

PRODUCTIVITY COMMISSION
DRAFT REPORT ON CHILDCARE AND EARLY CHILDHOOD LEARNING
VICTORIAN GOVERNMENT SUBMISSION

1. INTRODUCTION

Victoria welcomes the opportunity to respond to the draft report of the Productivity Commission Inquiry into Childcare and Early Childhood Learning.

Victoria supports the focus of the Inquiry on both workforce participation and the long-term learning and development benefits of high-quality early childhood education and care. Early childhood education and care (ECEC) plays a critical role in supporting children's outcomes and the opportunity for children to fulfil their potential, regardless of their background or circumstances.

The comprehensive focus of the draft report, and the openness of the Productivity Commission to engage in discussions on the draft findings and recommendations with Victoria and other jurisdictions, is a positive step towards creating a more effective ECEC system for Australia. Victoria acknowledges that while the draft report has a comprehensive focus, there is a level of detail to be added to the report that will require Victoria's further consideration.

This submission responds to the draft report with a focus on four areas which Victoria considers requires further consideration by the Inquiry to deliver the greatest benefits for children, families and society:

- Commonwealth funding arrangements that sustain the benefits of quality Early Childhood Education.
- Continue to implement the National Quality Framework on ECEC and explore opportunities to streamline the NQF without compromising quality.
- Intervene early and support children in ECEC with additional needs.
- Consider exploration of regulatory and funding settings associated with new service types.

2. OPPORTUNITIES FOR FURTHER CONSIDERATION

2.1 Commonwealth funding arrangements that sustain the benefits of quality Early Childhood Education

Suggested directions:

- a. The Inquiry promotes ongoing Commonwealth Government funding for the National Partnership on Universal Access to Early Childhood Education (NP UA ECE) building on draft recommendation 12.9
- b. The Inquiry promotes the retention of preschool under the National Quality Framework, and maintenance of NP UA ECE funding separate to the school system including reconsideration of draft recommendations 12.9 and 7.9

Universal access to high-quality learning in the year before school is a consistent feature of well-designed ECEC systems that deliver strong learning and development outcomes for children¹. Ongoing Commonwealth Government funding to sustain access to 15 hours of ECE will deliver important benefits to children and help to lift Australia's educational performance to the level of comparable international jurisdictions.

Victoria welcomes the draft recommendation for the Commonwealth Government to continue to fund universal access to 15 hours of Early Childhood Education (ECE) (Draft recommendation 12.9), however would be concerned that this is only provided in the 'near term' (pg 552). The Commonwealth

Government has recently committed \$406 million to ensure Australian families can continue to access up to 15 hours of preschool per week in 2015. This announcement is welcome and Commonwealth Government funding must continue beyond 2015 to sustain this initiative and maximise investment to date. As highlighted in Victoria's earlier submission to the Inquiry a stable and ongoing funding commitment from the Commonwealth Government is required at a level to sustain services. Victoria considers that Commonwealth Government funding must be sustained on an ongoing basis.

Short-term funding arrangements create uncertainty for the sector and State/Territory governments and limit the capacity for long-term planning. Long-term funding reform should also consider the benefits of Commonwealth-funded expansion of participation of Australian three year olds and disadvantaged two year olds as indicated in Victoria's initial submission.

Draft recommendations 12.9 and 7.9 appear to tie ECE in the year before school to school provision. There would be significant practical implications under these draft recommendations with approximately 75 per cent of children attending stand-alone ECE services in Victoria. However the effectiveness and efficiency benefits of substantial change are not clear:

- the Victorian system has many benefits with participation in ECE in the year before school being consistently above 90 per cent for the past decade and Victoria having the highest proportion of services currently assessed as meeting or exceeding quality benchmarks under the NQF assessment and ratings.
- the draft recommendations appear to favour a minority approach to provision within the Australian system which is not necessarily more efficient in terms of cost per child ⁱⁱ and Victoria already seeks to minimise regulatory burden with a single regulatory system.

