



# Response to the Productivity Commission's Draft Report into Childcare and Early Learning

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## THE CRÈCHE AND KINDERGARTEN ASSOCIATION LIMITED (C&K)

The Crèche and Kindergarten Association Limited (C&K) thanks the Productivity Commission for the opportunity to provide a response to its Childcare and Early Childhood Learning draft report.

C&K is a leading, not-for-profit early childhood education and care (ECEC) provider with more than 107 years of experience. C&K is proud to support more than 21,000 children, 6,000 families and 2,000 staff through our long day care and kindergarten services, family day care schemes, limited hours care, in home care and outside school hours care programs. C&K ensures that children come first, in all of its activities.

## C&K'S KEY MESSAGES

Following analysis of the Productivity Commission's draft report, we have five key messages in response to the main recommendations and requests for information. These are:

1. Universal Access Funding to preschool programs should continue - and preschools should remain under the National Quality Framework (NQF)
2. Qualifications impact on quality of care
3. The Early Childhood Learning Subsidy (ECLS) simplifies funding arrangements for families and services but a 'deemed' cost must support quality
4. Supporting families who experience disadvantage will build our communities of the future
5. Inclusive and integrated services support *all* children and support engagement of families who are at risk or experience disadvantage

## INTRODUCTION

C&K congratulates the Commission on the draft report and recognises the substantial complexity of the early childhood education and care (ECEC) system within the state and federal variations.

We support child-centred transformation in the ECEC sector – and recognise the potential that the reforms can have not only on productivity today, but in supporting long-term educational, social and economic benefits for future generations.

C&K welcomes another opportunity to contribute to the discussions. Our contribution is based on our experience as a service provider that pursues best-practice through innovation, and ongoing improvements in pedagogy focussed on the best educational and social interests of each child. C&K is advocating for an early childhood education and care system that:

- recognises future educational, social and economic benefits by ensuring universal access to quality early childhood education for all children
- has funding based on appropriate levels (that vary with location, service type and age group), that facilitates access for children who are vulnerable or disadvantaged, and that allows for quality care
- allows for service and funding models that are flexible enough to meet the differing needs of communities, parents and children across Australia, particularly relating to rural and remote areas, and the inclusion of children with complex needs
- ensures an ongoing focus on quality education and care through the continuation of regulation through the National Quality Framework and the maintenance of current qualification requirements.

## TODAY'S CHILDREN REPRESENT AUSTRALIA'S FUTURE PRODUCTIVITY

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We strongly urge the Commission to focus its economic expertise on assessing and determining the return on investment that quality and inclusive early childhood education and care delivers to Australia's future productivity.

As it stands, the draft report focuses on developing a system that stimulates the nation's *current* productivity, particularly increasing the participation of women in the workforce. However, the ECEC sector has moved over the past 30 years to having a focus on the needs of quality and educational outcomes for children *alongside* the needs of parents to work. Unless the structure of the future ECEC system is based around the educational and social needs of young children, and thereby supports them to grow into mentally and physically robust nurturers, leaders, negotiators, and workers of the future, we have **missed an opportunity** to shape the future productivity and quality of life of this country.

By providing quality early childhood education and care, C&K is proud to be contributing to the long-term productivity of tomorrow's Australia by helping our children to realise their greatest potential and to set them up for the best possible chances in life.

## EVIDENCE COMES IN MANY FORMS

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C&K understands the importance of evidence-based service delivery and decision making. We know that there are gaps in specific evidence being considered by the Commission, particularly around the specific impact of qualifications on outcomes for children birth to 36 months (0-3 years). We would however encourage the Commission to consider a broader range of evidence to support final recommendations and note the logical links that exist between the significant evidence on brain development and the importance of qualifications in helping to shape learning and care opportunities for 0-3s.

There are blind spots in examining 'what works'. One such blind spot may be the 'top-down' approach to research. That is, an over-reliance on researchers' perspectives as the sole voice: "it diminishes the perspectives of children, early childhood teachers, parents and practitioners as vital contributions to how we might understand quality ECEC"<sup>1</sup>.

ECEC is still an area of emerging research so it is essential that practice-based evidence and wisdom is considered and further developed. C&K has strong partnerships with universities and would welcome the opportunity to support the development of research that provides the evidence in this area.

In this paper, C&K has focused heavily on bringing the perspectives of our experienced educators to the forefront of our response.

## PRESCHOOL | KINDERGARTEN

*The vital year-before school: Universal Access funding to preschool programs should continue and preschools should remain under the National Quality Framework*

*DRAFT RECOMMENDATION 12.9 The Australian Government should continue to provide per child payments to the states and territories for universal access to a preschool program of 15 hours per week for 40 weeks per year. This support should be based on the number of children enrolled in state and territory government funded preschool services, including where these are delivered in a long day care service. The Australian Government should negotiate with the state and territory governments to incorporate their funding for preschool into the funding for schools, and encourage extension of school services to include preschool.*

C&K appreciates the time taken by the Commission to assess the significant contribution of the ECEC system. The Commission has been clear that “the benefits of quality early learning for children in the year prior to starting school are largely undisputed”.

*Children’s educational outcomes are improving: Preschool makes the difference*

The year before formal schooling begins, the ‘preschool year’ (called kindergarten in Queensland), is a vital part of early childhood development. Since 2008, federal government funding through the National Partnership Agreement on Universal Access to Early Childhood Education has significantly increased preschool attendance across Australia.

The lasting benefits from investment in preschool include:

- preschooling improves intellectual performance – NAPLAN scores have been shown 20 to 30 points higher among children who had attended preschool<sup>2</sup>
- international testing shows Australian Year 4 students who attended one year of formal pre-primary education scored 11 points higher in reading and 18 points higher in maths/science than those who did not attend
- the OECD found that the Program for International Student Assessment (PISA) reading assessment results of 15 year old students in most countries who had attended preschool outperformed those who had not attended, even after accounting for their socioeconomic background (2011<sup>3</sup>)
- one year of preschool increases a child’s future earning capacity by 7-12%<sup>4</sup>
- the number of months a child attends preschool continues to have an effect on their progress throughout primary school
- high quality preschool had the strongest effect on child development

- disadvantaged children benefit significantly more from high quality preschool experiences, especially where they mix with children from different social backgrounds
- children who had no preschool experience were more likely to be at risk of Special Educational Needs<sup>5</sup>
- This age group in particular benefitted from social and behavioural skill development through interaction with both adults and children<sup>6</sup>
- families are increasingly seeking preschool education and care because they understand the experience is good for their children's development. This is reflected in the increasing participation rates – Queensland's preschool participation, for example, has grown from 29% in 2008 to 77% in 2012 and 97.4% in 2013<sup>7</sup>

*The foundation has been laid, services are established, and participation rates are growing exponentially: any changes to this system may see a loss in momentum and therefore reduced positive outcomes for children across Australia.*

Australia's lag behind other OECD nations has reduced since 2008 with the increased investment of \$970 million over five years<sup>8</sup>. This attention from successive governments has led to significant gains in participation (and therefore gains in future educational achievement and economic participation). Queensland, for example, had by far the lowest preschool participation rates of any jurisdiction – a figure that has now more than tripled (on a per child basis) in five years from 29 per cent in 2008, to 77 per cent in 2012, and 97.4 per cent in 2013.

Increasing participation is not as simple as providing additional services. Significant community education and engagement has been needed to encourage many families to value and trust the education system, including preschool.

The Longitudinal Study of Australian Children (LSAC) highlights these biases:

- children who mostly spoke a language other than English at home were more likely not to attend any education/care program at all, and less likely to attend preschools outside of child care centres
- children who identified as Aboriginal or Torres Strait Islanders were generally more likely not to be in any education/care program at all.
- children in lone-mother families were more likely not to attend any education/care program at all
- 17-18 per cent of children from jobless families, did not attend any care/education program at all (compared to 3-6 per cent of children in families in which at least one parent was working)

**C&K strongly supports** the Commission's recommendation to continue payments for the preschool program. We applaud the Commission's unequivocal support for this vital period in childhood development.

*Information request 5.1 What are the optimal number of hours of preschool to ensure children's development and what is the basis for this?*

**C&K strongly recommends** that preschool hours continue to be funded for *a minimum* of 15 hours per week.

Fifteen hours of preschool (as opposed to fewer hours) is based on evidence of improved outcomes for children, and it also supports workforce participation and greater flexibility for services in delivering the preschool hours. Key research findings related to hours of attendance include:

- the Effective Provision of Preschool Education study (EPPE) found that children attending preschool for 15 hours had significant positive gains in cognitive development. Each elapsed month of preschool experience after age two was linked to better intellectual development, improved independence, concentration and sociability.<sup>9</sup>
- Boardman (2005) examined the effect of full-day and half-day kindergarten programs on the literacy and numeracy outcomes of Tasmanian children who began their preparatory year of school in January 2004. In a comparison of Performance Indicators of Primary Schools (PIPS) test scores of 884 students across 38 schools, the results indicated that reading, numeracy and overall test scores were significantly higher among children who had attended full-day sessions of kindergarten the previous year.<sup>10</sup>
- increased hours supports the provision of two longer preschool days in some services, providing parents with greater flexibility to participate in the workforce.
- the European Commission's Barcelona targets are that 90 per cent of children aged 3-5 are attending early childhood education and care for at least 30 hours per week. These targets are aimed at increasing workforce participation, and they have been met by many European countries.

