



Catholic Education
Diocese of Parramatta

**A Submission to the
Productivity Commission
Childcare and Early Learning Report**

5 September 2014

1 Introduction

Catholic Education Diocese of Parramatta (CEDP) welcomes the opportunity to comment on the Productivity Commission's Draft Report and to provide a Catholic perspective on early childhood education and care in Western Sydney – one of the fastest growing areas of education in Australia.

Our understanding of the purpose of the Productivity Commission inquiring into Child Care and Early Childhood Learning is because of the Australian Government's commitment to:

"...establishing a sustainable future for a more flexible, affordable and accessible child care and early childhood learning market that helps underpin the national economy and supports the community, especially parent's choices to participate in work and learning and children's growth, welfare, learning and development" (Productivity Commission, 2014, p. v)

Most Rev Anthony Fisher OP is the Bishop of Parramatta and guides CEDP in the education and formation of students. The Bishop is also the chair of the NSW Catholic Education Commission. (Refer to the CECNSW submission to the Productivity Commission Child Care and Early Learning Report.)

CEDP is a leader in education providing high quality Catholic schooling for more than 43,000 students in 22 secondary and 56 primary schools within the Western Sydney area. CEDP employs over over 4,500 teachers and staff.

To support the families and our students (in particular those in disadvantaged areas), CEDP operates four (4) Catholic Early Learning Centres (preschools), nineteen (19) Catholic Out of School Hours Care and seven Catholic Vacation Care Programs.

CEDP offers:

- 700 places across the week to approximately 300 families in our system of preschools (3 to 5 year old children)
- 5,000 places across the week to approximately 1,400 families in OSHC
- 2,360 children access vacation care each school holidays

Strategic planning for CEDP indicates the need to continue to grow to meet a widening gap between demand for care and available supply of high quality services.

In this submission, CEDP has identified a number of critical issues that will significantly impact the affordability, accessibility, flexibility and delivery of high quality education and care if the underpinning principles of the Productivity Commission's recommendations were to be adopted.

It is in these areas of both dedicated preschools and OSHC that this submission is focused. The underlying consideration is that the Draft Report is based on a market philosophy which has been repeatedly shown to be fundamentally flawed when applied to education services (Ozga, 2000, p. 24-6).

2 Background

In 2010 CEDP commenced the establishment of not-for-profit, community-based preschools that are co-located within school precincts and the establishment of OSHC services that operate within existing Catholic primary school buildings.

The current governance model for operating CEDP's Early Childhood services has the Trustees of the Roman Catholic Church for the Diocese of Parramatta as the service provider. CEDP's management structure is responsible for operating these high quality compliant services rather than the school principals.

To offer high quality, equitable education and care at affordable pricing to families, CEDP applies economies of scales within its organisational structure and offers differential fee structures favouring those in the greatest need.

This Early Childhood model has provided high quality education and care to all children including the disadvantaged at minimal cost to their families.

The Productivity Commission report refers to the governance model of dedicated preschools in Tasmania and Western Australia where the principal has direct responsibility over the operation of dedicated preschools attached to primary schools. Additionally, the report recommends that principals be directly responsible for the provision of OSHC services.

CEDP has genuine concerns about restructuring its current governance model into a school-based governance model because it will not support the continuation of applying the same level of economies of scale, therefore increasing fees for families and potentially introducing industrial ramifications for the school sector.

3 Australia ranked 30 out of 34 in Early Learning Education

Australia's level of commitment to funding high quality early learning education for children at the age of 3 to 5 years falls significantly below the OECD average (ARACY, 2013).

Australian and international research recognises the important educational and social benefits to children accessing high quality education and care preschool programs with a focus on 3 to 5 year old children. It is timely that early childhood education be recognised as a government **investment** rather than an **expenditure**.

James Heckman (cited Katz & Redmond, 2009) shows that to invest in early years education is a means to minimise negative social behaviour in later years. Early years education is a foundation for concept and knowledge development which is strengthened in the formal school years.

Without access to early years learning environments to build these foundational skills and attitudes, government expenditure on intervention services and community support will continue to remain a financial burden on society. Research supports the importance of investing in the early years as a way of building equitable opportunities for all children and improving the overall educational and social outcomes for Australia.

The High Scope Perry Preschool Study (CCCC NSW, CCP & PACCS, 2014) highlights the strategic importance of government social policy investment in education. A cost benefit analysis of the findings demonstrates that for every dollar of government spending on investment in preschool programs the state will benefit up to \$17.00 in public return.

If the Government fails to invest in the Early Childhood Education and Care, CEDP will be forced to increase fees putting financial pressure on families least able to afford it and they may choose not to engage in the workforce as a result.

The University of Melbourne has conducted research into the educational benefits of children accessing preschool programs. The research has shown children who access preschool programs benefit from a 15-20 point advantage in National Assessment Program - Literacy and Numeracy (NAPLAN) testing in the third year of school (Community Child Care Co-operative NSW, Cred Community Planning & Australian Community Children's Services NSW, 2014).

