



Australian Government
Productivity Commission

PRODUCTIVITY COMMISSION

**INQUIRY INTO CHILDCARE AND
EARLY CHILDHOOD LEARNING**

DR W CRAIK AM, Presiding Commissioner
MR J COPPEL, Commissioner

TRANSCRIPT OF PROCEEDINGS

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DR CRAIK: Good morning, ladies and gentlemen, and welcome to the public hearings for the Childcare and Early Childhood Learning Inquiry. My name is Wendy Craik and I'm the Presiding Commissioner on this Inquiry. My fellow Commissioner on this Inquiry is Jonathan Coppel.

The purpose of this round of hearings is to facilitate public scrutiny of the Commission's work, to get some comments and feedback, particularly to get people on the record, which we may draw on in the final report. We've already held hearings in Perth and, following this hearing, there will also be hearings in a number of other locations: Canberra, Sydney and Melbourne. We expect to have the final report to government in October this year and, following our delivery of the report, the government has up to 25 parliamentary sitting days to publicly release it.

We like to conduct these hearings in a reasonably informal manner but I remind participants there's a full transcript is being taken, so we don't take comments from the floor because they won't actually be recorded effectively. At the end of today's proceedings, there will be opportunities for persons who wish to do so to make a brief statement, and, obviously, people are able to submit further advice to us, if they choose to do so, as a result of things they hear said today.

Participants are not required to take an oath but should, of course, be truthful in their remarks, and participants are welcome to comment on issues raised by other submissions as well as their own. The transcript will be made available and published on the Commission's website, along with submissions to the Inquiry. If there are any media representatives here today, some general rules apply and please see one of our staff.

Welcome. Our first person who's appearing today, would you be able to state your name, position and organisation for the record, thanks very much, and, if you'd like to make a brief opening statement, we'd be happy to hear from you? Thank you.

MS HAMMERSLEY: Thank you. My name is Margaret Hammersley. I am an early childhood teacher, with postgraduate management qualifications. I have 30 years' experience with community-based services and 10 years as owner-director of my own centre, which I am currently managing. My centre has 39 places, with a daily ratio of staff-to-children of 1:6. We employ 12 staff; seven are diploma-trained and two are currently studying for their early childhood degree.

There's a number of aspects in the review that I support. The single child-based subsidy and the payment direct to services - the current system is confusing for both families and service providers, with many misunderstandings around entitlements and applications; for example, the 50 per cent rebate and the ability to pay it directly to services to offset fees leads to considerable confusion.

Another one that I agree with is the additional funding to support families of children with disability and the services they choose to attend. The current funding model for long day-care and family day-care, which doesn't follow the full wage of

support staff, is merely tokenistic; so a new approach we'd like on this burden for services.

The broadening and relaxing of operational requirements: this would open the door for mobiles and preschools to enter the market in a more competitive way. It would also allow for services in small villages and towns to offer a service where the need for eight or more hours per day is not required.

The liability assistance program for rural and remote services: as a private provider in a rural area, I am well aware that running a business can be tenuous and the risk of liability is always in the back of your mind. This will add some sense of financial security for those willing to take such risks. However, I am concerned about the following. The first one that concerns me is the separation of care and education, particularly the position of preschools in the scope of the ECEC arena. I'm dismayed to find that once again there appears to be a separation between care and education. As a passionate early childhood teacher, I uphold the findings of Blatchford and Meluish in the EPPE Project, the Effective Provision of Preschool Education Project, out of London, and the work of economist James Heckman, from Chicago, with his Heckman Equation, that each dollar spent at four years of age is worth between 60 and 300 by age 65.

Why would you remove preschools from the NQF? We have long been on opposite sides of the room in the eternal debate of care versus education. The National Quality Standard and national regulation have brought us together in service provision, as we speak a common language and advocate for families. Yet, on the other hand, the Commission recommends the maintaining of universal preschool access. I don't quite understand the rationale that a shift back to state funding and positioning preschools in schools will be the answer. This appears to be an unreasonable line between early education and care, pushing preschool education responsibility to the states and allowing lower-quality childcare for younger children.

Another concern is the proposed removal of early childhood teachers and diploma-trained staff from the care and education of children under three. Is this a cost-saving measure? Has the provision of quality been considered? Throughout my career as a director and manager, I have continually advocated for qualified and experienced staff, as far as possible, in all age groups because I have witnessed the benefits of higher-order thinking and understanding of early childhood theory and practice. Why would the most vulnerable of all our age groups be discriminated against? Once again, I commend to you the plethora of work undertaken by Siraj-Blatchford, starting back in 1993, one of many research groups that have studied the benefits of quality early childhood education over the years.

We have to maintain, encourage and attract a skilled workforce, particularly in our rural towns and, if quality service provision isn't available for this and all age groups, families will defer returning to work and the downward spiral begins.

A third one that I am concerned about is the watering-down of the National

Quality Standards. The national regulations and the National Quality Standards go hand in hand and support and complement each other. As I understand it, the regulations are the minimum legal requirements to operate, whereas the standards are about daily practice and quality provision for services to work towards. By diluting the standards, we are also diluting quality and service provision to families. Couple this with the recommendation of detailed and targeted guidance to providers on educational programming, all semblance of individuality and autonomy will slowly dissipate and we'll probably return to the previous tick-box accreditation system of past years; a boxed clinical approach.

The next one is the activity test for families and the impact on those who do not meet the criteria. I am wondering what the work-training study test will look like in rural Australia. At the moment I envisage a number of families falling through the crack. For example, currently there are 10 families enrolled in my centre who do not satisfy the proposed model; they are either single stay-at-home mothers or single-income families who have one stay-at-home parent. Where do they fit? Do they lose their ability to choose? In small rural towns, there is generally not a lot of choice.

As Samantha Page, the CEO of ECA, says, the recommended subsidy system needs to be sustainable for government but it also needs to be sustainable for services and families. Children should have the right to a quality early childhood education, regardless of their parents' working situation.

Finally, the proposed recommendation that services be allowed to operate below required ratios: winding back ratios and qualifications is a retrograde step; a false economy. I refer again to the Heckman Equation and the research of James Heckman; ratios are in place for many reasons, all of which centre upon safety and quality. The other side of the coin would be the casualisation of the workforce. How do staff gain employment security if their terms and hours of employment are continually changing on a daily basis and tied to attendance patterns of the children? What does this look like in terms of quality care?

Thank you.

DR CRAIK: Thanks very much, Margaret.

We're glad you like some of the things on the report. Perhaps we'll start on the things that you like. In terms of children with a disability and children with additional needs, I guess, are there any categories of children with additional needs that we've kind of missed on? Even if you don't have the full answer here, if you could let us know in a submission. That would be the first question. The second question is: do services have a good idea of what these additional-needs services would cost? We're talking about an extra deemed cost for the additional needs. Would services have an idea of what those additional costs would be?

MS HAMMERSLEY: As President of Kempsey Early Intervention Program, we've looked quite deeply into this, and one of the questions that the director of the service

was concerned about was, “Who will do the assessing and how will it be allocated?” Currently, it’s quite expensive to have additional-needs children in your service, as I mentioned, because the wages aren’t covered. If there is a more realistic approach to that, I presume that services would be more willing to take on those children and provide for that quality, because they do demand a higher ratio, if their programs are going to be carried forward and they are going to increase their developmental rates, so that they are eligible for school entry. No, I haven’t looked at it in a deeper vein because it is a huge topic. I am working with fellow committee members on looking at what that means to us as a service.

DR CRAIK: If you can give us any enlightenment when you put in a submission, which we’d encourage, about the nature of the additional costs for - because we’ve said, if there is a diagnosed disability or particular vulnerabilities, like, from a non-English-speaking home or something - but if there are any others that we’ve missed out on costs.

MS HAMMERSLEY: Yes. I guess our greatest need is - the lack of the paramedical side of things and getting children in to be assessed - as a program, we employ occupational therapists and speech pathologists on a part-time basis to cover that lack in the rural areas of those paramedical people, which is a continual problem for us and the waiting lists are enormous, particularly with speech. Children with speech problems are the ones that are falling through because they don’t have a diagnosed disability, so that can be an issue.

DR CRAIK: Thank you. That’s helpful.

MR COPPEL: I wanted to take up one of the points that you mentioned that you disliked with the report. You made a reference to the recommendations concerning the National Quality Framework and that services would be allowed to operate below required ratios. I’m wondering, is that a reference to the recommendation that gives some flexibility for meeting those ratios within the day or within the week, rather than at each point in time?

MS HAMMERSLEY: Yes, it was a little bit confusing as to how it could be interpreted. I took it to mean that it would fluctuate throughout the day. It was tied back to the early childhood teacher, the employment of the early childhood teacher, too, which concerned me a bit as well.

MR COPPEL: Maybe I should just then clarify that. The intent of that recommendation isn’t to reduce the ratios that are in place at the moment. But there are situations where there may be an educator that may be absent in the morning at very short notice and there may be other situations where late in the afternoon there may be fewer kids in the centre. It provides a degree of flexibility to meet those sorts of circumstances without actually aiming to reduce the standards themselves. I’m wondering whether that sort of clarification allays some of the fears that you have or whether you see that as still an issue.

