



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 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 public hearings in Perth, Port Macquarie and Sydney and, following this hearing, there will also be hearings in Canberra next week. We expect to have a final report to the government in October this year. 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 that a full transcript is being taken. We don't take comments from the floor. But at the end of the day's proceedings there will be opportunities for people 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, I'd ask you to contact Monica who's just wandering in and out somewhere.

(Housekeeping matters)

Now, we've got a busy day today, so I'd ask in your preliminary comments if you can keep them brief because this is a real opportunity for us to actually ask you questions and explore issues. But I'd now like to welcome as our first person who's appearing Ginevra Hosking. So if you'd like to start by saying your name and what position and organisation for the record, please, then if you'd like to give a brief public statement to open. Thank you.

<MS HOSKING: Hello, it's Ginevra Hosking. I'm here making a personal submission to the Productivity Commission, although I do work for ANZ three days a week. Thank you for the opportunity to speak today. Although I'm not an expert in the field of childcare, I'm a working mum with three children under seven. So I've recently become quite familiar with the topic. I'm very pleased that this Productivity Commission has looked into the issues, especially some of the sensible recommendations around subsidisation of support and covering the funding of 15-year-old preschool and retaining that. I think that's really important. And differentiating between the child-minding and child-educating components of different children at different parts of their ages, how it changes over time, although they're at their concurrent needs, you're not always doing the same thing all the time. I think some of the pricing problems that people experience are a function of that.

I like the fact that there's a recommendation around simplifying that the rebates and subsidies into one thing that people can actually understand, including approved nannies into that, and also basing it on the realistic cost of the service so that you don't have this massive uncontrolled fee inflation or cross-subsidisation, which makes it very hard to work out what you should be applying for for what age child. The other recommendations around flexibility

and availability, I think the expansion of the 12-month au pair visa is really important because to try and recruit someone is actually a huge effort. If you're limited to only having it for six months, it's very hard.

Expanding the number of after-school places by making principals responsible for having sufficient service - - -

(Discussion re microphones)

- - - the school principals allowing enough places to actually meet the needs of their students I think is important because it's very hard to ask children to move from school to an after-school care that's not on their premises. The changing of the National Quality Framework so that it takes into a broader account the different needs of children at different times and different periods of the day. So after-school care is not the same as childcare for under three-year-olds.

However, I'd like to add further to the continuing discussions on workforce participation. I see this as the main dilemma that's yet to be addressed in this childcare paper. The second income earners and single families with more than one young child, the effective return from – returning to work between three and five days is very, very low. Even I've experienced at times it's been negative. It's actually cost us to work. The compensation that you're getting, it's just not sufficient to justify the stress and complexity of actually trying to manage a household and associated expenses and work in the first place. This is driving a lot of women out of the workforce. It's certainly something that I've noticed in my peer group where I'd argue 60 per cent of the women have just decided that, while their children are that years, they've dropped out of the workforce simply because – not because they're not passionate about their jobs, it's not because they're not capable, but they cannot work out how it makes sense to stay in there.

I agree with the notion that higher-educated, more career-focused women have incentives to remain in the workforce because they get better future returns from their career. But at the point you're planning to return to work after your second or third child it's not as simple as that equation. You're actually considering things like the take-home pay of having three children in day care, which is actually negative. You've got the fact the children are going to be sick a lot of the time they're in long day care, which means you've got to leave work a large portion of the day to drop what you're doing and actually go and pick them up. If you've got three children in day care and they're all sick one day a week, you're actually not at work at all. So that's killing your productivity but also limiting any career potential. So you've got this sort of negative feedback loop around career that – although you know in your head that it's the right thing to do, it's not reinforcing that message.

The household expenses when you are working are significantly higher than when you're not working. What you find is that – I know it's not a macro sort of number, but when you're actually trying to balance a household budget, things like an extra 50 per cent cost on grocery bills you notice it. If you're actually not making any money by working, you've got to pay an extra 50 per cent on groceries or you've got \$50 a day in commuting costs of

transportation. Again, it's just this more reinforcing the message that says there's no reason to be here, especially after about three days of work a week.

The other point is that when you're returning after your third child you're actually stuck in a career trajectory lull anyway. You've missed a whole lot of performance management cycles. You've missed a whole lot of CPI wage increases. So you're actually flat-lining as a career anyway. So it's very hard to rationalise that it's actually better to remain in the workforce than it is to – a negative pay – it's not clear that it's better for your career to be in that situation. I think that it's driving a lot of women out of the workforce. I'm not sure what you can do about it. But I think what's being overlooked in the recommendations so far and the sensible sort of streamlining of the subsidies is that you're losing this incentive for women to stay in the workforce. Sixty per cent of them will leave and, if they come back to the workforce, they won't come back to the level of productivity that they were capable of doing. I've got friends who come back into the workforce but they've taken up yoga positions and things like that. These are talented women that are significantly underplaying their skills simply because they can't work out how to get over this hurdle.

I think some of the things that would be important would be looking at what the impact is on the second earner's wage and the impact of having more than one child when you go beyond three days a week. It's certainly the reason I dropped back my hours of working, just because I can't work out how it makes sense to actually stay in the workforce.

The other areas I was concerned about in the report was the au pairs. The definition you said is that they're carers, not educators, which is definitely true. But you refer to the fact that they don't have first aid training and police checks. This is actually not the case. The au pairs that I've employed so far, all of them have had first aid training, because it's mandatory in Europe to get a driver's licence. Not only that, some of them have been nurses, training paediatric nurses, lifesaving supervisors and one of them who wasn't that qualified and was uncertain of her own initiative went and did a paediatric first aid course. I don't know there's too many au pair candidates that are actually applying that aren't first aid trained. That's not because I'm actually recruiting for those skills, it just is the fact that most of them take this pretty seriously.

The other thing is they've all provided police checks from their own country and the school won't allow them on the ground unless they do a working with children check. So by definition the school says, "We're not allowed to allow people in contact with children who are not the parents" and because, they'll be on the school grounds, they've all asked them to do working with children checks. I understand the sort of – it's a different level of service as to what the day cares go through. But all of those things are actually being met. The only difference between when I had a nanny and an au pair or when the children were in long day care was the Certificate III was the big difference in qualifications between the two.

The other thing I was concerned about with the au pair section was that box 8.15 mentions that there's an expectation that non-agency au pairs are being exploited. I don't think this holds true with the facts. Two-thirds of the people choosing to be au pairs are using the websites, not the agencies. The agencies are actually charging both the au pair and the family, in some cases, thousands of dollars. I think it's unreasonable to presume an

assumption of exploitation just because someone's choosing not to use an agency. Certainly a small business wouldn't be presumed to be exploitive because they're recruiting off a website rather than through a third-party agency. I've got letters here from my au pairs that I'm quite happy to share that don't indicate any exploitation. I certainly, when I was an au pair in the '90s, wasn't exploited. I think it seems a strange position for the Commission to be taking to say that actually this is an exploitive relationship that's being set up. And I'm sure there's exceptions where that's true, but I don't know that agencies necessarily add much to that situation. All of the information is publicly available about what their rights are. All of the au pairs that I've met know it and they readily – there's Facebook pages and if you get a bad profile on a Facebook page you will not be able to recruit an au pair. That's the way the system works. So I think it is a very strange position that the recommendation is.

The last area I'd like to comment on today is the preschools and universal access. This, I think, is probably the most important education part of it. It should probably be extended to cover three-year-olds as well in the sense that 15 hours is about the minimum you'd want for your four-year-old program, but there's a lot of three-year-olds that miss out if they don't get access to stimulation in that age, and education. Sometimes it needs to run concurrent with long day care but quite often there are also the other options of using schools or kindergartens in Victoria.

Moving the kindergartens out of the National Quality Framework makes sense because they are actually already set up to do most of this. However, I think there should be an obligation on the states to ensure that there are actually enough places available in kindergartens if they're removed from the National Quality Framework. What we find is that, where it's become too hard to provide places or there's not - the timetabling in kindergartens becomes particularly unattractive, so they make it quite unfriendly and drive the demand to long day care rather than - or they offer you places in areas you actually can't reach; so 40-minute drives to different kindergartens.

If we're going to make this preschool education part of a progression into schooling, it's important that there are enough places available and there's an expectation that there will be enough places for people who want to do it, and that you won't be driven to the long day care centres simply because there isn't anything else available. That may mean, in the case of Victoria, some additional infrastructure but I don't think that's unreasonable. You can't really rely on infrastructure that's built in the 1950s to deal with a population the size of the 1950s to cope with the number of children born today. If you look at the demographics, every age group has expanded over the last 20 years and it's just not good enough to say, "Oh well, we didn't build enough in the 1950s." There actually needs to be an ongoing - it doesn't have to be a huge growth in infrastructure but we always need to be regenerating it and I think a lot of the "It's too hard to build kindergartens these days" is a function of underrepresentation.

Thank you for the submission.

DR CRAIK: Thanks very much. If you're at ANZ - ANZ have quite a good return-to-work for mothers, don't they.

MS HOSKING: They have a great return-to-work, and that was actually the thing that allowed me to return to work. They offer a \$4000 return-to-work bonus and we put that towards renovating our garage, so that we could have an au pair, and that was actually the thing - we tried nannies and it was just unaffordable, it really made no sense at all, but the au pair arrangement worked quite well for us and I think the bonus of - actually getting that bonus was actually the thing that kept me in the workforce.

DR CRAIK: The point you make about working more than two or three days a week, we've done our best with the design of the childcare subsidy to smooth out that effect but, the problem is, there are various other payments, particularly family tax benefits. As family tax benefits are withdrawn - - -

MS HOSKING: It just makes no sense.

DR CRAIK: - - - you end up with a very high effective - just before they're withdrawn, a very high marginal tax rate.

MS HOSKING: Yes, and you notice it. Coupled with the fact that your household expenses go up as soon as you start working, it's very obviously the problem. In principle, I support expansion of paid parental leave but I would be very cautious of having any money put into that over and above solving this childcare problem because I think that's actually the bigger issue.

DR CRAIK: A lot of it might be a case of trying to solve the withdrawal of some of all these tax benefits as people's income goes up - and they're withdrawing them in a less jagged way. That's part of the problem - - -

MS HOSKING: I agree. I think it's quite obviously the problem. All of a sudden, the support and things that you get goes up, your costs of childcare go up, your costs of actually being able to run a household budget go up, and you get to the situation where you're in a negative-income situation, and most people drop out.

DR CRAIK: Do they drop out completely or just drop right out?

MS HOSKING: A bit of both. I think it depends on - certainly, the people I've seen that are in the inner city drop back their days. The people I've seen that are commuting from Frankston drop out completely; they just say, by the time you get up at 5 o'clock, commute all the way in, work till 7 o'clock at night, come home at 8.00, it's not worth the pain and, by the time - if you've got your children in childcare down in Frankston, it's an hour and a half's commute each way. It's not worth it, so they drop out completely. They may return when both children are well and truly in school but they don't return to the work that they were doing; they return to retail or yoga instruction and things like that. They're valuable careers but I think it's underplaying what they're capable of.

MR COPPEL: I'm wondering if you have any views on our proposed design of the early childhood learning subsidy. This is based on a household income, starts at a high rate of subsidy and drops down to 30 per cent.

MS HOSKING: I think it's sensible in the sense that you can understand it, you understand where it fits in. I am not sure that's enough to change the behaviour at the moment, in the sense that I think you'll still see that the marginal tax rates being so high - that people won't want to take it up. I don't have an answer for that, except to say more but then it comes as a cost across the whole system.

MR COPPEL: It's based on household income, as opposed to the second earner's income.

MS HOSKING: Yes. I would prefer to see it on the second earner's income or, in single families, the primary earner because I think that's actually where you make the assessment, and, also, it's based on - there's no flexibility for multiple children. So, the compounding effect, I think, is not being taken into account. I can understand the point that it's a household expense, it's not an individual expense, but it still doesn't make sense when you actually sit down and do the numbers and go, "Well, actually, it's a household expense but it goes away if I remove one person out of the system." I guess there are views on - have you got an implicit sort of tax-free subsidy from one - you've got one person out of the - if there's one family member not working, are you implicitly sort of subsidising them in a tax-free way? I read a couple of reviews on that.

I think the issue is that, regardless of how you think about it, you always take it out of the second income earner's wage, which - I don't have an answer for you. Although I think the design is nice and it makes sense, I suspect that you probably won't get what you're trying to achieve.

DR CRAIK: You suggested you thought it'd be a good idea to extend preschool to three-year-olds. Are you talking about universal access of preschool?

MS HOSKING: Yes. What we've found, certainly in our area, is that four-year-old preschool - because they've upped their four-year-old places and it's universal access now, all of the three-year-old programs had stopped. So if your child isn't in long day care, you've got a lot of - the three-year-olds don't get any real opportunity to start socialising and learning, so a lot of parents are actually signing their kids into three-year-old programs in long day-care, not because they want the long day-care aspect but because it's the only opportunity they've got, whereas, I think - I wouldn't want to see 15 hours of preschool - a three-year-old but six hours in two blocks does make sense and it does allow - it allows the kids to start that learning journey into school and play-based learning.

For average-to-brighter kids, it's a long time to get no interaction of that stimulating kind, access to doing puzzles in group environments, until they hit four years of age.

DR CRAIK: You're saying, if they're not in a long day-care, not in a family day-care or something - - -

MS HOSKING: If they're not in long day care - most people - a lot of people will take one day from a long-day care, which is - it's slightly counterproductive. If you need the day care to actually support working people, why are we clogging up these day care places with

people who just want their kids to get some three-year-old programs because there are not enough three-year-old programs out there? I think, if you had a situation where you had 15 hours for four-year-olds, six hours for three-year-olds, that would actually allow more of the long day-care places to go to people that actually - long day-care - and the long day-cares could be running their three-year-old programs that work for them.

DR CRAIK: Okay. Thanks.

MR COPPEL: Just coming back to balancing work and parenting, do you have any views on the flexibility in the workplace arrangements to enable that balancing?

MS HOSKING: I'm fortunate, I work for one of the better employers; I can't fault what they do. We've got all of the flexibility that we need. There is a bit of a reality there that you can't have children in day-care sick and work at the same time; it's just not possible to do. Sure, you get your sick leave but, when you're only working three days a week, if you have to take a day off every week to pick a child up with whatever the germ of the week is, you don't get a lot of time to actually do the work you need to do. 10 days' sick leave goes very quickly when you've got all winter to keep your kids healthy. My husband used all his sick leave up too. How do you cope with that? I don't know that there's an answer, except to say that long day-care for multiple children probably isn't working. That was certainly the realisation I came to that, I couldn't function - regardless of how flexible the workplace practices were, and, I admit, I've got a greater employer in that respect, I can't work out how you can make it work. I dropped my hours back to three days and got the kids out of childcare.

DR CRAIK: Thanks very much. That was really good. Our next appearance is from Noah's Ark. Take a seat and, when you're comfortable, if you could say your name, position and organisation, and, if you'd like to make a brief opening statement, we'd be happy to hear from you. Thank you.

MR FORSTER: My name is John Forster. I'm from Noah's Ark. You'll have to bear with me because I've got the Melbourne cold at the moment.

DR CRAIK: I'm glad you're over there.

MR FORSTER: Yes. My colleague is Debbie King, who is our manager of innovations and development. I'm the CEO at Noah's Ark.

By way of introduction, Noah's Ark is a large early childhood intervention and inclusion agency. We currently support about 1400 families who have young children with disabilities in Victoria, all of whom are below school age. We also support the inclusion of some 2000 children with additional needs and we manage nine regions in the current inclusion professional support program.

Noah's Ark has been involved in programs supporting the inclusion of children with disabilities in childcare since the early '90s.

I'm also a past national president of Early Childhood Intervention Australia. In that role, one of the tasks I undertook was the development of a joint statement on inclusion between the two peak bodies - Early Childhood Intervention Australia representing disability services or early childhood intervention agencies, and Early Childhood Australia representing educators. This was adopted in 2012. That was the first joint piece of policy work between those two organisations in the 40 years since de-institutionalisation. Carrying on that sort of strand, in November 2013 with the Centre for Community Child Health, we convened the first national conference, Reimagining Inclusion, which brought together all the stakeholders involved in inclusion, including parents, educators, disability services or early childhood intervention, inclusion support training organisations, universities, government policy makers and administrators, and that was the first time that they had ever come together.

Both the development of the joint statement on inclusion and Reimagining Inclusion conference were highly participative. Their purposes were around the development of shared language and purpose. The three things which emerged from these processes are: the ongoing discrimination faced by young children with disabilities and their families; the fragmentation of support across different programs and tiers of government; and service design which is still inadequate to meet the needs of all Australian children.

We are concerned in terms of your report that while you are aware of these issues and you raise them in your information request 8.1 into the barriers faced by families and children with additional needs and children with additional needs who have difficulty accessing or participating in early childhood education and care, your recommendations seemed to have preceded investigation into those issues and we would recommend that further consideration be given to these matters here.

There isn't a lot of research-based information in these areas - and I can go into that if you're interested - but the anecdotal evidence is clearly that there are highly uneven responses from early childhood education and care services to approaches about or to the prospect of enrolling a child with a disability, and the level of participation by children with disabilities in early childhood education and care programs is very uneven.

So we strongly recommend an in-depth review of issues facing children with disabilities before final recommendations are made.

DR CRAIK: Okay, thank you. Thanks very much; is that it?

MR FORSTER: Yes.

DR CRAIK: Sorry, I wasn't sure if you had another bit. Okay, thanks very much. I guess, the first question: does all your funding come from the federal government or from the state government or from a mix of them, or what?

MR FORSTER: It comes from a mix of them. The early childhood intervention component of our work is funded through the state government and will be transferred to the National Disability Insurance Scheme, and the Inclusion and Professional Support Program is funded through the Commonwealth.

DR CRAIK: I guess the Inclusion and Professional Support Program funds assistance and mentoring and skill development, does it fund equipment at all or not, or just - does it fund people and programs, or what?

MR FORSTER: The Inclusion and Professional Support Program has a number of components. One of those components has been around training and development. One of those components which we are involved in is the Inclusion Support agencies which are regionally based mentoring support services. There is the Inclusion Support Subsidy, and then there has been a component of that which also - funding which provides equipment.

DR CRAIK: Now, so what are your specific concerns with what we have proposed?

MR FORSTER: Well, I guess - I did have a little bit of extra and I might quickly go through that.

DR CRAIK: Yes, sure.

MR FORSTER: Because I wanted to just - I think it's important to think about the evolution of services in this area. I'll talk about the old system. So, when early childhood services were developed, children with disabilities didn't live in our communities; they were in institutions. And so when they entered early childhood services there were very low expectations. The way in which that was managed was that unskilled workers were employed to care for them. Success was largely based on compliance, that is, that they didn't disrupt the program that was existing, and there were minimal expectations for what children might achieve. I'm having to generalise to keep this succinct.

We now look at children's development in quite a different way because there is a different understanding of how children develop, and so we recognise that for children with disabilities it's important that they're in stimulating environments. They often don't have the same skills to initiate development and therefore need additional support or scaffolding to do that. They may not have the same abilities to interact, but benefit from those interactions and they clearly benefit from having more structured developmental opportunities.

So, when the Inclusion and Professional Support Program came into being nine years ago, what it was trying to do was shift the focus onto a much greater emphasis on the programs adapting to meet the needs of all children rather than having additional staff simply supporting the child to be at the venue as it were.

What they were trying to come to terms with was that staff, if they were used to working in a particular way, may not have the capacity to adapt to the needs of a child with a disability and would need support. The other main feature was that they were trying to move away from the idea that this unskilled worker was basically tied to the child with a disability, and they wanted the person who was - the leader in the room, the person who had the best ideas in terms of how to create programs, having the space to also be creating a program for this child.

There is a limitation to the Inclusion and Professional Support Program and in the point at which the Commonwealth was then trying to delineate its role, it was saying then that the responsibility for the individual child, the knowledge of the individual child, actually rested with the state government because the early childhood intervention programs were state programs.

That's been problematic because the development of early childhood intervention programs in the '70s started as quite segregated programs, they were set up in the community a bit like kindergartens for children with disabilities, sometimes they involved parents, sometimes they didn't. Those services have increasingly evolved towards looking at what the development opportunities are for children in their everyday situations, including childcare or wherever they are in the community, but that process has been very uneven.

What's interesting now is that, in terms of the National Disability Insurance Scheme coming into being, there is now the potential to have a much more cohesive approach. I guess one of the concerns I have in this is that for me the starting point in any way of thinking about how children with disabilities are best supported in early childhood education and care starts with the premise of who provides information to the program about that child's individual developmental needs, their social skills, their behavioural issues, their ways of engaging and learning and so forth.

At the moment that continues to fall between different departments saying, well, we're not sure whose responsibility it is. So, in your report you talk about the NDIS having a responsibility in this area, the NDIS talks about it not being responsible for education. In the past we had the Inclusion and Professional Support Program saying we will support the program development but it's the State's responsibility, the State's programs are saying, well, we're not sure what our role in early childhood education and care necessarily is. So, we continue in this conundrum.

I guess as somebody who's sitting in the middle of two sets of policy reforms, it would be really important for there to be some resolution to that core issue before one then starts rolling out a significant change to programs which will impact significantly in terms of what happens for children with disabilities. Then I can come back and talk to the specifics of what you're suggesting after that. Did that make sense or not?

DR CRAIK: I think so. But if you had your druthers, how would you design such a program? If you could design something, how would you do it?

MR FORSTER: How would you design it?

DR CRAIK: Yes.

MR FORSTER: I guess there's two answers to that. In terms of where we are with early childhood education and care, it's important that those people working in those services get support from people who know the child's abilities really well. That could come out of the National Disability Insurance Scheme. Because if the staff in programs have a good idea of what the child's abilities are, they can then start to think about how do they design a program

which meets that child's needs. They can therefore start to match resources to what are the needs that we need to meet here. That's the short answer. There is a longer answer which goes to saying we've got a problem in terms of having plans for children with disabilities which sit all over the place and everybody comes up with their own plans and it's not integrated.