## NATIONAL QUALITY FRAMEWORK

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*DRAFT RECOMMENDATION 7.9 Dedicated preschools should be removed from the scope of the National Quality Framework and regulated by state and territory governments under the relevant education legislation...*

C&K is a strong advocate of all early childhood services combining under the one national regulatory body to create a holistic approach to service delivery. A unified approach makes it easier:

- to reduce opportunities for children to fall through gaps in the system
- for authorities to monitor and ensure quality
- for costs of monitoring and ensuring quality to be centralised under one authority and not distributed across different departments within each jurisdiction
- for families and community to develop appropriate expectations of early childhood services nationally, to recognise quality and to respond to poor quality appropriately
- for early childhood professionals to move between different service types as they build their careers

Removing preschools from the framework would exacerbate the divide between care and education. Whilst such a divide reflects the history of the evolution of services (Sims, 1994), it is counter to the best interests of children, particularly to those who would be assigned to 'lower status services' of care where lower qualifications for staff and lower standards of quality are recommended by the report.

**C&K therefore does not support** the recommendation to withdraw dedicated preschools from the scope of the National Quality Framework.

The National Quality Framework has provided a consistent approach to providing quality early childhood education experiences based on the importance of learning through play. A national system provides a level of informative data regarding the impact of standards on practice, which is instrumental in improving education and care outcomes.

Withdrawal or diminished responsibility and leadership by the Commonwealth for achieving universal preschool access may result in the return to a non-uniform state-by-state approach, which is detrimental to gains made through the implementation of the NQF.

**Further, the extension of primary school programs to include preschools/kindergartens, may not be suited to all states, particularly Queensland, NSW and Victoria where kindergarten programs are delivered primarily by non-government organisations in community based locations.**

C&K believes that the National Quality Standard (NQS) and assessment and rating processes are contributing to better outcomes for children, however, it is too early to tell the extent of this. Removal of kindergartens from the NQF may jeopardise the positive steps made towards ensuring a consistent focus on quality and continuous improvement.

The focus on continuous improvement has enabled services to reflect upon their current practice and develop goals and strategies to improve and be responsive to the needs of children and families.

#### *Early education is not all about preparing children for school*

An assumption has emerged that the only aim for education in the early years is to prepare children for school. There is literature in ECEC, built from evidence in some systems, that preschool education would do well to mirror primary education, with a focus on "... educational attainments, assessment and learning goals" (Ang, 2014, p. 191). There however is a vast body of opposing literature criticising the school readiness concept (Dockett & Perry, 2009; Dockett, Perry, & Kearney, 2010) and the UK 'Toomuchtoosoon' campaign argues (Save Childhood Movement, 2014, pp. 1 - 2):

*"In recent years there have been great advances in the developmental sciences and, in particular, in our understanding of early brain neurology. This has revealed the enormous importance of neurodevelopmental maturity, or 'developmental readiness' for early learning and the great dangers that lie in exposing children to developmentally inappropriate pressures before their brain architecture has been fully established.<sup>(7,8,9)11</sup> We now know that you may be able push children to achieve tasks before they are developmentally ready, but that it is likely to be at the expense of their wellbeing and subsequent disposition to want to continue. In other words you put them off continuing with the very thing that you want them to do.<sup>(10)</sup> There is, as far as we know, no evidence to support the claim that an early start to formal learning impacts positively on long-term outcomes. In fact the opposite is the case."*

As Ang (2014, p. 193) argues we need a "...systematic shift from a narrow skills-based, outcomes approach..." to a holistic, ecological perspective in order to appropriately support children's learning and development across the entire early childhood years.

#### *C&K experiences:*

*"We should do better at articulating that 'learning' is not just pencils and desks... Our educators are experts at bonding and attachment, the motor-skills and milestones, the pre-literacy, the socio-emotional..."*

**C&K does not support** the findings (Finding 5.2 | Rec 12.9) that preschool should ultimately be integrated into the school based education system. The extension of primary school programs to include preschools/kindergartens may not be suited to *all* states, particularly Queensland, where kindergarten programs are delivered primarily by non-government organisations in community based locations.

We are deeply concerned about the ‘push down’ effect of the national primary school curriculum onto four yearolds. C&K advocates strongly for quality play-based education and care and has developed an internationally recognised curriculum, [C&K Building waterfalls teaching and learning guidelines](#), for the years between birth and school age.

#### *Data collection and evaluation*

**C&K supports** the recommendations that relate improving national data collection and longitudinal linking of information (Rec 13.2 & 13.3), particularly as it relates to preschool data. We further encourage the collection of information relating to the needs of diverse communities to better understand which communities may be under-represented in preschool enrolments.<sup>12</sup>

## QUALITY

*Australia has invested and collaborated significantly on developing and implementing a consistent, universally-agreed quality standard. Quality measures and educator qualifications make a difference*

*C&K experiences:*

*“I can tell [the level of qualification] when I walk in the room. There is an awareness of the children’s needs, they are more open, receptive. These educators are far less ‘needy’ – they are not always looking for things to make their work easier... they are creative and work on solutions in their environment. They have the ability to plan; to see the big picture.”*

The Commission has heard that quality is important in early childhood education and care, however the draft report noted that “some changes in what it requires and the way it is implemented could reduce costs without compromising quality” (p12).

C&K strongly supports the ongoing evaluation of the quality standard and systems to enhance their original intention to provide a transparent and accountable framework for assessing the quality of our services. We do not, however, support piecemeal alterations or removal of components for cost-saving or streamlining purposes alone. Continuous improvement of the system should be made with the original objectives in mind – that is to deliver a uniform approach to assessment and reporting across the range of service settings.

A range of commentators have challenged the assertion in the draft report that “there is little reliable evidence on the relative contribution that each of these [quality factors] makes to child development outcomes.” C&K’s view is that, while any quality assurance system can and should be reviewed for efficacy, the current National Quality Standard, framework and assessment and ratings system is an excellent foundation.

*C&K experiences:*

*"Everyone can compare 'good parenting' with 'bad parenting' and they know the result. It's exactly the same different between 'good practice' and 'bad practice' in long day care."*

## QUALIFICATION FOR WORKING WITH CHILDREN BIRTH TO THREE YEARS

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**DRAFT RECOMMENDATION 7.2** Requirements for educators in centre-based services should be amended by governments such that: •all educators working with children aged birth to 36 months are only required to hold at least a certificate III, or equivalent • the number of children for which an early childhood teacher must be employed is assessed on the basis of the number of children in a service aged over 36 months.

**C&K strongly disagrees** with lowering qualifications for children aged birth to 36 months.

*C&K experiences:*

*"The program for '0-3s' should be BETTER than the rest of the groups: this age group is far more difficult than the others: there are far more milestones, every child has a different routine, and there is less language for the children to tell us what they need or feel."*

*"The qualification should be increased to a Bachelor level: there should be a specific qualification around those vital early years of brain development 0-3yrs."*

The Certificate III in Early Childhood provides foundational training in early childhood education and care. It is welcome minimum standard for all early childhood educators - but this short course only provides basic knowledge. Diploma qualified teachers have a far deeper understanding of how to support children's learning and development.

There is a strong basis in the practice evidence as well as the research evidence relating to brain development for higher qualification requirements for children from birth to 36 months.

*C&K experiences:*

*"It's [0-3s] the highest vulnerability and the biggest time for learning: so why give it the lowest qualification?"*

*"You need at least one person with a Diploma qualification in the babies' room. You need someone there who understands child development: why we do what we do."*

*C&K supports Early Childhood Australia's summary of this evidence (below):*

### *Research evidence*

- *Australian evidence is still emerging on the importance of qualifications to the provision of ECEC and the benefits for children from birth to 36 months. However, the evidence available points strongly towards the importance of qualifications in improving children's outcomes during the first three years.*
- *the quality of the relationship between the child and the educator is critical during the first three years in which the child's brain is undergoing its most rapid neurobiological development.*

- *qualification requirements work together with lower child to staff ratios to ensure children are provided with greater care and attention. This is especially important when the child is younger and developing language skills.*
- *the first three years of a child's life establish a foundation for socio emotional and cognitive development in later years.*
- *the Effective Provision of Pre-School Education Study (EPPE) also shows that early entry into quality care was associated with slight improvements in cognitive development, co-operation, conformity, peer sociability and confidence (Melhuish, Sylva, Sammons, Siraj-Blatchford, & Taggart, 2001).*

#### *Practice evidence*

*There is strong practice evidence for diploma and degree qualified staff providing early childhood education and care for children from birth to 36 months.*

*Qualified teachers have a:*

- *deeper knowledge of child development and how children learn*
- *are more responsive to children's interests, strengths and needs*
- *have more advanced skills in guiding children's behavior and planning for individual differences and learning including using effective early intervention strategies*
- *understand the significance of relationships for learning and have the skills to develop the type of relationships which foster learning dispositions in children which in turn promotes children's thinking skills, attentiveness, language skills and sociability*
- *have the knowledge and skills to form partnerships with families in supporting every child's learning and development*
- *are paid more and therefore are more likely to be retained and stay in the sector which helps programs to maintain quality over time and reduces disparities in outcomes between services.*

#### *C&K experiences:*

*"Our babies' room had an 18mth old who came in through the child protection system. She couldn't walk, couldn't even sit – she was still on tummy time because she'd spent all her life in a cot. Our educators developed a plan and supported her through those milestones. She could walk within 6 months. These are really important years with really skilled educators."*

As stated, the Productivity Commission report indicates that there is little direct research evidence of the need for a qualification higher than a Certificate III for under three year olds. C&K agrees that such Australian research evidence using an experimental design that is longitudinal is hard to locate and/or non-existent, particularly for qualifications of workers for children aged between birth and three years old, although more readily for child adult ratios. The NSW Department of Community Services review of literature (2008:4) concludes that "whilst the research is limited.... There is evidence that the ratio is a stronger predictor of quality for infants and toddlers than for older children."

