

11/8/14

Gowrie SA appreciates the opportunity to respond to the Productivity Inquiry Draft Report. We will focus on the following key areas:

- Rebate eligibility criteria
- Hourly deemed cost of care
- Children at risk
- Qualifications of educators
- The proposed separation of education and care and integration of preschool into the school system
- Payroll tax exemptions for not for profit education and care services

**Draft Recommendations 12.2, 12.3, 12.4, and Information Requests 12.3, 12.4**

**Eligibility for the ECLS** has been tied to a work activity test. This means there may be many families who are unable to access the subsidy. This goes against the right of all children to access high quality early education and care services during their most critical period of development. We would argue that such restrictions are not in the national interest with research showing that quality early education affords long term benefits throughout an individual's lifetime, improves children's readiness for school and reduces the detrimental effects of family isolation. Access to early childhood services is a significant protective factor for children and families where there is chronic illness, mental health issues, poverty and family dysfunction (Cleveland & Krashinsky n.d.; National Scientific Council on the Developing Child 2012; OECD 2014; Shonkoff 2010). Given the rising jobless rates, the complexity of family lives and contexts, and the research about early intervention, the activity test is an unrealistic and socially unjust measure and the exemptions are too narrow.

**Deemed cost of care** must consider the higher costs associated with the provision of high quality education and care services. This includes the provision of above minimum ratio staffing, services paying for educators to attend professional learning and development opportunities (the LDCPDP is only funded for three years), services paying above minimum wages and conditions to attract and retain educators, service inclusions such as food, nappies, equipment, capital upgrades to ageing buildings, etc. High quality early childhood education and care costs more.

**Gowrie SA Recommendations:**

- Continue to ensure access to early childhood education and care services under the current Priority of Access system.
- A means tested subsidy rate be introduced which particularly supports low income earners to access high quality education and care services, tapering off for higher income earners with a minimum rebate available to high income earners at \$200,000 and over.
- The deemed cost take into account the true costs of high quality early childhood education and care.
- That the subsidy be paid directly to services with families only having to pay out of pocket costs.

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## **Draft Recommendation 12.7**

**Children 'at risk' assessment** has been associated with a child protection notification. This will increase the current burden on child protection systems and potentially mean that fewer 'at risk' families will engage with early childhood education and care. Under early intervention principles, supporting families to access an education and care service which then further supports families to access the assistance they need before entering the child protection system should be a key goal. Research shows that there are multiple risk factors for families but it is unlikely that being forced to be associated with the child protection system will be a useful strategy.

For example, a single Aboriginal mum (dad in jail) struggles with her child. She has experienced domestic violence and has had no strong parenting role models. She is unable to find and retain a job due to her own levels of anxiety and depression. Her engagement with an early childhood education and care service has helped her to learn about better parenting practices, has provided her with a supportive environment in which to learn to trust, and has helped connect her with counseling and family services as she needs them. The mother wants only the best for her child and has worked with the service to achieve this. It is likely that none of this work (undertaken over 5 years) could have taken place if a notification had been required

Experience has shown that in many cases, with the most vulnerable families, when a notification to child protection authorities is made, the family leaves the service resulting in the ongoing support from the service no longer being available or accessed.

### **Gowrie SA Recommendations:**

- The service gathers the necessary details for a determination of additional support to be made.
- The service makes the decision regarding a notification to the child protection system under current guidelines.
- The 100% subsidy under a child at risk determination continue for a minimum of six to twelve months – 13 to 26 weeks is an inadequate amount of time to build trust and access the right support for families to address multiple complexities.

## **Draft Recommendation 7.2, 7.5, 7.9, 12.9, Draft Finding 5.2 and Information Request 7.1**

The suggested **separation of education and care** is a backward step in Australia's progress towards high quality, integrated services. For many years advocates have worked for the integration of education and care for young children (Bretherton 2010; COAG 2009; OECD 2014). The idea that preschools should be considered an extension of school education and that preschools should be removed from NQF requirements is detrimental and ignores the impact on outcomes for children and families of high quality integrated early childhood education and care services, as well as the significant risks attached to low quality provision (Harrison 2008; ECA 2011; Elliott 2006; OECD as cited in Bretherton 2010, p.14; Rinaldi 2013). We have further concerns regarding the recommendations that degree qualified early childhood teachers should not be included in the ratios for under three year olds and that practical experience with under two year olds be excluded from ACECQA requirements. These measures ignore research which advocates for more highly qualified educators and teachers to work with our youngest age groups (Burchinal, Cryer, Clifford & Howes, 2002; COAG 2009; Degotardi, 2010; Goelman, 2006; Siraj-Blatchford & Manni, 2006). The added complexity is where services choose to integrate age groups, as well as the devaluing of educators who work with infants if Government determines that lower qualifications are required.

### **Gowrie SA Recommendations:**

- Integrated education and care services are valued and supported.
- The early childhood teacher requirements remain and can be applied to any age group.
- The ACECQA requirements regarding practical experience with children under two years of age remain.
- Qualification requirements for educators be improved, including minimum entry level requirements of a Certificate III with 75% of educators required to have minimum early childhood Diploma or Degree qualification.

### **Draft Recommendations 10.1**

**Removal of eligibility of not-for-profit ECEC providers to payroll tax exemptions** will significantly disadvantage these providers and will create a flow-on effect of much higher fees for families. Although not-for-profit education and care services may benefit from not paying payroll tax, for-profit centres and their owners benefit from the complex income tax provisions applying to personal and company tax arrangements. There is currently no research or evidence to identify the level of profitability and no regulation for the distribution of profits to go back into education and care service by for-profit services.

### **Gowrie SA Recommendations:**

- Regulations about reinvestment of profit should be developed for the for-profit providers as, 'there is an inherent contradiction between quality and profit' (Fenech, Guigni & Brown 2012, p. 10).
- Payroll tax exemption should remain in place for not-for-profit providers who are not able to access the same tax benefits/off-sets that are available to for-profit providers.

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