The recent push from the Australian Primary Principals' Association to implement a consistent national entry age for school enrolment of an average of five and half years, highlights the importance of preschool education. The highest performing education systems in the world recognise the value of extending play-based learning up to the age of seven years. Research has shown this is particularly important for children from disadvantaged backgrounds who are often sent to formal schooling too early to avoid high childcare expenses (McNeilage, 2014).

It has been necessary for CEDP to expand its Early Childhood Education and Care services since the implementation of the National Quality Framework. The regulatory requirements have impacted on many private providers making them no longer financially viable and having no option but to cease operation. To support our families, it was necessary for CEDP to immediately respond to the lack of available placements in Early Childhood services. This was necessary to meet the demands for education and care for students and to provide continuation of services to families in a sector where demand is not met by supply.

CEDP is supporting the education and care sector by providing preschools and OSHC services reducing strain on an already pressurised sector.

CEDP did not enter into the education and care sector for financial benefit. We have recognised that families require these services not only to support individual families' workforce needs but more importantly to provide our families with affordable education and care services beyond formal schooling.

The Australian Government is urged to improve investment in the early childhood education and care sector to match OECD equivalent countries in order to improve affordability, flexibility and accessibility for Western Sydney families.

4 Removal of Eligibility of Not-for-Profit providers to Fringe Benefits, Tax Exemptions, Rebates and Payroll Exemptions

In Australia, registration and operation of dedicated preschools remains primarily with the not-for-profit community sector or public institutions. CEDP plays an important role in owning and operating both preschool and OSHC services.

Throughout the implementation of the National Quality Framework, not-for-profit providers of Early Childhood Education and Care have frequently been shown to provide higher quality education and care to young children. Eight four (84) percent of services rated as exceeding the National Quality Standards by November 2013 were not-for-profit or community based services. (CCCC NSW, CCP & PACCS, 2014).

CEDP does not support Draft Recommendation 10.1 of the report, which calls for the removal of eligibility of not-for profit early childhood providers to Fringe Benefit Tax exemptions and rebates and to payroll exemptions. Neither does it support a recommendation for the removal of concessions for employer provided ECEC services.

Recommendations under the *Henry Tax Review in 2010* to remove not-for-profit organisations from tax concessions and benefits were rejected as it posed significant risk to the financial viability of services, leading to service closures and increased unemployment rates.

CEDP advises that if it was to allocate the full direct costs of the running of these services or outsource these services currently operating through CEDP economies of scale, these services would not be financially viable.

5 Productivity Commission Overlooks the Human Element

5.1 Dedicated Preschools

In the 2014 Universal Access funding agreement, the NSW Department of Education and Communities abolished funding for 3-year-old children that do not attract equity funding.

This funding reduction has significantly increased the cost to families that choose to enrol their non-funded 3-year-old children in dedicated preschool services. The families are the poorer for this funding reduction as non-funded 3-year-old children now attract a fee that is consistent with Long Day Care without attracting the Child Care Benefit for approved services and the Child Care Rebate.

The Universal Access funding agreement excludes a range of vulnerable and disadvantaged children. For instance, families with 3-year-old children from Language Backgrounds other than English (LBOTE) and/or 3-year-old children with learning disabilities who do not attract equity funding, are not able to afford preschool places.

Prior to these changes, the government provided funding to dedicated preschool places for 3 to 5 year old children. This funding supported viable services as the 3-year old-children re-enrolled for an additional preschool program in the following year.

From a parents' perspective, two full years in a pre-school program enabled families to plan the future educational pathways for their children. For the individual child it provided opportunities to maximise their potential and develop foundations for future success.

As the provider, this funding arrangement offered financial continuity and sustainability for our preschools.

The removal of funding for 3 year old children not eligible for equity funding has had a significant impact on parental choice, divided sibling enrolments and in the lower SEIFA band areas, many families are no longer able to afford to send their 3 year olds to preschool.

Educationally, the new funding arrangement ignores research that recognises the benefits of high quality early education and care accessed from an early age. Research has shown that children benefit socially, emotionally and academically from access to high quality preschool programs. This is particularly relevant for children considered at risk due to low family income (Dearing, McCartney & Taylor, 2009), low parental education levels (Watamura, Phillips, Morrissey, McCartney & Bub, 2011), or special education needs (Sammons 2010).

CEDP is concerned with the lack of recognition of educational outcomes of 3 year old children and the future financial viability of its preschools.

CEDP recognises that additional funding was provided to the low SEIFA band areas. However, this new funding arrangement has increased the risks of non-viability due to the variation in the age of children enrolling from year to year. CEDP has found this particularly evident in the comparison of the 2013 and 2014 Early Childhood Education and Care Preschool Census data.

In addition, the Productivity Commission's recommendations fail to recognise the fundamental importance of these existing challenges currently affecting families, children and the early childhood education and care providers.