The report continues that "the link between levels of caregiver education and/or specialised qualifications, process quality and child outcomes is perhaps the strongest in research on quality (2008:6)." . The report outlines that "caregivers with a higher level of formal education had more specialised child-related training,

held less authoritarian child-rearing beliefs, and were in settings rated as more safe, clean and stimulating (NICHD 2000 in NSW DoCs 2008).

In summary, despite the limited and often contradictory research evidence which heavily relies on overseas practices, C&K strongly supports a higher qualification than Certificate III for this age group because:

- the knowledge base regarding brain development and the significant impact of care in the early years has increased since these earlier research studies were undertaken
- our knowledge and experience of the competency levels of a Certificate III, as opposed to higher qualifications, is that there are significant gaps in terms of:
  - o capacity to respond appropriately to the inclusion needs of disadvantaged and vulnerable children
  - o skill level in undertaking interactive play which has been demonstrated in the E4Kids study to be very important developmentally
  - o ability to exercise professional judgement skills when required (refer to research on reflective functioning and the capacity of caregiver to reflect on relationships – Slade 2005 in Australian Association for Infant Mental Health Inc 2013:3)
- more likelihood of increased understanding of higher caregiver sensitivity for increased attachment security, and demonstrating frequency of this positive caregiving throughout the day
- the expectations of parents have shifted and parents are demanding higher skill levels in staff and quality of care, these are market requirements that if C&K doesn't provide will impact negatively on our brand and market share.

*Qualifications aren't the only answer – but they're the best measure of quality we have*

The Commission has heard concerns about the inability to attract sufficient numbers of qualified educators. C&K acknowledges that recruiting and retaining staff has been a challenge in the sector, particularly in rural, remote, and mining boom areas. There are a range of reasons for this. The ECEC workforce is still finding its identity: it is relatively new (in an educator sense) and has doubled in size over in the last 15 years. The work is challenging; the remuneration is not high; and introduction of the National Quality Framework, as well as the roll-out in Queensland of the approved kindergarten program, over the last five years has stretched the sector to the far bounds of change fatigue. For these reasons, it is C&K's view that we must now *consolidate* the advances made in the sector. Addressing staff shortages by lowering the bar on qualifications would destabilise the child-focused reform agenda that we have worked hard to deliver. As our primary strategy to building workforce capacity and demand, we need to build and strengthen educator qualifications through ongoing high quality professional development and formal training.

## NATIONAL QUALITY FRAMEWORK (CONT.)

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*DRAFT RECOMMENDATION 7.1 To simplify the National Quality Standard...*

*7.6 - Governments and ACECQA should: • urgently reconsider the design of the assessment and ratings system, giving particular consideration to finding ways to increase the pace of assessments • explore ways to determine services' ratings so they are more reflective of overall quality • abolish the 'Excellent' rating, so that 'Exceeding National Quality Standard' is the highest achievable rating.*

**C&K does not support** the recommendation to reconsider the assessment and ratings system and abolish the 'Excellent' rating.

**C&K supports** the ongoing evaluation of the NQF to enhance its original intention – that is to provide a transparent and accountable framework for assessing the quality of our services.

As stated, **C&K does not support** any piecemeal alterations or removal of components for cost-saving or streamlining purposes alone. Continuous improvement of the system should be made with the original objectives in mind – that is to deliver a uniform approach to assessment and reporting across the range of service settings.

**C&K considers** the use of the ‘excellent’ rating as a valuable motivator for services and for staff. We agree that additional incentives (such as reduced paperwork or reporting requirements/periods) might be the motivator for aiming for an ‘excellent’ rating.

### *Child to educator ratios*

*DRAFT RECOMMENDATION 7.5 To provide services with greater flexibility to meet staffing requirements, ACECQA should:*

*• remove the requirement that persons with early childhood teacher qualifications must have practical experience for children aged birth to twenty four months • explore ways to make the requirements for approving international qualifications simpler and less prescriptive in order to reduce obstacles to attracting appropriately qualified educators from overseas*

*All governments should allow services to temporarily operate with staffing levels below required ratios, such as by maintaining staffing levels on average (over a day or week), rather than at all times.*

C&K concurs with Early Childhood Australia’s view and **we do not support ratios being provided on an average basis across a week or day**. The purpose of child to staff ratios is to ensure adequate supervision and attention is provided to children at *all* times. This is a safety issue, and it also ensures children are better able to form stable relationships with early childhood educators - which the research shows is critical for their development. There is also already adequate flexibility under the Regulations to meet ratio standards across the whole service rather than individual rooms.

### *Removing the ‘registered’ childcare category*

DRAFT RECOMMENDATION 9.1 - The Australian Government should remove the registered childcare category under the Child Care Benefit.

C&K operates ‘stand-alone’ kindergarten services (in addition to approved kindergarten programs incorporated within long day care models). In Queensland these ‘stand-alone’ kindergarten services are classified as ‘registered’ childcare. Families using these registered services are able to access a level of CCB (albeit through a different process, and at a different rate to those families accessing ECEC through long day care services). The benefit varies from family to family but equates to around \$400 annually. Should families still be able to access this benefit through the new ECLS, C&K would support this change.

**C&K supports** streamlining and simplification of ECEC subsidies however **C&K does not support** recommendations that unfairly disadvantage families.

*Simplified funding arrangements for families and services are welcomed. 'Deemed cost' however is complex. It must reflect the true cost of a variety of services, and be transparent to consumers about the level of quality they will be buying.*

## FBT STATUS AND PAYROLL TAX EXEMPTIONS

*DRAFT RECOMMENDATION 10.1 In line with the broad level recommendations of the Productivity Commission's 2010 study into the Contribution of the Not for Profit Sector, the Australian Government should remove eligibility of not-for-profit ECEC providers to Fringe Benefit Tax exemptions and rebates. State and territory governments should remove eligibility of all not-for-profit childcare providers to payroll tax exemptions. If governments choose to retain some assistance, eligibility for a payroll tax exemption should be restricted to childcare activities where it can be clearly demonstrated that the activity would otherwise be unviable and the provider has no potential commercial competitors.*

*DRAFT RECOMMENDATION 12.1 The Australian Government should remove section 47(2) from the Fringe Benefits Tax Act 1986, that is, the eligibility for Fringe Benefit Tax concessions for employer provided ECEC services. It should retain section 47(8), which enables businesses to purchase access rights for children of their employees without this being considered an expenditure subject to the Fringe Benefits Tax.*

**C&K does not support** the removal of Fringe Benefit Tax exemptions and rebates, nor Payroll Tax exemptions.

The Australian Tax Office describes a not-for-profit organisation is “an organisation that is not operating for the profit or gain of its individual members... where any profit made by the organisation goes back into the operation of the organisation to carry out its purposes”.

C&K recognises the face-value validity of the statement in the Productivity Commission's draft report that “providers do not compete on a level playing field, as not-for-profit providers are able to access Fringe Benefits Tax (FBT) exemptions and other concessions depending on their charitable status” (p.504).

This status, however, has evolved over a period of time, alongside the growth of the not-for-profit sector and it forms an integral part of the sector's business model. The Productivity Commission's 2010 report into the value of the sector clearly states that “on balance, income tax exemptions are not significantly distortionary as not-for-profits (NFPs) have an incentive to maximise the returns on their commercial activities that they then put towards achieving their community purpose”<sup>13</sup>.

Tax changes imposed on the ECEC sector will also impact on the broader NFP sector of 600,000 organisations across Australia, many of whom operate ECEC services.

### Enhancing social inclusion

*Not-for-profit activities generate benefits that go beyond the recipients of services and the direct impacts of their outcomes. For example, involving families and the local community in the delivery of disability services can generate broader community benefits (spillovers), such as greater understanding and acceptance of all people with disabilities thereby enhancing social inclusion. Smaller community-based bodies can play an especially important role in generating community connections and strengthening civil society.”<sup>14</sup>*

The Productivity Commission, 2010, Contribution of the Not-for-Profit Sector

For C&K, the benefit resulting from tax exemptions forms part of our cost-of-service model, which takes into account the reality that NFPs generally receive substantially less than ‘full cost of service’ funding. We use any surplus to establish and operate services in areas where commercial operations would not be viable. C&K also prioritises reinvestment towards additional support for children, and a range of wrap-around services for families. In short, removal of tax exemptions would result in the significant reduction of:

- base services
- services in commercially unviable locations
- additional supports for children (for example support for undiagnosed disabilities)
- wrap-around services for families (for example, cross-sector integration delivering broader early intervention services)

Removing the tax exemptions as part of the current review, with the purpose of creating a level playing field in the ECEC sector, would *significantly reduce* the current level of service to Australian families.