MS HAMMERSLEY: I wonder how unions would accept that and how you would employ the people. Do you just say, “Okay, I’ve only got five children now, so you need to go home”? Where do you stand as far as if they’re in – because employees are on contracts and on set hours during the week and awards say you need to give two and three and four weeks’ notice if you’re going to change their hours. So I’m not sure how in practicality that would work out. I know over the years if I’ve had to reduce staff hours for some reason it becomes not a very nice situation, really. I just wonder how it would work.

DR CRAIK: If someone is off on professional development say for half a day, what happens to the position?

MS HAMMERSLEY: Staff are replaced because of our ratios.

DR CRAIK: If under what we’re suggesting you didn’t need to replace the staff, would that – I guess that’s the sort of thing we’re thinking about.

MS HAMMERSLEY: Well, our regulations in New South Wales are that we have to have two on the premises at any one time and staff aren’t to do more than one job at a time. So you’re sort of covering everything all the time. So if a person is changing nappies or something, there has to be somebody who is looking after the rest of the remainder of the children. I think you have to look at your own values in that as well.

The philosophy that I uphold and the image of the child that I uphold would not allow me to make that – go below that minimum or to that minimum standard. That’s why I have a ratio of 1:6, because of the philosophy that I uphold with the children and the families.

MR COPPEL: What about a situation where an educator falls sick halfway through the day, in that sort of situation?

MS HAMMERSLEY: I do try to bring in an extra person or we extend the hours of the people who are there. So we might end up having one or two that would work overtime on that day to cover those hours. It’s very rare that a staff member will go home sick during the day. I guess it’s just the way that they understand their roles and responsibilities, that if they’re not well when they wake up or feeling sick towards the end of the day, we will make allowances for that in the shifts for the next day. I can see where you’re coming from, but I’m just trying to put another perspective on it.

DR CRAIK: It’s very helpful.

MS HAMMERSLEY: And I can see why people would want to do that. I mean, particularly if it’s a small service and the numbers are fluctuating. So I can understand why people wouldn’t think along those lines. But I don’t believe it would work.

DR CRAIK: That’s helpful. On the issue of preschools, I suppose one of the reasons that we made that recommendation about the schools taking them over is one of the big

benefits of preschool is that it provides a transition to school and in some states – not so much here, but WA, ACT, South Australia – the states link a lot of those directly with schools. In some states as well there is overlapping legislation. So some preschools have to meet both the NFQ, plus meet the state education legislation. So, to us, there's absolutely no logic in meeting two sets of legislation. West Australia has adapted their state education legislation, as we understand it, to pick up all the provisions of the NQF and, I think, similar in some other states.

So part of the background to our rationale was it's part of a link to school that there's a lot of duplication – not a lot, but there's certainly some duplication in legislation and that's not sensible. Trying to find a sensible way to handle the preschool issue because you have preschool delivered through long day care; you have stand-alone community preschools; you have preschools tied to – or kindergartens tied to schools. So we were really trying to find a way to make it rational, a rational system.

MS HAMMERSLEY: Common ground.

DR CRAIK: Yes.

MS HAMMERSLEY: I guess that's the uniqueness of the Australian education system.

DR CRAIK: It is.

MS HAMMERSLEY: The other thing you have to consider is that in those states the children start school at a later age than they do in New South Wales as well.

DR CRAIK: Every state seems to start preschool and school at a different age, even though we have a national curriculum.

MS HAMMERSLEY: Yes. That's a really interesting issue.

DR CRAIK: If anyone can come up with a kind of better rationale for rationalising – and it's really trying to – not the delivery of preschool, but rationalising the funding arrangements. The other issue we were concerned about was we wanted to make sure that if the Commonwealth was funding it, that every child got a similar allocation from the Commonwealth in relation to preschool; universal access for preschool. So that was sort of behind our recommendations. Clearly, it's kind of gone down like a lead balloon mostly.

MS HAMMERSLEY: Just from my limited knowledge of other states, I do know that New South Wales has had a higher standard in that their regulation of past years, up until the national regulation came in, was that early childhood teachers have always been present in long day care and in preschool. So we've had a very good representation of that qualification across the board, whereas in Victoria, for instance, in long day care there haven't been early childhood teachers. So there's been a clear

delineation between long day care and preschool. That really hasn't been the case in New South Wales, apart from the different funding models.

MR COPPEL: The activities, as you mentioned, that there were a number of families in your centre that would fail an activity test as proposed. Are these families that are receiving the CCB, childcare benefit?

MS HAMMERSLEY: Yes, they are.

MR COPPEL: For many of the existing benefits for families do have an activity and what we're proposing is something which is very similar to that activity and essentially identical to that activity test. However, given the streamlining of the CCB and the CCR, that activity test would apply to the streamlined benefit. Now, my question is, to what extent would an activity test of 24 hours in a fortnight act as a constraint on those families accessing childcare?

MS HAMMERSLEY: So you're saying 12 hours a week?

MR COPPEL: We're putting it over a fortnight because there may be people that work shift work and the hours may not be constant from one week to the next. So that's one difference from the current arrangement. But that should actually help, I think, with the activity test compared to the existing arrangements.

MS HAMMERSLEY: Well, any research that you read, particularly with the attached theories and things like that, the longer that a child – the minimum is really two days, which in my case would – we're open 11 hours. So that would be 22 hours that a parent should have for their child. So I would – 12 hours would be one day. I don't think – you've got things like the child building rapport, trust, friendships. That's seven days between visits and then if you're sick that's 14 days possibly between visits. So the continuity and the learning would be very disrupted in those sort of situations. So I think if you're going to look at it, it has to be a minimum of at least two hours for those families.

But the families that I'm talking about, the 10 that I've taken that would be not be eligible for it are the ones for mothers that have elected to stay home until the child reaches school age and they're living on one income and the single parent mother who has two preschool aged children and can't stay because they're too young for her to pay for childcare, she can't afford to pay for childcare. So they're the ones that I'm worried about.

DR CRAIK: Do you have any suggestions of criteria that we could use for people who don't meet the activity test who you think would be – where their children would benefit from childcare? Because one of the problems is if there's a family on a single income and say it's a very good single income like three or four hundred thousand, and the other parent doesn't work - - -

So then it seems odd to subsidise that child's attendance.

MS HAMMERSLEY: Well, they wouldn't be getting childcare benefit, you see, because their income would be too high to receive a childcare benefit.

DR CRAIK: But if we just said that everybody had access to a certain amount of subsidised childcare, everybody could get say two days subsidised childcare regardless of whether they met the activity test or not and then if you wanted to get up to a hundred hours a fortnight of childcare you needed to pass the activity test. But it's the group that don't – so how do you distinguish between those people who could well afford it and those whose kids would really benefit who probably can't afford it? I mean, are there criteria that we can think about that would enable us to open that up a bit more?

MS HAMMERSLEY: I can see where you're coming from. I don't know if everybody else wanted to have some input.

DR CRAIK: Anyway, I guess have a think about it – because a lot of people have raised this with us. But our dilemma is what sort of criteria might be the best thing to do.

The next one was your concern about the removal of early childhood teachers and diploma staff from the care and education of children under three. I guess all the evidence that we looked at about early learning – and we certainly acknowledge that the early years are really important for child development and early learning – and the evidence suggested that where children were not disadvantaged or children with additional needs, that the evidence of the value of qualifications is not at all clear. While there's a lot of evidence if they're disadvantaged – both the EPPE studies and Heckman's really focus on – I mean, those studies really relate to disadvantaged children, and we don't argue that a bit.

But it's really overall for children under three for children who aren't disadvantaged or with additional needs, the benefits of degree-qualified teachers are really not clear and the benefits for qualifications for children over three tend to be you get more positive outcomes, but below three – this is what the research shows – this is the evidence from the research.

MS HAMMERSLEY: I just know from personal experience – and I've managed to quite a few large services in my experience – that as soon as I put a diploma or early childhood teacher in any particular age group, the level of planning and learning that occurs within that room or within those children is of a higher order and it is expanded laterally as well as horizontally. So it's a different way of coming towards things. The teamwork is completely different. They have that training that is much broader and deeper. They can see into the learning of the children, and the intuitive nature of what they are doing is very different to an untrained person. It's the reading, it's the philosophy, it's the - not only philosophy of education, but it's personal philosophies. They've had to delve really deeply into what they are doing and why they are doing it. You don't see that unless you've got a higher degree of education, tertiary education.

DR CRAIK: Do you see a difference between a degree-qualified teacher and a diploma-qualified educator for under threes?

MS HAMMERSLEY: Yes, I do. I have seen that, yes. I've seen the opportunities available for the children are much broader and deeper. Thinking very much outside the square of how to enhance and engage the children at a level that unqualified or Certificate III people might not have the privilege of coming across or being exposed to because they haven't done the readings, unless they're a highly-motivated person and are willing to research and go a lot deeper into what they are actually doing.

DR CRAIK: In terms of a university-educated teacher, I was looking at the ratios that you require. If it's less than – if you have a childcare centre less than 25 places, the university-educated teacher is required 20 per cent of the time, which would be say one day a week. And most children are in these, as I understand it, the most common is two or three days a week. So the chances of a child running into an educator, if there's less than 25, seem fairly small. I guess I'm just curious to know what value an educator who's there 20 per cent of the time - - -

MS HAMMERSLEY: I wonder too.