The Productivity Commission has been unable to offer:

- an equitable funding solution across all sectors of education and care services
- an increased parents' right of choice for their child's education
- financial stability for the overall sector
- an affordable and flexible approach for the delivery of early childhood services
- options for increased and/or supported workforce participation

5.2 Why and How?

5.2.1 Ramifications for 4 to 5 Year Old Children:

Dividing the education and care curriculum and funding arrangements into preschool services within long day care and preschool services within designated preschools impacts on the educational outcomes of all children within our nation, increases costs to families and creates a confusing funding arrangement to parents.

Currently, as registered providers, our dedicated preschool services within the CEDP enable parents to access the Child Care Benefit. Parents that choose a dedicated preschool education and care service for their child will not be eligible to access the new ECLS Subsidy under the proposed recommendations.

Removing the Individual Registered Carers category and excluding all preschool services from accessing ECLS will disadvantage our families and impact on the affordability and flexibility of education and care services.

5.2.2 Ramifications for 3 year olds

The Productivity Commission's recommendations appear to funnel families into Long Day Care services. This will limit the availability of places for education and care, placing further pressure on a highly strained sector.

Families will experience unacceptably long waiting periods for positions and this will have a negative impact on increasing and supporting workforce participation.

It is recognised that formal childcare services in Australia educate and care for more than half of Australia's 3 year old children due to work force commitments. (PwC, 2011). Within our preschool services there is correlation between children's attendance patterns and parents' employment.

The Productivity Commission's recommendations to limit the funding to certain categories of 3 year old children within the preschool sector will not only impact on workforce participation but will also affect the affordability, flexibility and provision of high quality education for families. This will significantly impact on families in low SEIFA bands who are no longer able to afford preschool education for their 3 year old children.

The lack of adequate Australian Government recognition of the association between workforce participation and early education also fails to support families with competing demands such as juggling multiple drop offs for their children. It is critical to families that their 3 year old children form and maintain attachments to their 4 and 5 year old siblings enrolled within the school precinct.

CEDP urges the Productivity Commission to reinstate Government funding to all 3 year old children enrolled in dedicated preschool services.

5.2.3 Dedicated Preschools - Funding

The current Universal Access funding arrangement has imposed an unstable financial prospect on the preschool sector. Without secure government funding arrangements for preschool services, CEDP preschools will no longer be financially viable.

Funding certainty for the Early Childhood Education and Care sector is required over longer periods of time. Short-term cycles prohibit longer term planning particularly with the demographic shifts in fast growing areas such as Western Sydney.

CEDP operates a system of Early Childhood Education and Care services as a block funded arrangement. This arrangement is critical as CEDP is able to respond to the localised needs of our families. CEDP removes the administrative and financial burden from the Early Childhood services by applying economies of scale and keeping fees at affordable levels to families.

5.2.4 Dedicated Preschools - Financial Models

For the benefit of the Productivity Commission, CEDP has provided a number of financial models for dedicated preschools with actual calculations of the cost to families under the previous, current, proposed and preferred funding models.

Financial Model A

CEDP's previous financial model for dedicated preschools 3 to 5 year old children prior to the introduction of new Universal Access 2013 Funding Agreement.

| | |
|---|-----------|
| Number of Centres | 4 |
| Licensed Places/Day | 142 |
| Maximum Funded Places | 284 |
| Funded Positions August 2013 Census | 284 |
| Children Attending August 2013 Census | 313 |
| NSW Government Funding | \$723,764 |
| Government Funding % CEDP Total Expenditure | 42% |

| Preschool LGA | Lower | | Higher | |
|--------------------------|----------|----------|----------|----------|
| | Exc. CCB | Inc. CCB | Exc. CCB | Inc. CCB |
| Daily Fees | | | | |
| 3 to 5 Year Olds | \$17.00 | \$12.71 | \$49.00 | \$44.38 |
| Disadvantaged/Aboriginal | \$13.50 | \$9.21 | \$0.00 | \$0.00 |
| CCB Rebate \$0.66/hr | \$4.29 | | \$4.62 | |

This model demonstrates that differential government funding based on Local Government Area (LGA) enabled CEDP to set differential fees between services. NSW Government Funding represented 42% of the total CEDP's preschool expenditure.

Financial Model B

CEDP's current financial model under the Universal Access 2013 Funding Agreement for preschools

| | |
|---|-----------|
| Number of Centres | 4 |
| Licensed Places/Day | 142 |
| Maximum Funded Places | 284 |
| Funded Positions August 2013 Census | 242 |
| Children Attending August 2013 Census | 313 |
| NSW Government Funding ¹ | \$885,932 |
| Government Funding % CEDP Total Expenditure | 49% |

| Centre SEIFA Band Range | 3 | | 17 | |
|---|-----------------|-----------------|-----------------|-----------------|
| NSW Government Funding 4 to 5 Year Old/Child | \$5,096 | | \$1,805 | |
| NSW Govt. Funding 3 year old Disadvantaged/Aboriginal Child | \$5,270 | | \$5,270 | |
| Daily Fees | Exc. CCB | Inc. CCB | Exc. CCB | Inc. CCB |
| Daily Fee 4 to 5 Year Old Child | \$16.00 | \$11.58 | \$51.00 | \$46.24 |
| Daily Fee 3 to 5 Year Old Disadvantaged | \$14.00 | \$9.58 | \$14.00 | \$9.24 |
| Daily Fee 3 to 5 Year Old Aboriginal | \$0.00 | \$0.00 | \$14.00 | \$9.24 |
| 3 year old Child (non-funded) | \$30.00 | \$25.58 | \$63.00 | \$58.24 |
| CCB Rebate \$0.68/hr | \$4.42 | | \$4.76 | |