## SINGLE CHILD-BASED SUBSIDY: THE EARLY CARE AND LEARNING SUBSIDY (ECLS)

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*DRAFT RECOMMENDATION 12.2 The Australian Government should combine the current Child Care Rebate, Child Care Benefit and the Jobs Education and Training Child Care Fee Assistance funding streams to support a single child-based subsidy, to be known as the Early Care and Learning Subsidy (ECLS). ECLS would be available for children attending all mainstream approved ECEC services, whether they are centre-based or home-based.*

*INFORMATION REQUEST 12.4 The Commission seeks information on the best approach to setting and updating the deemed cost of ECEC services. In addition, information on the cost premiums of providing services in different locations, to different ages, and in meeting different types of additional needs is sought.*

*DRAFT RECOMMENDATION 12.4 The Australian Government should fund the Early Care and Learning Subsidy to assist families with the cost of approved centre-based care and home-based care. The program should: • assist with the cost of ECEC services that satisfy requirements of the National Quality Framework • provide a means tested subsidy rate between 90 per cent and 30 per cent of the deemed cost of care for hours of care for which the provider charges • determine annually the hourly deemed cost of care (initially using a cost model, moving to a benchmark price within three years) that allows for differences in the cost of supply by age of child and type of care • support up to 100 hours of care per fortnight for children of families that meet an activity test of 24 hours of work, study or training per fortnight, or are explicitly exempt from the criteria • pay the assessed subsidy directly to the service provider of the parents’ choice on receipt of the record of care provided.*

C&K acknowledges the current subsidy system is complex and confusing for families and for services alike. We support efforts to streamline the payments into a single child-based subsidy. C&K congratulates the Commission on identifying that the new subsidy should be at a level that satisfies the requirements of the NQF, and on the tapering of the subsidy as a means to promote fairness and thereby increase participation in early childhood education and care.

**C&K has concerns**, however, about the recommendation for the use of a single ‘deemed’ cost.

## 'DEEMED' COST

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### **Government-determined 'Deemed' Cost**

*...a formal ECEC service would be determined by the 'deemed' cost of providing a reasonable standard of ECEC (including a profit margin), given the type of service provided (care, education or a combination thereof) and the age of the child.*

*Productivity Commission. July 2014. Childcare and Early Childhood Learning Draft Report.*

The variation in the cost of goods and services across Australia is well documented: from the CPI's variations across the eight capital cities, to the Australian Bureau of Statistics '*city spends more on housing and the bush spends more on transport*' statement<sup>15</sup>, to the Queensland Government Statistician's '*Prices across Queensland*' work that shows a 33 per cent price variation across the state<sup>16</sup>.

It is therefore unrealistic to assume a national 'deemed cost' will adequately reflect the cost of providing all ECEC services in Australia. There are genuine variations in the cost of delivery, for different providers in the industry, for different service models, different age groups of children, and for different parts of the country. It is in the best interests of parents, but also in the best interests of ECEC providers, to ensure the 'deemed cost(s)', on which the new subsidy will be based, reflects the *actual costs* to deliver quality education and care services. If it is not accurate: parents will potentially be exposed to higher out-of-pocket costs.

C&K sought to assist the Commission by examining the costs of a small sample of C&K's services, in a range of areas including outer metropolitan as well as rural three rural areas. This work has confirmed the different cost premium of different age groups, as well as higher costs in rural and remote areas. C&K's comparable average 'deemed cost', taking into account various levels of occupancy, was greater than the Productivity Commission's draft deemed cost of \$7.53.

## RURAL AND REMOTE SERVICES

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DRAFT RECOMMENDATION 12.5 The Australian Government should establish a capped 'viability assistance' program to assist ECEC providers in rural, regional and remote areas to continue to operate under child-based funding arrangements (the Early Care and Learning Subsidy and the Special Early Care and Learning Subsidy), should demand temporarily fall below that needed to be financially viable. This funding would be: • accessed for a maximum of 3 in every 7 years, with services assessed for viability once they have received 2 years of support • prioritised to centre-based and mobile services.

Nearly one in three people live outside our major cities - in a variety of circumstances, from farms in remote areas to inner regional towns. They also live in a variety of social and economic conditions, with personal social and economic wellbeing often tied to the overall outcomes of their local area<sup>17</sup>.

C&K have a very strong geographical presence across Queensland. We support more than 21,000 children across Queensland. As shown in the table, 21% of C&K services are located in either a remote or very remote location (ARIA 4 or 5).

### C&K Services across Qld by ARIA

ARIA	C&K services	Region type	%
1	61	Major Cities	35%
2	56	Inner Regional	33%
3	36	Outer regional	31%
4	17	Remote	10%
5	2	Very Remote	1%
<b>172</b>			

**C&K does not support** the element of the ‘viability assistance’ recommendation that it be “accessed for a maximum of 3 in every 7 years, with services assessed for viability once they have received 2 years of support.”

**C&K strongly advocates** for universal access for *all* children to quality ECEC services – wherever they live and this approach does not support the Australian Governments agenda of reducing ‘red tape’.

**C&K is concerned** about the arbitrary cap of ‘three out of every seven years’ on the viability assistance program, despite there being little detail on its implementation at this stage.

**C&K does not support** any assumptions about possible fluctuations in populations and/or hardship in regional, rural and remote areas. C&K’s ARIA 3 and 4 services over the past three financial years show very little variation in the utilisation patterns of these services over that period.

As a provider with the majority of our services outside of a major city, we know that many services will require *ongoing* subsidised funding to maintain viability.

If service-sustaining viability assistance funding is removed after two or three years of support, the likelihood of service closures would be very high. From a family’s perspective, the ‘three in every seven years’ recommendation could manifest in their child receiving a service one year and losing or reducing it the next, or one child in the family having an opportunity that others are then denied. Having to have these services re-assessed every two years will contribute additional administrative burden and costs to services that already struggle with viability and where there is often organisational subsidisation occurring.

### Children and families in rural and remote areas

	Major cities	Inner Regional	Outer Regional	Remote	Very Remote
Young children developmentally vulnerable (2009)	11%	12.4%	13.8%	16.9%	32.2%
Low income families with children (2009)	8.8%	10.7%	11.1%	12.9%	23.1%
Single parent payment beneficiaries (2009)	4.6%	6.9%	6.8%	6.2%	6.5%
Jobless families with children under 15yrs (2011)	12.2%	15.4%	15.6%	15.0%	25.9%

Public Health Information Development Unit, Social Health Atlas, Remoteness in Australia – accessed Sept 2014.

Like other not-for-profit providers, C&K on occasion keeps unviable services operating as part of our social commitment to young children and families. We are able to do this only as a result of our status as a not-for-profit, and our ability to cross-subsidise unviable services from more viable services. Tax exemptions are a significant factor in our ability to keep unviable services operating. Not-for-profits, however, do exist in the same fiscally-constrained environment as other businesses. There is a 'tipping point' when revenues, funding, subsidies, fundraising and in-kind contributions are not enough and hard decisions about will be made about winding-back service offerings or hours, or closing services completely.

***Mobile kindergartens: benefiting for children but not breaking even***

*In addition to our centre-based services in regional areas, C&K currently operates mobile kindergarten services between Glenmorgan and Meandara. A qualified kindergarten teacher drives between communities to bring ECEC services to children who would otherwise have no access to a service. In our experience, mobile services rarely breakeven despite the geographic subsidy received to them.*

## DISADVANTAGE

*More than any other measure, education coupled with early support for developmental problems has the power to end generational cycles of disadvantage.*

We are pleased that the Commission has noted that the most cost-effective and outcome-certain place to focus ECEC reform is in the area of disadvantage. As a provider in a high number of areas of social disadvantage - in rural mining areas or remote communities, as well as metropolitan areas with high numbers of families on low or unpredictable incomes, C&K sees disadvantage in a unique way. This response paints a picture of the lives of these families to assist the Commission to refine the operationalisation of the reforms.

## PRODUCTIVITY AND DISADVANTAGE

The Productivity Commission's preliminary economic modelling found its suggested reforms would result in 47,000 more full-time people entering the workforce. The economy-wide impacts would be a GDP impact of an additional \$5.5 billion<sup>18</sup>.

This is encouraging, however we should note that the probable economic hypothesis that 'increased productivity equals increased quality of life for everyone' is being increasingly disproved<sup>19, 20</sup>. Productivity growth is different from income growth and capital growth, and rising capital growth is of course concentrated

amongst higher-income earners. The layers of intertwined taxation and redistribution are increasingly complex, and many families are experiencing deprivation ('missing out') and exclusion ('being left out')<sup>21</sup>.

In discussing wages and productivity trends, the OECD (2012) makes a direct link between wages and productivity policies and social wellbeing. They discuss 'decoupling', which refers to the difference between wages and productivity, and the idea that wage growth lags substantially behind productivity growth, and suggest that this trend might endanger social cohesion. The ABS (2011) comment that by redistributing income away from labour and towards capital, decoupling can also contribute to household income inequality, as capital ownership is highly concentrated among well-off households<sup>22</sup>.