There's some interesting UK legislation at the moment which is basically requiring different departments to contribute to the development of education, health and care plans, so that families have one plan and there is one plan around the child. The different departments are required to look at how they cooperate and provide funding around the needs of those individuals as opposed to having different funding programs which are all busy saying, "This is not our responsibility," and people sitting in the middle trying to sort that out.

MR COPPEL: When you put in the submission on the draft report it would be helpful if you could put references to this work.

MR FORSTER: Certainly.

MR COPPEL: You picked up in the draft report there are a number of information requests and you've touched on a few of them. We're also interested in understanding the range of needs that these children have with respect to early childhood education and care and some idea of the costs of meeting those additional needs. I'm not sure if you're in a position to give any perspective on those.

MS KING: I'm happy to speak at this point. Our view would be it's very difficult to have a blanket pricing model which says – particularly I think you've referred in the report to it being disability-driven. So a child with Down Syndrome is eligible for X funding, a child with another condition might be eligible for Y. Because in fact we believe that a child with Down Syndrome and another child with Down Syndrome might have completely different needs and completely different requirements and some may have no additional need for funding at all. So there's a difficulty with attaching it to a disability. The program as it currently sits, the IPSP program, does base it on the individual.

So there is a process of applying for an inclusion support subsidy, the ISS program, where our inclusion support facilitators talk to the service and discuss with the service what needs to happen to support the child in that environment. Then the funding might be then allocated based on the need of that specific child. So the behaviour, level of care needed, development stages, whether they need additional support in terms of changing and those sorts of things or routines or whatever. But it's based on the individual needs of that child rather than on any sort of global disability-related funding. I just can't see a way of that working of being able to say, "Well, this type of disability is eligible for this funding." Children are so different.

DR CRAIK: Do you get a certain amount from the federal government each year to kind of – I mean, do you make a decision as to how much money goes where or what?

MR FORSTER: The funding that we get through the inclusion support agency is basically to provide mentoring and support to different services. There is a small amount of flexible funding which is basically available prior to inclusion support subsidy being finalised. So our work is responsive to the range of needs. So it's very driven by the demand in the different services. I guess if I touch on the model as I understand that you're proposing, which is the funding – to me, it's not quite clear that your model allows that kind of support to continue. But if it does through the individualised funding, it's not at all clear to me how the kind of geographical spread that we currently have is maintained. I can see that kind of model working in high concentrations. But once you move really out of metropolitan Melbourne I can't imagine that it's going to be sustainable. It's not a highly financially viable area of funding as it is.

MR COPPEL: You'll have seen that in our terms of reference we're asked to look at reform options that promote child development and workforce participation within the current budget envelope, which requires to then think about questions relating to prioritisation. If I put the question to you with limited resources, where would you focus the priorities for early childhood education and care?

MR FORSTER: I think the first answer to that is that amongst the OECD, Australia is one of the poorest contributors to early childhood education and care. So if I look across the peer experiences in other countries, then I think to say we should prioritise from this starting point is a fairly miserable state of affairs.

DR CRAIK: But we were told yesterday that Australia's quality of early childhood education and care is better than the US and Europe. So money is not necessarily all the answer.

MR FORSTER: Yes. In terms of prioritising, well, I guess our view would be that the fundamentals of good-quality programs sets out the foundations for everything. So while I'm here talking about the needs of children with disabilities, I wouldn't be advocating that all the resources were suddenly poured in to children with disabilities because for a child with a disability to attend a really poor-quality service is of no benefit to them as it's probably of limited benefit to other children. In fact, they need a more rich environment. I think it was interesting in terms of your description of children who aren't ready for school. I'm going to have to make this up. That you talk about a number of vulnerable groups and you don't include children with disabilities amongst those vulnerable groups. I was interested in that. I was interested if that was a decision in terms of priorities being made by the Commission. So I think the priority in terms of – I think there is a high priority in terms of the advantages for children who are coming from disadvantaged backgrounds to be involved in early childhood education and care. That's probably where I should leave it, given my cold.

MS KING: I'm just wondering if I could add that basically we'd see the priority should be for high-quality education and care programs because high-quality education and care programs are inclusive. So that's what the priority should be. Our concern is that we will end up with clustering of children with disabilities in a certain number of services, those services become special services where the quality isn't as good, the children are not integrated. The repercussions of that will be life-long. And that is our concern, that if we

can get inclusion right for small children and their families, then that will have major implications for their lifetime outcomes in terms of mainstream schooling, work and employment as adults, their family's participation in the workforce. There's a range of economic outcomes that will be consequent on children with disabilities being effectively included in early childhood settings.

MR COPPEL: Just on your last point, we have a special early care and learning subsidy and there are a number of criteria for eligibility for that subsidy. But it does include children with a diagnosed disability.

MR FORSTER: Yes, it does.

MS KING: That is a concern in terms of developmental delay. Being able to diagnose children with a disability is obviously difficult and doesn't always happen in a timely way. We note that you're proposing to deal with developmental delay in a population way. But their concern obviously is there's children with developmental delays right throughout the social spectrum and they would miss out with that funding model. However, there's the issue of whether just attaching a bundle of money to a child is an effective approach as well. The concern is yes, you're trying to create a market for – there'll be an additional bit of money for early childhood education and care settings to apply to these children. But potentially who are they going to ask? If there's nobody left with any expertise in this sector, who are they going to ask for support? It could well be that there's no-one and the consequence is that children with disabilities, whether they have additional funding or not, are excluded from the sector.

DR CRAIK: Let us invite you, because we really struggled with this area trying to work out what to do because of the myriad of programs and what would work and what wouldn't and what kind of – doesn't lead to monstrous blowouts of budgets and things like that. But we'd be very pleased to get some advice on how you think we should set the program up in a way that you guys think would actually work where children are concerned and would be efficient and maximise the use of taxpayers' dollars. I guess don't feel too constrained about the design that we've put in place, I suppose. If you can work on that. If you can work on the design we've got in place, great. But if you think it's not going to work at all, tell us what you think would work. That would be really helpful.

MS KING: Great.

MR FORSTER: One of the questions – thank you for that offer – is this issue of discrimination. So I think that's a difficult question in terms of where does that sit within this realm. Certainly we think more could be done in terms of public messaging. In the work we've done it's been interesting that people have actually been asking for public or more messaging to the families in the centres where the children are actually attending, which surprised me because I thought the issue was much more the centres that people didn't get in to. But I think we assumed because we've had policies for a long time that things are much more understood and accepted in the community than in reality. Does that come into the remit of this process?

DR CRAIK: Well, I guess it's as broad as we want it to be. But there is, I suppose, some level of constraint. But certainly I suppose one of the comments that someone made to me the other day is the problem with calling children disadvantaged or children with additional needs kind of singles them out anyway in a way. But I don't quite know how you identify them without some kind of a name. But trying to find a description that's more inclusive I suppose is – but I guess in relation to discrimination, if you think there are useful things that we can recommend, then let us know, tell us.

MR FORSTER: I must say I've moved from the - we have to be totally inclusive in our language. Just saying, well, we need to be inclusive in our policies, but we need to be specific in our strategies. Because if we're not specific in our strategies - - -

DR CRAIK: Otherwise it's - yes, it's open-ended, the plan, yes.

MR FORSTER: Yes, it doesn't progress.

DR CRAIK: All right. That's been really useful.

MR FORSTER: Thank you. Thank you very much.

DR CRAIK: Thank you. So we'll look forward to hearing from you.

MR FORSTER: Thank you for the opportunity.

DR CRAIK: No, thank you. Our next appearance is from the Municipal Association of Victoria. When you're ready, if you'd like to say your name and organisation and things, and if you'd like to make a brief opening statement we'd be happy to hear from you. If you could all introduce yourselves at the beginning because then it's easier to identify the voices on the recording. Thank you.

MS HARGREAVES: Yes, good morning, Commissioners. Yes, I'm Clare Hargreaves, the Manager of Social Policy at the Municipal Association of Victoria.

MS BARRETT: Jan Barrett, MAV.

MS ALLAN: Wendy Allan, MAV.

MS HARGREAVES: Thanks very much for the opportunity to be here today, and as you said, we'll make a short opening statement. And Jan and Wendy are both the early childhood experts so after that, you know, if they need to be involved in answering questions, that would be useful I think.

So, first of all, to commend the Productivity Commission on such a comprehensive report that is evidence-based from international, state, local research and so on. And from our point of view we do appreciate that it does recognise the role and investment of local government in Victoria in this area and we thank you for the opportunity to provide some feedback today. You may be aware that the MAV is the legislated peak body for local

government in Victoria by Act of Parliament 1907, so on that basis we have the privilege of representing the 79 Victorian councils.

Again, Victorian Local Government has a very long and proud tradition and history of involvement in both social planning, but in the direct delivery of community services going back to maternal and child health in the 1930s and as such, you know, has a very strong interest in the issues that are being raised and examined by the Productivity Commission.

Our response to this Inquiry and to this hearing, you know, I think is based on a series of submissions that we have provided to the Commonwealth probably at least over the last two decades, if not longer, I suppose reiterating some themes that I'll just mention again briefly. Obviously support for families generally, having access to affordable and flexible choice in their early childhood options. We believe very strongly in the importance of maintaining public investment and a universal approach to these services while we are in a mixed economy, which we understand. And also the importance of the provision of capital infrastructure and so on, on a place-based basis that has some enduring quality to it. And I suppose that's where, you know, we see the role of local government as critical in terms of that place-based planning and ensuring access and coverage in this state across Victoria.

So, clearly, as the others here today no doubt will be providing written responses to the draft report, but there were just five key issues that I was going to touch on briefly that I think we have indicated to you that are close to the hats of Victorian Local Government at the moment.

The first one being around the maintenance of the Commonwealth funding share of the 15 hours of kindergarten. There has been a huge investment and commitment to this in Victoria. We, as you know, already have very high participation rates of children in early childhood services and kindergarten in particular because it has been a combined sort of community and local government model over the last 50 years. But the work that had to be done to enable the extra five hours to be generally provided was enormous on - by the community and by local government in terms of infrastructure, development and so on.

We very much feel that it's something that the - we would recommend the Commonwealth is not dipping its toe in and out of, you know, it's either in there or it's not. And if it needs to be linked in some way to the their education agenda or whatever needs to happen, we think they need to be creative about that, it's not something that they should be dipping in and out of and certainly the people on the ground need the certainty around how that is going to play out over a period of time.

That obviously goes to the heart of where we're at with the broader quality reforms and so on and that being maintained.

Just the second point briefly was around moving towards one single payment around childcare for families and services, so that's something that the MAV has raised consistently over a number of submissions that we've made previously, that the level of complexity around the current arrangements is difficult, particularly for families, but for services as well. And so while we're not experts on the detail in your report, we certainly think that there needs

to be - brought together as one payment, and reflecting the true costs of delivering the services as well.

We would support the concept in addition of viability assistance programs and so on for - particularly for rural and more remote areas. We have a strong feeling that there needs to be a platform of service delivery in smaller, rural areas below which they don't fall in a sense, so that they can maintain, even if it's a - sort of an integrated hub of services. And that does need deliberative sort of Commonwealth, State and Local support to maintain an appropriate service delivery and keep viable communities and families.

In relation to the third point, I'm sure many others responding to you will have reiterated that in Victoria I would think generally we would consider that kindergarten should remain part of the NQF, and to ensure that the early childhood linkages through from birth to school can be retained. And we - particularly it's been a long platform of local government that we have worked towards integrating education and care as much as possible for families on the ground in whatever models we have. It is continuing to be - it is difficult because of the challenge of the different roles the Commonwealth or State play, we understand that. But anything that can reinforce a national system, such as we again have now worked through with the NQF, would be generally supported I think by Victorian councils.

I wanted to - the fourth point - mention briefly family day care and in-home care. This might be a bit of the side of what you've examined, but we have always considered family day care to be an integral and equally important part of the early childhood offering to families. In fact, not only sometimes more affordable but often preferred by some families at some stages of their child's life - being locally based, creating local networks, providing local employment and so on - as being one of the reasons that local government has been very committed in Victoria to the development of the service, and still remains the major sponsor in Victoria.

Again, we are very concerned about the latest changes made by the Commonwealth around the CSP support not continuing, or only continuing in very rare cases. And we gather that it's probably very unlikely that almost any area in Victoria will be eligible to continue to receive that after the middle of next year. So, while you can say, well, yes, that can be picked up by parent's fees potentially, I suppose it leads into our last point around a sort of a planned service system.

From the local government point of view we would be suggesting that a more strategic and planned view is still required by the Commonwealth to the range and provision of early childhood services. And that requires, you know, analysis at a place-based level with the state and with local government about the range of services available.

Just to mention as well, the MAV has recently responded to the National Competition Policy Review, and while that perhaps may not seem relevant, really I suppose there we've raised the issues of how you maintain access and equity for families across Australia and also how you made some public sector oversight of whether that's working or not. So, while we're going back some years, a number of us have been involved previously and when there was a planned approach with the Commonwealth around the provision of childcare. And the

Victorian Local Government, through the MAV, contributed to that and contributed information about how well the service system was tracking on the ground, where there was demand, where there were gaps, where there was market failure and so on.

So I suppose the general point is, as I say, while we absolutely accept that we are in a mixed economy and it takes a range of players to bring the system together, but the importance of maintaining some sort of public sector oversight about how that's tracking seems to us to be critical. Again from the local government perspective, other operators do not necessarily have a place-based commitment, they don't have a place-based commitment to Victoria necessarily; so they might be in East Gippsland one year but then they might be in Queensland the next. That's not very easy, either for families or for developing an integrated service system that works together, so we would recommend that there is a re-establishment of some sort of planning process between the Commonwealth, state and local government.

In Victoria, all councils do undertake the development of something called Municipal Early Years Plans, which we've probably mentioned to you before, which are not required but do provide a way of assessing how well the service system is actually tracking for families in a community and raising those issues.

They were probably the main points that we wanted to make. We are not necessarily expert in all the matters, of course, that you raised in your lengthy report but are happy to have further, obviously, input to you on any issues you'd like to ask us about.

DR CRAIK: Thanks very much. If I start with family day care and your concern about the removal of CSP and support and the, you believe, unlikely event that the federal government will - any of it will come to Victoria, I guess the issue we've been asking people is - to us, coordination is part of the cost of family day-care, it is a reasonable part of the cost of family day-care, so why can't it be built into the family day-care fees. Then we've been talking about developing a deemed-cost model, which is supposed to - the idea is that it covers the reasonable cost of that service. In that case, coordination would be a reasonable cost of that particular - it's a feature of that service, so, cost should be built into the model, if the model is reflecting reasonable cost. Is that a reasonable approach, to do that?

MS HARGREAVES: Yes. I'd certainly agree with what you're saying in terms of the issue of the funding being appropriate, that that would be another way of addressing it. I suppose the history that we come from is that, having a program with what we would have called, in years gone by, an operational subsidy, I suppose, does sort of add to the potential for there being some greater direction and decision-making by the Commonwealth about who they want to encourage to be in this space and the number of players they want to be in this space and a planned approach. I suppose that's been our experience as the sphere of government that we've worked with over many years and, obviously, previously applied to long day care as well. I think it's the connection for us between that and, really, this sort of approach of just throwing everything open to the marketplace and, you know, anybody who can put up their hand and meet the basic criteria can operate, which can lead, I think, to a very fragmented and unsatisfactory system. I suppose, as well, from local government perspective, that - obviously there's a whole value-add of local government being involved, you know, this extra input in current resources, there are links to our maternal child health

service, a whole range of other community support.

I suppose it's back to the idea of some sort of public sector oversight of what is happening in a community and how that's managed. I appreciate what you're saying, that you don't necessarily have to tie the two things together.

I don't know whether Jan or Wendy would like to comment at all.

MS BARRETT: I suppose the comment is just looking at the process that's before us and perhaps the timeframes being a little short, if you like, to perhaps undertake a real consideration of what the potential impacts are of the changes to the CSP, certainly, from council's point of view, given the role that they play in each of their municipalities. As Clare was saying, from the perspective of planning, the fact that we're working with incredibly short timeframes and applications actually aren't even going to be assessed or be able to be submitted until - - -

DR CRAIK: Sorry, for what?

MS BARRETT: If you think you're eligible for the ongoing CSP funding, then you're able to apply but you're not able to apply until April next year. From council's perspective, it's incredibly short timeframes and, also, the planning and the transition arrangements that need to go in behind that perhaps mean that we're in a situation where we may be dealing with a whole range of outcomes that will have impacts in the municipalities as well.

DR CRAIK: Okay.

MR COPPEL: Can I come to your final point, about the need for some form of planning? Could I ask you to elaborate on what you actually see as being the need and what you would have in mind in terms of more local government involvement in the planning for ECEC?

MS HARGREAVES: Again, I might get Jan to pick some of this up but, I suppose, when there is a situation of the Commonwealth, in times past, placing limits on the number of approvals that would be given, there was a process that occurred, as I say, between the Commonwealth offices in Victoria, with the state and local government, around how that should play out, and the submissions that various organisations would make to provide services, so an overview of areas of unmet need, areas where there are likely to be market failure and so on. Jan, do you want to elaborate? Thanks.

MS BARRETT: Commissioners, we've had in the past, as Clare said, Commonwealth, state and local government planning committees. It's mainly been, in the past, around supply and demand, and that obviously needs to be there as well but we're looking at much broader system now, where we're looking at the needs of vulnerable families, we're looking, at Clare said, at about how the service system is tracking locally. If there were a planning committee re-established, that could involve those three levels of government. That's the very best outcomes, where you have got the three levels of government planning.

The universal access for 15 hours was a very good demonstration of where you had

Commonwealth, local and state government working together for an outcome which achieved the 15 hours. The Victorian local government put in more than the Commonwealth in terms of dollars to make that happen. I think, if you get the three levels of government around the table, you will get a much more planned approach across the much broader aspects of early childhood education and care that we're talking about now. I think re-establishment of those planning committees would be the best outcome we could have.

MS HARGREAVES: Yes. Perhaps just to add to that, as Jan has pointed out, particularly, I think, for regional and rural areas and issues to do with vulnerable families - I think, when we first met with you, we talked about what were the overall aims of your work. From our point of view, it does require special consideration, the sort of more integrated models and appropriate responses that are going to support vulnerable families, and we would certainly like to see a focus on that. That often means you've got to adjust the rules or the guidelines or put a different approach in place, put a package of things together, particularly for vulnerable families and particularly in rural communities that don't always fit the current sort of standard guidelines or a single organisation applying. In terms of the people who are most likely to miss out, we particularly think that that planning is needed.

MR COPPEL: There are a number of restrictions on places available, for instance, with occasional childcare, and we've recommended in the draft report that those restrictions be lifted. They're typically there for cost-control purposes. The arrangements we're proposing have alternative ways of controlling cost. The system is designed around providing support to the family, which will determine a level of demand. We've seen, with increased support, a very large increase in the number of providers across Australia and the diversity of those providers. I'm still sort of wondering, if you overlay, on top of this sort of framework, a structured planning system that limits or controls the number of places, how that would work, but maybe I've not quite understood the degree to which you're proposing - we do have a recommendation that does relate to local governments and planning rules surrounding development, including for long day-care centres. That includes, for instance, not having restrictions on the number of places.

I was wondering if you have any sort of reactions to this particular recommendation as it relates to local government planning, if you've had a chance - or, if not, maybe in your submission to the draft report you could reflect on that.

MS HARGREAVES: Yes. Probably, I think, our broader issue in relation to planning, as we're talking about, is more around joint strategic planning, together, probably less about the actual statutory planning requirements in local government, which we think, actually, in Victoria, would probably work reasonably well anyway but, yes, obviously, they're always open to be looked at because councils do have a range of roles and interests that they have to balance. If there are any issues in the statutory planning area, we're obviously happy to look at those but I think we are talking more at the strategic planning level, and is there any sense

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DR CRAIK: Do you mean how many services we need - - -

MS HARGREAVES: Yes, and is there any sense of how that's working overall and what

are actually our priorities and targets and so on, together. I know that's a long way from the sort of system that the Commonwealth has in terms of - as we've pointed out in the NCP submission, it's one thing having a competition policy but that seeming to be the only driving philosophy, I think, is of great concern. I think it's very positive that we do have a Productivity Commission Inquiry, in the sense that - I've always understood that the Productivity Commission's role is a much broader one, that around effectiveness and so on. I think that's the problem for us, throwing it open just to sort of a market-based system, when we, as you know, have spectacular examples of the failure of that in terms of the ABC collapse and so on.

We've had more recent examples, where other organisations have - community sector organisations have not been able to continue in particular municipalities and have had to change their business model, and that leaves, usually, the council having to deal with the fallout of that for families. There are a lot of unsatisfactory elements to the way that that is let run at the moment. I appreciate entirely that we perhaps haven't got the wisdom of Solomon to come up with all the ways to address that but I think the unintended consequences of the policies actually need to be given more consideration when we're weighing up the effectiveness of these policies.

DR CRAIK: One of the questions I'm curious about, and we couldn't get a handle on it at all - I've got a fair idea how much the federal government spends on early childcare and learning, although we don't know what the level of - we don't know the total amount that goes, in terms of tax concessions, to not-for-profits. We have a bit of an idea of what the state spends on it but we have absolutely zip idea of what local government spends on it. Is there any aggregation even in Victoria of how much local government spends on early education and care?

MS BARRETT: Certainly as far as infrastructure investment goes, because of the demands on infrastructure for the additional 15 hours, we know that Victorian local government rallied to the cause and spent 240 million in three years to get their facilities up and running. In terms of quantifying the dollars across the whole spectrum, we haven't got the definitive answers for that. We know that local government puts in at least 50 per cent into maternal and child health funding, and we know across the board that, in Victoria, with kindergarten provision, there's 30 per cent at least of the operating cost that's provided through fees and local government subsidies as well. I can't give you the dollar figures except for the 240 million in infrastructure.

DR CRAIK: That's one of the mysteries of modern life, how much local government spends in this area.

That's been really helpful. Thank you very much; that's been great. We look forward to getting your submission; that would be really, really good. Thanks very much.

MS HARGREAVES: Thanks for the opportunity.

MS BARRETT: Thank you.

DR CRAIK: When you're ready, if you could state your name, position and organisation, for the record, and then, if you'd like to give a brief opening statement, that would be great.