¹ Includes Transitional Funding \$91,392 which will cease in 2017. **As a result fees in high SEIFA Band services will incur additional fee increases.**

This model demonstrates that differential government funding based on SEIFA bands and equity funding for 3 – 5 year old children has increased government funding for CEDP preschools.

The current funding source increased from 42% to 49% of total CEDP preschool expenditure. This increase has enabled CEDP to introduce differential fees favouring those in low SEIFA Band areas. An Equity Fee as low as of \$14.00 per day is offered to all disadvantaged families.

Through economies of scale we have been able to offer a no cost preschool education to Indigenous families within our lowest SEIFA Band preschools.

It should be noted that 2014 funding is based on 2013 August Census data and any variation to Census numbers can have a significant impact on funding within low SEIFA Band preschools. This is evident where non-funded 3 year olds in low SEIFA Band preschools are unable to afford the daily fee, decreasing utilisation in these services.

Financial Model C

CEDP's calculations of the newly proposed financial model under the Productivity Commission's recommendations – State Funding only

| | |
|---|------------|
| Number of Centres | 4 |
| Licensed Places/Day | 142 |
| Maximum Funded Places | 284 |
| Funded Positions August 2013 Census | 242 |
| Children Attending August 2013 Census | 313 |
| NSW Government Funding | \$471,900 |
| Government Funding % CEDP Total Expenditure | 26% |
| Reduction to Current NSW Govt Funding | -\$414,032 |
| Average Increase Daily Fee | \$14.05 |

| Centre SEIFA Band Range | 3 | | 17 | |
|---|-----------------|-----------------|-----------------|-----------------|
| NSW Government Funding 4 to 5 Year Old/Child | \$1,950 | | \$1,950 | |
| NSW Govt. Funding 3 year old Disadvantaged/Aboriginal Child | \$1,950 | | \$1,950 | |
| Average Daily Fee Increase/Decrease | \$34.96 | | -\$1.61 | |
| Daily Fees | Exc. CCB | Inc. CCB | Exc. CCB | Inc. CCB |
| Daily Fee 4 to 5 Year Old Child | \$50.96 | \$46.54 | \$49.39 | \$44.63 |
| Daily Fee 3 to 5 Year Old Disadvantaged | \$48.96 | \$44.54 | \$14.00 | \$9.24 |
| Daily Fee 3 to 5 Year Old Aboriginal | \$34.96 | \$30.54 | \$14.00 | \$9.24 |
| 3 year old Child | \$63.00 | \$58.58 | \$63.00 | \$58.24 |
| CCB Rebate \$0.68/hr | \$4.42 | | \$4.76 | |

This funding model demonstrates a significant funding reduction to CEDP preschool services if the Productivity Commission's intention is to fund dedicated preschools in line with only state per capital general recurrent funding.

Using August 2013 Census data CEDP would receive a significant reduction in funding with government funding reducing from 49% to 26% of our total preschool expenditure.

The average daily fee would increase by \$14.05 per day across all preschool services. However, with the removal of differential funding (SEIFA Bands) the range in fee increases under CEDP's Funding Model indicates a reduction of \$1.61 in high SEIFA Band preschools and an increase of \$34.96 in low SEIFA Band preschools.

This funding model will result in the closure of CEDP's preschool services in lower SEIFA band areas, subsequently removing affordable high quality education and care from those who need it most.

Financial Model D

CEDP's calculations of the proposed financial models if dedicated preschools were funded at the same level as school age children, with per capita general recurrent grants from the Federal and State governments.

