as well as Commonwealth and state and territory governments) have invested time and money implementing internal systems to ensure adherence to the new standards. We are concerned that these investments may be

rendered void by any significant changes to the NQS. We are also concerned about “reform fatigue” identified by the Commission (2014:272). The sector has undergone significant changes over the past three years and any further changes will create additional confusion and likely costs in the sector.

We note the Commission’s emphasis on “reducing paperwork” in order to reduce cumulative costs of implementation, however we view most of that paperwork as critical to ensuring compliance. We consider that the current level of reporting and documentary evidence required under the NQS is at an appropriate level to ensure that practice and programming reflect the intent of the NQF – to create a quality system for children’s services. While we commend the Commission on not wanting to reduce quality, we consider it a difficult task to protect quality where standards are eroded.

In the experience of UnitingCare services, costs of NQS implementation were felt more keenly at the start of the reform process, but once adequate internal systems and processes in place, costs have tapered off.

Our children’s services have had a positive experience of the NQS, with very few services reporting issues with implementation. Staff at services are also extremely supportive of the NQS. In a survey undertaken of staff at services in NSW and the ACT in June 2014, 96 per cent of respondents agreed that the NQS had improved quality of education and care in services, and 88 per cent supported the NQS to be retained in full. Feedback from services also revealed that levels of apprehension around the NQS were higher in services prior to assessment, and that the assessment process helped to cement understanding of demonstrables of the NQS in practice. As noted by one UnitingCare educator:

“I think that there is always a fear of new systems and processes, a fear of the unknown. No one likes change. But this new way of doing things [the NQS] is fine once you’ve lived with it for a while. Plus it has massively improved the way we provide our service through encouraging greater reflection of practice and engagement, with children and the wider community”.

It is worth reiterating, that although the Commission received feedback from services that elements of the NQS are burdensome and difficult to implement, this is not reflected in official statistics. Of all assessed services at June 2014, 62% were assessed as meeting or exceeding the NQS with the other 38% working towards full implementation. Only 6 centres in Australia were assessed as requiring significant improvement (ACECQA, 2014:8). We note that the assessment process is currently under review by ACECQA, and UnitingCare services

have provided evidence and significant feedback to that inquiry pertaining to particular processes which could be improved.²

UnitingCare Australia Recommendation

The current standards of the NQS should be maintained.

Recommendation 7.3: Differences in educator-to-child ratios and staff qualification requirements for children under school age across jurisdictions should be eliminated and all jurisdictions should adopt the national requirements

UnitingCare Australia is a strong supporter of the National Quality Framework

The reform process that started through COAG in 2008 was driven by the need to create a quality sector. The 2009 Early Childhood Development strategy created a clear vision for a quality system, which was endorsed by COAG:

“To ensure that by 2020 all children have the best start in life to create a better future for themselves and the nation”.

Recognising that there were large disparities between states and territories in regulatory requirements, the NQF provided a national baseline framework for quality ECEC provision. Some states and territories had more advanced regulatory frameworks for ECEC, and greater consideration of quality inputs at the centre of their sectors. The national regulations protect these higher standards in jurisdictions where they exist. The staged implementation of the NQF was a recognition of the need to move progressively toward better standards, and assisted services in raising their standards.

Higher ratios and the level of staff qualifications are linked to higher quality services. While it is the job of government to find a balance between funding and providing a quality environment, services should be encouraged to strive for quality where they can. States and territories that are operating with higher standards than the NQF have functioning ECEC sectors inclusive of market providers that prove they are not a barrier to provision. These jurisdictions provide fertile ground for further research to help the Commission and others establish “optimum” levels ratios and qualifications.

² The submission by UCCS can be viewed here: <
http://www.childrenyoungpeopleandfamilies.org.au/__data/assets/pdf_file/0006/102579/UnitingCare-Childrens-Services-Submission-Review-of-ECEC-NQA.pdf>

On the basis that there are still improvements to be made in the NQF, and that some jurisdictions are leading that essential process, UnitingCare Australia is strongly opposed to eliminating jurisdictional differences in the ECEC sector where requirements provide for higher quality provision levels than the current NQF.

UnitingCare Australia Recommendation

Jurisdictional differences in educator-to-child ratios and qualification requirements, where they are above the NQF, should be allowed to continue, to help drive further improvements in the NQF.

Recommendation 7.5: To provide services with greater flexibility to meet staffing requirements, ACECQA should:

Explore ways to make the requirements for approving international qualifications simpler and less prescriptive in order to reduce obstacles to attracting appropriately qualified educators from overseas

UnitingCare Australia is not opposed to exploring requirements for making the process of international qualifications simpler and less prescriptive, as long as the process maintains rigour, and approved qualifications are not of a lesser standard than relevant Australian qualifications. Any review of current approved overseas qualifications should be done by ACECQA in conjunction with the National Office of Overseas Skills Recognition within the Department of Education.