MS DAVISON: My name is Linda Davison. I am coordinator at Clarendon Children's Centre. We are a small, not-for-profit community-managed centre in South Melbourne, quite nearby; just 40 places, so, really very small. Clarendon Children's Centre is a strong supporter of the National Quality Framework. We do find it alarming that the current federal government seems to want to withdraw support, both financial and in principle, from the COAG agreements that have created important reforms in our sector. We worry that many of the significant advances that have been made resulting in much better outcomes for children and improved conditions for educators will be lost under the euphemism of "cutting red tape".

We believe strongly that we should not be placing the commercial imperatives of private for-profit services by, for example, reducing regulatory oversight ahead of children's best interests and wellbeing. Similarly, while workforce participation is important, policy decisions made by government to promote workforce participation should not take priority over those policy decisions that will ensure children's safety, rights and opportunities for learning.

Finally, government should not continue to expect that affordability of early children's services will be achieved at the expense of educators through continuing poor pay and conditions.

There are a number of recommendations from the draft report that we do support. I think it's probably been universally accepted that the ideal of a single means-tested subsidy system is a good idea and one that is structured to ensure that the lowest-income families receive the highest benefits is certainly to be commended. I'd suggest that that subsidy should be paid directly to services but I think that one word of caution would be that, in that model that's been presented in the draft report, the deemed cost of care needs careful consideration and it should be set to properly reflect the real cost of providing the kind of childcare and education that we want for our children, not just the lowest-cost option.

Within that, I think, consideration should be given to providing at least a minimal level of universal access without a requirement to meet the work-study test. In particular, I think that vulnerable children and children with additional needs should be included in that work-study-test exempt group. Subsidies for children assessed at risk should be provided at 100 per cent of the full cost of care, not just of the full cost of the deemed cost of care.

I might come back to this but there are a couple of examples that I want to give about our particular service and how we've dealt with some of those issues. I wanted to note that, at Clarendon Children's Centre, we have, for many years, probably since 2008 - even earlier - early 2000s, we have provided additional fee assistance for our lowest-income families. Initially that was provided through our own budget and then, more recently, the City of Port Phillip has taken up that idea and provided an affordability subsidy.

We do also really support the Productivity Commission's recommendation that funds

from the proposed paid parental leave scheme be diverted to provision of more early education and childcare places and to the subsidy scheme that you've proposed for that. In fact, I think the Commission should go further and reconceptualise paid parental leave as part of a suite of family support services that incorporate time, cash and services, consistent with the model that I think the University of New South Wales has presented to you; I think that's a really good way of looking at paid parental leave in the wider context. Certainly, that is likely to impact more directly on women's workforce participation and, I think, will more directly address the need that families are expressing.

Thirdly, we'd like to support the recommendation that universal access for 15 hours of preschool be continued, but we really strongly urge the Commission not to go down the path of separating early education and care. They are integral and really should not be separated. There are recommendations that we would urge the Productivity Commission to reconsider. Primarily those are any recommendations that put commercial interests and considerations ahead of children's safety, rights and wellbeing. So amongst those I would include recommendations to reduce the requirements for educator/child ratios, removing or altering standards or elements in the National Quality Standards. And I'll make a note there that the system that we have now is vastly reduced from the previous quality improvement and the accreditation system. All seven quality areas are important and are interrelated.

I know that you've heard, since handing down the draft report, a lot of evidence about the importance of those very early years, the nought to three years. I think it's also worth noting that that Certificate III qualification is very much a minimum qualification which prepares educators to support the provision of an early childhood education and care program, but it doesn't prepare educators for positions of leadership or higher order responsibility. In fact, those Certificate III educators would often be amongst our youngest and least experienced educators and it's not appropriate that we consider that they should be in charge of a group of those very young most vulnerable children.

Again to talk about Clarendon Children's Centre, in our room with nought to two-year-olds we have three and, at times, four educators working with our 11 children aged nought to two. Our room leader in that room currently has a diploma and is studying for her early childhood teaching qualification. She's been with us for 10 years and started completely untrained and has had the benefit of mentoring and support and guidance from other more-experienced, well-trained qualified people and has now reached a point where she is not only able to offer that support and mentoring to other staff, but is a valued educator in our team and very highly regarded by our parents. She works with a team of educators who one also has a diploma and is studying for her early childhood teaching qualification and another has a Certificate III and is training for her diploma. So we, as an organisation, strongly urge that higher qualifications are important at all levels and for all educators.

We would urge the Productivity Commission to reconsider the idea of removing payroll tax exemption for not-for-profit providers. It seems to me that exemption status reflects the not-for-profit and community engagement priorities of governance and purpose of eligible organisations. Frankly, if childcare services meet those criteria, then I don't see any reason why they should be exempted. For our service, if we were to lose that payroll tax exemption, that would be pretty much a \$5 a day increase. I think it's a mistake to consider that that's

some way of levelling the playing field. The truth is that for-profit services have access to different other tax concessions and tax deductibility options which not-for-profit services don't have.

Other considerations, one I wanted to particularly mention was that we need to recognise the very important role that mainstream early childhood education and care services play as a protective or preventative factor for vulnerable children, that we act as a support for child protection agencies. And the idea that any child who is offered subsidy as potentially at risk should then be immediately referred to or reported to Child Protection. I have to say I don't think Child Protection will thank you for that recommendation because they are already overstretched and overwhelmed. Indeed, early childhood professionals provide a very useful service for the whole child protection framework.

We are able to build relationships with parents as well as with children in a way that's not possible for specialist services. We can provide parental support and education in a setting where it's much more likely to be taken on board and seen as a support and not an imposition. We can act as a conduit to specialist services. Certainly in my time I know of several cases where it's been my skilled educators who have first gently suggested that perhaps we need to be looking at a child more carefully, looking at an assessment and so forth and have been able to support and assist parents to go down that path. So that's really important.

I also wanted to say that there's been some debate and some discussion in the draft report about whether high-quality early care and education is important for children who aren't classified as vulnerable children and who gets the most benefit. I think it's probably true. We know from research that high-quality early childhood care and education is probably most important for vulnerable children, but let's not forget that we know that poor-quality early education and care is very bad for all children and we don't want that for any of our children. Research and modelling shows long-term social and economic benefits for families, children and the wider community.

My nearly-final point is that I'm kind of disappointed that the workforce recommendations in the draft report are primarily aimed at other workers. So let's not forget that people working in early childhood care and education are also part of the workforce and that as it stands the recommendations seem to prioritise commercial considerations by, for example, looking at reduced ratios and qualifications. We would really like to see more focus on building and strengthening the early childhood workforce and particularly in addressing issues of poor pay and conditions.

At Clarendon Children's Centre we have our own enterprise agreement. We've built that up over a number of years and the purpose of it was very much to make us an employer of choice, and it's worked very well for us in that regard. It does include high rates of pay, but I don't think that's the most important thing. Probably equally, if not more, important are other things like rostered non-contact time for all educators, both in teams and on their own, so that they can do the high-quality work that we expect of them. That our enterprise agreement recognises as each educator attains higher qualifications, that's reflected in their pay. That there's five weeks paid annual leave. We pay superannuation at 13 per cent. We're really

keen to attract and retain really high-quality educators and that works well for us. I would add that our daily fee, while certainly higher than the national average, in our local area is at the low to moderate end. So we're not charging elite fees, but we're providing a really good service.

My really final point is that documentation of children zoning is not red tape. Please don't confuse the two. That's part of an important component of the learning and teaching process and it shouldn't be categorised as administrative or a regulatory burden. Thank you.

DR CRAIK: Thank you. In relation to your staff, what's the average length of time, roughly, they stay with you?

MS DAVISON: We've got a group of probably 19, a mixture of full-time and part-time staff, and of those six have been with us for eight years or longer. So we do keep our good staff. When we need to advertise we have not had difficulty recruiting.

DR CRAIK: That's good. Can I ask what your daily fee is?

MS DAVISON: It's \$102.

MR COPPEL: Is there a distinction between age groups?

MS DAVISON: No, and I note the Commission's recommendation about – what do you call it?

DR CRAIK: Cross-subsidisation.

MS DAVISON: We've never had a separate fee for younger and older age groups and, frankly, for us it's a non-issue. Mostly our children start with us when they're babies and they stay with us until they go to school. So it's very much swings and roundabouts and there is no need as far as we're concerned.

DR CRAIK: Cross-subsidising themselves.

MS DAVISON: Yes, indeed.

MR COPPEL: Does that play out in terms of where the waiting list is predominantly based with nought to twos?

MS DAVISON: We're part of the City of Port Phillip centralised waiting list now and so it's kind of a little hard to be as exact as I might have been a few years ago when we were just managing our own waiting list. But certainly the vast majority of the children on the waiting list are under two. But we are full and have been for as long as I can remember.

DR CRAIK: You talked about a subsidy, our single means tested subsidy, and you've suggested it should include a provision for a minimum level of universal access to ECEC without a requirement to meet a work or study test. What sort of – how much universal

access? Then your next point was vulnerable children, children with additional needs. How would we identify them?

MS DAVISON: Look, I think two days is a really good base level for children. One day, in our experience, is difficult for kids. It's hard for them to feel secure and familiar with the environment and with their educators and with their peers. For very young children, once a week is a very long time between visits. For older children where you're really wanting them to form strong relationships with their peers as well as with educators, that can become difficult. So two days a week as a minimum seems to work quite well. In terms of identifying – well, children with additional needs, I mean, we're already grappling with that and when you're talking about very young children you may not get an assessment or a diagnosis until children are two years or older and sometimes quite a bit older before anything definite. But that's kind of the point I was making is that skilled early childhood educators are pretty quick to spot where there's perhaps something that we need to be looking at, whether it's to do with language development or physical development or a range of other things. I don't know that that needs to change. I think we should be making use of the skills that early childhood educators have.

MR COPPEL: Has your centre been rated?

MS DAVISON: No, we haven't. We were one of the very last to be assessed under the old QIAS system. We have over the years consistently rated very highly under all the variations and combinations and permutations of the assessment processes. We're actually looking forward to being assessed under the new rating and assessment process, but it may be a little while, I suspect.

MR COPPEL: One of the recommendations in the draft report relates to the rating terminology. I'm not sure if you're familiar with that.

MS DAVISON: Yes.

MR COPPEL: You have a system where you could be in a situation where you exceed 57 out of the 58 quality elements but miss out on one of those and you would be rated as working towards. We've identified this as being sort of – particularly from the perspective of the parents, sort of difficult to get a sense of the overall quality of the centre.

MS DAVISON: There's a few things there. Firstly, I think don't underrate the network that parents have with each other. Certainly when I have families coming to us asking about a place, wanting to have a look around the centre, very frequently they've contacted me because somebody they know, somebody they work with, the lady down the street, has had children at our centre and so it comes with a recommendation. In some ways those recommendations are perhaps more valued than whatever notation is on the report. I suppose the exceptions will be people who are coming in to a community, perhaps they've been transferred from interstate and they don't have those networks to draw on. But people will draw on their local networks and make their value-judgements based on those.

I do think it's a difficult balancing act. I strongly believe that the rating system should be allowed to stay as it stands, at least until firstly, all services have been rated and there's been time for a proper review. On the other hand, I do understand how disappointing that would be for a service if they were found to be exceeding on everything and that perhaps it was just one or two things that held them up. I think perhaps one way to address that would be to make it possible for services to fair quickly be re-rated on just that one quality area or on those elements so that their standing on all the other elements could remain and they could very quickly get the overall rating that they're probably entitled to have. That would make it a much less discouraging process and more likely ensure that services are quick to address identified issues.

DR CRAIK: Do you have a view about the excellent rating? Should you have to pay for that on top of - - -

MS DAVISON: Yes, look - - -

DR CRAIK: When you've got exceeding already.

MS DAVISON: My personal view is let's get everybody rated at the everything up to exceeding before we get too carried away with excellent. I think initially it was thought of as something that you would aspire to after and I'm kind of surprised that we're seeing excellent services roll out before the services have even had their first rating. So I think that's kind of putting the cart before the horse a bit.

MR COPPEL: You mentioned that the report doesn't have any recommendations in relation to the ECEC workforce and you also explained a number of steps that you've taken to improve attachment to your centre among your workforce. I wonder whether those sorts of initiatives, what stops other centres from doing the same and why would you need to then have specific recommendations and what could those specific recommendations be targeting?

MS DAVISON: Well, I can't speak for others. I'm not sure why other people don't do the same thing. We're a small community-based organisation. I think there are very strong relationships forged not just between educators and children but between educators and parents and families. Certainly that's reflected in – so, for example, our fees increased to \$102 in July and that was very clearly presented to parents as almost entirely about continuing to raise rates of pay for our educators. There has been not one word of complaint or expression of dissatisfaction with that. I think our families very strongly support educators, appreciate the work that they're doing for their children and see it as fair that they're remunerated accordingly.

I don't know and I think it's true, I did see in the report – I mean, it's actually not the role of government to set pay and conditions. But I think there is a case up at the moment for pay parity and I think it's time and it's part of a whole bigger suite of what work is undervalued in our society. I would really love to see the government taking a stronger leading role to say, "This is something that needs to be addressed." But, in fairness, it's probably not something that the Productivity Commission can do a lot about in their report. But I guess I just make

the point that if we're talking about people's flexible work hours and so on and so forth, that's early childhood workers as well.

DR CRAIK: Yes, and it's sort of difficult for the government to mandate a fee rise.

MS DAVISON: I guess on that note what I feel very strongly is that there should be a much greater push towards family-friendly workplaces and getting big business to come on board with that than the other way around of trying to make work-friendly children's services. That really puts children at the bottom of the list and that's not where they should be.

DR CRAIK: Is it possible in childcare services to have flexible work arrangements?

MS DAVISON: Yes. I guess the question is the degree of flexibility. But on my team of educators we accommodate all kinds of arrangements. Again, I think that probably reflects the teamwork in the organisation. So if we know that somebody needs to always be finished by 4.30 because they need to travel a distance to pick their own child up from after-care, then shifts are organised accordingly. So I think it is possible to organise a fair degree of flexibility. Our service is open from 7.30 in the morning until 6.30 at night and we do an annual evaluation survey of our families and one of the questions we ask them is – or there's a suite of questions around how we meet their needs. For the most part I think those hours and the opportunities they have to book within those hours work pretty well.

DR CRAIK: Thanks very much for that, Linda. That's been helpful. Now we might have a 10-minute break. We'll come back at 5 to 11.

ADJOURNED

[10.46 am]

RESUMED

[11.01 am]

DR CRAIK: Thank you, we'll get going again. Our next appearance is from the Community Child Care Association. If you could state your name and position and organisation for the record, and then if you'd like to make a brief opening statement. Thank you.

MS GIARDINA: Thanks. My name is Leanne Giardina, I'm the Executive Director at Community Child Care. And with me is Brian Newman, one of our board members and also the Manager of Children's Services at Melbourne University. Community Child Care Association is a peak body for community owned not for profit education and care services in Victoria. We've been operating for 42 years and our vision is an equitable society in which quality, not for profit, community owned children's education and care services thrive. We welcome the opportunity to make a statement today and to address some questions.

Community Child Care welcomes many aspects of the Productivity Commission draft and we will highlight these in detail in our written submission. We particularly welcome the

broad support for the National Quality Framework expressed in the draft report, however we do have significant concerns about a number of the key recommendations that, if implemented, will seriously undermine the National Quality Framework. We also believe there will also be impact, negatively on the health, wellbeing, learning and development of all children and are of great significance for children experiencing multiple layers of disadvantage.

Of greatest concern are those relating to qualifications for those working with under three year old children; the staff ratios and qualifications for outside school hours care; the early childhood education care system to aim for school aged children, that schools organise appropriate external providers to deliver OSH; simplify the National Quality Standard, in particular the tailoring of outside school hours care and that particular elements in Quality Area 1 and 6 no longer apply to outside school hours care; the removal of the eligibility of not for profit providers to payroll tax and fringe benefit tax exemptions; and removal of kindergartens and preschools from National Quality Standards. And if time permits, we would like to make some comments around child care markets as well.

<MR NEWMAN: I'd like to start by - with the proposal to reduce qualification requirements for educators working with children under three. This appears to come from the report's conclusion that the outcomes of early childhood education and care for younger children are not conclusive. Indeed, we site some evidence that early childhood education and care for these children can have detrimental outcomes.

Now, putting to one side critiques and limitations of this research, your report in chapter 5 goes on to state:

Staff qualifications are the aspect of quality that has been found to have the most substantial effect on children's development outcomes. .

This statement is not qualified. Therefore, one could reasonably conclude that if there is any risk to children under three from early childhood programs then the best way to avert these would be to employ more highly qualified staff, and yet the report recommends the opposite.

Again, a recurring theme in the report divides care from education. This is something that people know many have tried to do but no-one has succeeded. How can you distinguish what is care and what is education when you are engaged in a conversation with an infant. This is a non-argument.

One of the major strengths of the National Quality Framework was how it brought the range of early childhood education and care services into a single system, and this has been embraced by the sector. It would be a mistake to recreate this divide by reducing the qualification requirements for educators working with children under three, as it would be to remove preschool services from the National Quality Framework. We know that children are constantly learning and they have a right to have their learning supported by skilled educators.

On the broader question of the importance of degree and diploma educators teaching children under three, there is little research evidence but certainly nothing that suggests lower qualified educators are just as good for this age group, the overwhelming evidence is that children do better in higher quality services. So, we would argue that that should always be the default position.

If female labour market participation rates are to increase, high quality provision for under threes is critical. And on a purely practical level what would such a change mean for the assessment and rating of services for example, would educators working with children under three be expected to meet the same standards as those educators with higher qualifications working with older children.

In our experience, many new parents in particular also rely on their child's educators to provide support for their own parenting. Is it reasonable to expect that those with a Certificate III qualification, or perhaps in some cases those that have just enrolled in a Certificate III course, should do so without the support of colleagues with higher qualifications.

MS GIARDINA: And I would like to address the recommendations around staff ratios and qualifications for outside school hours care. Community Child Care would welcome a national consistent set of staff ratios and qualifications for outside school hours care services, but we have concerns with the suggestions that requirements should take into consideration ratios that are currently acceptable for children during school hours. This does not reflect or show an understanding of the nature of outside school hours care services.

Community Child Care supports minimum qualifications for outside school hours care services, and in Victoria we have seen great investment from outside school hours care services to meet this. We think that until some research is conducted into what suitable national qualifications would be, that the current qualifications in Victoria should be maintained.

The idea that the - that an early childhood education care system for school aged children should aim for schools to organise appropriate external organisations to provide outside school hours care is one we don't support. We have hundreds of services in Victoria where the school is the provider of the outside school hours care service, and it's a successful model.

All the standards and elements within the National Quality Standard are important. They have lifted the expectations on services but in return we are seeing improved outcomes for children. From a recent wave of a survey conducted, 46 per cent said the highlight for the last 12 months was developing and implementing the Quality Improvement Plan which had led to improvements at their service. We don't support the tailoring of a National Quality Standard for outside school hours care services, and don't want to see the removal of requirements in Quality Area 1 and Quality Area 6 as we believe they are both important areas to be maintained.

It's positive for children that any time they spend in a service has meaning and is evaluated and documented. We do support more professional learning and support around these areas for the outside school hours care sector.

MR NEWMAN: On the removal of eligibility of not for profit providers to payroll tax and fringe benefits tax concessions, in Victoria the payroll tax is 4.85 per cent of total salary, with a salary bill of around a million dollars that worked out to an additional cost of around \$5 per day for a 40 place children's service.

We'd argue that the tax system as it presently operates is about community benefit, not about creating markets. The concessions that the not for profit sector use are the same as the concessions for other not for profit organisations. There seems to be no logical reason why early childhood education and services should be treated any differently from other organisations that qualify for concessionary tax status. In Victoria such a change could lead to the absurd situation of private schools being exempt from payroll tax whilst community based child care services have to pay it.

On the removal of preschools and kindergartens from the National Quality Framework, we believe that it will do nothing to improve the early childhood education and care system in Australia. The range of different systems between and even within States needs to be streamlined rather than pushed back onto the States. There seems to be no rationale from this apart from cost shifting. Again, such a move would be seen as privileging the year before children start school over earlier years, again, building that divide between care and education that the National Quality Framework has actually started to break down.

The system in Victoria would become even more cumbersome with different regimes for children who are attending a service with an integrated kindergarten program and those attending a stand-alone sessional kindergarten. The argument for this change seems to be about removing dual regulation, but we would argue it would be much simpler to keep them in a universal regulatory system that already exists rather than recreating new regimes at a State level. The National Quality Framework is implemented at a State level so is already able to adapt to local circumstances.

The underlying issue here seems to be about State and Federal funding for preschool programmes, responsibility shifting and costs shifting. Perhaps if that was sorted there would no longer be an issue.

We would like to finish with this quote from Helen Penn:

Viewing child care as a commodity to be bought and sold undermines quality and equity. And regulation has to be comprehensive and far-reaching in order to try to compensate for these failings.

Thank you.

DR CRAIK: Okay, thank you. Thanks very much. Thanks for your comments. Just on the subject of qualifications and Certificate IIIs and teachers for under threes meld into over

threes in long day cares, we've actually had quite a bit of - as I'm sure you're aware, quite a bit of feedback on that issue. And we had an interesting session yesterday afternoon from Tim Moore from the Murdoch Children's Hospital, and I guess what he was saying was he could understand in a way why we'd reached - or where we'd got to.

Because what we were saying was that the outcomes for the preschool children from high quality educators are more positive than the outcomes for under threes. In the research, that shows the outcomes are mixed, you can get positive, negative and kind of zero change and the role of qualification isn't clear. And then went on to give us a lot of sort of new research that's been done, and we had some last week. But based on the research that we read, certainly it seemed that it was much less clear for under threes than the over threes.

MR NEWMAN: I think part of that is just simply because there isn't much research.

DR CRAIK: I think that's the - and there isn't much research of sort of high quality - you know, down to granularity I think, yes. So, I just wanted to answer that. In relation to separating kindergartens, regulating preschools under State legislation, it was largely a regulatory thing. Because right now Western Australia preschools or kindergartens all regulate under State - all under State legislation although they match the National Quality Framework. Tasmania is under State legislation, Northern Territory is under State legislation and the National Quality Framework, most of the eastern States are NQF, although Queensland has some differences.