DR CRAIK: - - - would add to an under-three's experience in a long day care centre. That's only for where there's under 25 kids.

MS HAMMERSLEY: I don't know whether in New South Wales there'd be very many 25-place centres that would have under threes. I don't know of that statistic. But normally under threes are in 29 or 39-place services where the viability is such that it would offset the cost. But, yes, I wonder about that 20 per cent of the week scenario as well, the benefit of it all.

DR CRAIK: It doesn't seem like very much to me.

MS HAMMERSLEY: No.

MR COPPEL: Before we started this morning you were talking about questions relating to waiting lists and accessibility of families using childcare centres. Waiting lists is an issue that has come up in the meetings that we've had for the conduct of this inquiry. I was wondering if you could share those comments for the record.

MS HAMMERSLEY: I was saying that a lot of the publicity that's been around the Productivity review, et cetera, has centred on the affordability and the vacancies or availabilities of positions. I felt that they were very much metropolitan driven and not focusing or showing the true story in the rural areas. Even though there has been situations where under-three places (indistinct) to two places are very much in demand and services have expanded to cater for those, positions for three to fives is a different story altogether.

But the problem with waiting lists is that – and I have a personal view on waiting lists – is that you can have a waiting list. But if you’ve got a vacancy on a Monday and you ring your waiting list they can say, “I don’t want a Monday.” So how true is a waiting list in those scenarios? You could have five people on your waiting list and the only vacancy you’ve got is Monday but none of them want Monday because it’s a public holiday day. So I just wonder about how many centres that they put their child’s name on the waiting lists so-called; so I just wonder about that.

MR COPPEL: In a context then where a centre has on an ongoing basis vacancies, is it possible then for a family that may be taking leave during, for example, a pregnancy to then keep a place open without continuing to make payments and then take up the position at a later point in time? I ask this because it’s often been seen as a constraint in the sense that people feel obliged that they continue using the service because if they give it up they won’t be able to get back in. It sounds like in the situation where there are vacancies that that degree of flexibility in the relationship between the centre and the family is there, but in practice doesn’t seem to be very common.

MS HAMMERSLEY: I think people are very scared of the legislation surrounding that. But I think if you have the ability to work those personal arrangements out with your family and you’re allowed to do that, I can’t see anything wrong with that. The trouble comes when those people want to re-enter. So what do you do with a person who has been using their place? They are now without care. So it can become a bit messy. But if you’ve got an administrator or a clerical person who is right on top of that and you had your own system and it’s not illegal and it’s not double-booking, I don’t see any problems with that at all.

MR COPPEL: Can you explain what you mean by being illegal?

MS HAMMERSLEY: Well, if a child is in care and you’re claiming CCB for that family, you’re not allowed to sell that again. You can’t claim CCB for some spot twice. You can only claim it the once. So that’s where it can become – people have to be very much on top of that and have a system or a computer system or a software package or something that can deal with that. But it’s all about relationships I think. You have to be very careful if you’re going to on-sell somebody’s place while they’re on maternity leave, for instance, that they understand clearly what is happening.

DR CRAIK: I think we’ve just about run out of time and finished. Thanks very much, Margaret. That’s been very helpful. If you could follow up with anything in a submission, that would be really useful as well.

MS HAMMERSLEY: Yes, I will.

DR CRAIK: The practicalities of some of our suggestions, it’s useful to get feedback on them. So thanks very much, Margaret, thanks a lot.

Our next appearance is from Rebecca Minter from the Kempsey Children Services. Rebecca, if you could just state your name and position and organisation for the record, please. Thank you.

MS MINTER: I'm Rebecca Minter and I'm the Children's Services Director for Kempsey Children's Services. I'd firstly like to thank the Productivity Commission for the opportunity to provide feedback on their report and the inquiry into childcare and early learning. It's of great necessity that both governments and early educational care services are attuned to the needs of Australian families to ensure early education and care no matter what type of service delivers the highest quality programs to all children in the early years. This needs to be the basis of any policy in which governments intend to implement.

I'm submitting this report on behalf of Kempsey Children's Services and also in representation of early childhood services within the Macleay Valley on the mid-northern coast, which is about 40 minutes that way. Just a bit of background on our service: Kempsey Children's Services is a community-based organisation which provides early child education and care for approximately 140 families and 177 children between nought and six years in the Macleay Valley. We are a large service. We employ 28 staff, which comprises of five early childhood teachers, six diploma-trained educators, 13 Certificate III-trained educators and three support staff.

We provide both long day care, federally funded, and preschool state funded places, as well as occasional care. These different program structures are integrated as children reach a specific age group rather than funding time. Our service underwent our first round of assessment and rating rank where we received overall a rating of exceeding.

Kempsey is classed as the third-most disadvantaged community in the state. So we've got quite significant issues in regards to families with disadvantaged backgrounds. We have a high proportion of indigenous residents. We're a medium-sized regular town which is largely dependent on agricultural industries in the area. I felt it important to give you a bit of background because we're quite a disadvantaged community with a lot of dysfunctional issues and pressures.

I'd like to commend some of the components of the Productivity Commission's draft report which provide significant benefit to families and children. Some of these are going to be similar to what Margaret mentioned earlier. The first is I'd like to commend the recommendation of streamlining the CCB and the CCR payments into one payment. This will make it – reduce the complexity for families and particularly services in trying to administer that. The second thing I'd like to commend the PC on is in regards to the support for universal access for preschool children for four years and continuing that recommendation. However, the 15-hour week needs to be reconsidered. This is an administrative nightmare, 15 hours a week. Ideally, from my point of view, I think that four-year-olds need no less than three days a week. That's 18 hours of early childhood and educational care before they attend primary school.

The third thing I'd like to commend the Productivity Commission on is the recognition of supporting children with a disability by applying additional funding to support families in paying early childhood education and care costs and continuing support for services to build capacity. However, there is a gap, as Margaret mentioned earlier, in the funding that we receive and the actual wages that we need to provide to increase those child-staff ratios.

So this leads me into some issues that I do find concerning in regards to the report; the first one being a concern for the early childhood education and care profession being disseminated and the service quality being compromised by having state-funded preschools removed from the NQF. Over the past five years, since the COAG remit in 2009, we have finally progressed to a point where early childhood and education services, no matter what type, have quality standards which underpin the delivery of quality programs for young children. The impact on this is vast, as it bears on the consistency and cohesion within our profession. Having all services under one system enables parents to compare services easily and make informed choices about which services best meet their child's needs. It places Australia in great stead for improving outcomes for young children, which will impact on their lifelong learning. To eliminate state-funded preschools from the scope of the NQS would be detrimental to the progress made in our profession over the past five years.

The second issue that I am concerned about is how the activity test will affect families, which we've already talked about, particularly those who do not meet that criteria, and the impact that this will have on these families.

I'm concerned for families and children who do not meet the activity test, which allows them to access the proposed early childhood care and learning subsidy and what the restrictions will be to prevent them from accessing quality services. Will these families be entitled to any assistance at all to enable their child to enter early childhood education and care?

Our service has approximately 25 families who would not meet that activity test currently. Of these families, there is a high proportion which needs to access early childhood education and care to support their children's complex needs and parents' parenting roles. Such examples of these are families experiencing difficulty - is lack of family support, family supporting a family member with an illness, domestic and family breakdown, relationship stress, drug addiction and children - and probably one of the most pertinent ones is children having a disability which has not yet been identified. We also have several families that have got their younger children in early childhood education and care that experience postnatal depression.

Of those issues that I've commented, none of them actually have diagnosed disability or would qualify for any other additional subsidies. It is important for all children, right from birth, to have equal access to quality education and care programs; in particular, children of disadvantaged backgrounds. It is my experience that, if families are able to access early education and care for their child earlier, they are able to gain greater support and intervention. Services provide a soft entry point for families

to access support if they are experiencing difficulty or if their child has a learning or behavioural concern which has not yet been identified. This is highlighted by what our service has experienced over the past five years.

Over the past five years, we have had 33 children attend our service over this period, who eventually had a diagnosed disability or learning delay. However, of these 33 children, 20 were referred to a specialist and early intervention team by our team of educators; that means that they weren't picked up prior to entering our service. The majority of these referrals took place between two and a half and three and a half years. If these children were unable to access our service when they did, there would have been a significant delay in the intervention and developmental outcomes before they attended primary school. Of these children which we referred, 20 of them would not have met the activity test.

The third issue that I'm concerned with is in regards to winding back the teacher-trained staff requirements for children under three. We currently have 35 places allocated to children under three in our service, so this is something that really concerns me. It is extremely disappointing, if we're going to be looking at all educators under three, only requiring to have a Certificate III in children's services.

The number of children for which an early childhood teacher must be employed is assessed on the basis of the number of children in the service to age three years. From my past 20 years of involvement as an early childhood teacher and a director, I have observed and experienced the necessary effect of positive impact of qualified educators. Diploma and university-trained educators are necessary for the delivery of quality programs to all children, not those who are over three years. Educators who hide qualifications understand the theory in which pedagogies are underpinned and theories that our children learn and, in particular, theories which relate to under threes; that is, attachment theory and brain research.