A detailed analysis of macroeconomics is not within the purview of C&K, however we would say that subtler, harder to measure, yet profoundly powerful factors are vital in the 'productivity debate'. We suggest a lighter, consultative process would go a long way in laying a firm foundation of social cohesion on which to build more equitable economic impacts.

We therefore submit our concern that the following draft recommendations in particular will inadvertently lead to a greater social divide that, in turn, adversely affects all.<sup>23</sup>

- 24 hour activity test (work, training, study) (Rec 12.4)
- capping of viability assistance for rural and remote services (Rec 12.5)
- capping and determining a 'deemed' cost of additional needs (Recs 12.6 / 12.8) and exclusions of medical conditions (SECLS)
- capping hours for 'at risk' children at 13 weeks initially (potentially extended to 26 after an external assessment) (Rec 12.7)

## IMPACT FOR LOW OR UNPREDICTABLE INCOME EARNERS (WORKING POOR)

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The Australian Bureau of Statistics reports close to 500,000 part-time workers in Australia want full-time employment but cannot find it. The 'working poor' is a term regularly used for those on low incomes and/or people who are considered underemployed - someone working part-time, doing less than 35 hours a week, and who wants to work more.

The Productivity Commission's draft report proposes new rates, and new subsidies – and has modelled the likely effects on families across the full range of income levels. C&K acknowledges the Commission's tapered benefit has been developed to deliver most benefit to low-income families: households earning \$60,000 or less would have 90 per cent of the cost of ECEC subsidised, with assistance reducing gradually to 30 per cent for those with a family income of \$300,000 or more.

C&K highlights however that the reality of low-income families is that they have little 'give' in their budgets so the smallest of increases in out-of-pocket costs *will* result in tough choices about whether to enrol their children in early education. Adding the ECEC impacts to other budgetary measures currently being considered by the Australian government *will* have a compounding effect which may jeopardise young children's education. Putting disadvantage into perspective:

- by definition, 20 per cent of Australian families are 'low income' families.
- full-time earnings in Australia averaged \$69,992 a year in the first quarter of 2012
- graduate teachers earn around \$59,000

- in nursing, the lowest ten percentile in the field earns an average of \$45,040, while the average registered nurses earns around \$67,000

The Queensland Council of Social Service (QCROSS) publishes an annual 'Cost of Living' report which consistently tracks the income and expenditure of several example low income households. Allowing for essential expenses such as rent, food, clothing and utilities, the households with children have very little discretionary income available with which to spend on items such as child care. Such is the inelasticity of many family budgets: this *must* be factored in to any pricing structure for early learning and child care.

## ACTIVITY TEST

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As identified elsewhere, C&K recognises and supports quality early childhood education and care for *all* children. Any measure that would reduce access to ECEC, particularly for disadvantaged children, is not supported. For this reason, C&K does not support the recommendation to require an activity test for subsidies. We concur with the Australian Childcare Alliance's view that it would have a "devastating" effect on families that needed care and did not fulfil the new criteria, parents who are struggling to get their lives together".<sup>24</sup>

C&K would recommend further consultation on the impact of this activity test on families in decidedly difficult circumstances, such as those escaping domestic violence, or those with mental health issues, alcohol or drug problems. We are also aware that the current provision to access childcare for 24 hours *without* an activity test can mean the difference between 'coping and not coping' for many families who have more 'mainstream' family and community responsibilities:

- the mother of three who attends one day a week at TAFE, and also travels to support her frail father twice a week
- the single-dad who has had to give up work to support his high-needs older son whose behaviour is putting him at risk of school expulsion
- the newly arrived family whose eldest is four years old and the settlement program is emphasising how vital kindergarten will be this year
- the mum of two school-age children, and a pre-kindergarten girl who is a bit of a handful on the days mum has to go for chemo<sup>25</sup>

***From: Jumping through hoops – the cost of compliance on sole parents***

*Many sole parents feel the juggling of parenting and work caused considerable stress and believe there is no acknowledgment that parenting children, often with multiple issues, was an important role to play.*

*"With the problems from the children, they are young and Centrelink you know asking me to look for a job and things like that but now, you know very difficult to find a job and also you know difficult with the fact that the children are still young and you have to pick them up from school and that's the difficult thing at the moment. (Through an interpreter.)"<sup>26</sup>*

Child & Family Social Work Volume 18, Issue 2, pages 159–167, May 2013

C&K looks forward to helping improve access to ECEC for families to reduce one barrier to workforce participation. However we call on the Commission to also consider the implication on the ECEC sector itself

should they need to explain that some families are no longer eligible for the same level of access, in effect, limiting access to services for families. There is potential for the activity test to have an unintended consequence of *reducing* children's participation in early childhood education if carers cannot meet the activity test, when at the same time we are clear that it is these children that benefit most from early childhood education and care and participation provides the building block to a good education that can help break the cycle of poverty and disadvantage.

In 2012, the Queensland Government introduced a very successful strategy to increase kindergarten enrolments by promoting zero or low-cost kindergarten to all healthcare card holders. In 2013 this initiative called Kindy Plus was extended to include all Aboriginal and Torres Strait Islander children. Having seen its effectiveness, C&K proposed suggests that healthcare cards be used nationally, across all service types, to increase participation in ECEC services by children facing disadvantage and Aboriginal and Torres Strait Islander children.

Twenty per cent of all children accessing kindergarten have done so as a result of these healthcare card subsidies. Without them, these children would not have attended kindergarten and would have forfeited important early childhood education that better prepared them for school.

C&K's services in Queensland are seen in many communities as long-standing, independent community hubs so they are the ideal platform from which to support vulnerable families and break generational cycles of joblessness (see also our 'integrated services' responses). There are substantial advantages in looking beyond government as being solely responsible for devising and implementing social policy objectives. Third parties, in this instance the ECEC and broader NGOs working with disadvantaged families, can play an active and effective role in creating workforce readiness<sup>27</sup>.

**C&K recommends** an exemption from the activity test for all families who have a [healthcare card](#), to enable children to continue to access early childhood education and care. Using the healthcare card as a determinant of exemption provides simplicity for management for services and government. Potentially the exemption could also be extended to Aboriginal and Torres Strait Islander children as has been successfully trialled in the Kindy Plus initiative in Queensland. Access to ECEC would also enable families to better prepare for, or participate in, work or study.

**C&K would further recommend** that with a healthcare card, children be able to access at least 15 hours of subsidised early childhood education per week. Fifteen hours is recommended to improve simplicity of the system by reflecting the minimum optimal hours for a preschool program.

## ABORIGINAL AND TORRES STRAIT ISLANDER FAMILIES

C&K provides support for 42 Aboriginal and Torres Strait Islander Kindergartens across Queensland. More than 1500 Aboriginal and Torres Strait Islander children are enrolled in our ECEC services, with playgroup programs also supporting over 320 Aboriginal and Torres Strait Islander adults and children.

### *Choice for families*

Consumer choice and self-directed approaches recognise the significance and positive impact that setting one's own life direction has on individuals. For Aboriginal and Torres Strait Islander families, self-determination carries a far deeper, historic significance.

Only around 300 Aboriginal and Torres Strait Islander-controlled ECEC services (Budget Based Funding or BBF, and Aboriginal Child and Family Centres or CFCs) have been established across Australia. BBF and Child and Family Centres (CFC) were established largely to deliver and maintain viable services in places where services might not otherwise be viable, or to meet the unique requirements of the community (such as remoteness). There are not sufficient numbers of these services to meet the needs of the approximately 146,000 Aboriginal and Torres Strait Islander children aged birth to school-age. The majority of Aboriginal and Torres Strait Islander families, therefore, are encouraged to attend mainstream ECEC services. Mainstream services have, in turn, been encouraged to work towards providing more culturally safe education and care. Despite this, as several reports from the Secretariat of National Aboriginal and Islander Child Care (SNAICC) point out, data shows that only around 1.9 per cent of children attending mainstream services identify as Indigenous, although their representation in the community is 4.6 per cent.

Genuine choice is therefore severely restricted for a large proportion of Aboriginal and Torres Strait Islander families because of geographic isolation, low-income, and/or lack of culturally safe options.

### *Funding certainty*

C&K is aware that operational funding to BBF and CFCs has been unclear for some time. This places great strain on the families and communities who run and attend the service. Providing certainty to these services, and increasing funding to deliver additional services, must be a priority.

Should the Commission retain a recommendation to “transition recipients [of block funding] to child-based funding arrangements wherever possible” (Rec 12.6), C&K also urges the Commission to recommend an appropriate transitioning process with commensurate funding. For example, transition would be highly-consultative, with realistic timeframes, and capacity-building support.

The needs of Aboriginal and Torres Strait Islander children in urban areas are also significant and can often be overlooked. More than 65,000 Aboriginal and Torres Strait Islanders live in south-east Queensland, over a third of Queensland's Indigenous population and more than the total Indigenous population of Victoria (37,991), South Australia (30,431), Northern Territory (56,779) - and almost the total population of Western Australia (69,665)<sup>28</sup>.

Improving the social and educational outcomes of around 9,000 ECEC-aged Aboriginal and Torres Strait Islander children in south-east Queensland alone would be worthy of specific additional investment through any number of community-controlled organisations.