A more optimal approach for Victoria would sustain the continuity of learning from early in life to school entry to promote child outcomes and parental workforce participation. Under such a model, continuation of Commonwealth Government funding for the NP UAECE is critical and would be funded separately to the school system.

2.2 Continue to implement the National Quality Framework on ECEC and explore opportunities to streamline the NQF without compromising quality

Suggested directions:

- c. The Inquiry promotes the retention of staff qualification requirements for children under three as outlined currently in the National Quality Framework including reconsideration of draft recommendation 7.2
- d. The Inquiry continues to advocate for the ongoing evaluation of quality improvements (facilitated by draft recommendation 13.2 regarding linking child level data)

Draft recommendation 7.2 seeks to reduce the qualification levels of staff working with children aged birth to 36 months due to limited evidence that holding qualifications above Certificate III is necessary. The draft recommendation represents a substantial reduction from current and previous regulatory requirements directed at a base level of quality provision. While acknowledging there is an ongoing need to build the evidence-base in the Australian context, the significant body of emerging evidence in relation to brain development and the learning trajectories of young children suggests that current standards are best sustained. This includes:

- different scientific fields identify the period from birth to three years as being a sensitive period of child development requiring stimulating and nurturing interactions. Studies illustrate the benefits of good and high-quality ECEC provision, with less clear outcomes from lower quality provision at this age.ⁱⁱⁱ
- having a mix of staff qualifications for provision to children birth to three supports staff-child level interactions; early identification and intervention when difficulties arise; staff stability; and practitioner quality improvement.^{iv}
- the benefits of specialised training with appropriate content on child development in provision for children birth to three.^v

Draft recommendation 13.2 is a constructive starting point to further develop the evidence in this area. This draft recommendation proposes the establishment of 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.

2.3 Intervene early and support children in ECEC with additional needs

Suggested directions:

- e. The Inquiry considers extension of eligibility for the additional needs subsidy to include ‘developmental delay’ aligned to the National Disability Insurance Scheme building on draft recommendation 12.8.
- f. The Inquiry considers options to reduce the administrative burden on providers in supporting the most vulnerable children including reconsideration of draft recommendation 12.7.
- g. The Inquiry continues to promote joined-up government effort focussed on integrated service provision and family-centred practice in line with draft recommendation 5.2.

Victoria supports consideration of improved support for children with additional needs. Evidence points to the higher needs of some children and families to access ECEC and the benefits of quality ECEC for development. The draft report identifies that an ideal ECEC system includes (at a minimum) access to ECEC on same basis as other children (p.16), and that children at risk or developmentally vulnerable are guided by an early childhood teacher several years before school age (p.16).

Victoria supports the proposed aims, and in addition considers that an optimal approach to supporting children with additional needs in ECEC should include a focus on high-quality and sustained support response with collaborative effort across governments. This includes support for integrated service models that promote continuity of education and care for children. To this end, the Inquiry should give further consideration to:

- *Recognition that disability diagnosis is complex in the very earliest years of life* – Victoria negotiated a national agreement to ensure that children with a diagnosed disability and/or a developmental delay (defined in Victoria’s *Disability Act 2006*) were able to test for eligibility through the National Disability Insurance Scheme (NDIS) and receive reasonable and necessary supports^{vi}. Previously, eligibility was proposed to be limited to children with a diagnosed disability. To determine eligibility for Kindergarten Inclusion Support, Victoria uses additional criteria, such as being at significant risk of serious injury to self or others, or being extremely restricted in their capacity for movement. Alignment to the NDIS should be promoted where possible.
- *Sustained and streamlined support for the most vulnerable children* – draft recommendation 12.7 introduces new requirements for children ‘at risk’ to access additional support, including

‘assignment of a case worker’. This would create an additional administrative burden on both ECEC services and Victorian child protection authorities already under significant demand pressures. Victoria supports the proposed extension of the eligibility period for the Special Early Care and Learning Subsidy from 13 to 26 weeks but prefers a more streamlined process that minimises the need for ongoing assessment. The experiences of the very small number of children in child protection are typically cumulative and resistant to change. Changing the developmental outcomes for this minority of children requires sustained support by high-quality services.