Educators with higher qualifications have a greater ability to articulate, guide and support other educators and families, with these deeper understandings of children's learning in all areas. Therefore, the outcomes achieved for both children and families have a greater impact on children's health, wellbeing, resilience and lifelong learning. Educators with a higher level of training are able to understand the philosophies behind best practice and are able to support the implementation of necessary change within an organisation that has a positive impact on the delivery of a service. This has a significant impact on children, other educators and the level of quality which is being delivered across the entire service.

Educators with higher qualifications need to be fully engaged in education programs, rather than just overseeing implementation. This is important as to role model - reflect on this practice to maintain high quality, and this is relevant for children under three years. Educators with a higher level of qualifications are able to recognise, understand and refer the complex needs of children with disability and children with disadvantaged backgrounds. Educators are continually involved in liaising, collaborating and reporting to medical specialists, support agencies and government

departments in order to fully support these children and families. This requires educators with extensive knowledge and professional experience.

Winding back on requirements of having unqualified educators working with under threes would place excessive pressure on educators with Certificate III and an unreasonable expectation, particularly in relation to the low level of wages that they are currently receiving and the responsibility that would be placed on them on a daily basis. This would lead to burnout and a highly-stressed workforce.

The recommendation change to the NQS conveys a message that education and learning is not important for children under three years. This is appalling. We need to advocate for the importance of quality education programs in these early years. Parents of children under three years want to know their children are engaged in programs which are of a high quality. It is a disgrace to accept that families would not want anything less for our youngest Australians. Families want to know the expertise, qualifications and experience which our educators have. It is, in my experience, families making informed decisions for what is best for their child, not just a financial decision.

My fourth and second-last concern is for services being able to operate staffing levels below required ratio. Our organisation has supported the higher child-to-educator ratios which have been implemented as part of the National Quality Standards. Our organisation has implemented these ratios for quite a number of years, as we believe this is a true indicator of quality and best practice.

Therefore, the implications on development of children if the current ratios were to be upheld - and this is for the entire day - are:

infants and toddlers, in particular, will thrive at a higher rate, as there are greater opportunities for individualised responsive attention and secure attachments with our educators;

children will develop a higher level of pro-social behaviours and emotional regulation when there is a higher level of educator-to-child ratio, to allow for individualised support while these skills are emerging;

children will develop language skills which are more extensive, as there are greater opportunities for engaged conversations and role models;

children will develop greater attention and concentration skills, which are intrinsically motivated;

children will develop increased literacy and problem-solving ability.

Services can then provide a positive, less-stressed environment for children, educators and families, and educators will be able to spend a lot more time supporting families and parenting skills and take time to communicate individualised needs of

children.

My last point: I have concern for simplifying the National Quality Standards and providing targeted guidance to providers on requirements associated with the quality improvement plans and educational programs. I believe that time needs to be given for services to move through the assessment and rating process, not just once but probably twice, to fully understand the advantages of this process and the ability to demonstrate the uniqueness whilst still meeting National Quality Standards. This process requires high-quality educators and service leaders to truly collaborate in assessing their own service against the NQS to truly reflect on the needs and features on their community, families and children to make a positive change. I do not believe services need targeted guidance associated with QIP, regional programs and policy development if they are working authentically to achieve these outcomes.

In summary, it's of great importance that we move forward in improving the quality of early childhood education and care services, rather than regressing backwards. I must acknowledge the physical limitations placed on the scope of the Productivity Commission in conducting their report and the recommendations they produce for the federal government. We need to be united to ensure the quality of early childhood education and care is not compromised. Australia still has substantial improvements to be made in ensuring all children have equal access to quality early childhood education and care which truly meets the needs of all children and families.

DR CRAIK: Thank you. Thanks very much for your talk. I guess one question we're interested in, and it's the same question I asked Margaret, is about children with additional needs. You may not have it now but if you'd be able to put in a submission giving us some indication of what the additional costs are for children with additional needs, because, in designing a subsidy that provides a top-up subsidy for children with additional needs or inclusion-support programs, having some indication of the amount of money that's involved per child would actually be very helpful.

MS MINTER: I think, to top up that extra bit, particularly in regards to if we have got children that are diagnosed and receiving funding, we still need some operational money to support that. There's a significant gap. It depends what level of educators people are employing to top up their staff ratios but there's at least a five-dollar-an-hour gap that services are having to cop to do that. While, philosophically, as part of Kempsey Children's Services, we do that with no qualms, there are other services around that probably aren't as willing to do that because they may have tighter budget restraints or it's not philosophically important for them.

DR CRAIK: How do you fund that? You say the services cop it but presumably that means that - - -

MS MINTER: It comes out of our bottom line.

DR CRAIK: It comes out of the fees that everybody gets charged, in a way.

MS MINTER: Yes.

DR CRAIK: It basically puts the average level of fee up.

MS MINTER: Yes.

DR CRAIK: So the other parents are subsidising, basically.

MS MINTER: Basically. I think some sort of operational subsidy to top that up may be something that could be looked at, yes, to go along with that. Probably more of an issue for us is - okay, yes, we can access funding for those children that have a diagnosis but it's the ones that don't that we really struggle with. Often, because they don't have a diagnosis, there are no plans put in place for those children of what their daily needs and what their programs need to be looking like. We've got amazing educators who try to work that out but they're not psychologists or paediatricians or speech therapists. That's where the real issue for us is in regards to supporting those children.

DR CRAIK: In our proposal, we're suggesting, where there are diagnosed disabilities, there's this top-up funding but we're also suggesting that centres could apply for inclusion-support funding, which would be grants for improving skills of staff or facilities. From what you're saying maybe there's more.

MS MINTER: Yes. It's still got to be attached to - whether it be a speech therapist's diagnosis of a speech delay or something more significant - and, as Margaret alluded to earlier, we are really restricted, particularly in rural areas, for those specialists to do those assessments. I'm not sure what your scope is and how the funding structure would look for that but it's often before those diagnoses happen that services are struggling to support those children. I don't know what the answer to that is, whether or not there's something that you could have temporarily in place or a funding pot that you can temporarily access for children who have a question mark over - yes, you have to have some accountability around that and how that looks I'm not sure but, to me, that's where the biggest issue is, those children who aren't yet diagnosed.

Even just accessing a psychologist takes at least six months in Kempsey. Then they have to have a paediatrician report which may take three months to get a formal diagnosis; then you can access funding.

DR CRAIK: Who funds the psychologist's report and the paediatrician's report? Does the childcare centre or the parents?

MS MINTER: No, the family. We encourage them to either use community health or go through the Medicare five free visits that they can access, which is state-funded.

DR CRAIK: Yes, but additional for the childcare centre, how would that speed it up in any way? Would it?

MS MINTER: We need extra support on the ground, need to increase ratios to support those children. Until they get a diagnosis, we can't actually access that funding.

DR CRAIK: Once they're diagnosed with something, then, what you're saying is, you need - - -

MS MINTER: No, before they're diagnosed, we need support. It's because it's taking up to 12 months to get a diagnosis where we're flailing.

DR CRAIK: Yes. Okay. Thanks.

MR COPPEL: You made a comment about the number of hours of preschool and universal access - I think you said it might have been a nightmare - - -

MS MINTER: Why 15 hours?

MR COPPEL: You suggested 18 hours. Our question is - both, essentially: why 15 and why 18? What is the basis for - - -

MS MINTER: From my experience, children, the year before they go to school, benefit from at least three days of being in an early childhood education and care service, for consistency, for understanding what it's like to have to get up three days in a row, "to do all the things I need to to go to school"; to have lots of dialogue, also, with families - that's another part, as much as it's the child that you're getting ready to school, it's also the families - to know what that's going to look like for their family and how that's going to be implemented. From what I've seen over the past 20 years, at least three days needs to be looked at.

MR COPPEL: The way it's been presented to us is that 15 hours does correspond to three five-hour days, or could correspond to three five-hour days, it could correspond to a different combination.

MS MINTER: I don't know any preschools that only operate five hours a day.

MR COPPEL: There are a number of preschools that are services within long day-care centres, so it would be structured in that way, for example. My question is a bit different from that. I'm wondering whether there is a difference, a marked difference, between two days or even three days a week and whether there's anything that really demonstrates such a difference in the number of hours a week that a kid goes to preschool.

MS MINTER: I can't think of any particular research, sir, I have actually seen, I'm just going from experience of what I know and what I've seen over the past 20 years and what I see works for children, individually, so it's probably more qualitative research rather than anything that comes out statistically.

DR CRAIK: A lot of people have said to us that, in relation to after-hours school care,

school hours of 9.00 to 3.00 and 9.00 to 3.30 are very unfriendly for parents, in terms of the hours; so, three six-hour preschool days would be equally parent-unfriendly. It's a real dilemma, how to deal with it. In the ACT, I think, they do preschool with - one week is two days a week and the next week is three days a week, they kind of run them like that, but, yes, every state seems to be very different, completely different.

I guess this whole issue of preschool and the separation between where it's in the education department and under the NQF - for instance, in Western Australia and, I think, one other state, preschool is not under the NQF anyway; they've adjusted their state legislation to match the NQF but it's not actually under NQF legislation, so they're not assessed by the NQF assessors. As I was explaining earlier, we were trying to bring some rationality to the system, particularly in terms of funding, for preschool. Any thoughts about how we might do that would be helpful.