And what we were trying to do was find one, rather than have overlap of legislation or different bits of legislation, have one system that - and the preference clearly that's been expressed to us is the NQF. But I guess our view, again, was that preschool is seen as, in major part, transition to school, readiness for school, and so built in to the education system, that was the rationale for where we went, the approach that we took.

MR NEWMAN: Again, I think that perhaps falls into that trap of seeing preschool or the year before children start school as somehow different from the other years of early childhood, and I think many of us in the sector would argue that that's a misnomer.

DR CRAIK: And I think we've kind of got that message a bit. I guess I'm interested in your comments about after hours school care, and I think you said you don't agree with a proposal we put in there that it be the responsibility of principals to make sure it happens?

MS GIARDINA: We're supportive of it, that schools are responsible for it.

DR CRAIK: Okay.

MS GIARDINA: But not that external providers are the option, and the only option that has been mentioned in the early years education care sort of system that you're proposing.

DR CRAIK: Okay. Well, our view was as long as the principals - the principals can be responsible for making it happen but how they make it happen would be their responsibility, that was really our intention.

MS GIARDINA: Okay. Well, it reads that the appropriate external organisation is sought.

DR CRAIK: I see it, we were just trying to counter the potential response of principals saying we don't have the resources to do it directly ourselves. So, maybe we need to rephrase it.

MS GIARDINA: Well, a lot of school.

MR NEWMAN: And a lot of schools do do that.

MS GIARDINA: Yes, because a lot of schools do do that and it's a really successful model, and we'll put some of those models in our submission.

DR CRAIK: Okay. Yes, that would be really good. And the only other one I'd raise on after hours school care really is you don't support the removal of the individual education program for after hours school care children, even if they're only there an hour or two a week?

MS GIARDINA: Well, we believe that - I mean I think a lot of it has got to do with the interpretation, so interpretation from a service level and what the expectations are. And it's a - we're in a new system so we would support there being more ongoing professional development for services around the interpretation, and also for the assessors to understand what the context of outside school hours care actually is. Because we have just seen so many benefits of - not just for the children but more educator engagement in their role and job satisfaction as well to - for that to be removed we think will be a - would be a really big mistake. So, we would go from the perspective that what's best for the child and then how do we get the sector there so that they can actually do that work.

DR CRAIK: Okay.

MR NEWMAN: And I think that those issues around children who attend for very limited hours are the same across the whole sector, and it is something that people struggle with and it's a challenge, but it's still important that it's done. So, arguably it's exactly the same for out of school hours programs.

MR COPPEL: In your comments on the concessions for the not for profit providers you made the point that not for profit providers provide community benefits to kids receiving the EC, are you suggesting that the private providers provide - do not provide those community benefits?

MR NEWMAN: In some cases, yes, probably. Just because of the nature of the way community based organisations work in terms of building communities, building community networks and so forth, the involvement of families in the management and organisation, and the policy setting within early childhood settings I'd argue are important aspects of building social capital.

MR COPPEL: The community benefit is - the development of a community in itself is the distinction that you're making between that community, a not for profit provider and a for profit provider?

MR NEWMAN: Yes. I'm drawing links then with the rest of the not for profit sector in terms of the benefits that they get from the tax system and the lack of logic in separating out education and care services from the rest of the not for profit sector.

MR COPPEL: And the recommendation is that we're drawing on a recommendation that was in an earlier EC inquiry into the not for profit sector. And we have also recommended that any saving from the removal of concessions be then returned to the sector. And I don't know whether that provision is something that would influence your thinking on that particular set of recommendations or - - -

MR NEWMAN: Well, if we knew how it would happen, that would be a step. But until that sort of information was there you couldn't make a call on it I don't think.

DR CRAIK: The other issue you raised was ratios for outside hours school care. And I think I understood you correctly to say you didn't think the ratios that were applied in schools should be - I mean I think what we said is, taken in to account in not necessarily identical, but taken in to account. So, I guess I'd be interested in the basis for your comments?

MS GIARDINA: We looked at what happens in a school setting and what happens in an outside-school-hours care setting and they're completely different. When you're looking at school, where it's structured, you've got similar age groups in classrooms, you've got a qualified teacher, you've got children arriving and leaving at the same time, children know each other, the teacher knows - compared to an outside-school-hours care sector, where it's a recreational and leisure base. A lot of ours services are operating for - nearly every room within the school building. You've also got age ranges in outside-school-hours care, from four years old to 12 years old. You've got - the qualifications are, obviously, less than teachers.

You've also got - the program in outside-school-hours care operates, always, at a transition level, where children are arriving and leaving at different times; you've got families arriving, wanting to have conversations with educators. Anything higher than one to 15 for Victoria, we think, is a mistake because it just wouldn't work. In a recent survey, there's 24 per cent of the community-owned outside-school-hours care currently operating better than the one to 15, and the reason why they're doing that is because they've acknowledged the relationships between educators and the children are obviously better and that children need more of that one-on-one. In outside-school-hours care, you can have a situation where a grade prep child comes and they don't know any children whatsoever, so there needs to be some closer interaction with that child, for example. So completely different contexts, I think, in the way that they both operate and the expectations.

DR CRAIK: Okay.

MR COPPEL: We met with a number of out-of-school-hour care operators and one of the

comments that was made was that there are many older people that don't have qualifications that would be excellent people to work in an out-of-school-hour care environment, particularly given the very limited number of hours. Another group were uni students - not necessarily uni students that were working towards a diploma or a degree in the sector. Do you have any comments on how these particular groups - what role they could play in out-of-school-hour care, given the difficulty of retaining staff and attracting staff to that particular type of provider?

MS GIARDINA: I think we support - there needs to be some additional research that needs to happen to do that. Until that research actually happens, we don't want to see anything change but we also are supportive of that research actually happening to identify what they are, and maybe - I know, in Queensland, their state government is trialling a system where they've got core competencies for outside-school-hours care, so they're looking at a system where there are additional competencies that are just designed for outside-school-hours care, that the staff - that the coordinator can actually skill up their staff on an ongoing basis that are directed to outside-school-hours care, and that's at a trial phase, it's just started - it will just start. Maybe there are different ways of looking but I think there needs to be some research. I don't think you can just say right now, "Oh, yep, let's open it up," when there's been no evidence based on those decisions.

MR NEWMAN: I think, also, in relation to out-of-school-hours care, as sector in Australia, it's not really viewed as a highly professional service, whereas, when you look to, say, the Nordic countries in particular, the ways in which out-of-school-hours programs have developed there, the qualification requirements of people working in that sector is just as high as they are for people working directly in the school system. I think we've got a long way to go in Australia before we reach a point where we've got a system that really does deliver what school-aged children need from an out-of-school-hours program.

MS GIARDINA: I think, too, what we've seen in Victoria, with the expectation of qualifications, is - a lot of staff have said, "This is the sector I want to work in." Since the regulations came in, it's seen in Victoria that the sector is more professionalised, so people are choosing to work in outside-school-hours care as their profession, and we weren't seeing that 15 years ago in outside-school-hours care. I think there's also that side of it to the workforce; once you start saying the qualifications aren't that important, the workforce becomes, also, more difficult because there is obviously great recognition now for outside-school-hours care and people choosing to stay in that sector.

DR CRAIK: Even though it's sort of split-shift work, odd hours and - - -

MS GIARDINA: For a lot of outside-school-hours care, some coordinators are paid as a full-time position. It just depends how schools see that. Some schools also have it as a full-time position, where they're working within the school and the outside-school - so there are lots of different models that are out there. I think we just need to learn from - what are the successful models that are happening out there and how can we deal with the capacity of schools and support schools in governance and management? We do support schools in governance and management in running schools but we don't support schools in governance

and management of outside-school-hours care. How can we invest in that so that we have a model so that schools do have that support and can actually run both what's happening during the school day and the outside-school-hours care? I think we're going to see great benefits for families and for children of consistency if we have schools running both services.

MR COPPEL: Are you aware of any international research that looks at these particular questions?

MS GIARDINA: No, but we're also the Victorian branch of the national outside-school-hours care services association, so we're in the midst of looking at some of that international research to go into a written submission. We are looking at that.

DR CRAIK: Good. That's excellent. Thank you very much; that's been great. Not many people have talked to us about outside-of-hours-school care, so that's good.

MS GIARDINA: Yes. Good.

DR CRAIK: Thank you. Our next presentation is from UnitingCare, Victoria and Tasmania. When you're ready, if you say your name, position and organisation for the record and, if you'd like to make a brief opening statement, that'd be great. Thanks.

MS WILLIAMS: Good morning. I'm Joy Williams, the early childhood consultant with UnitingCare Victoria and Tasmania. My role is pretty diverse and I've been there for 22 years, which, sometimes, I don't know whether is good or bad. I've seen a lot of history and a lot of changes. I'm here representing UnitingCare Victoria and Tasmania early childhood services, operating, of course, in Victoria and Tasmania.

UnitingCare Victoria and Tasmania provide 90 approved registered services for children in long day-care, preschool kindergarten, outside school hours, occasional care, mobile services, and family day-care. UnitingCare Victoria and Tasmania is part of the UnitingCare national network, one of the largest providers of community services in Australia, including over 150 children's services. Some this presentation you'll probably be familiar with because I think we, over the UnitingCare network, have similar issues and views.

The Productivity Commission is focused on two aspects of early childhood care and education, the education and development of children, and support for parents in paid work, and, while there is a strong focus on the support for parents in paid work, it's vital that policy settings never lose sight of the first of these objectives, which is the emphasis on the quality of education and care provided.

Providing flexible and affordable childcare placements, so families can go into paid work, has great merit but any cost-cutting measures to promote affordability need to be carefully weighed up.

The benefits of quality learning outcomes for children in their formative, and, therefore, vulnerable, years are extremely important, and there is much research to support this.

The proposed work and study activity test could mean that some children in disadvantaged families may miss out on quality early childhood education and care, when they actually benefit the most. We welcome provisions for specific groups of vulnerable children but are concerned by the many children who would fall outside these targeted groups who are also vulnerable. I think that's always a tension on - where do you draw the line? If parents find themselves out of work, after being in work, children should not be expected to drop in and out of quality education and care; it needs to be quality and it needs to be consistent.

The National Quality Framework and Standards has been one of the most significant policy decisions for children and families. UnitingCare Victoria and Tasmania believe they need to be fully retained. While over 40 per cent of the education and care services nationally have now been assessed and rated, all services have a strong commitment and have done the hard work to implement the National Quality Framework, and this needs to be recognised by ensuring that all services are assessed, and then a full review, if deemed necessary, could be carried out, instead of tinkering around the edges as we go.

Through research, quality is well-documented as being defined by both structural factors, such as the qualifications, ratios and group sizes, and process factors, such as the relationships, sustained interactions with adults, et cetera, and leadership and management also influence quality. These main factors for what is best for children is what the National Quality Framework has also identified and assessed.

The single subsidy is an overdue and very sensible recommendation, on the proviso that the deemed cost is based on the cost of a high-quality service provision. This, I suppose, is the sticking point as to what would be the cost. It's important that the subsidy ensures quality is maintained. The Commission needs to determine a way to assess this, based on a large number of variables. If you look at the types of services we operate, there are huge variables from mobile services to long day-care services in the city, as an example. This is certainly complex in itself if we want to keep the flexibility and diversity of programs that are offered.

Preschools and kindergartens have not had a consistent accreditation system until the introduction of the National Quality Framework, and this transition has been a positive, for most, experience, and to suggest that we now would be outside the National Quality Framework I find hard to understand or comprehend.

Of particular contention is the notion that children aged birth to three years of age do not require the expertise of a degree-qualified teacher. Brain research shows the incredible brain development at critical periods during the first years of life, and research strongly shows that early childhood care and education is still an essential first step towards eliminating the achievement gap. Highly-qualified and skilled educators, individualising the learning for each child in their care and providing a strong attachment that promotes security and engagement, are required to ensure every child has a chance to learn what they are capable of.

A qualified early childhood teacher needs to be accessible and responsible for developing and leading the program for young children's healthy growth and social,

emotional and cognitive development. It is an unrealistic expectation that an educator with a certificate III is skilled to manage the complex issues, such as autism, developmental delays, severe health issues and challenging behaviours, for example, that can present in one service. Highly-qualified staff are required to manage the complexities of a child's early learning and care needs and to be able to recognise early signs of a disability or learning delay. These are high-level educational decisions.

Also, the quality of conversation in the education of children and with families requires great skill. This is an expert role and the recommendations regarding reducing qualifications required for nought-to-threes are undermining the professionalism of teachers and the quality we can offer our children.

I'd like to thank the Productivity Commission for the time and effort that has already been done to present the childcare and early childhood learning draft report. I greatly appreciate the comment, as does UCVT, for further comment and consultation through the hearings and we're keen to support the Commission in the final report. Thank you for your time.

DR CRAIK: Thanks very much. One of the comments you make in your dot points that you gave us was integrated child and family centres - - -

MS WILLIAMS: Yes.

DR CRAIK: Do you guys run any of those?

MS WILLIAMS: We don't run any of those here, not - UCVT do not run any of those here, whereas New South Wales does run a good number of them, yes. I'm in conversation with people who do and they are certainly a very positive program and a very positive way of supporting families and the community. The previous conversation about community-building. I think those integrated services are really a good way of doing that.

DR CRAIK: Okay.

MR COPPEL: In the media recently, there have been a number of UnitingCare centres in the Gippsland area that have closed, and I think it was due to lack of viability. Were there particular circumstances that - - -

MS WILLIAMS: There was probably a number of circumstances in that, and the agency was going through a bit of a rough time at that time - - -

DR CRAIK: UnitingCare itself?

MS WILLIAMS: That agency itself - and had to look at how it would continue into the future. I suppose they'd taken on all those services in good faith, thinking they would operate at a particular level, doing the due diligence, et cetera, but it is extremely difficult to operate small services. One of those was a larger service but very new. It's very difficult to continue to operate small services when the numbers go up and down and the funding is now

all childcare-benefit related; we can't get any - - -

DR CRAIK: CCR, childcare rebate?

MS WILLIAMS: No, not the childcare rebate. It's one for remote rural. Sustainability we get. It's another one, just for mobiles and that sort of thing.

DR CRAIK: Budget-based?

MS WILLIAMS: Budget-based. Thank you. I've just gone blank. Even for the small services, previously and historically, I've been able to get budget-based for small services but you can't do that, so it is often unrealistic to try and operate them on a childcare benefit, unless you're full all the time, and that just doesn't work. So, in the end, they decided to relinquish those four services.

MR COPPEL: What's the nature of the fluctuating demand? What's driving the movements in numbers?

MS WILLIAMS: A whole gamut of things. Some of it is employment, so that, if you have communities where factories or organisations shut down, that means that parents don't have work and they will then, sometimes, move out of the area as well, which then reduces the number of children, and some of it is the cost, that, if the cost of the childcare is too high, while they might have some work, they will find other people to look after their children.

We have a very small childcare centre in Yea that we manage and parents travel to Seymour and further afield for work, and they are doing minimal work, not highly-paid work, and I really fear for them; by the time they pay for the travel and the petrol, et cetera, to get there, pay for the childcare, you wonder how much they're bringing home but they still do it.

MR COPPEL: You may have noticed, we have a recommendation in the draft report to provide some form of capped viability support, particularly for circumstances where there are fluctuating demands but over a fixed period of time. Do you have any comments or views on that recommendation and how it would relate to research - - -

MS WILLIAMS: I do applaud that and think that is a good notion. My only question mark in my brain, and I haven't gone back and done the homework on it, is three years enough out of that seven years. That would be my only question, and that's probably very difficult to answer because each community is so different. Three years might work for one but for another one it might be four or five years where they're really low.

The other thing is, then, we look at other ways of providing the care for those families and those children and often we look at family day-care and use a couple of carers within that community, but they are not easy to find in the smaller communities, as well, for a variety of reasons, and one of the reasons is that they know each other too well and then they'll say, "I'm not going to that place for care," or "I'm not going here," so sometimes it's just impossible to get carers, which, to me, would be a very good compromise -not compromise, that's the wrong word, but another avenue for those children to be cared for but we just can't

get the carers.

MR COPPEL: These centres in Gippsland that had - the budget-based funding has ceased?

MS WILLIAMS: They didn't have any budget-based funding because they came in too late. They were all under childcare benefit. If you're a larger service, that's okay but, if you're a smaller service, it is very difficult to operate under childcare benefit because you have to be - and I'm talking about services that had maybe less than 30 children, so, therefore, you'd have to be full all the time, which is not the nature, necessarily, in the country, and have a reasonable fee. That was Gippsland's other concern, that they do - a huge amount of their work is with disadvantaged families and in the end they were the families that they were having to push to pay the fees and, in the end, were saying, "You can't attend because you haven't paid the fees." That, to them, was just attention in the way they should be supporting those families, so they really were between a rock and a hard place, in a way, on how they could manage those services and support the people who needed to use those services, and make it viable and sustainable.

DR CRAIK: At some point would they have been eligible for budget-based funding?

MS WILLIAMS: No. There's no more budget-based funding, so - - -

DR CRAIK: I know there's not, now.

MS WILLIAMS: Yes.

DR CRAIK: Yes.

MS WILLIAMS: Originally, yes, they might have been but - for a couple of them, but the money wasn't available.

DR CRAIK: Okay. One of the issues you raised about our approach to the mainstream subsidy is the activity test, which would mean that people who weren't working, studying, training or whatever the - one of the exemptions, would not qualify for subsidised childcare. A lot of people have raised the issue with us that disadvantaged children would miss out, potentially miss out, on that arrangement. Are there criteria that you can think of that would assist in identifying who should - if we retain the activity test - I guess one of the things - if a family has a very high income, even though only one partner is working, should they get subsidised childcare? We have a limit of funding, so we had to find some ways to cut the cake.

MS WILLIAMS: Exactly. I appreciate that and understand that. I think, probably, it's highlighted with the healthcare subsidy we had for kindergartens in Victoria; if you're on a healthcare card, you get the subsidy but there's that line in the sand. So, if you earn \$5 more and don't have the healthcare card, you don't get it, and those families are really in just as dire straits as the ones with the healthcare card. So, wherever you draw the line in the sand, you're going to have that issue but is it the healthcare card that at least is the trigger where they can - because I think it needs to be more than just working or studying because these

children, of all of them, would be the ones at great advantage in attending those services. I'm not answering the question totally because I don't have a good solution but I'm hoping that, with all the heads we have in the rooms that are talking to, we can come up with some reasonable compromise. Whatever you do, we are going to miss some people but I think at the moment we are going to miss a lot of children with the way it's set up.

There were comments made somewhere along the line that parents who are not working - those children are taking places for people who are working. I don't really believe that's the case. Yes, children of non-working parents are in the service but, in all the instances I know of, those parents are well-informed that, if somebody comes in who is working and needs the space, you'll either have to change your days, reduce your days or whatever, and that is a very clear message to element who are not working, so I don't believe that's a huge issue.

DR CRAIK: Okay.

MS WILLIAMS: Some of those parents, to be honest, not working do need that break as well and, also, it's great for the children to be in those really great education and care environments.

MR COPPEL: You've mentioned in relation to the deemed cost that it should be a reasonable cost. You've also mentioned, in relation to what the parent pays, that there should be a reasonable fee. I was wondering, what sort of criteria did you have in mind for determining what would be a reasonable cost or a reasonable fee?

MS WILLIAMS: It's not easy because, as I said, you know, we have large long-day-care services in the city and small mobiles in the country and, if they're looped in as well, or even small services in the country - and to try and get a common fee for both is extremely difficult. I mean, in our services, we have some paying large rents and some virtually paying no rents, depending on where they're positioned, so that even takes - is a huge difference as well. We're actually going to do some costings to try and see if we can work with you on giving us some information on what our services come out and, therefore, what we feel would be a reasonable cost. I actually think the hourly rate you've set at the moment is too low; I don't think that will provide us with the ability to employ the highly-qualified staff we need, without the fees being too high.

DR CRAIK: We'd be really interested in that; that'd be really good. Have many of UnitingCare services in Victoria and Tasmania been assessed yet?

MS WILLIAMS: Yes, a number of them, a good number of them, and there have been the whole gamut of exceeding down to working towards, but, for all of them, while to start with, it was really a very stressful time for staff, once they got into it and really embraced it, it's been a great experience for all of them. Some we knew would only get "working towards" but they had come along way. It's not a be-all and end-all, it's a work-in-progress, so I think it's been a very positive experience for all of them, and for the kindergartens particularly, to be honest, because they have never had an accreditation - or a consistent accreditation system and they've come out of it, I think, really well.

DR CRAIK: Do you think the “working towards” description is a good one because we had some letters and some submissions suggesting it was kind of a bit demeaning to them to say “working towards”? Their parents think they’re failures.

MS WILLIAMS: Terminology is difficult, isn’t it, because - - -

DR CRAIK: Whatever you choose is going to be wrong.

MS WILLIAMS: - - - whatever you choose, it’s not going to please somebody, and you can’t say that they’re over the line and they’re a fabulous centre if there are still things that they’re working towards. That said, I think, even an excellent centre still should be working towards particular areas that they feel they still need to work on, and that should always be the case. They should never get to the top and say, “We’re here. We don’t have to do anything else.”

I suppose I sit on the outside of it, in inverted commas, in that I’m not in there every day, as staff, working with it. I now don’t have an issue with “working towards” as a terminology, I must admit. I think it is what it is and, whatever the terminology is, we’ll have to live with it.

DR CRAIK: What about exceeding and excellent?