- *Integrated service provision and family-centred practice with joined-up government effort* – draft recommendation 5.2 recognises the potential benefits from integration across services particularly when children have multiple or complex needs, and draft recommendation 12.6 regarding the proposed Disadvantaged Communities Program has the potential to realise these benefits. Victoria’s experience is that integrated, wrap-around services with co-ordination support are critical to overcoming complex barriers to participation in quality ECEC. Policy coherence in relation to government efforts should be promoted to ensure efficient use of resources and a more seamless service system for families. In the case of Victoria, mechanisms such as the whole of government Children and Youth Area Partnerships will provide co-ordination of government effort with a focus on vulnerable children.

2.4 Consider exploration of regulatory and funding settings associated with new service types

Suggested directions:

- h. The Inquiry promotes continuation of the cross-government compliance investigation team with input from States/Territories, the Australian Taxation Office and Centrelink, with a focus on improved communication between the Commonwealth Department of Education and State Government regulators to ensure that services are operating within the regulations (refer draft recommendation 8.5).
- i. The Inquiry considers Family Day Care regulatory and funding issues in planning for future service types such as nanny services. This includes consideration of financial incentives, service viability, and the quality of education and care (refer draft recommendation 8.5).

Victoria’s earlier submission to the Inquiry noted areas for development of the Family Day Care (FDC) model, *“Market incentives to boost supply of FDC have not required demonstration of demand for education and care, nor been accompanied by sufficient regulatory controls through the National Law in service establishment. This has resulted in non-compliant FDC services operating in the market, compromising the integrity of the NQF and ongoing compliance action being taken against FDC providers.”*^{vii}

Draft recommendation 8.5 proposes that approved nannies become an eligible service for which families can receive ECEC assistance. This recommendation is intended to broaden flexibility and availability of childcare for families (p.370). Victoria notes that issues related to the regulatory model for FDC and by extension the implications for a regulatory model for nannies requires further detailed attention by the Productivity Commission.

The Commonwealth Government Department of Education and Victoria’s Department of Education and Early Childhood Development are working together to address instances of regulatory, quality or funding concern. However, enhancement of current regulatory and funding settings is required to address these issues more systemically. In particular, the Inquiry should consider the importance of

establishing an effective and robust co-regulatory model that supports a highly diffuse ‘in-home-care’ market, as well as associated costs for State/Territory regulators of an expanded system. This should be promoted alongside consideration of financial incentives, service viability, and the quality of education and care by addressing key systemic issues as raised above.

3. CONCLUSION

Victoria is recognised nationally for its high standard of early childhood education and care, and is committed to further improving this for the benefit of all Victorians. The Victorian Government is committed to working with the Commonwealth Government to make the early childhood education and care sector more flexible, affordable, and accessible for Victorian families. The Inquiry is an opportunity to make sure this sector continues to meet community needs now and into the future.

ⁱ Organisation for Economic Co-operation and Development (2013). Education at a Glance 2013 OECD Indicators. OECD Publishing. p 276

ⁱⁱ Productivity Commission, Report on Government Services, 2014

ⁱⁱⁱ Center on the Developing Child at Harvard University (2007). *A Science-Based Framework for Early Childhood Policy: Using Evidence to Improve Outcomes in Learning, Behavior, and Health for Vulnerable Children*.

^{iv} C Dallj, E White, J Rockel, I Duhn, Quality early childhood education for under-two-year-olds: What should it look like? A literature review. Ministry of Education, NZ 2011

^v S Mathers, N Eisenstadt, K Sylva, E Soukakou, K Ereky-Stevens. A Review of the Research Evidence on Quality of Early Childhood Education and Care for Children Under Three Implications for Policy and Practice, 2014

^{vi} NDIS (2014) *Fact sheet: About the NDIS Participating in the NDIS in the Barwon area*; accessed at http://www.ndis.gov.au/sites/default/files/documents/participating_ndis_barwon_0.pdf

^{vii} Victorian Government, 2014