| | |
|---|-------------|
| Number of Centres | 4 |
| Licensed Places/Day | 142 |
| Maximum Funded Places | 284 |
| Funded Positions August 2013 Census | 242 |
| Children Attending August 2013 Census | 313 |
| Government Funding | \$1,164,968 |
| Government Funding % CEDP Total Expenditure | 64% |
| Increase to Current NSW Govt Funding | \$279,036 |
| Average Daily Fee Reduction | -\$13.33 |

| Centre SEIFA Band Range | 3 | | 17 | |
|--|----------|----------|----------|----------|
| Per Capita Government Funding 4 to 5 Year Olds | \$8,204 | | \$8,204 | |
| Average Daily Fee Increase/Decrease | \$1.67 | | -\$25.52 | |
| Daily Fees | Exc. CCB | Inc. CCB | Exc. CCB | Inc. CCB |
| Daily Fee 4 to 5 Year Old Child | \$17.67 | \$13.25 | \$25.48 | \$20.72 |
| Daily Fee 3 to 5 Year Old Disadvantaged | \$14.00 | \$9.58 | \$14.00 | \$9.24 |
| Daily Fee 3 to 5 Year Old Aboriginal | \$0.00 | \$0.00 | \$14.00 | \$9.24 |
| 3 year old Child | \$31.67 | \$27.25 | \$63.00 | \$58.24 |
| CCB Rebate \$0.60/hr | \$4.42 | | \$4.76 | |

This financial model indicates a significant increase in government funding if CEDP preschools were to be funded based on 142 licensed places per day.

This funding would represent 64% of total CEDP preschool expenditure and would allow fees to be reduced on average by \$13.33 per day. This would allow differential fees to be maintained whilst reducing fees to families.

Financial Model E

CEDP's financial calculations should dedicated preschools be funded at the same level of preschools within long day care (Universal Access and Early Childhood Learning Subsidy).

| | |
|---|-----------|
| Number of Centres | 4 |
| Licensed Places/Day | 142 |
| Maximum Funded Places | 284 |
| Funded Positions August 2013 Census | 242 |
| Children Attending August 2013 Census | 313 |
| NSW Government Funding ¹ | \$885,932 |
| Government Funding % CEDP Total Expenditure | 49.0% |

| Centre SEIFA Band Range | 3 | | 17 | |
|---|----------|-----------|----------|-----------|
| NSW Government Funding 4 to 5 Year Old/Child | \$5,096 | | \$1,805 | |
| NSW Govt. Funding 3 year old Disadvantaged/Aboriginal Child | \$5,270 | | \$5,270 | |
| Daily Fees | Exc. CCB | Inc. ECLS | Exc. CCB | Inc. ECLS |
| Daily Fee 4 to 5 Year Old Child | \$16.00 | \$0.00 | \$51.00 | \$36.79 |
| Daily Fee 3 to 5 Year Old Disadvantaged | \$14.00 | \$0.00 | \$14.00 | \$0.00 |
| Daily Fee 3 to 5 Year Old Aboriginal | \$0.00 | \$0.00 | \$14.00 | \$0.00 |
| 3 year old Child | \$30.00 | \$0.00 | \$63.00 | \$48.79 |
| Long Day Care Part-time Participation Child Care Benefit | \$26.38 | | \$9.47 | |
| CCR Rebate Parent Out of Pocket Expenses 50% | \$13.19 | | \$4.74 | |
| ECLS Rebate | \$39.58 | | \$14.21 | |

¹ Includes Transitional Funding \$91,392 which will cease in 2017. As a result fees in high SEIFA Band services will have to increase.

Financial Model E has been developed using universal access funding and the current formula used to calculate CCB and CCR for approved services and applied it to our current fee structure.

Whilst direct Government funding would remain at 49% of total preschool expenditure, using this model, CEDP estimates that it would be able to eliminate the cost of preschool fees for families in low SEIFA Band preschools.

A significantly reduction in cost for families could also be extended to those in high SEIFA Band preschools.

Should it be abolished as proposed by the Draft Report, outcomes of Financial Model E will show a significant fee increase to all families, particularly the disadvantaged who will no longer qualify for eligibility due to the 24 hour activity test under ECLS.

5.2.5 CEDP's Preferred Funding Model

In reviewing the above funding models, Financial Model D is more beneficial to CEDP preschool families. We acknowledge that should this funding model be adopted it will require CEDP to restructure its current preschool fee schedules to ensure equitable and affordable fees are applied across all our SEIFA band preschools.

If the parameters of Financial Model E were to be adopted by the Productivity Commission as per CEDP's calculations, then this model of funding will provide an equitable funding arrangement for all preschool sectors, regardless of service type.

It is noted that on page 552, the Productivity Commission report refers to dedicated preschools attracting per child funding from both the Australian government and state and territories governments. This proposal was omitted from the draft recommendations of the Productivity Commission.

*"The Commission considers that ongoing funding to ensure universal access to a preschool service at low cost should be a high priority for all governments. However, the major differences in the state and territory contributions need to be addressed, as do the incentives for the states and territories to support integration of preschool programs into LDCs. **Moreover, the funding model should encourage the transition to the states and territories resuming full responsibility for preschool education, with per child funding support from the Australian government as is currently the case for school students.**" (Productivity Commission, pg. 552)*

We urge the Productivity Commission to review the recommendations for funding to dedicated preschools. CEDP wishes to continue to extend preschool services that are co-located within school precincts. The reality is that without consistent and realistic funding arrangements and access to capital funding the upfront and ongoing costs are unsustainable.

There will also need to be consideration of the eligibility of accessing capital funding to refurbish and/or construct new services within the existing block grant funding agreements or for a new state capital program to become available.