MS WILLIAMS: Exceeding what, I think, is probably my thought, because, if you’re exceeding, do you really have to do - the thinking would be, do you have to really do anything else? I don’t know whether - I’m still not convinced that the various levels are necessary but that at least, I suppose, gives staff avenues to strive for. I suppose the other dilemma is that there are still - while we’re getting better consistency in the assessments, they’re not totally consistent, and I think that will be difficult, to attain that anyway, when we’re dealing with human beings and individuals doing those assessments. One thing we have found is that, if the assessor does not have an early childhood qualification and has not worked in an early childhood service, the assessment is not a good assessment because they do not have the understanding of what is required. I think, even the out-of-school-hours discussion before - you need an out-of-school-hours-conversant person to assess an out-of-school-hours program, and the same would be with mobiles, to be honest, if they came under that program as well; you would need someone who was conversant, worked in mobiles and knew what mobiles were about. To go from a city long-day-care service to a mobile service or an Aboriginal service in rural Northern Territory would not equate, so it would be too difficult.

MR COPPEL: Would you say the same when it comes to the extension of government support to nannies, where we’ve recommended that it also be brought within the NQF?

MS WILLIAMS: I tell my children that my hair went grey because of them, so it wasn’t because of that comment but, when I read the bit that went with it, I relaxed a little bit and thought, “Well, okay, the nannies would have to have a certificate III, they would have to work under the framework, so there was equilibrium in relation to that.” The concern I have

with the nannies would be that, a bit like family day-care, if they're not under a group organisation and not resourced by a group, I would certainly have concerns with it.

I'm not still fully convinced that nannies is a way to go. I think, through family day-care and pretty flexible hours that we have in services, that that can accommodate most families. I know it doesn't accommodate all families but you're never going to accommodate everybody on what they need. The in-home program, with the nannies working with children with disabilities, I think that's a different thing and, as long as that is working under an organisation and is reasonably resourced, that, to me, is meeting the needs of those particular families.

DR CRAIK: We understand that some of the in-home care ones don't have qualification requirements.

MS WILLIAMS: No, sorry, they don't. Yes, I did some homework on that for somebody and that does concern me, that they have a nanny certificate, they do not have a cert III. If we're sending individuals out to look after children in their own space but for various reasons, be it disability or mother has postnatal depression or whatever, you'd need a more skilled person, to be honest, than a nanny certificate to be able to support the children and what's going on in that household.

DR CRAIK: Thank you very much; that's been great.

MS WILLIAMS: Thank you.

DR CRAIK: We look forward to your submission.

MS WILLIAMS: Thank you.

ADJOURNED

[11. 51 am]

RESUMED

[11.55 am]

DR CRAIK: So, yes, take a seat when you're ready. If you'd both like to say your name and then position and organisation, for the record, and then if you'd like to make a brief opening statement we'd be happy to hear from you.

MS DUNHAM: Best if we sit or stand?

DR CRAIK: Sit; the microphones are connected to the recording system so you'll have to use your voice for the audience to hear you, yes. But they can pretty well hear pretty well, they'll let us know if they can't.

MS DUNHAM: Thank you. Hello, everybody. My name is Louise Dunham, I'm the Chief Executive Officer of Placement Solutions, a company that started 26 years ago as a private

nanny agency and has been one of the inaugural in-home care associations since 2000. And - - -

MR McLORINAN: Andrew McLorinan, and I'm the General Manager.

MS DUNHAM: My background, I'm a high school teacher of some 13 years teaching English in the industry, very concerned about qualifications in the in-home child care sector. I was a founding member of the National In-home Care Association, and I can see some faces from those years here today. I represented that foundation on the senate steering committee to write the Interim In-home Care Standards, and I also represented NICA on the CCMS task force to set up the - from the in-home care viewpoint, to set up the child care management system in 2007.

In 2008 I was on the industry training board to rewrite the community services child care Certificate III training program - I know I haven't pronounced that correctly. I currently serve on the executive - as second vice-president of the International Nanny Association which is mainly an American based association, I'm their first international member and therefore the first Australian member to serve on that board. Many of the issues that concern America we also have replicated here in Australia in the in-home care industry.

First of all, thank you for this opportunity. It's fantastic, after 26 years in the industry to be asked for our opinion. I welcome the recognition by the Commission the quality nannies - also known as in-home child carers - and for the record I use those terms in the same way, I don't see nannies as different from early in-home child carers. So, when I say nannies I mean early in-home child care educators as well. They have an important role to play, in my opinion, in satisfying Australia's need for flexible child care, particularly for working families with non-standard work hours, and families needing respite, or where the main carer is unwell.

Part of the scope of the inquiry was to look at appropriate and fiscally sustainable funding arrangements that better support flexible, affordable and quality child care and early child care learning. In my presentation I'm really only going to stick to four main issues. The first one are to do with the in-home child care industry in general, and the last two are to do with government approved in-home child care specifically.

The first one, I believe that the major issue concerning the placement of nannies across Australia - and I know it's the same in America - is the cash in hand industry. It's estimated in Australia that 65 per cent of our industry is working either outright cash in hand or erroneously with ABNs, when the ATO have clearly stated that a permanent nanny must be either employed by the family itself or a labour hire firm such as we run in our company, Placement Solutions.

The Commission has noted that there is a significant part of the early child care education and care sector which forms what I will characterise as a nanny black market. This market has several disadvantages for children, tax payers and nannies. For tax payers, the nanny black market means cash payments and the avoidance of GST, payroll and income taxes. For nannies, the nanny black markets means the loss of basic entitlements such as

superannuation, potential exploitation, non-specific child job description, in other words it can vary into dogs body household slave, housekeeper, nanny et cetera, minimal reward and professional isolation and under-development. For children, the nanny black market means lowered standards of care.

If we are passionate about buying Fair Trade coffee then surely the Australian community should seek Fair Trade nannies, and agencies such as the Australian Tax Office and Fair Work Australia have their roles here. The Commission should enhance its report in this field of the nanny black market. Placement Solutions welcomes the creation of a level playing field in regards to payroll and fringe benefits taxation of agencies in child care. A nanny agency such as ours already faces the challenge of competing with the black economy.

In-home child care is a real alternative for many parents when irregular working hours, multiple children and parent travel time are factors. It's unfair and market distorting that some suppliers, both approved in-home care services and registered nanny agencies, pay payroll and fringe benefits tax and others do not.

Secondly, the au pair schemes as they exist in Australia. These are running in Australia and they're running against generally accepted international rules, as in the USA and Europe, that an au pair lives in, is a big sister, is not left alone with children under five, works for 15 hours per week, and is paid between \$60 and \$100 per week as well as food and board. I can provide hard evidence that both families and au pair agencies are thriving in this country, are exploiting the nannies, the au pairs that are working for them, and they are looking after children under five, and they are taking jobs away from qualified and experienced nannies in Australia.

Now, government approved in-home care as it exists. The eligibility criteria is, in the first instance, that families cannot access other forms of government child care, this has existed since government approved in-home child care was started in 2000. This implies that nannies or in-home child carers are not the first choice for many families and it is a Band-aid solution, and seen as a Band-aid solution until real child care comes along such as long day care. This is not the case with many families. They may not choose to have nannies for the first five years in total, there might be a time where they just need it for 18 months et cetera, but it is a real and a valid choice for families.

Then, second part of government approved in-home care is the extended eligibility, that is the families must be rural and remote, shift workers, the main carer or the child has an illness. And while I don't criticise that these are valid reasons for anybody needing child care, there is no other form of government approved child care in this country where you have to jump through hoops. As far as I understand it, if you are working and studying and are able to claim child care benefit then you are able to access that form of child care providing you can get a place.

Again, this assumes that this form of child care is not the choice of families and it's a Band-Aid solution until a better system comes along. Shift working parents tell me loudly and clearly they do not want their children in a 24 hour child care centre, from 11 o'clock at night till 7 o'clock in the morning, they want their children at home in their own beds.

The image of a nanny typically conjures up Mary Poppins - I'm loath to bring that up - and it's seen as a nanny, I wish, nannies are for rich people et cetera, a service for privileged children. In reality, in Australia, our nannies are working for busy, working parents who need or want care out of the usual long day care hours, or need respite due to illness.

Placement Solutions welcomes the Commission's efforts to see true professionalism of the nanny sector. This is something I've personally championed for a long time. The stipulation that those families who do not wish their nanny to meet National Quality Standards would not be eligible for assistance towards the cost of their nanny, makes absolute sense and I applaud this idea. As an agency that is energetic in the continuing professional development of our nannies and one that rewards nannies for their professional development, we welcome the raising of standards in the industry, in this sector of the child care industry.

I fought hard in 2007 to introduce compulsory qualifications to a Certificate III level - as Susan Rogan over there will remember when we were on the Interim In-home Care Standards Committee, and it's high time that there was a specific nationally agreed Certificate III qualification for in-home child care. We support the Commission's recommendations on that.

Thank you for this opportunity to present. Congratulations on the work you're doing. I'm ready to answer any questions that you might have - I'm going to say one more thing which wasn't in my speech. What comes from the heart goes to the heart. This country owes its children more than the shabby child care that is passing for in-home child care in the broader sense at the moment.

DR CRAIK: Thank you. Thanks very much for that. I guess the first question I'd like to ask is you've said it's estimated that 65 per cent of the industry are working cash in hand or erroneously with ABNs, whereabouts - how did - where does that come from?

MS DUNHAM: It is a guesstimate. It is based on the - Susan might be able to answer further with that. It's based on the fact that they've done more consistent research in America, and the American target is 85 per cent. I believe that there are a lot - well, I know for a fact that there are lots of nannies thinking they're working correctly with an Australian Business Number, for a permanent family, and that that is - they don't meet the test for an independent contractor in that they can't choose their own hours, they can't replace themselves if they are ill, and they are not setting their own job description or agenda.

DR CRAIK: Okay.

MS DUNHAM: But it is a guesstimate, I don't have any hard figures on it.

DR CRAIK: Okay. But there's work in the U.S. that says something like 85 per cent is there?

MS DUNHAM: Yes, through the International Nanny Association. The president of the International Nanny Association runs a successful nanny payroll firm and she's done a lot of work with that, and along with Warren Buffett, about those figures.

DR CRAIK: Interesting, okay.

MR COPPEL: Our draft report has a recommendation that relates to au pairs to enable those on working holiday visas to work for a family for a full year period rather than the current six months, and you've made some comments in relation to au pairs, I think linked to the black market type activity or potential for exploitation. But I'm wondering whether you have any particular comment on that, on that recommendation?

MS DUNHAM: I don't know the recommendation in full, I'm sorry. The au pairs scheme as I've seen it work in America and I was once a licensee to send Australian au pairs to America so that's why I'm familiar with what the terms are to be. I was at dinner with someone last night, a relatively successful businessman who has three children aged three, one and four, and has an au pair working for six months, cash in hand, and working 50 to 60 hours a week. So, you know, I hear this story quite a lot.

I'm - it's not up to me to say whether the au pair scheme is going to work or not, but if it's going to work it's generally accepted that it is not a nanny scheme, it is a lesser scheme and it's a big sister scheme. And, quite honestly, if they're going to get paid between 60 and \$100 a week it's really going to impact on child care jobs for Australian families.

MR COPPEL: You mentioned there were international rules, what's the status of those rules?

MS DUNHAM: There is an Au Pair Association, and the Au Pair America works - which is the company I was licensed to back in - let me think when that was - 1994, very, very clear about what the government conditions were in America, and generally accepted in Europe and in England. I mean I can find out further for you. But an au pair is, in my opinion, not seen as a nanny.

MR COPPEL: I agree.

DR CRAIK: What sort of qualifications do you think would be appropriate for a nanny, you know, if they were coming out of the National Quality Framework, which you now - recommendation I assume?

MS DUNHAM: I briefly ran an RTO and I trained at Box Hill TAFE where we used the Certificate III community services - I always get the title of it - it's a longwinded title. We had - there were 12 units and three of those units were specially modified for nannies given that nannies are often on the job. So things that wouldn't happen in a long day care centre like needing to drive the children around, you need to know that they've got a safe driving record, that they know how to put in car seats and that they're safe drivers. There are some - I think that's a good starting point.

DR CRAIK: So Certificate III, First Aid certificate and what are the (indistinct)?

MS DUNHAM: First Aid - under the In-home Care Standards any nannies that work through an approved agency must have a current First Aid Certificate, it's got to be level 2 at a minimum. They must have a Working with Children Check, which is Victorian law of course, and under the In-home Care Standards they must have a national police check as well. The qualifications are not compulsory at present but I can tell you the best nannies that work for me have experience, number one, with a qualification alone we can't do much with them if they've only got three weeks experience. But add experience and a qualification, typically a diploma, and wonderful nannies.

DR CRAIK: Okay. And what about - do you inspect the home or anything before the nanny - or does inspect the home before they - - -

MS DUNHAM: It's part of the In-home Care Standards that we do in-home care visits, the minimum is every six months. At our agency we do quite a lot of family in crisis work and we do tend to - we do go out and see those families every three months because if we're in a situation where the mother is unwell, we just need that more intense guidance. And yes, we do an in-home safety check, I think that area probably needs to be a bit tightened up.

MR McLORINAN: Can I just say, it's a good business practice, it's good for the carer to know that the carer is doing a good job, the client is happier with it and it's good for a safety - occupational health and safety. So, our only concern would be that the whole industry - well, that everybody is providing that under their agreements.

DR CRAIK: Okay.

MR COPPEL: Do you provide professional development to the nannies that you place?

MS DUNHAM: We love professional development, I'm an ex-teacher. We've just had a training day with our best session, and we've got 360 employed nannies, and being totally honest with everybody here when I say our best session, we had 45-46 people. The first session we ran was from Child Wise, the Victorian company, on child protection and we are - we've just launched our child protection policy and we are working on all of our nannies attending that training. We get paid from the government through our operational subsidy to provide that professional development, but we're particularly keen on it. And then we ran a paediatric first aid course which the nannies paid for at cost price, and we ran that in the afternoon. But we've had sessions on reading, literacy, you know, challenging behaviours.

MR McLORINAN: Children with autism.

MS DUNHAM: Yes. The nannies, time and time again they seem to be less interested in doing the professional development about working with the children which was what we kind of keep pushing. But they - for example, PANDA, who we have a strong relationship with, the Post and Antenatal Depression Association, the nannies really, really want to hear from them and what they can do to help clients that are disassociating from, you know, their children et cetera. So, professional development is so important for nannies that are working

with children all day and that are isolated. And it's got to happen on weekends and in the evening, it can't happen on a Wednesday morning, they're not going to be able to attend.

DR CRAIK: Can I ask what sort of hourly rates you charge?

MS DUNHAM: Yes, my hourly rate is no great secret, I can't see anybody else in the room aside from Susan, she probably knows anyway. We pay above award. The award is - now, somebody correct me - - -

DR CRAIK: I thought there was a Nanny Award, is there?

MS DUNHAM: There is a Nanny Award.

MR McLORINAN: \$17.80 or thereabouts.

MS DUNHAM: I think it's \$18.70.

MR McLORINAN: Eighteen; okay.

MS DUNHAM: Yes, it's \$18. We've been paying above Award for the last three years, we do that quite deliberately to build up loyalty. A lot of nannies come to us and tell us that they are earning \$25-26 an hour, cash in hand, by the time they explain to them that they're actually not earning that because they're not getting superannuation et cetera. Our fees vary between - I think our minimum fee - do you mean what we charge the clients or what - - -

DR CRAIK: Yes. What do you charge the client, yes?

MS DUNHAM: We charge the clients between 32.70 up as high as about \$68 an hour. Now, a top nanny working for us would be looking at - and I probably wouldn't do this job myself, I don't think - I haven't got the qualifications to do it anyway, but would be looking after triplets that are not very well, in the middle of the night.

DR CRAIK: So, that's where you'd charge \$68?

MS DUNHAM: So that's real crisis care where you need to have somebody that's on the ball, yes. And it varies in between, but our nannies do get paid above Award rates and they do - we have a loyalty system in place in order to keep the best nannies because we want to keep them. I hope you're not writing that down, sir?

MR COPPEL: So, do they work as employees or are they - - -

MS DUNHAM: All of our nannies that are government rebated are all on our payroll. Any private nannies, meaning no rebate, they have the choice to pay as a placement fee or to use our nanny payroll services that make life easier for them. This is a deal we struck with DWA three or four years ago, that we would move from a traditional placement agency to being more of a labour hire firm.

DR CRAIK: Okay. And what sort of percentage do you have as employees in late sort of - - -

MS DUNHAM: Rachelle, do you want to answer that one? No, she can't, because she hasn't filled in the form. About 65 to 70 per cent.

DR CRAIK: Yes. As employees?

MS DUNHAM: Yes. And - you know, we've just paid - as we went voluntarily to the State Revenue Office as a nanny agency and we said we have got a large payroll now and we've just paid - and I don't mind telling people - 195,000 in payroll tax to the State Revenue Office. It kind of bugs me that other people may not be doing that, it doesn't create a level playing field.

MR McLORINAN: Your report in fact alludes to State and Territory governments doing something with payroll tax.

DR CRAIK: Well, we've made a recommendation. Yes, that's right.

MR McLORINAN: We're supportive of that, that there be a level playing field.

DR CRAIK: Thank you very much, that's been really interesting. Thanks for your information.

MS DUNHAM: Thank you for your time.

DR CRAIK: Now, we might break for lunch, and if we could resume about quarter to one or so, that would be great.

ADJOURNED

[12.17 pm]

RESUMED

[1.14 pm]

DR CRAIK: We might get going again. Our next appearance is from ECMS. If you'd like to state your name, position and organisation for the record and then, if you'd like to make a brief opening statement, we'd be happy to hear from you. Thank you.

MR NOTT: Sure. Bernie Nott, the CEO of ECMS.

MS WILLIAMS-SMITH: I'm Janet Williams-Smith, the General Manager of Services at ECMS.

MR NOTT: I might just start by introducing ECMS. We're a large not-for-profit provider here in Victoria and we operate over 70 services across the areas of childcare, kindergarten

and family day care, also operating a number of integrated service hubs which I think are of interest to the Commission as well.

Thank you for the opportunity to present today. We welcome the draft report that you've been able to put together and the way you've gone about it, attacking what are some pretty complex and challenging issues. Some of the aspects of the draft report that we are certainly welcoming are the moves to streamline the payment system for families and the affirmation of the National Quality Framework and acknowledging the importance of universal access in early learning. However, there are some areas in the draft recommendations that we're concerned that, if you implement it as is, will undermine outcomes for children and families and compromise the objectives as they relate to workforce participation and productivity. I'll touch on, just briefly, three of those, and then hand over to Janet to focus in more detail on particularly the area of vulnerable children.

The three areas that we'd certainly like the Commission to give some more attention to are in the funding model itself. ECMS believes that the proposed deemed-cost model is fraught with some issues and potential traps that ignore the individuality of services that need to be very responsive to communities and to family needs. Operating across the large geography that we do, in different and diverse communities, our service design needs to be flexible and adaptable to that, and we're conscious of the variations in costs across different service structures, designs and community. We see some potential traps in a deemed-cost model around that.

The other area that we have some concerns with is in the area of the recommendation centred around quality, in a particular move to reduce the qualification requirements for children under 36 months. We strongly believe this contradicts the sound and very persuasive evidence into brain development and the benefits of age-appropriate curricular. If implemented, we see these recommendations not just undermining learning outcomes for children but also eroding parent confidence in the system of childcare and early learning that we've been able to grow and develop. We urge the Commission to reconsider this and maintain the current qualification ratio requirements for children under 36 months.

The third one is in the area of the recommendation centred around preschool, in particular, recommendations to remove preschools from the National Quality Framework and restructure the preschool system in line with state-based education systems. Again, we think this is a backwards step. We've seen enormous change in the preschool sector over the last three or four, five years, to the point where we now have a national system, consistency in standards and we're seeing some outstanding sort of results in terms of increased participation levels and outcomes for children, so we think now is not the time to tinker with the gains that we've made in that space over the last three or four years.

Finally, as I said, I guess we'd like the Commission to give consideration to its recommendations around vulnerable children. We see a number of recommendations will have negative consequences, either in interaction with each other or in isolation, and I'll hand over to Janet to talk a bit more about that.

MS WILLIAMS-SMITH: The main focus I'd like to talk about is the issues around special

childcare benefit and the new special early care and learning subsidy. I thought I might start with a case study, just to highlight some of the complexities that families experience in the current system, and try and reflect that onto the recommendations that have been made.

I was recently working with a service who had a young single mother with three children attending the service, they were aged just under five, three and one, and the father was in prison. The five-year-old had severe disability, wasn't mobile and was non-verbal, so had a number of supports through disability. The children often presented at the services quite dirty and hungry, and the three-year-old child had regressed in his behaviour, displaying quite aggressive behaviour, swearing, spitting, and had also regressed into the use of nappies, but he was not diagnosable. He was undiagnosed, so, therefore, unable to receive any inclusion support funding and support of the Early Childhood Education and Care service for additional resources. The one-year-old was mute, really, and disengaged, causing concern to the early years services.

The mother was suffering from depression that had resulted in a dependency on prescription drugs and there was also a history of substance abuse with illicit drugs that she'd been using. The mother was isolated because she'd moved away from her extended family in country Victoria, through family violence; so that's intergenerational family violence. Her involvement with the family services and child protection system has been irregular, she's difficult to track down, she's really had to engage, and regularly difficult, she won't answer the door. It was really quite a feat getting these children engaged in early childhood services in the local early childhood setting, which was amazing. They did come, and she did bring them. I think the reason she brought them was because it was a resource to her.

The Early Childhood Education and Care service applied for special childcare benefit for this family over a number of quarters because we felt that they were at risk of abuse and neglect. When the child protection services were involved with the family, the case was approved, but, when they had withdrawn or they were difficult to track down for early childhood education and care workers, trying to find a case manager to track down to fill in a form to say they were continually at risk, the claim was rejected. There was more evidence required, medical certificates, letters and statements from child protection and, again, that was a risk in itself because it was difficult to do that. The mother gave us no consent to discuss her condition with the GP and often wouldn't turn up to the doctor's. There was concern around regularly having to quantify the risk.

The children were in childcare because they were being supplemented but were in danger of losing their place because the childcare benefit was not consistent and not available. This was going on for quite some months - over a period of eight months. Then what happened is we sent an application into SCAT(?) and they said, "Well, eight months, we should see changes. We now need new risks," because, if there are no new risks and additional risks and the old risks haven't been resolved, they're not eligible for the benefit. So there are some real problems with that, in terms of consistency and also eligibility.