MS MINTER: I think I'm more concerned around the quality and the consistency of services that are provided. This education-versus-care debate between long day care and preschools is really concerning and that's where the COAG agreement has given us an opportunity for us all to be under the one umbrella and all work together for the same things, and it's a lot clearer to families. You have families that used to say, "Okay. My child is going to be in long day care until they're three, maybe turning four, and, the year before they go to school, they're going to go to preschool." There's no difference, not where I work; it's all the same program. It's funding structures, yes, I understand that that separates it, but I think we have to be really clear of how we articulate that because when you say, "Okay, we're going to put preschools under the state," what does that mean in regards to quality standards, how is that going to look and where is the consistency? It needs to happen for quality assurance.

DR CRAIK: We certainly weren't trying to imply that long day care was only care and preschools were education. We weren't certainly trying to imply that. We were suggesting that all preschools, whether they were delivered in a long day care or wherever, would come under the state education system but, clearly, we'll look at that one a bit more.

On a different issue, you said your centre has received an exceeding, which is top of the rating. Are you applying for an excellent rating out of that?

MS MINTER: No.

DR CRAIK: I guess we'd be interested in your view of you get exceeding and then you have to apply to excellent, because we've recommended getting rid of one or the other.

MS MINTER: The fact that you have to pay another \$300, the fact that you have to go through a whole other exhausting process - don't get me wrong; I think the system that we've got now really and truly reflects services for who they are, while still meeting National Quality Standards, and I think it was really reassuring going through the process of getting through it and thinking, "Yes, we achieved exceeding but, gee, we

feel good in knowing that we're able to articulate who we were in that whole process, while still maintaining those quality standards." No, I don't think we'll go through looking at a service as excellent at this point. It's something that we've tossed and talked about a little bit but I don't see the necessity to do that.

DR CRAIK: What do you think about the rating system? I mean, you can get working towards, even if you get 57 out of 58, which seems to us to be somewhat an unusual way to describe a performance, because normally, if you got 57 out of 58, you'd be regarded as excellent in most other areas of endeavour. I guess we'd be interested in your views about that.

MS MINTER: I guess there's got to be a line somewhere, hasn't there, between those different ratings? I don't know. I haven't thought about that enough, I don't think. Look, I do understand, particularly services that have got to that point and, obviously, they're doing some amazing stuff to get to that point but there's still more to achieve, I think, and I think your rating is not your be-end or - you know, of where you're going to end up, and that's why I mentioned that services need to not just go through it once but we need to go through it a couple of times before we can truly look at, "Is this working?" I think maybe we would have seen a lot of media hype around the ratings system and this regulatory burden is around services that may not have got to where they wanted to, so, "Okay, let's just blame the system," rather than, "Okay, we really need to think about what's quality for our service and we need to try and get there," because there is a difference, I think, between those services, obviously, who are getting an exceeding rating and - you know, yet to meet the standards - and I think it's a good system, from what I've experienced.

DR CRAIK: I guess one of the other concerns we had about the NQF is the time that's being taken, because only a third of the services, the last time I looked at it, had actually been assessed, which means that, by the time everybody is assessed once, it's going to be some considerable time down the track, unless there's some streamlining of the system. Do you have any thoughts about streamlining?

MS MINTER: I understand that. I guess, with any new process, and it's quite a big process to take on, yes, it takes time and, I don't know, I don't know what the answer to that is while you're in the midst of, you know - and, yes, it was a lot of work, a lot of work, to get to where you needed to get; you had to relook at all your policies and get in educators, you know, really au fait with the language that's used, and getting them up to speed with what's going on, but why are we doing it? It's in the best interests of children and the quality outcomes. If it's achieving quality outcomes, let's be really careful in how we're going to not compromise on the process. I don't know what the answer is.

DR CRAIK: Okay.

MR COPPEL: Can I just pick up, as a final point, this issue of the activity test. The two objectives we have with the Inquiry are to support workforce participation and childhood development, and I think much of the conversation today has been on the

childhood development and we're to do that within the existing budget parameters. The motivation for the activity test is to ensure, first of all, a form of priority for those that are working to have access to childcare - workforce participation is a principal concern there - but also to do that in a way where you fund those who have a genuine need or incapacity to pay but you don't fund those that do have a capacity to pay. An activity is one criteria, maybe a blunt one, that works in that direction.

My question, as with the previous participant, is: do you see ways in which a test could be designed so that it did target that area in need and didn't provide funding for those that are in a position to fund their childcare?

MS MINTER: I guess, a means test, you know, you'd cap it at a certain amount. For those who aren't eligible for the activity test, there's a means that below that. So, obviously, those who are below that income level still can access funded spaces, where those whose income is higher than that have to pay for it.

MR COPPEL: Yes. On childhood development, the argument was made that there's a certain level of participation in childcare and early education that is independent of those sorts of criteria but, at the same time, there's a need to provide some form of prioritisation. How would a means test work in that situation?

MS MINTER: In regards to those disadvantaged families who we're talking about trying to access; is that what you meant?

MR COPPEL: I thought the point that was made earlier was that there shouldn't be a discrimination in terms of some form of ability to pay, it should be some form of minimum level of access, and, if you have a minimum level of access, then, how can you design the system in a way to ensure that the funds that you do have, the limited funds that you do have, go to the areas which are most in need?

MS MINTER: I guess it's looking at what other criteria can you put into the scope of that that might sit outside the activity test.

MR COPPEL: Exactly.

MS MINTER: Yes.

MR COPPEL: Any ideas?

MS MINTER: No. I'll have a think about it.

MR COPPEL: Sure.

DR CRAIK: Have a think and, if you come up with anything, we'd be very interested to hear it. I guess, too, if people who meet the activity test are entitled to up to a hundred hours a fortnight of subsidised care, if people who don't meet the activity test but qualify under some other means, how much subsidised childcare should they be

entitled to - should that be up to a hundred hours a fortnight or should it be some lesser amount, since they don't meet the activity test? If you have any thoughts now, we'd be interested, or, if you don't have them now, if, down the track - - -

MS MINTER: I think, as Margaret mentioned, those children need at least two days a week, for consistency, for attachment. Most of those families would be giving - the primary caregiver would be needing respite in those situations, so I think two days. Anything less than that a week wouldn't be as beneficial.

DR CRAIK: When you say "two days", do you mean two times 10 hours or do you mean - - -

MS MINTER: Yes. We're open for 11 hours a day.

DR CRAIK: Okay. Thanks very much, Rebecca. I think we're just about out of time. Margaret, you wanted to add a comment.

MS HAMMERSLEY: It was just that, around the NQF, I think, with - the whole process was a staff-building, team-building experience, you know, with the - just galvanising everybody to be thinking about moving forward in the same way and coming to the end of it. I think that was the most beneficial part of the whole thing; it was that team-building experience. It was well worth all the hard work and what have you, and we too were exceeding, so that's wonderful.

DR CRAIK: Congratulations. Thank you very much. We'll now take a short 15-minute break for morning tea and then we'll resume with Port Stephens Council, Tracey. Thank you.

ADJOURNED

[11.50 am]

RESUMED

[12.10 pm]

DR CRAIK: Tracey, if you could just say your name and position and the organisation you're representing for the record. Then if you'd like to make a brief opening statement, we'd be happy to hear from you. Thank you very much.

MS SWEETMAN: My name is Tracey Sweetman. I'm the managing coordinator of Port Stephens, Newcastle Family Day Care.

My report is on behalf of Port Stephens Council. Port Stephens Council has a number of children's services, family day care where we have 760 children in care, 90 registered family day care educators. We offer vacation care. We have 106 children enrolled in our vacation care program. We offer before and after school care services where we have 230 children enrolled, and we have a mobile preschool service. The family day

care service undertook an assessment rating in July 2012 and we received an exceeding rating.

We would like to thank the Productivity Commission for the opportunity to provide feedback today. We support the concept of single-based subsidy for children attending all mainstream early childhood and education services. This will streamline the processes and provide clarity for families about the real cost of care. When determining the deemed cost of care, we encouragingly ask the Commission to please consult with the sector to ensure the deemed cost of care is reflective of the real cost of service delivery of quality care for different childcare service types.

We can see a negative impact on families with free access to 50 hours of care per week if eligible grandparents is removed. Grandparents as guardians are using our childcare services for respite for themselves and for socialisation opportunities for the children. Frequently the children are in care of grandparents due to issues such as drugs and/or violence. These children could be considered at risk.

It is our view that grandparents undertaking this care require as much assistance from the community as possible. The children frequently demonstrate behavioural problems and it can be challenging for grandparents to successfully manage these behaviours without assistance.

In the April and July vacation periods our service provided care for children of five grandparent carers. We also had a number of grandparents who use care with our other services as well. It should be noted that one of our services operates in a low socioeconomic area with a low AEDI and low school retention rate. Our concerns are similar in relation to the removal of subsidies for children who do not meet the activity test criteria. In our services there are a number of families not meeting the activity test. We believe all families would benefit from access to subsidised childcare on the same priority basis as we currently have.