5.3 Dedicated Preschools - Accessibility, Affordability and Flexibility

CEDP brings to attention the difficulty of timetabling the 15 hours a week universal access arrangements within the preschool sector. ABS (2009) data shows that in 2008 around 30% of children in the 3 to 5 year age range attended formal preschool programs for less than 10 hours per week, whereas 47% of children of the same age attended for between 10 to 14 hours.

These findings support CEDP's request to the Productivity Commission to consider adopting a Universal Access Program with a minimum preschool program of 12 hours per week. Timetabling a minimum of 12 hours of Universal Access will provide consistency, continuity in high quality education in the years before school and flexibility to accommodate the work commitments of the community.

According to a longitudinal study into the effective provision of preschool programs, duration of attendance (that is terms, not hours) is a key factor in achieving positive educational outcomes for young children. The study found children who accessed preschool programs at an earlier age benefit through better intellectual development and improved independence, concentration and sociability (Silva, Melhuish, Sammons, Siraj-Blatchford & Taggart, 2004).

Research has shown little variation in school readiness achievements for children who attend preschool part-time as opposed to those who attend preschool full-time (Harrison, Goldfeld, Metcalfe & Moore 2012). Children who have regular and sustained access to formal preschool programs each month after the age of two years old experience enhanced social development, language skills, improved independence and greater learning outcomes (Harrison et al. 2012).

5.4 Dedicated Preschools - Quality assurance processes and regulation of ECEC

Being, Belonging, Becoming: The Early Years Learning Framework is closely aligned with quality areas and elements within the National Quality Standards. Removing preschool services from the National Quality Framework divides the sector into delivering differential patterns of curricula and compromises regulatory standards set by the Australian government across early childhood education and care services.

The Draft Report recommendation to transfer responsibilities to the State and Territories bodies and recommend dedicated preschools be aligned with BOSTES syllabus instead of the current National Early Years Learning Framework fails to recognise foundational learning skills of the 3 to 5 age group. To suggest the implementation of multiple syllabus documents within the early childhood sector will compromise the consistency and delivery of well-founded education and care programs for all children.

Would BOSTES consider implementing different syllabus documents for government and non-government sectors? This is unlikely.

The NQF is seen as leading edge framework within the sector and has for the first time provided a national focus and commitment to the importance of early years learning. The threat of removing dedicated preschool services from the NQF is considered by CEDP as a regression in professional standards that has been so strongly argued for in the last thirty years.

CEDP has already provided evidence in the short existence of the NQF of a strong result under the quality improvement initiative with powerful and improved outcomes for each child. These initiatives are seen as an important step towards continuing a national approach for better quality and improvement to the sector through links to social services that lead to better educational outcomes for children.

The HIPPY program is used very successfully to support families in some of our most disadvantaged preschools, and provides just the kind of integrated support recommended in research around the AEDI. To recommend the removal of funding from such programs will disadvantage those who need it most.

6 Out of School Hours Care

6.1 Expansion of CEDP's OSHC Services

Outside School Hours Care as an industry has felt the effect of the introduction of the National Quality Framework. While transition from the NCAC quality assurance has been relatively smooth, licencing and compliance along with accountability has had a significant impact on the continued operation of standalone services.

Over the past 3 years, CEDP has opened new services in place of existing services that have found the new requirements too large a responsibility to handle under their current structure and ceased to provide care.

Six of the nineteen OSHC services opened by CEDP since 2011 have been established for the purpose of providing continuity in care when an existing external service has closed.

General information provided by outgoing providers has been that the increased accountability under the introduced Education and Care National Law and Regulations has been too burdensome for standalone private providers and parent bodies to handle.

It is anticipated that over the next 15 years, every CEDP primary school will be supported by an OSHC service, either CEDP operated or externally provided, where viable demand exists.

In regards to the Productivity Commission's recommendation to extend OSHC to preschool aged children, CEDP suggests provision to be within the preschool buildings to ensure children's safety, meet current staff ratios and provide age appropriate furniture and resources. With this integrated education and care arrangement for preschool children, the flexibility for working families is extended through additional and affordable early education and care services to 3 to 5 year olds.

6.2 OSHC – Affordability

CEDP registers and operates before and after school care programs and vacation care, where viable, within existing school buildings. Our children's services model is designed to support care arrangements for working families at affordable costs, cross-subsidised across the network of services. Catholic Out of School Hours Care services do not cost transfer between internal CEDP service areas including schools and OSHC.

The sharing of school facilities imposes limitations on both OSHC and delivery of school education programs. Access to Capital funding would allow for new services to be established in independent premises that are specifically designed for the delivery of quality school age care.

Whilst the Early Childhood Learning Subsidy outlined in Recommendation 12.2 and 12.4, appears to exclude the dedicated preschool sector, it will advantage the OSHC sector. With the existing Child Care Rebate paid to families becoming part of the overall subsidy combining Child Care Benefit / JET / Child Care Rebate being paid directly to OSHC services, greater financial stability to OSHC services will result.