That's just a highlight. There's a number of cases like that I know of, and I've worked in those for a long time, so lots of cases, but what I'd like to focus on is attention to the recommendations that you're making around this.

ECMS is really concerned that the special early care and learning subsidy for children at risk, as proposed, will lead to further increase the structural barriers to the inclusion of children. It's a structural barrier for children at risk.

DR CRAIK: When you say “structural barriers”, what do you mean?

MS WILLIAMS-SMITH: I mean, like, for example, children are exposed to circumstantial barriers, like family violence, mental health of the parents, drugs and alcohol; they get out the door and then there are all these structural barriers, like, fees, no transport, waiting lists, immunisation books. Then there are systemic barriers, like, low expectations, intergenerational unemployment. There's a whole raft of things these children are exposed to. I consider fees to be a structural barrier for inclusion, social inclusion. I do think that.

The other thing I want to say is that the biggest productivity threat is that children are vulnerable to developmental harms in early childhood, based on a small period of time when they're really prone to developmental harm, and that lays the foundation for future chronic vulnerability and dependency. We know that - I'm not going to go into the brain stuff because I'm sure Frank's done that but we know that that's actually true.

The eligibility for meeting the criteria for, I'm going to call it SELCS, because I don't know what else to say - the special early learning and care subsidy - is really ambiguous and the process of approval is inconsistent. This causes confusion and hours of paperwork and chasing evidence for proof for early childhood educators only then to be rejected on a regular basis. We strongly recommend the development of an assessment framework or a tool defining the criteria - eligibility, with very clear guidelines on the evidence that's required to apply for this benefit, because it's really ambiguous, it's not clear. In the legislation it says “at risk of serious abuse or neglect”. All abuse and neglect is serious for children who are subject to developmental vulnerability.

If we had a framework or a toolbox in place to define the eligibility and give a clear list of what's required in terms of paperwork, this would enable early childhood education and care services to have clearer understandings and prevent loss of time on inappropriate applications spent - that don't meet the stated criteria.

The other thing is that special childcare benefit is restricted to situations requiring a referral to child protection and the assignment of a case manager. The assignment of a case manager in child protection is often a short-term intervention to manage an immediate risk and, once the child is attending services, all the supports, including special childcare benefit, fall away, which is ludicrous. So you've put all these things in place to get these children a place and you get them paid for; as soon as they're attending, there's no longer seen to be a risk, child protection closes and the special childcare benefit stops. That child then stops coming to the services and, in many cases, this leads to a reoccurrence of risk, a re-referral into the secondary and tertiary service system, so, welfare and child protection, and a loss of the place at the early childhood education and care service.

These children belong and will be better cared for in primary universal services, not

tertiary and secondary service systems. This is cost-shifting. These children will end up in welfare and end up in child protection and then just bounce back down. So they're bouncing and they're in the gap between secondary and primary service systems. Obviously that's inefficient and it's expensive.

The process and timeframe of re-applications is unrealistic, it's cumbersome, it's time-consuming, and the applications are often not approved second and third time round, and they are inconsistent approvals. I've put many applications in for special childcare benefit and the risks are exactly the same; some get approved, some don't. It's completely inconsistent.

The process often leaves early childhood education and care services either carrying a loss, in terms of paying for the place because it's not funded, or having to exclude an already vulnerable child from their services. This acts as a disincentive for centres to facilitate access for vulnerable children in the first place. So, there's no obligation and there's no incentive for early year services to include these children. On top of that, they're regularly hard work because they've got challenging behaviours because something terrible is going on in their lives, and there are no additional resources to services to help with that either.

Maintaining vulnerable children in universal primary early education and care is not only good for them, it's economically sound, as entry and re-entry into secondary and tertiary service systems is very costly, it's short-term and it's not effective.

Once the child has a place at an early childhood education and care service and the risk has been established by the tertiary child protection systems, what we're recommending is to reduce administrative burdens, enable the service to provide updates on the status of the child, in line with the suggested assessment tools that I've said we should set up, for a year, because these children are exposed to things like family violence, drugs and alcohol, neglect. Those things don't disappear in 13 or even 26 weeks. So, I think it would be really useful to line up the benefit and the payment in line with the vulnerability and the risk that's posed to the child and use a framework in order that that can be renewed annually for services that are provided for vulnerable children.

This would reduce administration burdens for the service and the SCAT team that do the assessments for children at risk, as they'd be able to issue renewals for up to a year against their own guidelines. They could set the guidelines up with experts like us, so they could check them against those guidelines regularly through that year, but there's no need to reapply for a whole year; there's just an update.

The risks often facing these children, as I said, are much more likely to be longer than the time that the benefit is available for. It needs to be noted too that early childhood services need to be of a high quality for vulnerable children. Poor-quality services are worse for vulnerable children. We'd be recommending that this would only be happening in services that meet or exceed the National Quality Standards.

We also recommend - and there's no mention of this in the report, so I don't know where we're at with it - a lifting of the 18 per cent cap across the board. You can only apply for 18 per cent of your childcare benefit income for special childcare benefit for children at risk. If

you want to lift that cap, you have to apply regularly to lift the cap, to have more children who are at risk in your services.

In services that are providing vulnerable - areas, like, for example, West Heidelberg, here, almost all the children presenting are at risk; so, having an 18 per cent cap needs to be reviewed, I think. There's no provision for additional financial support for families in crisis, and we recommend that this be revoked - the financial hardship.

My belief is, and I've been working in this field for 25 years, in England and in Australia, the current special childcare benefits system is broken. It's target-inefficient, it's underutilised by children at risk and it offers no incentive or obligation for early childhood services to facilitate the participation of vulnerable children.

Vulnerable children often live in family lives that are really chaotic and transient, and they're not connected to services and they're not connected to communities. Having these children and families in early childhood education and care throughout their early childhood mitigates chaos and it prevents these children from going into intergenerational cycles of disadvantage and risk.

Given the multitude of complex and labyrinthine processes attached to this funding stream, we believe it requires a much more in-depth and full investigation to provide a system that actually meets the needs of vulnerable children. I would strongly advocate that the Productivity Commission recommend the setting-up of a taskforce or an early childhood expert reference group that work with policy-makers to review all the components of bringing it in line with the needs of vulnerable children.

Vulnerable children lose across the board in these recommendations, from funding through to subsidies, through to the activity-testing. The bringing-together of the funding streams, I think, is useful but there's a gap there for vulnerable children. There will be children that don't meet eligibility for special childcare benefit whose parents can't do workforce-activity criteria testing, and they won't get any access or support in early child services.

I've made a list of things that I think could be terms of reference for that taskforce or, certainly, for that working group but my biggest recommendation is that this needs to be slowed down and examined by policy-makers and experts to get it right. That's what Shonkoff and all those people recommend. This isn't going to change unless we get policy and practice together. There you go. I can tell you what I think the terms of reference are or I can shut up; I don't mind.

I'd like to end on a positive note, which is the Draft Recommendation 5.2 around more integrated joined-up services - I think that's great. I think that really helps vulnerable children, having integrated services, but I think - you know, there was a whole motion mooted out by COAG all those years ago now, it seems, regarding integrated children's hubs. We really need to support the development of those services, so that it's a one-stop shop. Childcare is a soft entry point for children at risk into mainstream universal services.

Thank you.

DR CRAIK: Thanks. In terms of what you're talking about, are you only talking about the special childcare benefit or are you talking about more than that? You're saying it doesn't work.

MS WILLIAMS-SMITH: I think that therein - I've written a paper on defining "vulnerability" - what's the difference between vulnerability and disadvantage? I don't think we're very good at that. The definition of "vulnerability" is ambiguous. In the legislation it says "children at serious risk of abuse and neglect". That's open to all kinds of interpretation, which is why the system fails. The SCAT team - this child - I worked with a family recently where the children were taken into out-of-home care because the mother had overdosed. The SCAT team decided, because they're in out-of-home care, they're not at risk anymore, so they stopped the benefit; so the children stopped attending the service. They went back to mum; six months later, they were back in foster care. The only consistent thing that was available to them was the early childhood service that provides them with a raft, if you like, or a platform, to get them to school and to build resilience.

Some children survive despite their parents. The children that I'm talking about here are children at risk. I do advocate for disability and all the inclusion supports but there are other people here at the Commission talking about that, and I think Noah's Ark have been here. We work in partnership with them and we rely on them to look at children with disability. I'm talking about children at risk, so that is the focus of my conversation today. Yes, the special childcare benefit.

DR CRAIK: When you're talking about a review, you're talking about children at risk and how to deal with children at risk?

MS WILLIAMS-SMITH: Yes. I think there are enough children at risk in our country to be significantly concerned to do something different. There's a serious underestimation - never mind looking at children in indigenous communities and children remotely; you know, just look at the child protection notifications and substantiations across the states - there are many, many more, and most of those children - the highest substantiated child protection notifications are children under one, the next highest group are children under four, so there's no way that there's not a need for these children to be in services. The universal platform is the best place for them.

When they end up in secondary and tertiary services, they're rendered incapable, they're parents are rendered incapable and then we get into generations of it. Many of these children come from intergenerational cycles of low expectations and disadvantage. If we're going to perforate the cycle and look at true productivity in these kinds of families, we need to work with the children.

Family services and child protection are adult services, they're not children's services. Early childhood education care is a children's service, for children, about children, and these children aren't in there. They're not in there.

DR CRAIK: Have there been many reviews in this area before?

MS WILLIAMS-SMITH: None. I don't think I've seen a review of special childcare benefit.

DR CRAIK: Child at risk or child protection or - - -

MS WILLIAMS-SMITH: There's been quite a lot of work going on in Victoria in regards to children at risk. I know, for example, a few years ago, when I was working in the welfare sector, child protection, we did some statistics on the amount of children that attend early childhood services. In Victoria, there's a data-collection system called IRIS, which basically logs the current demographic or the presenting issues of children in family services and in child protection. Victoria, I think it was probably 2011 - I think we were boasting a 94 per cent enrolment rate of four-year-old children in kindergarten. Enrolment is the not the same as participation but, nevertheless, 94 per cent enrolment was extraordinary.

When we did some drop-down digging into IRIS to look at how many children known to family services and child protection were in kinder, it was more like 18 per cent. So, the 4 per cent, the 5 or 6 per cent of children not attending are the most vulnerable; they're the 100 per cent in the tertiary system. That's staggering.

MR NOTT: Yes. The Victorian government's Cummins Inquiry into the child protection system 2012 or 2013, I think it was, certainly pointed to the early childhood universal service platform as a key to preventative measures in this space. The way we can intervene earlier and prevent systemic vulnerability and child abuse is to restore(?) the universal service platform. That's where we're sort of advocating, that we put our energies and resources to that.

MS WILLIAMS-SMITH: Services like ECMS and many other early childhood education and care services are not-for-profit. We've got vision and mission around inclusion and responsiveness to community. It's like pushing concrete uphill; trying to, first of all, find these children, get them in the services and then get them paid for, and then look at additional supports, because a lot of them are really disturbed. Many of these children are terrified. Their behaviour is entirely appropriate for the way that they feel. We can't get them diagnosed because they're not diagnosable. I feel really concerned about the lack of advocacy and I feel really concerned about the lack of attention paid to this group of children across the board in this service provision. It's very worrying and I think that the only way that we can - the really good productivity argument here is that these are the children that cost us the most and they're the ones that participate the least.

It's that notion of 16 families taking 90 per cent of the income - of welfare. These children will be cost-shifted into welfare because, when they get to school, they won't turn up or, when they turn up, they'll be really difficult. School teachers will be, like, "I don't want Johnny in my class; he's too difficult." The easiest thing to happen is that that child will stop going to school. That starts a whole barrier of remedial interventions.

If you listen to people like Bruce Perry and people like Frank, what they'll tell you is

transformational brain development is pre-three. That's the time when we can do the most effectively and the cheapest. By the time you get to six, you're dealing with embedded behaviours and hard-wiring. That's remedial and costly. What happens to children pre-three, we all know, is really important but pre-five, particularly children who've got parents that are the risk to them, then you're in trouble.

MR COPPEL: Are you aware of any models outside of Australia which deal with this group in an effective way?

MS WILLIAMS-SMITH: Not comprehensively deals with this but there are a number of really good incentives and initiatives that are going on. For example, in the UK - I don't know whether you spoke to Ted Meluish when he was here and Iram Siraj-Blatchford. They've all been out here; we've been talking to them too. Some of the stuff that's been going on in SureStart around children - the eligibility criteria, for example, is that children who meet the criteria for what would be normally a healthcare card here in Australia get 20 hours a week of free childhood, and they're children from two years old up; they're not children four to five. Four to five is important and it's looking at education and early learning but young children, zero to three, who are in circumstances of risk, poverty, disadvantage - three years is not a long time to transform a person's life. It's not an endless bucket of activity, it's a three-year thing and then they go into kindergarten.

I know that they've introduced some of those components in the UK, where they offer free childcare to people on healthcare cards with young children, and they're in SureStart projects and they work really well. I know there has been a big - there's been quite a lot of outcomes in the EPPE study on what is effective - I think Collette is going to talk in a minute about effective early educational experiences. What is effective for those young children?

Yes, there is some good research around. The best research I've read is around Shonkoff's conversations around you do need to target vulnerable children, I think that's important. It's important to broaden the universal service platform to include them though because if you target them you're just going to keep targeting them. What you have to do is resource the universal platform to include them. So, the population bell curve, you get a big slice of those vulnerable children because you move the universal platform rather than, you know, put services at, you know, two standard deviations from the norm.

EPPE has got some really good research on that and obviously the old stuff that we're still relying on because we haven't done it here is, you know, the Abecedarian model and the Perry Preschool, they produce empirically sound evidence that good quality early education and child care makes a huge difference to vulnerable children. So we know that but we don't do anything about it.

This system is broken, it needs more than tinkering with, it needs more than just slight adjusting, it needs a complete review. And there are lots of people in the sector that I'm talking to all the time that would be really happy to get involved in having conversation with policy makers around what that looks like.

DR CRAIK: And is this a national issue or just local?

MS WILLIAMS-SMITH: It's a national issue. We're talking to Good Start, Centre for Community Child Health, ELAA, well, everybody. Everybody - we're all working together on different things, this is a huge issue for everybody. Everybody is worried about vulnerability.

MR COPPEL: You made the point about there being a difference between enrolment and participation, how do you actually ensure that you get participation, and particularly when there's a tendency for those that are most vulnerable not to participate, how do you ensure participation?

MS WILLIAMS-SMITH: It takes assertive outreach, you know. There's a lovely model running in New South Wales, I think it's with Sydney Day Nurseries and I think it's something like - it's like a family linkages program. And I was working in a program like that recently, up until I moved to ECMS where basically there's a joined up integrated service platform where you get family support services working hand in glove with early learning services and they go and check on the children. If the children don't turn up for three days you ring and say "Where are you, what's happening, do you want us to come and see you?" So, there's a little bit of extra enriched caregiving to engage the child.

The thing is, once children are engaged in services and they're seen as a resource to the parents they'll keep coming. They'll bring them in their night nappies at 10 o'clock in the morning because it means, (1) they get a break, and (2) their child gets fed. What you've got to do is get them in first and once they're in they'll continue to attend because you're a resource to them.

Then there's the opportunity I was talking about before which is the soft entry point where the parents come in, then you can introduce them to family services and support systems and all the while they're doing their adult work on - what they're working on, these children are engaged with educators that are qualified and know what they're doing. So, these children are flourishing, they're not just safe, they're actually flourishing while their parents are doing all the things that they need to do.

There needs to be much more integrated, joined up service provision which is what you're recommending in your 5.2 and that we all think is great. But there also needs to be some serious attention paid to the process, it's very clunky, it's a disincentive and a no obligation, and we should be obliged to take these children because we're shifting them in to - these children will end up in secondary and tertiary systems because the primary ones are extended enough to support them, and they could be.

God, I don't know how many people are in this room that don't think that it's important to work with vulnerable children and want them in their services, it's just too difficult to get them in and keep them in.

MR COPPEL: Thank you.

MS WILLIAMS-SMITH: Thanks.

DR CRAIK: Could you, in your submission - sorry we haven't got to talk about anything else, but there's so many and this has been very useful.

MR NOTT: That's fine.

DR CRAIK: Could you send us what you think might be terms of reference?

MS WILLIAMS-SMITH: Sure.

DR CRAIK: And sort of roughly, I mean do you see it as a 12 month thing or six months or three years or?

MS WILLIAMS-SMITH: Well, a minimum of six months, yes, a minimum of six months. And, like, start now. Like, we're really keen to get cracking and I know people that are really interested in getting involved in that that are experts in their field like, you know - - -

MR NOTT: Yes, it's just too good an opportunity to lose I think. And we're shining a light on it now, we can use that opportunity to bring the key people together. And it doesn't need to be a long project.

MS WILLIAMS-SMITH: I can send you the recommendations that I've made or I could - - -

DR CRAIK: If you could, that would be good. And I suppose - I mean I don't know quite where we'll go with it but in the meantime we're going to have to recommend something about these children.

MR NOTT: Sure.

DR CRAIK: And so what should we do? What should we be thinking about doing kind of immediately and - yes, that would be helpful.

MS WILLIAMS-SMITH: Well, I can put - well, maybe what we could put in our submission is some of the short term kind of goals, and one of those would be to investigate further. But in the meantime these are the things that we could look at, like, for example, assessment tools, eligibility criteria, you know, increasing their capacity to a year for children at risk and just, you know, regular check-ins. So, I can certainly put those forward as immediate solutions but long-term I'd really like to see a much more thorough kind of focus and attention from policy and practice on this issue.

DR CRAIK: If you could send that to us that would be very helpful.

MS WILLIAMS-SMITH: Good. Thanks.

MR NOTT: Okay, no worries. Thank you.

DR CRAIK: Thank you. Thanks very much. Okay, our next appearance is from Collette Tayler, who I think has arrived. Collette, when you're ready come forward. If you'd like to just state your name and position and organisation for the record, and then if you'd like to make a brief opening statement that will be fine.

PROFESSOR TAYLER: Thank you. My name is Collette Tayler, my position is the - I hold the chair of early childhood education and care at the University of Melbourne. And thank you for the opportunity to appear today. I'm speaking as both the co-writer of the OECD report, Starting Strong II that came out in 2006, and as research leader of the E4Kids longitudinal study of 2600 children.

E4Kids is analysing the contribution of ECEC programs toward children's learning and development right now. So, you haven't yet received new - this is new information, I'm sorry to present it to you but it will come in a paper as well.

I want to highlight first the 2013 OECD education indicators in focus and note some results of current analyses by our E4Kids team in Melbourne. In referring to your terms of reference this information pertains to - and I won't name the full terms - but 1(b), 2(i), 2(j), 2(k), and I refer to 5, benefits and impact of regulatory changes on child care in the past decade.

First to the OECD work. Your draft notes that Australian government funding has escalated to around 7 billion per year and covers two-thirds of the total ECEC costs, yet parents have difficulty finding ECEC at location, price, quality and hours, the hours they want. The raw funding figure has increased, no doubt, yet you also note that the percentage of GDP to this area is advised as, "At most, 0.4 per cent of GDP".

Once again, in 2013, the OECD reported 0.1 per cent or less of GDP being spent on EC in Australia whereas .8 per cent or more is spent on average among OECD countries. On the OECD's classification we rank 29 out of 29 in 2013 and our figures comprise over 48 per cent private funding. In international terms we're not yet pulling our weight and our children are still missing out. Here is where early childhood quality matters. I'll just explain this bit, 0.4 per cent and 0.1 per cent, because it seems at odds.

This relates to what can be included in OECD figures, I won't go through the definitions but not all our services meet the criteria, however the National Quality Framework is helping to bring our provision to a standard that meets such definition, namely programs, and I quote "OECD," typically designed with a holistic approach to support children's early cognitive, physical, social and emotional development, and introduce young children to organised instruction outside of the family context.

OECD countries have increased EC services in response to growing demand for better learning outcomes as well as growing demand for female labour force participation. Human capital development has a very long reach, clearly noted earlier. So, in recent years, as part of labour market strategy, the goals of early childhood have become more child centred, early childhood is designed as education policy. The OECD stresses that improving access without giving due attention to the quality of services is not sufficient to secure good individual and

social outcomes. And in - and I can see you don't dispute some of these things, it's really how we get to quality.

The PISA results show across the OECD that high quality early childhood deliver better outcomes at that later stage of life. The extent of benefits heavily depends on the quality of the service. The proposal to abolish an excellent quality rating is somewhat at odds with the aspirations about building high quality provision.

But now to vulnerable children, and the E4Kids evidence. And this is - you note in your report, based on ADI data, Indigenous children, children living in disadvantaged communities and children not proficient in English are more likely to be developmentally vulnerable. And 22 per cent of children who are developmentally vulnerable are spread across all socioeconomic groups.

We know from our E4Kids data that mainstream provision is mostly not yet of high enough quality to make a significant difference to - for vulnerable children, yet we know that high quality will make a significant difference. Most model high quality programs and I'm directly engaged with the Abecedarian studies, project 3A across Australia, and through the EPPE evidence we know that these do make very significant differences.

As yet Australia has not done enough on quality, including on qualification requirements and educator to child ratios in the birth to three area. History will judge us on how we handle this generational opportunity to improve provision and outcomes. A narrow economic modelling approach focused on cost needs careful review in light of the long reach capital, human capital development evidence. And proposing to remove preschool from the NQF unwinds a consistent approach to early care education and child wellbeing.

So, to our E4Kids analysis. They indicate that the quality of programs children access in disadvantaged areas is likely to be lower, ECEC markets are not delivering quality to all children, all - and from the LSAC data we know that children in disadvantaged areas are less likely to participate. E4Kids finds that transport and time costs limit the number of early childhood programs available to families. The medium distance travelled to programs in Australia is less than three kilometres, in our study. This matters because there are fewer early childhood spaces in low SES areas. We find that under-supply of child care as opposed to kindergarten was particularly pronounced in low SES areas, there's a lower demand, and fewer families can pay higher prices associated with the cost of providing higher quality.