## *Children and Community*

Aboriginal and Torres Strait Islander services have led the way in providing truly holistic, integrated services. Despite years of continual program and funding changes that have narrowed the purpose of many services to focus solely on early childhood education and care, the original intent of these services was often far broader. Most services were established to support a range of social, health and educational outcomes. Aboriginal and Torres Strait Islander services also have a cultural context which, in itself, vastly increases access and participation in services. They are run by the community, and are part of the community. This holistic and integrated service philosophy is consistent with the objectives of the Commission's review.

### *Long-term plan for early childhood development for Aboriginal and Torres Strait Islander children*

C&K supports the views of SNAICC who call for a "long-term national strategy for early childhood development for Aboriginal and Torres Strait Islander children" from which reforms to the ECEC sector would flow.

C&K recommends the Commission ensure the focus on the participation and the success of Aboriginal and Torres Strait Islander children in early childhood education is maintained through a single plan or system, rather than be dispersed through multiple funding streams that have a broader focus. The Indigenous Advancement Strategy recently released by the Australian Government may be suitable. We also recommend coordination of support around this to ensure that early childhood education is not missed from high-level plans, and that the range of ECEC service models needed to support families and children are well incorporated.

We further support recommendations that tangible and prioritised efforts be made to meet the guiding principle in the NQF that Aboriginal and Torres Strait Islander children are valued. This would include a cultural competency framework and funding for training for mainstream services, as well as assessment criteria in relation to provision of culturally safe services.

### *Further C&K recommendations*

- appropriately support and fund BBF services to, over time, become included under the NQF in a way that is appropriate and meaningful for communities. Provide practical support and resources for these transitions through capacity-building approaches and partnerships that may include back office support and/or models such as the Indigenous Support Units or Professional Support Units.
- as recommended by SNAICC, consider improvements to the ECEC system that will facilitate services to genuinely value Aboriginal and Torres Strait Islander children. This may be by specifically detailing opportunities and obligations for the majority mainstream sector to contribute tangible steps towards improved early years outcomes for Aboriginal and Torres Strait Islander children
- recognise the significant costs to communities of funding uncertainty, as well as short-term, project or sporadic funding. Deliver three-year ECEC services, particularly in regional, rural and remote areas, and particularly in programs prioritising Aboriginal and Torres Strait Islander children
- build the capacity for choice in culturally safe, quality services wherever possible, by supporting partnerships and the cultural safety of mainstream ECEC services in measureable ways. This may be by, for example, instigating research and/or seeking willing partners to expedite the numbers of culturally safe mainstream services in metropolitan areas.

## CULTURALLY AND LINGUISTICALLY DIVERSE (CALD) FAMILIES

C&K note that the draft report describes some of the language and cultural issues facing families from culturally and linguistically diverse backgrounds and that it includes these issues more broadly under the recommendations for children with additional needs.

Similarly to comments provided about Aboriginal and Torres Strait Islander families and service models, C&K welcomes opportunities to significantly enrich *all* children's experiences by increasing the diversity of both their peer group and their educators.

Today's young children will continue to watch the 'global village' emerge and grow. They will experience a new world economy, shifts from west to east and north to south, and they will participate in a new economy where billions of people move out of poverty into the middle-class<sup>29</sup>. C&K are well-known for innovating and having an eye to the future because our children require it. We consider the Commission has left the door open for meaningful work to ensure Australia's ECEC system is equipped for the new economy, and we would welcome opportunities to participate in this development.

*"Children from multicultural backgrounds need role models, and seeing people from varied cultures in highly visible, valued teaching roles sets a benchmark for their own future aspirations. It also embeds respect for and understanding of cultural diversity in all students and wider school communities, who will benefit from diverse perspectives and ideas."*

Multicultural Development Association

While the report makes few specific recommendations in regard to CALD families in ECEC, C&K would like to extrapolate the following principles from Queensland's multicultural peak bodies:

- accessible, affordable and culturally appropriate early learning opportunities for children of migrant and refugee families are essential to English language development and foundational learning that leads to a successful transition to school<sup>30</sup>
- early learning teachers and staff must be culturally competent and qualified educators should be recruited from diverse backgrounds
- community awareness campaigns about the value of ECEC services for families from CALD backgrounds should continue to be developed: people from refugee backgrounds are largely unaware nor have a full understanding of the availability of preschool services
- ECEC data collection sets should be improved to capture CALD information and measures (C&K notes the Productivity Commission's draft recommendation 13.2 regarding child care data collection and linking of information systems).

## 'AT RISK' CHILDREN

*DRAFT RECOMMENDATION 12.7 The Australian Government should continue to provide support for children who are assessed as 'at risk' to access ECEC services, providing:*

- a 100 per cent subsidy for the deemed cost of ECEC services, which includes any additional 'special' services at their deemed cost, funded from the Special Early Care and Learning Subsidy program
- up to 100 hours a fortnight, regardless of whether the families meet an activity test
- support for initially 13 weeks then, after assessment by the relevant state or territory department and approval by the Department of Human Services, for up to 26 weeks.

**C&K supports the recommendation** to provide a 100 per cent subsidy for children who are assessed as 'at risk'. We are concerned however about the condition of the support to be "initially 13 weeks then, after assessment by the relevant state or territory department *and* approval by the Department of Human Services, for up to 26 weeks". We do not consider 13 weeks to be a long enough support period for effective early intervention for families. In the early 2000s time constraints were commonly placed on early intervention programs as a means of encouraging pursuit of outcomes and reducing costs. Current research suggests that the intensity of interventions can vary over time however durations of less than 12 months are generally ineffective.<sup>31</sup>

The criteria upon which an extension to 26 weeks would be granted (approval via a state *and* federal government department) seems time-consuming and subject to unnecessary administrative handling, particularly as the 'benefit' of the additional 13 weeks still would not establish a likelihood of a successful intervention. These children need access to ongoing high quality early education and care programs from an early age.

**C&K recommends** the 100 per cent subsidy for 'at risk' children be for at least 26 weeks, after which a review process could extend for a period up to the length of the intervention work being undertaken with the family.

## INCREASING COMPLEXITY OF CHILDREN WITH ADDITIONAL NEEDS

C&K has seen the number of children we work with who have additional needs more than double over the past three years.

This increase in additional needs in C&K centres has necessitated a 60 per cent increase in disability support funding. This increase relates to:

- diagnosed and undiagnosed disabilities
- mental health and behavioural needs
- complex medical needs
- child protection issues

The challenges of this increasingly complex work environment are significant. C&K are committed to providing high quality services that meet the needs of *all* children so it is a constant challenge to ensure our work with children who have higher needs does not negatively affect the quality of care received by any other child.

Other impacts of increasing high-needs include:

- meeting Workplace Health and Safety (WHS) obligations to ensure all educators are working in a safe environment and are well supported (like other providers we have instances of educators being harmed

by children or carers. Stress and anxiety levels of educators can be high if they are not appropriately supported)

- continued professional development of, and good quality supervision for, educators including any additional educators employed to support children with disabilities or complex needs
- general financial impacts – insurance premiums, additional staff members, training costs
- growing self-funded contributions – C&K funds significant numbers of children who are not eligible for disability support funding, including children with complex medical needs such as epilepsy, diabetes; children with mental health and behavioural concerns; and children who have experienced torture and trauma

*C&K experiences:*

*“In one room on Wednesdays we have one child with Downs Syndrome, one child diagnosed with autism and eight other children with undiagnosed special needs. The paperwork for Inclusion Support takes hours and hours, one lot came back to us for more information three times! We have managed to get support for the first two children.”*

*“Inclusion support seems like the answer: but it is only five hours on one day, and the child might be with us for a full long day, as well as two other full days... but because those other two days are Kindergarten, they’re not eligible. And the money is only really backfill money: it doesn’t pay for any special expertise or extra therapeutic support: these workers don’t have to have any qualifications at all.”*

*INFORMATION REQUEST 8.1 - The Commission seeks further information on the nature of the barriers faced by families with children with additional needs in accessing appropriate ECEC services and the prevalence of children with additional needs who have difficulty accessing and participating fully in ECEC. Information on the additional costs of including children with additional needs is also sought*

C&K centrally employs a pool of highly trained specialist Early Childhood Advisors with expertise in additional needs, guidance and counselling to provide advice and support to support staff in their work with children with additional needs. This investment is in *addition* to our educators. Comprehensive, multi-disciplinary case management involves working with families, the centre staff and local specialist services to negotiate and monitor an holistic plan. Currently around 30 particularly high and complex-needs children and their families are being supported by inclusion support workers.