Families not meeting the activity test, and where a child is not at risk, find it difficult to access places which are currently primarily utilised by families meeting the activity test. Access to a limited amount of subsidised care would provide respite care for parents and socialisation and developmental opportunities for children. With school-aged children respite care and developmental support is not relevant for children in a before and after school care setting unless there are additional support requirements. However, in vacation care and long day care, both respite and developmental needs are relevant for families.

The current arrangements of 24 hours of subsidised care seems fair and supports all families in the raising of their children. Australia has a transient population. In our local government area there is a large Defence establishment. Many of these families lack access to the usual family support networks. Access to care provides opportunities for linking families to their community and relevant services. There is a concern about families not meeting the activity test taking positions away from families who do not

meet the activity test, then the regulations around priority and notice to leave a service may be tightened.

The space requirements for before and after school care are restrictive and probably unrealistic for many venues, particularly on school sites where there is access to covered learning areas and spacious grounds. While venues require access to amenities and kitchen-style facilities, they do not necessarily require the amount of indoor space per child specified in the current regulations. Often individual children are in sessions for very limited amounts of time and can be safely and happily supervised in small areas. This would allow many more families to access the service. Indoor space requirements for vacation care may need to be considered in a different manner as there is the potential for children to be confined indoors for long hours.

We are not in favour of extending outside school hours care to children in the prior to school age bracket. The existing age and developmental range in OOSH, with consequent wide range of means and interests, is already challenging. To expand this range further would be difficult for services and possibly not in the best interests of children.

In closing, we concur with the Commission's statement that the childcare field does not want a predictable business environment. We believe the decision to remove operational subsidy from family day care, the manner in which this was announced and how it was intended to be implemented, has created a great deal of uncertainty in the sector. It is likely to cause the closure of some services and distress to families at the loss of childcare places. Thank you.

DR CRAIK: Thanks very much, Tracey, for that. If we could just start with your last comment - the removal of the operational subsidy from family day care - can you explain what that was, how that worked and how much it was?

MS SWEETMAN: In the May 2014 Budget the government changed the eligibility criteria for family day care services in regards to operational funding. The change of criteria provided a new criteria that we didn't have to abide by before. If you don't meet the eligibility criteria, then we're set to lose a minimum of \$250,000 in operational funding. So the criteria now is very, very challenging. It is really, really difficult for services to meet that criteria.

For example, one of the criteria is that you need to be located in a regional/rural/remote area. If you're located in a major city, then you're not entitled to any funding. So for a lot of us, we have educators or our coordination unit is located in a major city. So straight-up we're not entitled to any funding. It's also based on where your educators are located; so more than 51 per cent of your educators cannot be located in a major city area. For a service like myself who has 90 educators - we span over five local government areas and our coordination unit was re-evaluated from an inner regional to a major city in June - we're not entitled to any funding.

For us, it's more than \$250,000 that we will lose. This is due to be implemented from July next year. So the government has provided 12 months for us to plan for this loss of income. But that's a significant amount of money for us to be able to find. So the repercussions of that is that services will close. We need to look at the service that we're providing and do we need to change the way that we're doing things, which the concern for us is we don't want to lose the quality that we have worked so very hard for over a number of years.

My service, and a number of services, pride themselves on working at meeting the quality standards, exceeding the national quality standards or actually every day going in to work and doing a fabulous job. You're following the regulations, you're following your policies and doing the right thing. So it's a real concern for us on how we're going to work through that without compromising quality. We're very fortunate that we work for a council that's supportive. We have great processes in place. However, some services will find it very challenging to maintain operating. Where are those children going to go when the waiting lists in other service types are full or very long waiting lists? We have a waiting list at the moment of 260 children.

DR CRAIK: That's just for family day care?

MS SWEETMAN: That is just our family day care service. Twenty-three or 26 of those children aren't even born yet. In our area we have – the childcare centres around us have waiting lists as well. Another one of the criteria is that you have to be the only family day care service operating in that area. Now, back in 2006 the government removed the boundaries. We used to work in boundaries. So once the boundaries were removed, you can now operate wherever you choose to. There's been a significant growth in the number of family day care services that are now operating in the country and in our state which causes issues for services, I suppose.

DR CRAIK: If the government continues on that track with removing the operational funding, will that end up effectively raising the daily fee for your family day care parents?

MS SWEETMAN: Yes, thank you. That's another one of our significant concerns: that the increase in fees will need to be passed on to the families.

DR CRAIK: Have you worked out roughly how much that would be, the increase?

MS SWEETMAN: Seventy-two cents per hour per child, which if you've got families that are using 50 hours of care a week, and they may have more than one child in care -
- -

DR CRAIK: \$40, or something.

MS SWEETMAN: - - - that's a huge increase out of their pocket. That's why we're asking that the Commission really consider the deemed cost of care as well when you take into consideration the loss of operational funding. As I said, the government is

saying, “We want it to be capped at \$250,000,” but for those of us that won’t be eligible for that – my service was receiving a lot more than \$250,000 in operational funding because your operational funding is based on the number of hours of childcare that are provided.

DR CRAIK: One of the things that we would say is that the deemed cost ought to reflect the actual reasonable costs of actually running of the service. I guess if the coordination costs are reflected in the actual daily cost of family day care, then the reasonable costs should reflect that as well. That would be our view.

MS SWEETMAN: We hope so because it’s a team effort. For an educator, we register educators, we provide ongoing training. We’re monitoring and supporting them and providing – we provide lots of support to our educators every day. So that’s what we’re asking, if that could be really considered.

DR CRAIK: Thanks.

MR COPPEL: On the calculations of the deemed costs, we recognise that you can do this on a type of care service, do this on a geographic basis or both, but there are trade-offs in how tightly you define the calculation by area. We want to avoid a deemed cost for one area being different from across the road deemed cost. You also mentioned that there are in your centre many types of services. I was wondering if you have any sense of how those costs differ from one type of service to another, because that would be important in terms of thinking about how deemed costs are calculated and whether they’re specific to individual services or whether types of services could be considered together.

MS SWEETMAN: I think the Commission needs to really dissect what the different service types offer. For us in our services, we conduct a sustainability review every couple of years so we look at what we’re offering, the quality of care and what we’re delivering. I’m not quite sure if I’ve answered that properly or not for you.

MR COPPEL: I’m just wondering whether in your particular centre there are big differences between the costs of the services that you provide, depending on private services.

MS SWEETMAN: There are differences, yes, in the services that we provide. There are differences in the costs that our educators provide in our family day care service. Currently we have a scale rating, so we have a minimum and a maximum that our educators can charge. They need to charge a fee within that range; it’s a fee range. Because our educators are classed as self-employed, in our service they set their own fee. So there’s a difference even within our family day care service. It is different again in our vacation care service and in our before and after school care service and our mobile preschool.

However, we benchmark within the community to make sure that we’re providing as affordable childcare as we can with the other services. As I’ve mentioned, some of

our services are in a low socioeconomic area as well, so that needs to be considered. However, it comes down to the bottom line when you're budgeting for your service and for survival.

MR COPPEL: Can I just come back to out of school hours care. You made the point that you're against the recommendation of extending this to the year before school and I think you made the point that it would be too complicated to cater for such a wide range of ages. I'm just wondering how material the difference would be for a preschool kid compared to a kindy kid or a Year 1 kid.

MS SWEETMAN: I think that comment is when you look at the environment that you're providing the before and after school care. One of our environments is in a school environment. So when you're providing a program you need to be considering the developmental areas of all children. So you're providing activities based on development and more so their interests on a four-year-old and then you're looking at the interests of a 12-year-old, that can be a little bit challenging when providing the program. I believe that's where that's coming from.

MR COPPEL: I recognise that there would be a big difference there, but I'm just wondering whether there's such a difference between a four-year-old and a five-year-old. Is it a material difference is my question?

MS SWEETMAN: Probably not a lot of difference between a four and five-year-old. But when you're looking at the greater – like our before and after school care ranges from four to 12. So the comment that I made is reflective of the age range. So probably not when you're looking at age likes or the interests and developmental stage of a four and five year old. I did get your point, I get what you're saying. However, it depends. Some children are more social at five than they are at four.

DR CRAIK: We heard some comments on the space, that the space requirements for before and after school care could be unrealistic and it might reduce access to care. It seems to suggest that it's too large the space required for before and after school care per child.

MS SWEETMAN: In the report it talks about the facilities to provide a plan as a condition of service rather than basing it around size. That's my interpretation.

DR CRAIK: Rather than the number of children; is that what you're saying?

MS SWEETMAN: "Removal of the requirements for the OOSH service operating on a school facility to provide service plans as a condition of service approval." So I took that as – have I misinterpreted that?

DR CRAIK: I think we were saying where the after-hours school care is provided in a school which is already suitable for kids, why should they have to submit a plan to say it's suitable for kids when it's a school that should have already been assessed as suitable for kids. Because we've had some odd anomalies there with facilities that are

suitable for children – there was one I think where toilets that were suitable for children while they were at school, suddenly when they're in after-hours school care they were no longer suitable for those same children to use and odd things like that. So we were just trying to remove some of the regulation, I guess, is what we're suggesting.

MS SWEETMAN: Well, mine is saying that the space requirements are restrictive and possibly unrealistic.