Allow services to temporarily operate with staffing levels below required ratios

UnitingCare Australia opposes the recommendation to allow services to temporarily operate with staffing levels below required ratios. In the experience of ECEC services provided by UnitingCare, current provisions that allow services to temporarily operate below ratios for half an hour for each worker per day are sufficient. Our concern is that this initiative would have unintended consequences and undermine the implementation sector reforms already achieved in terms of quality improvement. If this provision was initiated, services would be able to provide ratios of 1 educator to 20 children at some times during the week, with serious consequences for the quality of provision for children, and also their health and safety. We contend that this system would prove harder to regulate to ensure that adequate levels of staffing are maintained throughout the week, and could be open to exploitation.

We would accept that the requirement for 50% of staff holding a Diploma or higher qualification being in attendance at all times that children are present could be relaxed for

short periods throughout the day, where ratios are maintained and at least one educator holding the qualification is present. To be clear, this would not impact the number of educators present at a service. This initiative would provide greater workability for extended hours services if, for example, a group requiring a Certificate III and two Diploma or higher qualified educators could be met with two Certificate III and one Diploma or higher qualified educators for a short period. This is not to erode the qualification requirement throughout the day but for demonstrated short periods only and assessed as per the Commission's recommendation on a daily or weekly basis.

UnitingCare Australia Recommendation

Expansion of temporary flexibility for ratios pertaining to educator: child numbers should not occur.

Recommendation 7.6: Governments and ACECQA should:

- **urgently reconsider the design of the assessment and ratings system, giving particular consideration to finding ways to increase the pace of assessments**
- **explore ways to determine services' ratings so they are more reflective of overall quality**
- **abolish the 'Excellent' rating, so that 'Exceeding National Quality Standard' is the highest achievable rating.**

A review of the rating and assessments system is currently underway by Woolcott Research and UnitingCare Children's Services submitted a comprehensive response to that review in July 2014. Decisions on any amendments to the assessments and rating system should be determined by ACECQA based on the outcome of that review and in consultation with the sector.

Recommendation 7.7: Governments, ACECQA and regulatory authorities, as applicable, should:

- **abolish the requirement for certified supervisor certificates**
- **provide more detailed and targeted guidance to providers on requirements associated with Quality Improvement Plans, educational programming, establishing compliant policies and procedures and applying for waivers**
- **explore potential overlaps between the National Quality Framework and state and local government requirements as part of the ongoing review of the Framework, and ensure any identified overlaps are eliminated**
- **review:**
 - **ways that services with higher ratings ('Exceeding National Quality Standard') could be relieved of some paperwork requirements, where these are less important to ensuring quality given the service's compliance history**

UnitingCare Australia supports abolishing the requirements for a Certified Supervisor as long as the requirements for a Nominated Supervisor remain.

UnitingCare Australia supports the provision of more detailed and targeted guidance to providers on requirements associated with QIPs.

UnitingCare Australia supports identification and elimination of any duplication of regulations. Regulatory authorities and/or ACECQA could provide guides to services to ensure continued best practice and compliance within the legislative environment.

UnitingCare Australia supports the reduction of red tape that increases provider costs without delivering important and cost-effective benefits for consumers. While the Commission is at this stage recommending only a review of what it calls “paperwork requirements” for highly-rated services, UnitingCare Australia sees merit in the full maintenance of reporting requirements for all services regardless of ratings. This provides accountability and supports the process of continuous improvement. Maintaining rigorous compliance standards ensures that services stay focussed on continuous improvement, and that they maintain systems to ensure quality that are robust regardless of levels of staff turnover.

In addition to the above comments, UnitingCare Australia also supports the full implementation recommendations 7.10, 7.12 and 1.11.



Evaluation and program assessment

Early intervention programs to address the development needs of children from disadvantaged backgrounds should be underpinned by research. Their impact on the development outcomes of the children attending should be subject to ongoing monitoring and evaluation, including through the use of longitudinal studies.

- 13.2** The Australian Government should establish a program to link information for each child from the National ECEC Collection to information from the Child Care Management System, the Australian Early Development Index, and NAPLAN testing results to establish a longitudinal database. Subject to appropriate data protection methods, this information should be made available for research, policy analysis and policy development purposes. The ability of researchers to access unit record information should be permitted subject to stringent privacy and data protection requirements. The Australian Government agency, which is the custodian of the Child Care Management System, should provide a de-confidentialised extract from the database each year that interested parties can use for research and planning purposes.
- 13.3** Review the operation of the new ECEC funding system and regulatory requirements after they have been implemented. In particular:
- within 2 years of introducing subsidies based on deemed cost of care, the accuracy of the deemed costs and appropriateness of the selected indexation approach should be examined and the existence of any adverse unintended outcomes should be identified and resolved
 - within 3 years of extending the coverage of the National Quality Framework (including to current block funded services and to nannies), ACECQA should prepare a report identifying any legislative, regulatory or procedural difficulties arising from the wider coverage of the National Quality Framework
 - within 5 years of implementing the new ECEC funding system and regulatory requirements, the Australian Government should undertake a public review of the effectiveness of the revised arrangements.

UnitingCare Australia supports the full implementation of recommendations 5.4, 13.2 and 13.3.

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