*C&K experiences:*

*“The growth in additional needs puts pressure on directors. Some other centres refuse the children, assuming they won’t get any additional support funding, so the additional needs children will reduce their care of others.”*

*“It is a challenge bringing in large numbers of special needs children, as we become known as ‘the special needs centre’ and that can reduce the number of enrolments overall.”*

*DRAFT RECOMMENDATION 12.6 The Australian Government should establish three capped programs to support access of children with additional needs to ECEC services. • The Special Early Care and Learning Subsidy would fund the deemed cost of meeting additional needs for those children who are assessed as eligible for the subsidy. This includes funding a means tested proportion of the deemed cost of mainstream services and the ‘top-up’ deemed cost of delivering services to specific groups of children based on their needs, notably children assessed as at risk, and children with a diagnosed disability.*

*DRAFT RECOMMENDATION 12.8 The Australian Government should continue to provide support for children who have a diagnosed disability to access ECEC services, through: • access to the mainstream ECEC funding on the same basis as children without a disability and up to a 100 per cent subsidy for the deemed cost of additional ECEC services, funded from*

*the Special Early Care and Learning Subsidy • block funded support to ECEC providers to build the capacity to cater for the needs of these children, funded through the Inclusion Support Program.*

*The relevant Government agency should work with the National Disability Insurance Agency and specialist providers for those children whose disability falls outside the National Disability Insurance Scheme, to establish a deemed cost model that will reflect reasonable costs by age of child and the nature and extent of their disability. Based on an assessment of the number of children in need of this service, and the costs of providing reasonable ECEC services, the Australian Government should review the adequacy of the program budget to meet reasonable need annually.*

**C&K does not fully support** the recommendation to fund a ‘top-up’ deemed cost of delivering services to specific groups of children based on their needs, notably children assessed as at risk, and children with a diagnosed disability (Rec 12.6 / 12.8).

As discussed elsewhere, we consider a deemed cost for ‘mainstream’ ECEC services problematic: therefore applying a needs-based ‘top up’ deemed cost to the mainstream deemed cost, seems unfeasible at this time. The funding model for children with additional needs to be based on further research and provide adequate funding levels to enable the service to meet the child’s needs.

C&K is committed to contributing to this research of best-practice evidence-based programs for children with additional needs.

In the meantime, C&K does not think the current inclusion support model is too far from what is needed. Putting aside the quantum of funding (which needs to increase), the key issues with the current system are:

- *paperwork and the time* - it takes to receive a response: in preschool, for example, the response is generally received ¾ of the way through the year, when the support need was recognised early in the year. Nearly a year of work with the child is lost, and the child then unfairly progresses into school less equipped than they might have been. We would support a simplification of the funding process.
- *undiagnosed disabilities or developmental issues* - as a director puts it: “We are professionals, we *know* a child might have additional needs. We can talk to parents for years... but we can’t *make* them seek further help (through paediatricians, speech pathologists, etc) ---- this is not something any parent wants to hear. It’s not the dreams they had for their child: they are in denial and grieving.”  
The child needs the additional service supports as early as possible and C&K recommends a system of funding and support for children with undiagnosed additional needs.
- *lack of specialist professional support* - inclusion support funding provides, in effect, ‘backfill’ funding to employ an additional casual educator who may oftentimes be less qualified than the educators in the room. They do not have any expertise that relates to the additional needs of the child who receives the funding. There is a need for additional training programs and to build ECEC workforce capacity across the board.
- *limited hours / no access to support in preschool* - federal inclusion support funding guidelines reduce/prohibit inclusion support when the approved child attends an ‘approved preschool program’. Inclusion support funding should be available across all ECEC services.
- *exclusion of medical issues* - inclusion support does not currently apply to medical issues. C&K has to cover, for example, training and support for feeding tubes, or for the constant monitoring needed for a child with diabetes. Inclusion support funding should be available to meet children’s medical needs.

**C&K recommends** the current Inclusion Support Funding program is refined to take into consideration the issues raised in the above section (reduce red tape and time lags, and broker specialist support, etc).

C&K notes the funding envelope for the current Inclusion Support Funding program is inadequate with C&K (like many not-for-profit service providers) reinvesting surpluses towards additional support for children.

**C&K supports the element of the Inclusion Support Program recommendation** (Rec 12.6) that “...once-off grants to ECEC providers build the capacity to provide services to additional needs children. This can include modifications to facilities and equipment ...”. **C&K recommends** some one-off funding may be used to audit ECEC sites to assess the level of remediation needed. That is, the quantum of modifications required nationwide would be significant. It may be useful to understand this in order to prioritise and/or ascribe compliance standards.

**C&K does not support the element of the Inclusion Support Program recommendation** (Rec 12.6) that “...once-off grants” are sufficient for “ training staff to meet the needs of children with a disability, Indigenous children, and other children from culturally and linguistically diverse backgrounds”. The training needs of staff are ongoing because of staff turnover, and because of the complexity of the skills and knowledge required.

**C&K further recommends** that inclusion, complex and high needs are included in Certificate courses.

**C&K’s current research** into inclusion support points to a strong need for better coordination across the community and health services sector to support early childhood educators to be better able to respond to children with a variety of complex needs. Whole of government planning and service coordination must be promoted.

*C&K experience:*

*“The better qualified workers can have these hard conversations with parents: they need to build rapport, trust, and be able to demonstrate they know what they’re talking about. A non-qualified person couldn’t do this – it’s hard! These early conversations stop problems becoming bigger.”*

## CROSS-OVER WITH NATIONAL DISABILITY INSURANCE SCHEME (NDIS)

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We support the Commission’s suggestion that providers and specialist providers work with the National Disability Insurance Agency. We further agree on the need for clarity on where children with complex needs ‘fit into the system and how they are supported within the ECEC system’. The following recent NDIS factsheet provides *some* information however we are concerned it may still be less than clear, and does not appear to follow the Commission’s aspiration for more streamlined systems for working families.

*“Excerpt from NDIS Factsheet -*

*What supports related to early childhood will the Scheme fund?*

*...early intervention supports that improve a child’s functional capacity, or prevent deterioration of functioning. This includes:*

- *early interventions, allied health or other therapies, such as speech therapy or physiotherapy.*
- *individualised supports to enable a child to attend an early learning service. This is only in situations where a child has very significant and complex care needs that are beyond a reasonable expectation for early learning services to provide. For example, a child requiring ventilation which must be supervised by a trained carer or nurse”*

*Supports provided by the early childhood system*

*The early childhood system has responsibility for the education and care needs of children, including children with disability or developmental delay. This includes:*

- providing 'inclusion supports' that enable an early learning service to meet a child's needs through increased staff to child ratios and enabling staff to attend disability-specific training
- adapting their educational program to the needs of children with disability
- making reasonable adjustments to buildings, such as ramps, and fixed or non-transportable equipment such as hoists
- transporting children while they are in an early learning service such as for an excursion.

Individuals and families sometimes also have a role in funding early learning and education activities, such as childcare fees, general educational resources and excursion fees. The Scheme will not cover these costs<sup>32</sup>."

The NDIS therefore, does not intend to provide additional support to educators or education services to better include children with disabilities; rather it is expecting the early childhood system to ensure there is funding to allow for this.

**C&K recommends** that the Productivity Commission recommends significant investment in the inclusion support area that recognises the increased number of children with complex needs in early childhood education and care services.

**We also recommend** that the deemed cost allows for ongoing professional development for all educators to ensure that they are better equipped to deal with the increased complexity in children attending their services.

**C&K further recommends** that clear communication, guidelines and protocols are established about the relationships the NDIS has with young children to avoid potential confusion for parents.

## INTEGRATED SERVICES

### C&K experience:

*"We can see the issues early, and a 'hub' model would be great: that way all these additional needs wouldn't pile up on the school system, years after the children could have been working with other more specially-qualified professionals."*

**DRAFT RECOMMENDATION 5.2** Governments should plan for greater use of integrated ECEC and childhood services in disadvantaged communities to help identify children with additional needs (particularly at risk and developmentally vulnerable children) and ensure that the necessary support services, such as health, family support and any additional early learning and development programs, are available.

**DRAFT RECOMMENDATION 5.4** Early intervention programs to address the development needs of children from disadvantaged backgrounds should be underpinned by research. Their impact on the development outcomes of the children attending should be subject to ongoing monitoring and evaluation, including through the use of longitudinal studies.

**INFORMATION REQUEST 8.2** The Commission is seeking feedback on the role that integrated services can play in making ECEC more accessible for families. In particular, the Commission is interested in: • the extent to which integrating ECEC services with other family services and schools will deliver benefits to families and/or ECEC providers, and in particular, Indigenous and potentially other disadvantaged communities • views on the best way to fund integrated services that provide ECEC, including whether child-based funding would be an appropriate funding model • how funding could be apportioned across activities operating within an integrated service, including for the coordination of services, the management of administrative data and an evaluation of outcomes.

**C&K strongly supports** the recommendations for greater use of integrated ECEC and childhood services (Rec 5.2) and early intervention programs (Rec 5.4) to better support families.

Successive federal and state governments have begun this work by establishing early intervention services (early years centres, family mental health services, child and family centres, etc). Kindergartens and preschools are ideally placed to expand these and deliver timely and cost-effective early interventions that save money over time. The cost-benefits of well-known early intervention programs in the USA and UK, that target disadvantaged families, range from 2.36-to-1 to 19-to-1. Meaning, for every \$1 spent on early intervention, the state reaps a return of between \$2.36 and \$19 over time (UNSW's Social Research Centre, 2007<sup>33</sup>).

C&K currently operates the Mackay Children and Family Centre, focused on providing integrated support to Aboriginal and Torres Strait Islander children and families. We would be happy to work further with the government on piloting this model in Queensland.

### *LEVERAGE THE INVESTMENT OF OUR HARD AND SOFT INFRASTRUCTURE*

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C&K holds a unique place in the sector as we operate seven types of ECEC programs:

- Stand-alone kindergartens and kindergarten programs integrated into long day care
- long day care
- family day care
- limited hours care
- in home care
- outside school hours care
- integrated children and family centres

As stated, C&K supports around 21,000 children across Queensland in these sites – across metropolitan, regional, rural, remote locations including lower socio-economic areas. Our services are seen in many communities as long-standing, independent community hubs and are the ideal platform from which expand into more formally integrated services.

