

## Childcare and Early Childhood Learning – Productivity Commission Submission



UnitingCare Gippsland

January 2014

### ***What role, if any, should the different levels of government play in childcare and early childhood education?***

The continued support of the Australian Federal Government in the provision of CCB and BBF to enable ECEC services is much needed. An expanded role in supporting rural and regional communities is needed, including the expansion of incentives in partnership with State Government. Local Government support for coordinated planning and resources to support the provision and upgrade of venues is needed urgently.

### ***What outcomes from ECEC are desirable and should be made achievable over the next decade?***

Quality early childhood learning and care is available to all children, regardless of their socio-economic background or where they live in Australia. For vulnerable children, access to ECEC needs to be made easier to help support the child in their learning and development as well as supporting the family as a whole.

### ***The Commission is seeking information on international models of childcare that may be relevant to Australia. The Commission has a particular interest in:***

- ***how the models affect child development outcomes and workforce participation***
- ***the cost to government, families and the funding arrangements***
- ***the types of providers and the financial viability of these***

Current models for regional communities require more flexibility and support. With lower numbers than metropolitan areas, and lower socio-economic levels in communities, rising fees to cover costs of provision of early learning and care is not feasible. Current models make it difficult for providers to recoup unpaid fees by families, as families receive ChildCare Benefit (CCB) whether they pay for their childcare fees or not. This means that the service provider is left covering the deficit when fees are not paid.

With approximately 80% of costs of operating childcare centres in staffing costs, there is little room to move when enrolment numbers are low (which does happen in rural areas) and fees kept affordable for families. With limited budget to operate services, the support of the Australian Government's Sustainability enabled a centre in Lakes Entrance to operate at a viable level. This sustainability support was stopped when another child care centre moved into the area. It would make a difference for the community to share this grant across the two centres, rather than the community losing it altogether. Community-based, not-for-profit providers like UnitingCare Gippsland covered deficits in operating costs over a number of years at a number of centres across

Gippsland, this support could not be sustained due to the limited scope of funding that UnitingCare Gippsland receive. All of these elements, including the additional costs of higher ratios and higher qualifications have culminated in UnitingCare Gippsland (UCG) making the difficult decision to withdraw from operating four childcare and early learning centres across Gippsland. UCG acknowledge the importance of the provision of childcare and early learning centres for regional and rural communities- for both children's development and for employment and education and respite opportunities for families.

Integrated models and centres (like UK's Sure Start) is a model to aspire to, but there are barriers in the system for this including; the way in which different services are funded from different levels of government, no funding available to provide a combined approach. Whilst the funding models are provided in silos, these services will continue to be fractured despite the best attempts to coordinate. The families (and outcomes for children) need to be centre- not the administration that provides the funding for the service.

- ***the regulatory framework, particularly for quality assurance of providers, the facilities, and their staff.***

Quality is important for children and their families. The NQF provides a good model for this. Support to undertake the requirements and adequate remuneration for staff that provide such an important role in children's lives is not recognised in the current Children's Services Award 2010

***The Commission is seeking empirical evidence on demand for ECEC, in particular:***

- ***are there families from particular household structures, socioeconomic groups or geographic areas that are now using some forms of ECEC significantly more than in the past?***
- ***which types of families are likely to require significantly more or less use of ECEC in the future?***

Evidence indicates that vulnerable children benefit from a quality early childhood learning and care experience.

Vulnerable families are less likely to use ECEC if they do not have the support to access transport and have children ready. Extra support is needed to access ECEC.

***The Commission is seeking evidence on the effect of the different types of ECEC, including separate preschool programs, on children's learning and development and preparedness for school.***

For children in rural and regional communities, access to ECEC can be limited or for some children they don't access a preschool (or kindergarten) experience prior to school. Evidence tells us that this puts children at a distinct disadvantage for entering school. In many rural communities that UCG runs ECEC programs, an integrated program is the only way that provides a ECEC experience for children. Budget-Based Funding (BBF) enables these programs to operate in a number of communities. The support that BBF provides to rural communities is highly valuable. Despite this, there are still communities that are seeking more ECEC than can be provided. The BBF model provides access (although for many they would like access to more), however in terms of affordability for some families accessing BBF funded services mean they pay a set fee and do not

have access to Child Care Benefit (which varies according to income) which most other families have access to. A combined model of BBF with access to CCB would make ECEC services more affordable for rural families.

***How does the amount of time spent in ECEC and the age at which a child first enters childcare impact on learning and development outcomes?***

Moving to universal access (15 hours of kindergarten) is an important step in providing children with developmental experiences that will equip them to moving to attending approximately 30 hours per week at school. In New Zealand, children attend a higher number of hours of ECEC to equip them suitably for the transition to school.