DR CRAIK: Do you agree?

MS SWEETMAN: Yes. I think it - well, it depends on the facility. I suppose, if you're able to provide a plan and a risk assessment that's compliant with regulations and standards, then that may be appropriate for children when you're looking for their care, their safety and their wellbeing.

DR CRAIK: Okay.

MR COPPEL: You're the second participant today with an exceeding quality ranking. I'm wondering whether you're - - -

DR CRAIK: Third.

MR COPPEL: The third, sorry - considering going for an excellent ranking.

MS SWEETMAN: We will consider it but not at this stage. That might be something that we have to compromise, given the loss of our funding. We need to look at what service provision that we can offer. It's something that we'll consider but we haven't applied for excellent at this point in time.

MR COPPEL: Final point: do you have any views on the way in which the quality standards are then reported, in the sense that a 57 out of a 58 would be working towards - do you think that that is a good basis for giving a grade to centres for their ability to meet those quality standards, or do you think something different, along the lines of what we're suggesting?

MS SWEETMAN: It's a little bit challenging, I suppose. We have, for family day-care, the compliance officer - they come in and conduct an assessment and rating within a family day-care home for two to three hours and, based on the children in care or the educator, one little thing that may not go to plan that can actually impact on your final result, that hasn't actually caused any harm or many issues with the child, I think that - I disagree with that having an overall impact on the final rating of the service. To take into account that it's hard to come in for a couple of hours and write a report based on just that timeframe, so you need to consider, obviously, the holistic service.

DR CRAIK: One question: you've expressed concern about the grandparents needing to - they wouldn't need to meet an activity test but their access to childcare would be - or grandparents as primary carers would be subject to a means test, still, and you also

expressed concern about the activity test itself for others, which would mean that a number of children wouldn't have direct access. I guess, with the grandparents, are you suggesting that, because of the means test, a lot of grandparents wouldn't actually end up sending the children they're caring for to childcare?

MS SWEETMAN: Possibly, they may not be able to afford it. They wouldn't meet the test; maybe they can't afford it.

DR CRAIK: On the activity test one for everybody, one of the options that we could consider is - right now, our recommendation was for funding parents - everybody who met the activity test would get at least a 30 per cent subsidy. Given we've got a limited funding envelope to deal with, a limited amount of money, one option is to no longer subsidise people that have a family income over 300,000, and save that money and provide some universal access to childcare for a day or two a week, or two days a week. What would your view be of that approach? There would be some who would be very unhappy with that.

MS SWEETMAN: If you're on \$300,000, you would probably be very unhappy with that.

DR CRAIK: That's right. I'm sure we'd hear some more from them. What would your view be on that sort of trade-off? I've put you on the spot, I think.

MS SWEETMAN: You are putting me on the spot. I suppose my blanket view is that I believe that all children should have access to childcare and I believe that that's reflected in the Early Years Learning Framework - children have a sense of being, belonging and becoming - and it's within our National Quality Standards. It's within the framework that we work under every day, so very hard, and, for a lot of us - we're very passionate about what we do and - my answer to that - I don't want to actually give specifics, but I believe that all children should have the opportunity to quality childcare, and I agree with the other ladies, a minimum of two days a week.

If you put an hourly rate on it, you also need to look at the different service types and the hours of operation. We've heard about different childcare centres being open a minimum of 11 hours a day. We have family day care educators who provide, in times of need, 24-hour care, overnight care, weekend care, before and after-school care, care between the hours of 9.00 and 3.00, or whatever hours that our working parents need. So I think that needs to be considered as well when we're looking at providing care for our children, the children that are actually going to be making decisions like we're making now, in many, many years to come. Children learn the most in their early years. We should be providing them with the opportunity to do that. We have skilled, qualified, professional early educators, working in many service types. I believe we're providing the foundation for children that are going to go on and be our prime ministers and making decisions like people are making today, so we need to provide them with the foundation to be able to do that; a foundation in self-help skills, education, development, all areas, all areas of development.

DR CRAIK: Just one final question: do you have many children with additional needs in family day care?

MS SWEETMAN: In my particular service?

DR CRAIK: Yes.

MS SWEETMAN: We have five children who are currently in our service with known additional needs that we're working through with ISS support. In our other childcare services, we have a number of children with additional needs as well. I'm not quite sure of the numbers but we do have children with additional needs.

DR CRAIK: Do you have any thoughts about what we're proposing for children with additional needs for support? Would you see that as adequate or inadequate?

MS SWEETMAN: I don't have a comment on that today.

DR CRAIK: Okay. If you could have a look at it because most of the response we've had is about family day care and additional needs - long day care and additional needs, so, if you've got any thoughts in relation to family day care as well, that would be particularly useful.

MS SWEETMAN: My council will be providing a written submission to the Productivity review in more detail than what I've provided today.

DR CRAIK: That's been great. Thank you very much, Tracey. Good luck with Q&A tonight. We'll watch with interest.

MS SWEETMAN: Thank you.

DR CRAIK: Our last person for today is Marg Brien from Goodstart. Marg, if you could, when you're comfortable, just state your name, position and the organisation you work for and if you'd like to make a brief opening statement. Thank you.

MS BRIEN: Sure. Hi. I'm Marg Brien and I'm the Director of Goodstart Early Learning in Taree. Thank you for the opportunity of being able to talk to people in the areas where we live in this rural New South Wales.

I've worked in the early childhood learning industry for almost 40 years. I currently work in the not-for-profit sector with Goodstart Early Learning. I've worked both in Sydney and rural New South Wales. I've owned centres, I've worked for private, government and not-for-profit services, such as the National Childcare Accreditation Council and Lady Gowrie.

A little over three years ago I was persuaded to leave Sydney and move to Taree to head up the Goodstart Early Learning Centre there. Taree is a beautiful town but with more than its fair share of families that are disadvantaged. According to the ABS,

the Taree SEIFA rating is two, placing it in the bottom 20 per cent of the communities, by income.

My centre is a 63-place centre, providing care for children aged six weeks to five years. Being in one of the nation's less-privileged areas, Goodstart provides strong support for the centre, providing a high-quality service for them, with above numbers of qualified educators, including diplomas and early childhood teachers.

My philosophy has always included providing access to high-quality early childhood programs for all children, particularly the most vulnerable. It's that group that I wish to bring to your attention. It's very close to my heart because most of the children at my centre are starting out by facing some particular challenges or vulnerabilities. My worry is, if your recommendations proceed as recommended, it will become harder, not easier, to give them and their families the support that they need.

I've worked for many hours with vulnerable families, whose children are traumatised. Many of these families do not participate in the paid workforce, yet these children need our services. Limiting that access would disadvantage the most vulnerable in our community. These families need the services of high-quality childcare and access to that is of great importance.

Some of our families are case-managed by the department, who tell us sometimes that the children are only ever safe when they are with us. Some of our children are in foster care. Some of the children in families are living with violence on a daily basis, are living in women's refuges, are living with the trauma of drug and/or alcohol dependency or abuse, living with literacy problems, low self-esteem and particularly the fear of being judged. Some of our families are living with generational poverty. Some children at our centre, when asked what they'll be when they grow up, reply with, "I will be old."

What I've described above is not rare, it's known in all communities, more so in some and particularly common in many rural communities. Many rural areas have large communities of Aboriginal families, as we do in Taree. These families are often more vulnerable and socially disadvantaged. We need to reach out to them with ease of access to early education, rather than difficulties in making that available.

When children are living with trauma, it's difficult for them to learn and to trust and feel safe. Educators in high-quality services are trained to assist children emotionally, socially, intellectually and educationally to feel respected and nurtured.

I feel passionate about providing high-quality education and care to all children and fear that the changes that you are proposing will greatly disadvantage the most vulnerable people in our community. For example, the report recommends restricting access to special childcare benefit or the special ECLS that might replace it only to children who have been referred to the state department, assigned a caseworker and approved by Centrelink. This will severely restrict access to special childcare benefit. I have no doubt it will result in fewer children who are vulnerable being supported in our centres and more children falling under the radar as a result. It's not easy dealing with

many of these families. They may be vulnerable but not meet the department's priorities for case management.

One of the advantages of the current special CCB system is that families who are vulnerable can access care without being judged. That can provide a soft entry point to the child protection regime, allowing educators to closely observe the child and determine if a referral to child protection is warranted. These are matters of judgment made in each family's circumstances and in the child's interests.

Under your draft recommendations, that discretion is removed. My concern is that, in too many circumstances, the child will then be removed from our centre and lost to any supervision and living 24 hours a day in their trauma or vulnerability, without respite.

An overriding concern for me in the report's recommendations is the lack of recognition of the important role that quality ECEC can play in supporting vulnerable children. I see centres like mine as playing a vital role in the community service infrastructure for Taree. We are that soft entry point for vulnerable families, where the child is provided with an oasis of calm in what is often a life of chaos. The links my centre has built with community services can help to build some resilience in families and bring a little bit of order to the chaos. The marginal cost of providing the extra level of subsidy that helps this happen far outweighs the potential cost to the public of avoiding a serious breakdown in the family later on.

On behalf of the 120 families at Goodstart Early Learning in Taree, I urge the Commission to reconsider its recommendations to narrow access for vulnerable children to early childhood services. I urge you not to water down the quality framework, especially for children aged nought to three years, as this is such a vital time for supporting all children, but especially vulnerable children.