Further, we found that the process quality or class dimensions(?) and process, so I'm talking about emotional support, organisation in a program and the instructional support related to learning. The process quality in these services is lower than in more advantaged areas. Where children from low SES areas go to early childhood programs, it is for less time and in lower quality programs. I expect that the effect of the proposed new employment conditions for family access may also worsen this situation.

Type of service and SEIFA codes have strong persistent effects on quality. Most director and teacher variables and the age of a child in the room appear to affect the provision of quality, however - this if from our E4Kids data - when all are included together many of

the variables are not statistically significant. And you make this point, there is a lot of mixed evidence in the field. But early childhood program access and quality, along with vulnerability pose ongoing policy challenges. They herald the need to invest more heavily in training and qualification requirements and improved educator to child ratios rather than rolling back, on international terms, the relatively modest agreed structural quality levers.

Our analysis of structural and process quality variables together demonstrate these things. Bachelor level and above qualifications are associated with higher levels of process quality in settings as measured by the class tool I mentioned, better child to adult ratios, teacher education and experience, and higher values in the ratings of environments lead to better process quality.

There is a wealth of large scale study evidence from the Pianta team and from others, EPPE included, that greater process quality leads directly to improved child outcomes. In fact, the journal, *Science*, in the recent journal, Sabel(?) et al found the most significant contributor to children's social skills, language, pre-reading and maths outcomes is person to person interaction. The structural quality settings, those qualifications and ratios and environment are important, while the process, the interactions, mediate the child outcomes. So, that's the path, this - where those structural quality variables are placed, they path through the interactions to make the effect on children's outcomes which is why you get quite a mix in the evidence and the quality of the studies depends on how clear you can see that path.

E4Kids is the first large scale Australian study to be able to make these links with Australian data. We are currently analysing the links between quality variables and child outcome, so here's just some quick points before I wrap, and there are seven. One, children attending kinder programs, either stand-alone or within long day care settings are performing better on mathematical and verbal tasks than children without this experience. But there are selection effects, children with higher SES families attend more kinder programs; not surprising.

Secondly, the bilingual children - who perform significantly below the rest of the E4Kids sample by the way - profit from more attendance in kinder programs but not much more - but not from more attendance of overall formal ECEC settings. There's a quality factor here and I'll come back to that.

The third point, settings auspiced as for profit are found to have lower process quality, that is emotional support, organisational support and instruction, even after controlling for the lower quality found in low SES locations, so there's a double whammy. Only 7 per cent of children from families in the lower quintile of SES attended programs observed in the highest quintile of class instructional quality, this is that process area. Conversely, 30 per cent of the children from families in the highest quintile of SES attend programs observed in the highest quintile of class instructional quality. So, that's compounding, very early, how children's outcomes are shaping before they get to school.

Given that there are barriers to families who live in low SES areas accessing high quality programs, we expect to see developmental differences between children from less and more advantaged backgrounds. We already know from our analyses that there are significant

differences between children's cognitive abilities by the age of three, and those differences persist over time. Children who start low, all other things constant, stay low. Importantly, this difference means children from low SES backgrounds are, on average, below Australian norms at that point. We have just done the first norming work for age three, to date it's been to age four.

My next point, family SES is a strong predictor of the level of ability of the child at school entry. For example, for one standard deviation increase in family SES measuring - using ACARA's methodology, we see a .15 standard deviation increase in children's verbal ability. But even with the strong selection effect we still see small effects for instructional support on children's verbal abilities. In other words, high quality early childhood programs can in themselves contribute to children's learning and development when children access those programs, so it's not only down to family.

All our tested conceptualisations of home learning environment were significant predictors of initial child outcomes when age, sex, child language were controlled for, and all were significant predictors of child cognitive development when initial competencies, age, sex and child language were controlled for. Only one to two per cent of the additional variance was explained by the conceptualisation of a home learning environment.

It's no longer sufficient to think of the early childhood period as being about keeping children healthy and safe while allowing learning and development to take its course, until they become old enough for formal education. Australia may be much more aware of the importance of EC, early childhood, but as yet there is insufficient commitment to a course of action that will ensure children's experience in this crucial period will best prepare them for the rest of their life.

Thank you for the opportunity to be here today and I'm happy to take any questions. I'm sorry that's a content dump but it's brand-new information.

DR CRAIK: Thank you for that. I'm not sure I quite took it all in.

PROFESSOR TAYLER: Yes. I'm sorry; it's a lot to take in verbally.

DR CRAIK: I hope you're going to send it to us.

PROFESSOR TAYLER: I certainly am. We will do a formal presentation. For the moment, if you want, I have got the points to leave, as well.

DR CRAIK: Okay. Yes, that would be interesting. You're making some comparisons with Australia and other parts of the world, or OECD countries, in terms of the quality of the system that we have. We had some information presented to us yesterday, I think it was - - -

MR COPPEL: Linda Harrison.

PROFESSOR TAYLER: Yes.

DR CRAIK: - - - which suggested, on a quality rating, that Australia actually was better than the US, which was better than Europe, which kind of surprised me, the Europe one, but I guess it's much broader than the OECD.

PROFESSOR TAYLER: Sure. I appreciate that study. It's from LSAC data?

DR CRAIK: I think so, yes.

PROFESSOR TAYLER: Can I just explain the difference between the LSAC study and the E4Kids study briefly? The E4Kids study of 2600 children, plus nearly 200 no-program controls from another data draw, so there are two samples, is a design that is a cluster randomised design, children clustered within programs. So, our interest was the program and the quality of program children experience, as the unit of analysis, for its contribution. In the LSAC study, it's a random sample of children in Australia, so you've got, at the most, a child dotted in one program here and there and, in terms of it - we took direct observations of the quality of the programs themselves, so our data - there's a published paper from last year in the Australian Journal of Early Childhood, that's the first one that's come out, that is indicating that, while we have relatively high levels of emotional support, there's a big tail, we have moderate levels of organisation, we have very low levels of instructional quality; that is, the language priority concept development, giving children feedback, and that's through those interactions. It's the first data that actually been done in Australia and we've now coded in nearly 2000 rooms of this kind of evidence, and it does sit with the US evidence. Despite that, our instructional quality is still marginally above that in the US but not, I believe, in the UK or Europe. Does that help?

DR CRAIK: I think so, yes.

MR COPPEL: I was going to make a similar point. I think the other point that she made was that the distribution of quality was much more bell-shaped rather than a bimodal distribution in Australia. I would have thought there would have been some correspondence between the two designs of the study and the data that you're using.

PROFESSOR TAYLER: Indeed, but bear in mind that LSAC is focused on children's developmental outcomes; their program quality is via report, in large; ours is by direct observation. Effectively, the bottom 25 per cent in our process - I'm focusing on process quality because of the long-reach evidence that that actually is the interactions that drive the outcomes, and that's well described. Even in the recent global analyses of global quality ratings, that's the actual engine room that hooks to the outcomes.

In there, even the bottom 25 per cent, particularly in this learning-language priority, focusing on back-and-forth exchange and building children's receptive expressive language and their attention, joint-attention sequencing, what Abecedarian does, actually - in those cases, the bottom 25 per cent is a really long whisker in a box plot; so we do have quite a tail when you go in and actually measure for those particular things. That's not been done in any of the other studies.

DR CRAIK: In the sort of long run - I mean, it's interesting, some of the other studies,

longer-term studies, say, in the US and places, tend to show that some of these things kind of fade after time and you don't get the - 30 years later, you don't get the - you get some benefits but not necessarily what you might expect.

PROFESSOR TAYLER: Indeed. It's a good point, and there's no doubt that the study of quality, dosage - threshold levels of dosage and quality and children's projection as they go through different teachers, different educators is a really complex path. How much the very early - once children enter school, we also know here in Australia that the change from prep onwards is pretty flat; the social gradient is steepest at up to entry to prep, and then it's fairly well locked in. Our assessments, using Woodcock-Johnson cognitive and achievement battery of all those children, are showing a pretty strongly non-changing - but, even though children in the bottom decile - the bottom two deciles, even, are making some slight progress, they're moving away from their peers, particularly in the bottom decile. They're in programs, they're in prep, they're in grade 1. So, one can't only blame - or suggest that the early childhood part of the process is not holding out because it's - Jeanne Brooks-Gunn, Lynn Kagan, Ziegler, in the bush centre in Yale and also at Teachers' College Columbia, very strongly talk about that there's not only a magic bullet here, where one thing will inoculate children but, once they enter the system, it'll all be fine.

MR COPPEL: Is that what you were referring to when you talked about long-reach accumulation of the - - -

PROFESSOR TAYLER: No. I was really referring to the neuroscience and the birth-to-three information. We have an active national science of learning research centre in Australia now, with the University of Queensland, University of Melbourne and ACER, and, right now, one of the top neuroscientists from the UK, Brian Butterworth, is with us, but the effect - and it was mentioned earlier, Jack Shonkoff, the US information, as well - it's very clear that, in this very early stage is when children's joint attention sequencing is developing, myelisation of their neurology, their neurons, neural system, is happening and the pathways for learning are being established, and, at this point - which is exactly why we focus, in Abecedarian, on that birth-to-three phase, because that syncs exactly today with the neuroscientific evidence, and the strategies that are in there are about having adults learn to jointly attend with a child, what a child is attending to, and have a child learn to attend with an adult.

The basis of attention, the basis of behaviour, interactive behaviour, is learned in babyhood, with adults, whoever they are, and, in that sense, they set the foundations for human capital development, that you attend to things, that you then hear, receive rich language, that you come to express that; you have back-and-forth exchanges that build your understanding of the concepts. That's exactly what this instructional support stuff is about, in a really informal place-setting, whether it's at home or in a centre, for that matter.

DR CRAIK: Thanks very much for that, Collette. We'll be really interested to read your paper when you send it to us because I find it fascinating that we're getting a lot more detailed information, now that we've got the draft report, more than what we did on the lead-in to the draft report.

PROFESSOR TAYLER: Yes. I was overseas, on - - -

DR CRAIK: No, it's not a comment about you.

PROFESSOR TAYLER: I appreciate that. We're also, for the first time, able to run analyses now. Our data collection for the research of data set only came out in June, so it's new material, and lots more will come out in the next 12 months.

DR CRAIK: Thank you very much.

PROFESSOR TAYLER: Thank you.

DR CRAIK: When you're ready and settled, if you could say your name, position and organisation, for the record, and then, if you'd like to give a brief opening statement, we'd be happy to hear from you. Thank you.

MS ATKINSON: My name is Geraldine Atkinson. I'm the Deputy Chairperson of the Secretariat of National Aboriginal and Islander Childcare agency.

MR BURTON: I'm John Burton. I'm the Acting Policy Manager at SNAICC.

MS ATKINSON: I'll give a brief overview of why we're here today and who we're representing, which are, basically, I guess, Aboriginal and Torres Strait Islander agencies, and they could be anything from multifunctional Aboriginal and children's services to Aboriginal and children's family centres, crèches and playgroups.

What we wanted to say is that we noted - and we thank the recommendations from the Productivity Commission in relation to the increase in the budget-based funding. We've always said that \$63 million nationally for a range of services, which include - about 85 per cent Aboriginal and Torres Strait Islander services are funded within that bucket of funding. What we've always had to negotiate was an increase in the funding for those services. The funding that they received really didn't suit the requirements or the services that we would like to have provided to our children and their families, so we're happy with that increase.

One of the things that we are concerned about, though, is the recommendation about the disadvantaged group. It doesn't mention anything specifically about Aboriginal and Torres Strait Islander children, and we know that not all Aboriginal and Torres Strait Islander children are disadvantaged but the majority are. We, unfortunately, do not have parity with the wider community and there are statistics about that will show that that is an actual fact. We know that a quarter of our children, by grade 3, are not meeting the national benchmarks; that's what the NAPLAN results are showing us. Unfortunately, that increases dramatically by the time they reach high school. Half of our children have dropped out of school by then. So, by the time the NAPLAN results are given, at grade 5, year 7, year 9, they have dramatically increased and we lose half of our kids who in actual fact start school by that stage.

What we're saying is that we are making increments within our community. We think

that, with those services that we provide, we are improving the lot for our Aboriginal and Torres Strait Islander families and their children. What we really need is - what we really did want to do, and it was our organisation, SNAICC - in actual fact, commissioned a report called *Joining the Dots*, which showed that, in particular, Aboriginal and Torres Strait Islander childcare services are needed - in actual fact, needed a place; we needed to be there. Unfortunately, we were not able to get the funding to do a costing to show just exactly what it was that was needed.

I, in fact, am associated with a multifunctional Aboriginal childcare service that runs a long day-care in a kindergarten. We run, every year, in deficit. The funding we get, which is out of that packet of funding I mentioned, that 63 million, to run our service is not enough. We were given - our service had been given money to increase our numbers, we were given additional funding to increase our numbers, so we built bigger places. We weren't given additional funding to run those places. We were originally granted a 17-place centre, in 1986. Today, we only receive funding for a 17-place centre. We cater to over 75 children. We do that because what we want to do - because our population has increased and because we see what, really, a great job our services do for our communities and for our children.

We believe, as I said before, we've made progress. I've seen those children that we had originally in our service be able to go through school, get a job and bring their children back to our services. That's what we are; we're about creating change in our communities. That's what our services do.

We want parity. We want our children and their parents to have parity with the rest of Australian society. We want them to be able to get good educations, get good jobs, so they can, unfortunately, have a mortgage, like everybody else, and have all those things that the rest of the Australian community has. I know that our service and what we've been able to provide within our communities is enabling that to happen. It's only small increments, I know, but at least it's a start and we are getting there.

We're getting the numbers. In Victoria, here, about 17 years ago, our numbers of children completing their year 12 was around about in the teens, about 17, 16, perhaps even 11, 12. This year, we've been able to get our numbers up to 385 and I believe that's because of those early childhood programs that we have implemented in this state, along with the state government. We've been able to increase to that, to be able to get our kids completing year 12, and that's our aim. That's what we do, not just here, in Victoria, but throughout the country. Those mainstream services are really essential.

When you look at it, there are the numbers - John was giving me the number of children that - I think it's 1.9 per cent, John, you said, that attend mainstream - access mainstream services.

MR BURTON: Yes. Those numbers around mainstream services being underutilised by Aboriginal families - that's around 1.9 per cent, compared to a population of around 4.5 per cent.

DR CRAIK: You're saying 1.9 per cent of Aboriginal and Torres Strait Islander children

access them, compared with about 4 per cent of the population?

MR BURTON: Yes.

MS ATKINSON: Yes. Our population is about 4.4 per cent but only 1.9 per cent are attending or accessing those services. We really see that, you know - we know that our communities want to access our services. All of those other reasons that are there - nothing has really changed, you know. Sort of the things - people - I was reading this Beyond Blue report and thinking about how things may have changed, you know, sort of with community attitudes and everything else, but they haven't. People still discriminate against Aboriginal people. Our children are still discriminated against. And that, you know, and that report says that the impacts on our kids are still those things that happen that, you know, sort of were traumatic years ago are still occurring today.

And we have to start to make changes. And if we're going to make changes within our communities and for our - the next generations then we have to make sure that we're getting our children educated. We have to make sure that - and to start - and the start is the beginning, the early years. And I don't know, you've probably had people throughout here all day saying just how crucial it is to have a really good early childhood education and care program that will assist children to thrive.

Just imagine, you know, if that's going to do what these mainstream organisations have been telling us. Just imagine what that can do for our vulnerable Aboriginal and Torres Strait Islander children.

MR BURTON: I think one of the main related concerns we wanted to bring up in relation to the draft report was that there doesn't appear to be an agenda that specifically supports Aboriginal community led and community controlled services, and the value of the clan contribution that services like those run by Geraldine make to their communities in terms of being part of those communities, in terms of being easier services that families are more willing to access and engage with and get supports through, because they are run by and part of the community.

We're concerned that the proposed disadvantaged communities program, in its scope, doesn't capture strongly enough the importance of services that are culturally strong and delivered by Aboriginal people, led by Aboriginal communities, and capture the importance that children - Aboriginal children have, in those early stage of life, that support around their cultural development, passing on their cultural growth and the contribution that makes to their later outcomes, to their resilience as they go through life.

DR CRAIK: Do you want me to respond to that one now?

MS ATKINSON: Yes, okay. That would be good.

MR BURTON: Sorry, yes.

DR CRAIK: I guess our view was with the disadvantaged communities program that, in particular, that would be available for Indigenous communities. And we had two elements of it I suppose, one was a block funding around - and a bit like now, and certainly we've seen elements through - we went up to the Northern Territory and went out and saw a crèche funded by a block funding program out at Jilkminggan and been to a couple of others. So, I guess while we might have been silent on the subject we certainly weren't suggesting that they couldn't be community - they couldn't be - you know, be community driven, and we went to a couple of others.

MR BURTON: Yes, and I guess - - -

DR CRAIK: And so it's a good point that we ought to actually be explicit about it. We were probably silent, we weren't meaning to exclude it at all.

MR BURTON: Yes.

MS ATKINSON: And I think that, you know, sort of what John is alluding to as well, that it doesn't necessarily mean that it has to be I guess a disadvantaged - and what was the other aspect of that - disadvantaged and - sorry, can't think. But anyway, what we're saying is that - I think that what John has also said was about the cultural aspects of those programs as well and about those people that are operating them, the people that are teaching our children, that they are ensuring that they are, that they are Aboriginal and Torres Strait Islander, that they come with - they bring a cultural context, an overlay to those services as well.

DR CRAIK: I don't think we didn't - I don't think we really mentioned that at all, so it's a good point.

MS ATKINSON: Yes.

MR BURTON: And I think that's a real concern, that in a broader disadvantaged communities program, that a BBF program that's been 80 per cent targeted to Indigenous folk as services, if that component is not really strongly recognised then there's the potential for it to become a competitive environment where Aboriginal organisations have been struggling along for years, trying - doing their best to deliver these kind of services in their communities, could potentially be driven out subject to competition.

DR CRAIK: Well, it didn't - it was primarily intended actually for Indigenous communities. But I guess we had two elements of it. One was where - what we were trying to do was, where it was possible, transition - have these services transition to mainstream funding so that they're kind of more sustainable in the long run, you're not dependent on the government changing, you know, a grant bucket. So, if - where there was a viable labour market we were suggesting there be transition arrangements, transition funding to help the service.

MS ATKINSON: What did you mean by viable labour market?

DR CRAIK: Where people can get jobs basically, where there's a reasonable job market, where there's prospect for reasonable jobs for people nearby.

MS ATKINSON: That's what we were saying.

DR CRAIK: Because you can't do it unless - because we had this activity test, you can't do it with, you know, where there's not a reasonable job market.

MR BURTON: I guess that particular line concerned us quite a bit, I guess we're really conscious that a lot of the Aboriginal early years services are operating in environments where they may well be a viable labour market but it's often the Indigenous community that's participating least in that labour market, also remembering that 75 per cent of Aboriginal people are in more urban centres and regional areas.

DR CRAIK: Urban, yes.

MR BURTON: That there's not a specific plan within that around how they will be supported. And there's a lot of, I guess a mix of different people often who are accessing Aboriginal early years services, some will be working families, some will be not working families. But I guess in terms of their community focus a lot of those families are affected by the same issues, linked, and need additional supports as well within - even living in those urban environments and in communities where there is a viable labour market.

DR CRAIK: Okay.

MR COPPEL: Do you have any views on how the National Quality Framework could be designed and the way to take into account centres being culturally appropriate?

MS ATKINSON: I think we've been considering about, you know, what we want within our services. We want them to be high quality, we think our kids deserve the right to have high quality within their services. I think that what we've said in relation to the National Quality - to ACECQA is that we need, you know - for our service to meet those qualities is fine, but what we really need is we need people that are going to, when they're assessing our services, are taking into consideration just exactly what happens, that how we connect, and how - with perhaps actual child room practices and how we support and work with our Aboriginal children. So, there has to be consideration of those within the National Quality Framework.

We don't mind, you know, we don't mind in having to meet those requirements if, you know - in providing quality to our children, we think that they deserve that. So, it's having qualified staff, I really believe that we do, so we do need qualified staff in all our services. And it can be done in Northern Territory, it can be. You can go out to community and, you know, how you work with and how you teach people out on community, it's been done in the past and it can be done now, you can do that. There are services, you know, that are up there that can go out and do that.

So, that's - it's about working with and having qualified staff, and we want Aboriginal qualified staff, we want Aboriginal people that take into consideration the cultural context, as I said before, in the overlays of our communities, so it's about having your own staff within those services. And it's about ensuring that, you know, sort of that the National Quality

Framework takes that into consideration. It's about having assessors who are culturally aware, it's about having assessors that go out in community and assess that what particularly - what may be happening in one Aboriginal setting is not necessarily what may happen in a mainstream setting. Not discounting - not discounting quality that's being provided, but looking at it in a different aspect.

MR BURTON: And I guess the other comment to make on that in terms of cultural competence standards around mainstream organisations and their delivery - the National Quality Framework, as it stands, it's very lax - and in great detail on how that would be implemented or supported so that to - there needs to be a lot more - if mainstream services are genuinely to develop cultural competence there needs to be more requirements around how they work with and particularly connect with local Aboriginal communities and build relationships and partnerships and work towards goals like Aboriginal employment, work to support local Aboriginal organisation that are already doing it there and doing great work, those are the kind of requirements that would move an organisation towards stronger cultural competence.

DR CRAIK: These Aboriginal child and family centres that were built with some particular funding from the Federal government.

MS ATKINSON: It's through National Partnerships.

MR BURTON: Yes.

DR CRAIK: They're one of the National Partnerships, yes. But, I don't know, correct me if I'm wrong, but it seems like they were built with capital funding but there was never any agreement about the operational funding for them?

MS ATKINSON: That's correct.

MR BURTON: That's a massive concern. A massive - it's bewildering.

DR CRAIK: It seems - yes, that is bewildering.

MS ATKINSON: It is, that is bewildering because - and that's it, they're at the stage where they don't know what's going to happen with it, are they going to close, whether these multi-million dollar complexes - - -

DR CRAIK: Because that wasn't a cheap - I mean it wasn't an inexpensive program.

MS ATKINSON: No, they weren't cheap. They were given \$8 million to establish.