***Would extending the length of the school day have a significant impact on children's learning and development outcomes or parents' workforce participation decisions? What other impacts would such changes have?***

Extending universal access (15 hours) would benefit a number of children, particular children who have limited access to care in rural communities. There are impacts in finding suitably qualified staff to provide this early childhood experience for children, especially in regional areas where qualified staff are hard to secure.

Extending the day at school would not be beneficial to the child, it may assist the working members of the family so they can work longer hours but then this could have a huge impact on the family unit. Majority of schools have some sort of after school activity that children can access.

***What is the relative importance of accessibility, flexibility, affordability and quality of ECEC (relative to other key factors) in influencing decisions of parents as to whether they work or remain at home to care for children?***

Without access to ECEC which is affordable and provides hours and a location that fits with work, then the decision to work is taken from many families. All of the factors outlined above are equally important for families in making a decision. However, for many families they need to work and do not have a choice whether they do work or not- therefore for many parents in rural areas where access is limited, sometimes choice for families is difficult.

In some family situations the wage taken home can be absorbed by paying fees for childcare so the attitude towards work and childcare can change due to the cost.

***What trade-offs do working parents make in relation to their demand for ECEC? For example, are they prepared to accept lower quality care if that care is close to where they live or work and/or enables them to work part-time or on certain days?***

Whilst UCG prides itself on providing high quality ECEC services for families, the reality in rural and regional communities is that many families have limited or no choice.

***Has increasing workforce participation by mothers increased demand for childcare, or has improved availability, affordability, and/or quality of childcare led to increased participation?***

UCG believes it is a combination of the two factors, but the high percentage of part-time and casual work in regional areas has influenced demand for childcare. However, the seasonal nature of this work impacts on the viability of centres, which decreases in enrolments depending on the season and this, in turn, impacts on the viability of centres.

***How have government ECEC support programs affected workforce participation?***

In rural areas, the BBF funding means that services can operate, without this in many communities there would be no care (or limited) available nor would there be jobs for early childhood educators or teachers

***The Commission is seeking evidence on:***

***the extent to which parents are experiencing difficulties accessing ECEC that meets their needs/preferences and whether there are particular categories of care, times, locations or circumstances for which accessing ECEC is more difficult — for example, regional areas, certain days or part days each week, or for children with additional needs?***

Regional areas have difficult accessing the care that is needed (including times and locations) and options for children with additional needs are more difficult to access.

There are several examples of communities throughout Gippsland that are seeking more days and locations for ECEC but the financial modelling for lower number of enrolments in small communities makes unviable to extend ECEC without additional support available through BBF or other sustainability funding.

***The Commission is seeking information from ECEC providers on:***

- ***how the sector has responded to growth in demand, including changes to types of care offered, cost and pricing structures used by different types of providers, and any viability pressures***

Viability pressures, as outlined in a previous question has resulted in UCG withdrawing from childcare provision in four regional communities across Gippsland.

- ***the key barriers that are inhibiting an expansion in ECEC services where demand is highest, development of more flexible ECEC, or alternative models of care***

Flexible models, like sustainability funding for more than one provider in regional townships, and the combination of BBF and CCB. Incentive grants and set-up grants, along with in-venue care funding would encourage and support more educators to provide Family Day Care, which is often the only care available for many communities.

***The Commission is seeking information on:***

- ***the extent and nature of unmet demand for more flexible ECEC***

Communities in Orbost, the high country (Omeo and Swifts Creek), Mallacoota are all seeking more ECEC options. UnitingCare Gippsland is delivering services in these communities (apart from Mallacoota, we were unable to run Occasional Care as UCG couldn't recruit qualified staff and there

was no start-up funding to purchase equipment or pay for rent), but is unable to provide more hours of ECEC due to the funding received to operate these services.

- ***the reasons why current providers are not offering more flexible care options***

There is not the budget available for running smaller sized centres in regional areas to be able to provide more flexible options than the current hours provided. Family Day Care provides more flexible options for families but is dependent on recruiting adequately qualified educators. There are barriers for many with the home environment not always being suitable or too expensive to make required changes to the home (i.e. fencing, etc). The cost of training staff to gain qualifications whether it be in LDC or occasional care is also prohibitive.

- ***affordable approaches to improving flexibility, including innovative options that could involve new provider models.***

The combination of BBF and CCB for regional communities would provide more affordability and flexibility.

***The Commission is seeking information on:***

- ***how well the needs of disadvantaged, vulnerable or other additional needs children are being met by the ECEC sector as a whole, by individual types of care, and in particular regions***

Access for disadvantaged families to ECEC is often dependent on additional supports available for the family to access and these are currently limited or hard to access. Extra support to provide transport and cover the costs of ECEC makes a difference for disadvantaged families.