The new ECLS subsidy recommendation, if adopted, will assist to minimise the debts that are sometimes incurred as a result of non-payment of outstanding OSHC fees.

The current payment of Child Care Rebate based on attendances exclusively and not fees paid, allows families to incur debts but still be receiving 50% Rebate for out of pocket expenses without making payment to the service provider.

The new combined ECLS will allow fee management, specifically in relation to government subsidies based on parental income, improving time efficiency. By receiving only one type of subsidy for a family, CEDP services will have greater certainty in the source of fee income which will ultimately assist with further minimising fee increases as the collective outstanding debt will be more effectively managed and reduced in volume.

CEDP acknowledges the benefit of the new proposed ECLS from an OSHC Provider perspective. However, it is a concern that we are yet to be shown if the new subsidy will match the loss of Child Care Rebate and Child Care Benefit. In theory, the combined ECLS will increase the government subsidy contribution paid directly to the service provider. Low-income families will need the equivalent or lower personal contribution to their overall fee or may choose to not enrol in OSHC and ultimately opt out of the workforce.

6.3 OSHC – Impact of Quality assurance processes, Education and Care National Regulations and Law

Draft Recommendation 7.4 recommends ‘a nationally consistent set of staff ratios and qualifications for those caring for school aged children in OSHC and vacation care activities’.

CEDP engages suitable, experienced and qualified staff for each service and maintains best practice ratios of 1 staff for 15 children. While enforcing a national consistent set of ratios and qualifications provides a benchmark across Australia, placing minimal qualifications will have a financial flow on effect that ultimately results in increased fees and affordability for families.

The process of formalising qualification requirements has the dual effect of higher wages and therefore increased fees to meet a higher classification of staff and will also exclude suitably experienced staff who do not wish to commence formal study.

Many experienced childcare educators choose to work in school aged care as the hours and concept of a broken shift meets their work/life balance requirements. This includes parents of young children, mature workers with adult children and those with partners or family members with flexible work conditions who can collect school aged family members from school so the educator can engage in daily shift work in before and after school care employment.

In an industry sector already experiencing a staffing shortage, placing additional requirements and burden onto services to meet qualification requirements, will ultimately limit the number of places being offered by services. Services will not be able recruit sufficient qualified staff to meet this proposed requirement.

The OSHC sector engages a high percentage of university students who are studying a Bachelor of Education in Early Childhood, Primary or Secondary Education. These educators bring age specific experience and child development knowledge that is vital in CEDP school aged care services.

CEDP currently employs 110 OSHC staff, 50% of which are educators pursuing careers as teachers. Qualification requirements could effectively limit the involvement of these essential staff in CEDP’s OSHC services.

The Assessment and Rating process under the National Quality Framework provides a benchmark for all children’s services. CEDP fully supports the National Quality Standard process across all types of children’s services sectors. Moving from a school age care specific approval process under the NCAC to a standardized system does however have its shortcomings.

The experience of a formal Assessment and Rating undertaken at one of our Out of School Hours Care services in early 2014 resulted in the assessor having an expectation of formal, individual documentation and observations for each child. Previous advice from the industry peak body, Network of Community Activities, advised the CEDP that individual reporting on children was not required for Outside School Hours Care. There is inconsistency between individual assessors regarding individual child-based reporting requirements.

CEDP welcomes the following Draft Recommendations:

- 7.1 for the government and ACECQA to “tailor the National Quality Standard to suit different service types – for example, by removing educational and child-based reporting requirements for outside school hours care services.”
- 7.7 for governments, ACECQA and regulatory authorities to review removing the requirement for outside school hours care services operating on school facilities to provide site plans as a condition of service approval. Extension of this recommendation to remove the requirement for providing a soil assessment statement is supported by CEDP.

Schools already meet rigorous standards and approval processes of a variety of government and regulatory authorities. The children attending OSHC services are the same children attending primary schools and therefore the minimal safety standards in regards to the facilities have already been extensively reviewed and approved for the purposes of their education.

6.4 OSHC - Financial Models

In principle, CEDP supports the introduction of a new Early Childhood Learning Subsidy and directing the combined subsidy payment straight to the service providers. However, without valid formulas and data explaining the application of the ECLS and how it affects individual families, financial analysis is not possible.

We urge the Productivity Commission to provide how families will be affected by such changes.

The current Child Care Benefit subsidy can be easily calculated and explained to enrolled families:

$$\text{Standard Hourly Rate} \times \text{Eligible Hours of care used} \times \text{Child Care Benefit \%} \times \text{Part time \% (85\% for School age)}$$

The technical supplement to the draft report is insufficient to allow individual financial modelling for families. It does not provide for analysis at a service delivery level. We request the Productivity Commission provides specific structure similar to the Child Care Benefit and Child Care Rebate subsidy to calculate individual financial circumstances for families.