MR BURTON: There was \$300 million over the last three years invested in their establishment. Those communities have been set up, they're getting a new integrated child and family centre targeted at the early years, doing exactly the kind of thing that the report talks about in terms of the need for integrated supports for disadvantaged communities. They're positioned - they have been created for that purpose, also within a strong framework

of trying to create community led services. And now those communities are left trying to deal with the outcome of suddenly funding being pulled, trying to negotiate with the States, having no commitment over the long-term, using bits and pieces of the leftover National Partnership funding, it's really a mess.

MS ATKINSON: It is a mess.

DR CRAIK: So, are any of them succeeding - - -

MR BURTON: Yes.

DR CRAIK: - - - in getting operational funding?

MR BURTON: Oh, in getting funding, no.

MS ATKINSON: Western Australia - - -

DR CRAIK: Or operating, effectively?

MS ATKINSON: No. No, what we'd heard was that individual States were looking at how they would assist but we haven't heard anything definite about how they would - how it would - - -

MR BURTON: Yes. They've got extensions, so six months in WA, I think a year in Queensland, two years for some in New South Wales which is generally leftover funding from the National Partnership, so that's kind of where they're at. But they - a lot of them are succeeding in their early stages. There's quite a few we've heard from have around 60 Aboriginal kids involved, attending the centre, they tell us these are kids who have never accessed Early Childhood before, families who wouldn't even have thought of going to an Early Childhood centre. You've got a large of Aboriginal families and young children who are accessing these types of supports for the first time, which is a massive success, and then to have them struggling now to work out how they're even going to survive. And I don't know if there's an opportunity within this report to capture what that great opportunity is and how a future funding program might actually contribute to keep those centres alive and build on that, the base that's been built, that's been created there but is really under threat.

DR CRAIK: It's sort of bizarre to build centres without the - - -

MS ATKINSON: It is bizarre for it to not have had ongoing funding.

DR CRAIK: - - - without an arrangement to keep them going, to use them.

MS ATKINSON: That's right. Look at what's happening in, you know, at Fitzroy Crossing, that centre there. There's a children and family centre and, you know, sort of it's really needed in the community. It's assisting that community with so much more than just child care, there's so much more to, you know, sort of the integration services that they're

providing in that community that has, you know, sort of gone from being - the whole community has improved because of that.

You know you could - I remember - and I'm not just name dropping here, but I was talking to Bill Shorten over it and he said he can remember going to Fitzroy Crossing and just - and walking around and kicking, you know, empty alcohol cans. Well, those things have been picked up, you know. Just sort of something simple just like that and the whole community kind of changes because of one service within a community that centres on children and families.

MR COPPEL: In our draft report we talk about integrated services and we've got a number of information requests that try and get further information including on the benefits from such services. So, if you could, when you put in your submission on the draft report, try and respond to that.

MR BURTON: We will, yes.

MR COPPEL: We're also interested in the scope for such services and also in the context of the disadvantaged communities program, the ability to sort of transition from block based funding towards child based funding, and where there is scope of that. So, we discussed briefly that may be in the context whether there's a viable job market. But if you could elaborate on that point it would also be very useful.

MR BURTON: Yes, okay.

MS ATKINSON: One of the things that we did notice within the report was that that funding for the disadvantaged and vulnerable children is a capped - your increase of the funding and it's capped, but the other - but mainstream service child care provision is not capped.

DR CRAIK: I think a - yes, there's always a fear that they'll all blow out and - you know, the total amount. I mean I suppose in a way we follow the current arrangement, we increase the amount in the children with disabilities and vulnerable children from - I forget what it was but we increased the amount but we did still put a cap on it, yes.

MR COPPEL: And it's also what lies behind this idea of, where possible, that transition to a child based funding for that.

MR BURTON: I mean on the transition it's - certainly it's a really big concern for a lot of the BBF services, around making that transition. And, regularly, concerns are raised that that won't suit the way that they operate in terms of being community focused services, that they see that particularly in servicing communities with particular disadvantage and cultural needs, that they're offering reaching out to the families in the community to support them, not based on an individual child attendance for a minimum number of days at a centre, but really focused on outreach to that community and the centre that supports the community. So, the mainstream funding model is not seen as appropriate to support that kind of operation.

DR CRAIK: I guess we had a couple of thoughts in mind there with those integrated centres. One was recommend a funding, a kind of integration service, the service that integrates all the other services. But we were concerned, in this child care big bucket of funding, that it only funded child care services where there are these other related services that might do other things with the community as well. But some other source of funding - I know it's not ideal and you don't really want silos but, I mean, you could use up all the child care funding, you know, so we're just trying to constrain it to the child care things here.

MS ATKINSON: I guess one of the things that - at stake is always - what we've always thought about was that we really needed - and we really needed a funding regime for those services, for those integrated services that doesn't, I guess, and I don't know whether it would be, there would be partial CCB and, you know, sort of partial block funding, I don't know. But what we really need to look at - as I said before, we didn't get the opportunity - and we have applied to philanthropics for some money for costing. But we really believe that we really need to look at exactly, you know, sort of a costing or how - or a funding regime that would best suit our Aboriginal and Torres Strait Islander services really.

Because as I mentioned earlier, we're out of the BBF funding block, we're running at a deficit, our services too.

MR BURTON: I was just going to say, as a multifunctional Aboriginal children's services, we were created in the first place for that purpose, that's why they're called what they are.

MS ATKINSON: Yes, they're integrated.

MR BURTON: And it was then more limiting of that funding block to being only about child care that's caused them to be under-funded over time and to have to draw back a lot of the other services which they were able to make available for that.

DR CRAIK: Other services, yes.

MS ATKINSON: And to cover for them.

MR BURTON: So, there does need to be a stronger, broader vision around early childhood environments that aren't just about providing child care, if they're going to be effective for communities that are most disadvantaged.

DR CRAIK: Well, I think we've kind of endorsed the vision, but the funding in terms of the child care - - -

MS ATKINSON: And that is because it is complex. It is complex and it's just not - simply cannot say that we can just easily transition over to a funding regime that's so rigid that - and all it provides really is for child care when we provide what you have mentioned, is an integrated - in all our services, they are integrated services and what we provide is so much more than just child care.

MR COPPEL: How are you currently funding that deficit that you have?

MS ATKINSON: Like, we've had services that run a bingo, you fundraise, you apply elsewhere wherever you can if there's, you know, sort of funding within communities that you hear about, and that's what you do, that's what you have to do. And then, you know, other times you just have to let staff go.

MR BURTON: And in fact some quality, and services just wanting to do what they need to, yes.

MS ATKINSON: And that - because that - we were at the - in our service we were at the stage where we had - we were told that, you know, that we had to reduce staff, and that's - and we employ actual staff from our community. So, it's not just a matter of just not having the quality, it's also not having - you know, having employment within our community as well.

DR CRAIK: Okay. Well, thank you very much, that's been really helpful. And we really look forward to receiving your submission, that would be really helpful.

MR BURTON: Yes, excellent. Okay.

DR CRAIK: And if you've got any suggestions about how we might modify what we've proposed, that would work better.

MS ATKINSON: That would be great. We will, we will look at that too.

DR CRAIK: That will be very helpful to us, yes. That will be great. Thank you.

MS ATKINSON: Okay. Just thank you very much for listening to us, we really appreciate it.

MR BURTON: Thank you.

DR CRAIK: No, thanks for coming in. We appreciate your coming in. Okay, our last appearance for today is not here yet. Yes, we might have 10-15 minutes. And because I have to leave at 3, if our last appearance isn't here I may not be back, but Jonathan will take over, so, thank you. But we'll have a short break for tea. Thank you.

ADJOURNED

[2.41 pm]

RESUMED

[2.53 pm]

DR CRAIK: Welcome. When you're ready, if you could state your name and organisation, if you're from an organisation, and, if you'd like to, make a brief opening statement. Just so you know, I've said it before but you weren't here, I have to leave at 3 o'clock but Jonathan

will still be here. If I walk out, I'm not being rude.

MS MULLANE: I understand.

DR CRAIK: Over to you.

MS MULLANE: My name is Eleisha Mullane. Really, I am just here representing myself as a parent of a child in childcare and one on the way. I guess, my concerns, to me, are about the quality of childcare that our kids receive. My experience as a parent has been that that quality is really affected - sorry, I'm a bit emotional.

DR CRAIK: That's all right.

MS MULLANE: That quality is really affected when the educators that work in the system
- - -

DR CRAIK: You're concerned about the retention and the fact that - - -

MS MULLANE: Yes, the retention of good, quality educators.

DR CRAIK: The fact that there's a high turnover.

MS MULLANE: Yes, and there's a high turnover of staff. I think it's hard enough for the children when they're in the system, when they're changing rooms, within long day-care - the difficulty that they face, particularly what I've seen with my daughter, who's now three and she's been through three room-changes, going onto her fourth - seeing the struggle that she has in attachment to her educators - yes, and the turnover only ever exacerbates that. To me, I think - you know, there are statistics out there that something like 60 people leave the industry every day, and that's a concern to me. I think the work that was done under the previous government to try and implement better pay structures or the women, predominantly, that work in the system is a really key thing to retaining good, quality educators into the system, so I'd like to, I guess, advocate for the quality fund to be retained, but I understand the current government has removed it already.

For me, it's just seeing that the quality educators are there, so that the children get a good educational experience but also that their attachment is maintained throughout their time in the centres.

DR CRAIK: We have had some providers here today who have had staff for, really, quite a long time. There was one woman who ran a centre here this morning that had an enterprise agreement and a lot of staff have been in the centre for quite some time, I guess, because of the way that the centre was arranged. There does seem to be a fair bit of variability.

MS MULLANE: I don't know the status of an enterprise agreement for the centre where my child goes but, yes, there are staff that - it'd be variable; there are staff that have been there for a long period of time but I think there is a lot - I would say there's a lot more (indistinct) in childcare centres than there would be in, probably, many other workplaces, and I think,

with anything, it's a disruptive and upsetting process for children.

I think, also, the differential between the education levels of the staff - and I think it should be encouraged that they are - and, through the quality fund, I know that part of the process was to encourage staff to upskill and achieve higher qualifications, and I can see - the educators who work with my daughter, the staff - not the staff difference but there's a considerable difference between those who'd had the better levels of education, and the activities and learning outcomes that were being achieved with my daughter, and even simply the feedback and the process of working with me as a parent to try and improve different aspects of her learning or her behaviour - you could see the educators who had had the higher education levels were able to work with the parents a lot more efficiently to achieve that.

DR CRAIK: You could notice a real difference?

MS MULLANE: Yes, definitely, and I think the motivation that training provides - it inspires people to try new things. Professional development, I think, is a key thing in the sector to maintain.

DR CRAIK: Okay. I have to depart but if you want to keep going.

MS MULLANE: Yes. The other point I did want to make is, I guess, an economic one. From my personal - I'm a little bit unsure - trying to read through the recommendations made in the report around the rebate and means-testing - and I couldn't quite ascertain exactly how and at what point the means-testing came in and where it dropped off. The concern I had is - the expense of childcare already - the rebate really only covers - is all I receive because of my income levels and my partner's, combined. What I was concerned about is - adjustments to the rebate being further means-tested was a concern for myself and my partner because that really started to play with whether or not we could achieve working an additional day. For myself - I currently work three days. We get the rebate for the three days but, if we went to a fourth day, the rebate would drop off and we'd pay the full fee amount.

MR COPPEL: You get close to 7500 - or you're at the 7500 - - -

MS MULLANE: Yes. Because of the fees that we pay to the centre - and it's not the dearest, by any stretch of the imagination, but that's essentially where it's at for us. That, I guess, is a consideration for us, in this being a Productivity Commission - in terms of me giving more productivity to my workplace and the community - has to be a consideration - is the income level that we then - and I have another child - I'm pregnant at the moment - have another child, so, you know, it'll be two children that are in day-care, so it doubles our costs again. I just wanted to get clarity on the 160,000 - I believe it's 150 or 160 thousand dollars that the means-testing comes into the rebate - and just emphasise that then, I believe, for those people - sit on that range - has an impact on whether or not you choose to take up additional days of childcare, and I don't have the luxury of having parents that are local or family or friends that are able to take care of my child instead of - my only real option is to put her into long day-care. I just wanted to make point, I guess, that our childcare costs are doubling because we're having an additional child but they're also - but, if we did choose to work any additional days, that means-testing has to be part of our equation.

MR COPPEL: Maybe I can clarify on that point, what we're proposing in the draft report is a means-tested and an activity-tested benefit, where the rate of support on low incomes is starting at 90 per cent and then it reduces as household incomes increase, and it reduces to 30 per cent at 300,000 household income and it stays at 30 per cent. So, the number we're referring to of 160,000 is roughly where household income, on 160,000, in the current arrangement and in the proposed arrangements would be equally the same off. The scheme is giving a greater support to lower-income families and lesser support to the higher-income families, but that cross-over point is roughly about 160,000. The way the system is designed is that you wouldn't get that sharp increase in out-of-pocket costs that you get now when you get closer to the childcare rebate, so, where you suddenly so go from 50 per cent to zero, because you've exhausted the 7500. That would reduce the disincentives to extra work but we do recognise that there are other tax and benefits in the system, and those can interact in a way that can still have a strong disincentive to work, particularly when you move beyond three or four days per week. What we're proposing would really make that much smoother, from the perspective of the childcare support.

MS MULLANE: Yes. I guess, in essence, though, if I choose to increase my days, it obviously means I'm further means-tested, and it's hard to tell from the graphs and information that I was trying to research before coming here but - yes, you know - and I appreciate and believe that there should be some forms of means-testing but I'd also say that the previous model of rebate system has possibly allowed centres to drive up their prices so that they can then pay their educators more or improve the systems and standards in their centres as well. It's what individual is a very interlinked relationship to the rebate and/or the - or whatever replaces it - is what allows centres to function. I would also advocate, personally, for greater public funding into early childhood education because I do believe it's the best way of regulating the early educational outcomes that our children can receive.

MR COPPEL: I mentioned that there's a means test and there's an activity test, activity test being looking for work, working or studying, as a criteria for eligibility. I was wondering if you have any views on having an eligibility test - an activity test.

MS MULLANE: Yes, I do, actually. I think that - I know friends who are parents who had the unfortunate situation of - once they went onto maternity leave, their actual contracts ended and they're now stuck in the situation of what is quite a catch-22 of "How do I go out and look for work if I don't have adequate levels of childcare that are going to allow me to be able to apply for the jobs that I'm going to be able to get?" I think having those guaranteed childcare places - and I understand what you're saying, an activity test would also include those people who are seeking work, but there needs to be some recognition in the system that it's not always that simple to just draw that line. When you don't have the additional income and you're trying to seek work, at what point - it's hard enough to gain a place; if you don't already have it, how do you juggle those things all at once, and, yes, the importance of parents being able to get the right levels of day-care so that they can actually physically go out and seek work and have their child - because it's not - you know, when I recommenced work after my first child, it took quite a long time for her to settle into the centre in the first place, and that's the experience of most parents I know, that - it's not - you know, there's sort of an induction process that might last a week but, really, that induction process for the child,

and the adjustment period, takes a month to six weeks, so how do you do both of those things at once, try and gain yourself a place in a centre whilst also trying to juggle finding a job that's going to fit with the amount of day-care you can actually achieve?

MR COPPEL: Was there a long wait to get into the day-care centre?

MS MULLANE: To be honest, some of the centres that I applied for I've never heard back from. I've contacted them to see but - we essentially took the place in the centre that gave us a place. It probably wasn't our first preference of a centre. There was a - but, you know, there were other centres who took money from us to stay on their waitlist but we never, ever, heard anything back from them, even when we contacted them to inquire. That, I think, is a significant problem in the area that I live; that getting the actual place is the hardest hurdle to have, and then getting the number of days that you want, to manage, and the right days that you want, to manage and fit in with your workplace, is definitely problematic for most parents.

MR COPPEL: Do you get priority for the second kid in the same centre?

MS MULLANE: I believe you do, yes, if you have one child, they automatically do get a bit more priority, but I've heard of other parents who've been in other centres where that hasn't necessarily been the case.

MR COPPEL: Great. Thank you very much.

MS MULLANE: Thank you.

MR COPPEL: Ladies and gentlemen, that concludes today's scheduled proceedings. For the record, is there anyone else who would like to appear today to give a short presentation or a short - - -

MS MILLS: I wasn't going to appear or anything and I didn't have anything I was going to actually say, originally. My name is Natasha Mills and I'm a centre coordinator in Eltham, at a not-for-profit centre. After listening to the presentations over the last two days, I strongly feel that we are so fortunate that these frameworks were introduced, put into place, and we've come such a long way in our industry over the last 20 years.

We're a not-for-profit centre. We are above ratios every day. We have upskilled all our team, from the word "go", from the frameworks coming in. We're continually working to upskill our team, and sometimes that's challenging. We run literally the frameworks and work with that every day. We've gone through the National Quality Standards assessment and have achieved really well on that, as well. It's just day-to-day work. It's not about changing - going backwards - to keep going forwards, to maintain the industry reputation as what it is. You can do it as a small centre. There's been a number of small centres that have spoken today and you can do it, and you can keep on doing it; it's a matter of what is best for quality education and care for our children.

MR COPPEL: How big is your centre?

MS MILLS: Forty children a day. We've just been fortunate enough to receive a grant and we're going to extend our centre, which is extremely needed in our community area. We work closely with all varieties of aspects of the community, involved in networking, meetings with the local schools, maternal health nurses, the community health sector that's in our community as well, the shire works very closely - we've got a very strong family services team. I just can't stress how important it is to keep this going and to maintain these ratios. The evidence over the last two days has been phenomenal about nought-to-threes and how important those years are. They are so important and our children within Australia deserve quality education and care, right through.

I've always been very passionate about the industry and I think, coming here over the last two days, has made me become even more passionate because there are so many people out there that do care, who want to see quality. Well done coming out by yourself today, that's a huge effort, because we need more parents to voice their opinion about how important our role is.

The downfall of our sector is our staff wages. People are not in the industry because they like the pay packet; they're in the industry because they care about what they're offering the children and they love what they do each day. I just have become - I've always been passionate and I feel that it's an industry that we have to be passionate about but we need to keep moving and we can't go backwards. By taking the ratios, by saying that things can't be done, we're going backwards. We're actually the highest-charging centre in Eltham but we have our ratios, our under-three rooms, our one-to-three - - -

MR COPPEL: How much do you charge?

MS MILLS: We're 104 a day.

MR COPPEL: That was also - - -

MS MILLS: That's across the board. Our kinder room has three educators in it, our under-threes have four educators each day. That covers their planning but they have the opportunity to do extra planning, they have breaks all covered. It's about quality and education and care. I just sort of felt - I've been listening, writing notes, and I just sort of felt that we need to keep it going, we really do. I believe this is a great start but we can't go backwards, we have to keep going forwards, and that's come across very clearly in the last two days from the people who have spoken, that we need to believe in quality education and care.

MR COPPEL: Thanks for that, Natasha. Is there anyone else who would like to make a short statement?

MS COOPER: I'm Sally Cooper from Family Day Care Victoria, which is the peak organisation for the Victorian Family Day Care Services membership. I started in Family Day Care in 1980, at St Kilda, as a coordinator. I just wanted to say that I think the National Quality Framework and the qualification for educators and the qualification for staff has been

a major step forward that we never imagined we would have had. We fought to get a fee structure, we fought to get a holding fee and things like that and I think the training and the qualifications - and I hope that part of this report can also cover the registered training organisations that are not doing it correctly and handing out these certificate IIIs and diplomas in a very short time, so that people, when they go to a registered training organisation, know that the training they'll get will be robust and assist them to provide a wonderful childcare, education and care for the children they look after, and they get the joy out of learning more and more, rather than just having a piece of paper and then struggle to do what they're trying to do well. Thank you.

MR COPPEL: I'd just make the comment that about two years ago the Productivity Commission put out a research study on the ECEC workforce and that study did look at the training of ECEC workers.

Is there anyone else who would like to make a short statement before we complete?

MS FITZPATRICK: Can I comment as a parent, rather than in my professional capacity? My name is Lisa Fitzpatrick. It's just about the deemed-cost model. I've got some concerns about that as, say, a low-to-middle-income earner, in an inner-city childcare centre, where I don't have a lot of choice in terms of where I put my child - I was on the waiting list since I was three months' pregnant, for this spot that I've got. The fees are \$110 a day and the deemed cost is going to be around 80-something dollars a day, based on the figures I've read. Even though I look to gain in terms of getting an increased percentage of the single subsidy, I look to lose, based on your deemed-cost model. I understand that the intention is to put downwards pressure on the rising prices, I understand that, but I'm just really thinking there needs to be a lot more thought done about the real impact of that on families, because childcare centres aren't just going to charge their fees to the deemed cost, not when you as a parent don't have a choice. The market model is not working in lots of regards in terms of childcare provision because we don't have choice; we can't go somewhere else because we think it's a poor-quality service.

That's my big concern there that I hope can be given some more consideration, from a parental perspective.

MR COPPEL: We haven't determined the deemed cost.

MS FITZPATRICK: I thought I read somewhere that it was X-amount per hour or \$7-something per - - -

MR COPPEL: We have used a calculation that's based on looking at the existing fees that are charged for the purposes of modelling the impacts of what we're proposing but, when it comes to the deemed cost, we have requested more information on how to take into account factors like different costs of provision for under-three-year-olds, for instance, or geographic differences and how to pick up what would be the reasonable cost of care but, at the same time, not provide support for add-ons and so forth. For the purposes of the draft report, they were calculations used to inform that analysis but they're not deemed costs which are proposed.

MS FITZPATRICK: I just really hope the Commonwealth doesn't run with that because it will have a significant impact on people in - could be rural areas, where the costs are higher - some people have spoken earlier about it, so it's just something to be, I think, mindful about.

MR COPPEL: One of the other examples is the CBD areas, particularly Melbourne and Sydney.

MS FITZPATRICK: Yes, inner-city and, you know - yes. Thank you.

MR COPPEL: Thank you. If there are no further presentations, I adjourn the proceedings for today. The Commission will resume in Canberra on Monday, 25 August. Thank you.

**ADJOURNED AT 3.18 PM UNTIL
MONDAY, 25 AUGUST 2014**