- ***the extent to which additional needs are being met by mainstream ECEC services or specialised services***

Having additional staff to support children with additional needs depends on the availability of funding to support children with additional needs. This is not always available or timely. The funding doesn't reflect the hours in which a child attends the service for example, services are required to provide 15 hours of kindergarten but the funding provided is usually 9 hours resulting in the service 'topping up' the wage to have a staff member assisting the child for the full 15 hours. This can put financial strain on the service or mean less time available to support the child.

***key factors that explain any failure to meet these needs***

- ***what childcare operators and governments can do to improve the delivery of childcare services to children with additional needs***

Flexible, easy to access funding to employ additional staff to work with children with additional needs for the full time the child accesses the service

- ***the types of ECEC services which work particularly well and would be viable in regional and remote locations.***

BBF works well in regional and remote locations, but cannot address all the needs in communities. And expansion of BBF, with the combined use of CCB through Occasional care would provide more services and flexibility for regional and remote communities. Incentives for Family Day Care (assisting with recruitment and addressing home safety checks or extra support for in-venue care) would also assist in addressing needs in regional and remote communities and provide more employment in communities.

- ***The Commission is seeking information and where possible quantitative evidence on:***
- ***financial difficulties arising from paying childcare fees, including the types or location of families experiencing the greatest difficulties in meeting childcare costs***
- ***changes in the use of ECEC, including the type of care used (formal and informal), in response to changes in the cost of care***
- ***the extent of price competition between providers and the effect this has had on fees and the quality of services provided***
- ***the flexibility providers have to price in response to demand and/or to meet the particular care and learning needs of children.***

UnitingCare Gippsland's experience across four childcare centres in Gippsland is that there is a considerable percentage of families that cannot afford to pay childcare fees, which has meant that there is time and effort placed in chasing fee debts. Despite a flexible approach, many families are unable to address their debts. If centres received CCB direct, this would mitigate this issue somewhat. UCG has purposely kept fees as low as possible for families to ensure affordability. Despite this, there are still families that struggle to pay their childcare fees and UCG has had to cover the debts of families.

***The Commission is seeking up-to-date evidence, specific examples and case studies that will inform an assessment of both the benefits and costs of current regulations impacting on ECEC services.***

***The Commission is seeking views and evidence on:***

- ***the effect of increased staff ratios and qualification requirements on outcomes for children***
- ***how ECEC providers are handling the pace of implementation of new staffing ratios under the NQF***
- ***the case for greater recognition and assessment of competencies as an alternative in some cases to additional formal training and qualifications***
- ***the impact of changes to staff ratios and qualification requirements on the cost of employing ECEC workers***
- ***whether any increased staffing costs have been, or will be, passed on in higher fees charged to families.***

Increased staff ratios do improve outcomes for children, however it is difficult to access suitably qualified staff at times, which means that limited services are available to families. There are additional staff costs to cover with higher qualifications, without specific funding or allowances to cover this without increasing fees for families. Whilst UCG makes small increases to fees, they are kept as low as possible to ensure access for families.

***The Commission is seeking information on:***

- *initiatives of governments to address workforce shortages and qualifications, including the cost and effectiveness of these initiatives*
- *initiatives of providers to address their workforce shortages and skill needs, including the cost and effectiveness of these initiatives*
- *particular locations and areas of skill for which it is hard to find qualified workers*
- *the extent to which training/childcare courses enable workers to meet the requirements of the NQF and how training could be improved*
- *other workforce and workplace issues, including any aspect of government regulation, that affects the attractiveness of childcare or early learning as a vocation.*

Right across Gippsland it is difficult to access staff with qualifications in certificate 3, diploma and Bachelor of Early Childhood. Improved rates of pay for staff on the Children Services Award and VEECTA would improve the attractiveness of early learning as a vocation. This forms the basis of recognising the importance of the job staff do in supporting the development of children in our community.

In the case of integrated services where the service runs a kindergarten program and a LDC program the inequity of the Children Services Award versus the VEECTA is a huge problem. For example, the planning time allocated to qualified staff where the VEECTA have half their contact time in planning not working with children for more than 24 hours per week as opposed to the Children Services award that have 36 hours contact with twice as many children for 2 hours planning. The Bachelor trained staff member that is required to be at the service for a portion of the day, their wage is not reflected in the Children Services Award, which makes it inequitable with other staff in terms of working with two awards and conditions in the same centre.

- *Is the level of overall government support for ECEC appropriate?*

Support needs to increase to make BBF available to more communities, access to CCB (occasional and long day care) in regional and remote communities and incentives to recruit Family Day Care educators and to provide choice back into the communities by allowing In-venue care services where there are LDC services or integrated services.

***Some specific questions for families claiming government support:***

- *Is it difficult to apply for or receive financial assistance for childcare?*

It is difficult for vulnerable families to access. It needs to be simpler.