As part of the Goodstart organisation, we reach out into our local communities and embed practices of respect and nurture into our programs. We work with other agencies and services within the community to make affordable and excellent early childhood education and care available to all children. Please don't disadvantage families by making it harder for them. Thank you.

DR CRAIK: Thanks very much, Marg, that was very helpful. Could we start with the issue of the special subsidy and effectively in part a replacement for special childcare benefit. I guess one of the problems with special childcare benefit was that it might have started off as a very targeted program but, in practice, the breadth of the range of cases for which it was being applied was way in excess of the original intention. The real challenge seems to be what should appropriate criteria be? If you have additional suggestions or better suggestions for a special benefit, then we'd be happy to hear from them. But the problem is there was such a high level of discretion with the special childcare benefit that the funding was expanding unsustainably in the long run.

MS BRIEN: I've been thinking about that. Although I haven't personally processed a lot of applications for special CCB for financial hardship, because that assessment is really rigorous for an approval within Goodstart, so – one of my children are at risk of harm anyway so I use that one. But I'm aware that Goodstart has processed hundreds of applications for special CCB for financial hardship. For example, the families where a parent has lost a job or faces sudden serious illness; at least giving the child continuity of care and access to their friends, provides a little bit of security in what is a very stressful time for the entire family. Pulling a child out of care when the family faces a financial crisis only adds to that dislocation and stress faced by the child.

But in terms of the procedural issues around that, that's a question probably better directed to our CEO, Julia Davison. She's meeting with you – she's putting in a submission as well. But I'm happy to refer that question on to her. She's very aware of that one too, but she has a lot more information than I do about that.

DR CRAIK: On that issue, I guess if Goodstart generally have a list of criteria that could perhaps – they could suggest to us that might make it preferable.

MS BRIEN: With having 650 centres there and their focus is pretty much on vulnerable - - -

DR CRAIK: That's right. We'd be very interested in hearing what sort of criteria could work because it's really a case we're trying to tighten it up so they don't stretch endlessly.

MS BRIEN: We'll definitely pass that on too.

DR CRAIK: Thanks.

MR COPPEL: I just wanted to come back to the comment you made about children at risk and that the recommendations we're proposing would make it harder for those families to continue or to access childcare. In our recommendation we don't have an activity test when it comes to children at risk. The support arrangements are actually more generous than the existing arrangements, or can be more generous than the existing arrangements. I'm just wondering what exactly is it that is in our draft report that would make it more difficult for those particular category of kids to access childcare?

MS BRIEN: I think because we see such a range of children with vulnerabilities, including women who've just had to leave a town and move to another town and living in women's refuges and the drug and alcohol abuse that we see a lot of within families, I can't just apply for special CCB over and over again. I have to really obviously be able to prove as much as I can that what is going on in the family and why that family needs that, because our fear is the child being in the family rather than being out of the family. But again that's one that our CEO is really looking at to provide some what we can look at for answers to those things.

DR CRAIK: Do many kids stay on special CCB for any great length of time? What happens when they move off - - -

MS BRIEN: We're limited - we try and encourage the parents to still pay what they can while they're on the special CCB so that they're still contributing. But it's always a very delicate line because it's the most stressful time of some of their lives. We know that the child is much better off in those circumstances being with us in a very calm setting rather than in the home or struggling.

DR CRAIK: Do they stay in your centres once they come off special CCB?

MS BRIEN: They do, although by the fact of them being vulnerable we do have people who come and go because their lives are disjointed as well. But we treat each family as though they're going to be staying there forever. And a lot of them do and then they struggle on it when they're not on special CCB and maybe take the child down to one day a week. We might have been able to give them three or four while they're on the special CCB period and then they can't afford that and they come off even making the contribution that they're making. I mean, it's a very case-by-case basis, but it's very difficult for us when we see the value to the child. But we have to work within the system as well.

DR CRAIK: One of the other issues, you didn't mention it, but I assume you would see as a problem, is the activity test.

MS BRIEN: Again that's more something that I know that our CEO is willing to talk about to offer ideas about. I think my focus here today was really just to present the picture of rural New South Wales with vulnerable and traumatised children and families, to bring that to your attention.

DR CRAIK: Do you see the notion of having a deemed cost or an additional deemed cost on top of the childcare subsidy as a kind of sensible approach even if you don't agree with the criteria?

MS BRIEN: Look, that's not my area of expertise.

DR CRAIK: Do you have any thoughts about we've also recommended that there be an inclusion support program where services can apply for grants for skilling of staff or for additional facilities where there are children with additional needs? Does that make sense?

MS BRIEN: To me, the area of additional needs is really interesting because – other people have spoken about that today. But it's such a narrow field of a name for an additional need where all my children have additional needs, great additional needs, but they don't have it diagnosed. Just the fact that they're living in trauma is an additional need, but we can't access any extra funding for that but they certainly need extra care. Our staff, the entire 15 staff, have needed to be trained particularly in this area. Although I've been teaching for 40 years, I've never had this much concentration over

the last few years of children with vulnerabilities. So we've all needed expert training in that area; and that will be ongoing.

Staff also need access to help for themselves as well because it's a very emotional area to be working in. Some staff have their own vulnerabilities as well. It's very extremely emotional and to do it properly you need to have yourself in a good place as well. So Goodstart have been very helpful with that helping us to be good educators to be able to do the job properly.

DR CRAIK: Could I conclude from that that service is having access to funding for upskilling or extra training and things would be - - -

MS BRIEN: It would definitely be helpful; definitely.

DR CRAIK: Because it's very difficult for governments to find a way to provide additional funding for undiagnosed vulnerabilities in a general sense.

MS BRIEN: And it is a very grey area, it is a very difficult area to talk about. You've got to have really well trained, highly trained people working with those children to be able to recognise what they're talking about. Like since we've done the training we are much more easily able to diagnose a traumatised child rather than having to wait and go through a long system of are they, aren't they, what's happening, what will we do. We feel we can go straight in and help out. But it's at a cost.

MR COPPEL: I'm just pointing out in the draft report we do have an information request that does seek information on whether there are other categories of disadvantage or groups of children that are developmentally vulnerable. If you can elaborate on the submission that you've provided on the draft report on that particular request, that would be very helpful.

MS BRIEN: Thank you, and we will. Goodstart has a real commitment to the vulnerable children in the community – and families.

DR CRAIK: So will Goodstart be providing one overall submission?

MS BRIEN: All I'm aware of is that Julia will be making a submission. I'm not sure who else would be. I think it would be mainly her.

DR CRAIK: Thanks. I don't know if you have any experience in this area, but one of the things we recommended was for disadvantaged communities, where there's a concentration of disadvantaged, that there be transition funding where there were block funded programs to try to transition them to mainstream funding programs. Do you have any experience in that, particularly Indigenous communities, I guess, we're talking about?

MS BRIEN: We're starting to work a lot closer with our Indigenous – with our Aboriginal families and community because it's quite a large one. Are you talking about getting them to come to services?

DR CRAIK: We're talking about, I guess, the involvement of Indigenous children in childcare one form or another, trying to encourage them there and then also trying to encourage the services where a lot of them are currently block funded, or some of them are currently block funded, to transition to the sort of more per child subsidy basis.

MS BRIEN: Twenty per cent of our children are Aboriginal, and that's only the ones who've identified that on an enrolment form. We don't question everybody. So we've got quite a good percentage anyway. But we're looking at attracting more and more in any ways we can and working very closely with the Aboriginal community because there's more vulnerabilities within the Aboriginal community.

MR COPPEL: There's also a recommendation that relates to integrated services where there's childcare provision, early education, together with support in the health field. I was wondering if you've had any experience with those sorts of arrangements and do you have any perspective on the recommendation that we're proposing or on these types of services.

MS BRIEN: Having been around for so many millions of years, in the old days it was so easy to have access to extra healthcare professionals and it worked so well. Then obviously that dropped off to none. But we are finding as a small community, because we're doing so much work in the community, that we are attracting some of those people to come to the centre, a very small number, and it's a very slow process because it's really difficult for them. But to come and access the child of a centre rather than at their offices. So therefore, because our parents are in a bad place themselves and they don't want to be judged any more, sending them off to help usually results in them not going.

But the more that we can do at the centre, we're looking at ways that we can – again it's at a cost. We can't just do that. But attracting those other professionals to come in so it's a bit more of a one-stop shop, that would suit our parents, particularly with logistic issues as well. To just appear in someone's office and have a pile of paper put in front of them is a very daunting task. We've looked at even some of the educators going with parents to things. But again, I don't have the money in a budget to necessarily send some of the staff off, but we try to do that as much as we can.

DR CRAIK: Marg, I think that's been very helpful. Thank you very much. Thanks very much for coming along today.

MS BRIEN: Thank you.

DR CRAIK: That concludes today's formal proceedings. But is there anyone else who'd like to appear today before the Commission? Then I adjourn these proceedings

and we'll resume on Thursday in Sydney. So thank you very much. Thanks for coming today and thanks for presenting.

**MATTER ADJOURNED AT 1.00 PM
UNTIL THURSDAY, 14 AUGUST 2014**