7 Conclusion

The charter of CEDP in delivering early childhood services is to improve flexibility, affordability and accessibility to families that need high quality education and care for their children.

CEDP views early childhood and care as a social investment in children for positive educational and social outcomes.

CEDP advocates specifically for:

1. State and Territory governments taking full responsibility of dedicated preschools providing they attract both Federal and state general recurrent grant funding. If this is not a viable option for the Australian governments than at the very least dedicated preschools be funded at the same level of preschools within Long Day Care settings.
2. Dedicated preschools and Outside of School Hours Care services being able to access capital grant funding for refurbishment and the construction of new services.
3. Intensive analysis of the implications of changing the governance models if dedicated preschools and OSHC become the responsibility of school principals.
4. The continuation of tax concessions and benefits for all not-for-profit early childhood providers to ensure financial viability.
5. The Australian governments' recognition of early childhood education and care as government investment rather than government expenditure.
6. An immediate review for preschool funding for all 3 year old children who are currently not eligible for equity funding.
7. Consideration of a minimum of 12 hour Universal Access for preschool education to assist timetabling and to meet the workforce needs of parents.
8. Maintaining the connection between dedicated preschools with Being, Belonging and Becoming: Early Years Learning Framework for Australia and the National Quality Framework.
9. The continuation of funding for the HIPPY program.
10. Before and after school care for preschool aged children to be offered only within preschool buildings as an extension of current preschool programs.
11. Tailoring the National Quality Standard for different service types including removal of the child based reporting requirements for Outside School Hours Care.
12. Specific requirements for nationally recognised OSHC qualifications of staff to be quantified.

8 References

- Australian Bureau of Statistics (2009). *Preschool attendance*. Cat no 4102.02. ABS, Canberra.
- Australian Research Alliance for Children and Youth (2013). *Report card: The wellbeing of young Australians*. ARACY.
- Community Child Care Co-operative NSW, Cred Community Planning & Australian Community Children's Services NSW. (2014). *Childcare, roads, rates and rubbish: NSW Local Government and Early Education and Care*.
- Dearing E, McCartney K & Taylor BA 2009. *Does higher quality early child care promote low-income children's math and reading achievement in middle childhood?* *Child Development* 80(5):1329-49. (Cited in Harrison et al.)
- Harrison, L.J., Goldfield, S., Metcalfe, E. & Moore, T. (2012). *Early learning programs that promote children's developmental and educational outcomes*. Resource sheet no.15 produced for the Closing the Gap Clearinghouse.
- Katz, I. and Redmond, G. (2009). 'Family Income as a Protective Factor for Child Outcomes', in K. Rummery, I. Greener and C. Holden (eds.), *Social Policy Review* 21, The Policy Press, Bristol.
- Klein, LG, & Knitzer, J. (2007). *Promoting effective early learning—What every policymaker and educator should know*. NY: National Centre for Children in Poverty, Columbia University. [Online]. Available: http://nccp.org/publications/pub_695.html. Accessed 19th August, 2014.
- Melhuish EC. et al, (2010). *The quality of group childcare settings used by 3 to 4 year old children in Sure Start Local Programme areas and the relationship with child outcomes*. London: Department for Education. Research brief DFE-RB068. [Online]. Available: <https://www.education.gov.uk/publications/standard/publicationDetail/Page1/DFE-RB068>. Accessed 19th August, 2014.
- McNeillage, A (2014) Students may be disadvantaged by starting school at 5 years old. *The Sydney Morning Herald*, 26 January.
- Ozga, J. (2000), *Policy Research in Educational Settings: Contested Terrain*. Buckingham: Open University Press.
- Productivity Commission, (2014), *Childcare and Early Childhood Learning*, Draft Report, Canberra. [Online]. Available: <http://www.pc.gov.au/projects/inquiry/childcare/draft>. Accessed 30 July, 2014.
- PricewaterhouseCoopers (2011) *A practical vision for early childhood education and care*. PwC Australia.
- Sammons P 2010. Does pre-school make a difference? Identifying the impact of pre-school on children's cognitive and social behavioural development at different ages. In: Sylva K, Melhuish E, Sammons P, Siraj-Blathford I & Taggart B (eds). *Early childhood matters: evidence from the Effective Pre-school and Primary Education Project*. Abingdon: Routledge 92-113. (Cited in Harrison et al.)
- Sylva, K., Melhuish, E., Sammons, P., Siraj-Blathford, I., & Taggart, B. (2004). *The Effective Provision of Pre-school Education (EPPE) project: Final report: A longitudinal study funded by the DfES 1997-2004*. (Research Report No. SSU/FR/2004/01). Nottingham, United Kingdom: Great Britain, Department for Education and Skills.
- Watamura SE, Phillips DA, Morrissey TW, McCartney K & Bub K 2011. *Double jeopardy: poorer social-emotional outcomes for children in the NICHD SECCYD experiencing home and child-care environments that confer risk*. *Child Development* 82(1):48-65. (Cited in Harrison et al.)