Community-based preschools and kindergartens, in particular, provide established infrastructure and social capital on which to deliver this support through 'hubs' and 'wrap-around' support for families – keeping families together, improving parenting skills, making timely diagnosis of additional needs, and laying the foundation for a successful entry to school.

### *PRIORITY FAMILIES TO BENEFIT FROM BETTER INTEGRATION*

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While integrated services serve *all* families, a tight fiscal environment inexorably leads to targeting. Prioritising integration will invariably be focused on lower socio-economic areas and/or priority families (refugee families, Aboriginal and/or Torres Strait Islander people, families of children with a disability, etc).

The valuable Australian Early Development Census highlights the vulnerabilities of many of our children:

- twenty-two per cent of Australian children are developmentally vulnerable on one or more domain/s
- Aboriginal and Torres Strait Islander children are more than twice as likely to be developmentally vulnerable than non-Indigenous children
- close to half (44 per cent) of children in very remote communities are developmentally vulnerable, compared to around one-fifth (21 per cent) of children from major cities

- children living in the most socio-economically disadvantaged Australian communities are more likely to be developmentally vulnerable on each of the domains (Australian Early Development Census, 2012<sup>34</sup>)
- Australian Year 4 students rank in the bottom third of the 25 OECD countries in reading, writing and numeracy (ARACY, 2013, p.5)

‘Integration’ however must not be misconstrued overtime to become homogenous, mainstream, generic, or formulaic. There are concerns already that integration and co-location can over-standardise services and that CALD families (among others) could feel excluded unless rigorous practice standards in cultural competency exist<sup>35</sup>.

### FUNDING INTEGRATED SERVICES

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As stated, successive federal and state governments have begun this work by establishing early intervention services (early years centres, family mental health services, child and family centres, etc).

As the Commission has noted, the key to the success of these models is often the ‘soft entry’ of families into a universal ECEC service. However the use of individualised, child-based funding is problematic in sustaining services and is therefore not particularly common; it can be administratively more complex, and can reduce some economies of scale. Data collection is therefore important to monitor outcomes and assess return on investment.

International experience points to a range of integration models – along the continuum of collaboration: unified, coordinated, coalitions, hybrids<sup>36</sup>.

Across most models, it is recognised that stakeholders cite the need for very clear working and funding structures, and clarity on the source and expectations of current and future funding. In this sense, ‘integrated services’ in children’s services can draw on collaborative funding experiences and processes from a number of sectors.

The Commission has pointed to the need to also fund ‘the glue’ in integration: C&K emphasises this point as being one of the most common and operationally significant factors in successful integration.

Another common area where practitioners in integrated services see great potential for improvement is the flexibility of intervention periods. Time constraints, understandably imposed by funders as an incentive to focus on cost-effectiveness, can be counter-productive.

The 2009 evaluation of the UK’s Centre for Excellence and Outcomes in Children and Young People’s Services (C4EO) program described four minimum-quality (or ‘hygiene’) features for effective integrated services:

- adequate physical accommodation (geographic location and size)
- links made with other service collaborators
- clearly recognised and supported functions with the local authorities and partners
- funding patterns that match practical priorities

C&K have identified integration as a key plank in its vision to improve the life chances of Queensland’s vulnerable children, and we would be keen to begin work promptly with our partners and government in this area.

*ECEC services are already informally integrated:  
providing a lifeline for parents (working or otherwise)*

*“Educators in the babies’ rooms support parents a lot. They need a touch of ‘social worker’ in their qualification. New parents are so vulnerable, they really rely on us for advice and for a shoulder to cry on.”*

*“One of our fathers, with four children, came in the other day. He dropped all the bags and said ‘I can’t do this!’. We sat down with him, crying. He’s a FiFo worker: we are supporting this lot. He said ‘How can I got from living with blokes for 4 weeks, to looking after 4 kids?’. A lot of families are struggling with this. Some have mum away for the first 4 weeks, then dad for the next 4 weeks. They never see each other. We are in the middle.”*

## OTHER COMMENTS

C&K makes the following brief comments on these additional recommendations:

### *Outside School Hours Care (OSHC)*

In relation to the recommendation that state and territory governments direct all schools to take responsibility for organising the provision of an outside school hours care service for their students (including students in attached preschools), C&K’s primary concern would be the dilution of the “My Time Our Place” framework that focuses on the importance of social and emotional development, and learning through play and leisure. School-run OSHC services may be able to identify economies (through sharing of resources and processes) and would potentially deliver a more streamlined experience for parents: however C&K reiterates that the services should have the *best interest of the child* at its core.

### *Extending the NQF to include all services (including Nannies)*

C&K are committed to ensuring children come first: that they are safe and that their lives are enriched through high-quality, natural learning through play. As such, C&K supports proposals that would increase the safety and quality of children’s early learning environments. We therefore provide in principle support to the recommendation that the NQF is extended to include all services that receive Australian Government assistance (including Nannies). Concerns exist, however, around the quality of the curriculum and the qualification of the nannies.

C&K is concerned that funding Nannies may contribute to workforce shortages in other parts of the ECEC industry so we recommend that this impact be monitored.

## SUMMARY OF C&K'S RECOMMENDATIONS

### *Preschool | Kindergarten*

- C&K strongly supports the Commission's recommendation to continue payments for the preschool program. We applaud the Commission's unequivocal support for this vital period in childhood development.
- C&K strongly recommends that preschool hours continue to be funded for a minimum of 15 hours per week.
- C&K therefore does not support the recommendation to withdraw dedicated preschools from the scope of the National Quality Framework.
- The extension of primary school programs to include preschools/kindergartens, may not be suited to all states, particularly Queensland, NSW and Victoria where kindergarten programs are delivered primarily by non-government organisations in community based locations
- C&K does not support the findings that preschool should ultimately be integrated into the school based education system. The extension of primary school programs to include preschools/kindergartens may not be suited to all states, particularly Queensland, where kindergarten programs are delivered primarily by non-government organisations in community based locations.
- We are deeply concerned about the 'push down' effect of the national primary school curriculum onto four year-olds. C&K advocates strongly for quality play-based education and care.

### *Data collection and evaluation*

- C&K supports the recommendations that relate improving national data collection and longitudinal linking of information, particularly as it relates to preschool data. We further encourage the collection of information relating to the needs of diverse communities to better understand which communities may be under-represented in preschool enrolments.

### *Quality – Qualifications and NQF*

- C&K strongly disagrees with lowering qualifications for children aged birth to 36 months.
- C&K does not support the recommendation to reconsider the assessment and ratings system and abolish the 'Excellent' rating.
- C&K supports the ongoing evaluation of the NQF to enhance its original intention – that is to provide a transparent and accountable framework for assessing the quality of our services.
- C&K supports Early Childhood Australia's view and we do not support ratios being provided on an average basis across a week or day.

### *Costs and subsidies*

- C&K supports streamlining and simplification of ECEC subsidies however C&K does not support recommendations that unfairly disadvantage families. .
- C&K does not support the removal of Fringe Benefit Tax exemptions and rebates, nor Payroll Tax exemptions.
- C&K does not support the element of the 'viability assistance' recommendation that it be "accessed for a maximum of 3 in every 7 years, with services assessed for viability once they have received 2 years of support."
- C&K is concerned about the arbitrary cap of 'three out of every seven years' on the viability assistance program, despite there being little detail on its implementation at this stage.

### *Reducing disadvantage*

- C&K recommends an exemption from the activity test for all families who have a healthcare card, to enable children to continue to access early childhood education and care.
- C&K would further recommend that with a healthcare card, children be able to access at least 15 hours of subsidised early childhood education per week.

### *Aboriginal and Torres Strait Islander Families*

- Provide certainty to BBF and CFC services, and increasing funding to deliver additional services.
- C&K supports the views of SNAICC who call for a “long-term national strategy for early childhood development for Aboriginal and Torres Strait Islander children” from which reforms to the ECEC sector would flow.
- Appropriately support and fund BBF services to, over time, become included under the NQF in a way that is appropriate and meaningful for communities. Provide practical support and resources for these transitions through capacity-building support and partnerships that may include back office support and models such as the Indigenous Support Units or Professional Support Units.
- As recommended by SNAICC, consider improvements to the ECEC system that will facilitate services to genuinely value Aboriginal and Torres Strait Islander children. This may be by specifically detailing opportunities and obligations for the majority mainstream sector to contribute tangible steps towards improved early years outcomes for Aboriginal and Torres Strait Islander children.
- Recognise the significant costs to communities of funding uncertainty, as well as short-term, project or sporadic funding. Deliver three-year ECEC services, particularly in regional, rural and remote areas, and particularly in programs prioritising Aboriginal and Torres Strait Islander children.
- Build the capacity for choice in culturally safe, quality services wherever possible, by supporting partnerships and the cultural safety of mainstream ECEC services in measureable ways. This may be by, for example, instigating research and/or seek willing partners to expedite the numbers of culturally safe mainstream services in metropolitan areas.

### *Culturally and Linguistically Diverse families*

C&K extrapolated the following principles from Queensland’s multicultural peak bodies:

- Accessible, affordable and culturally appropriate early learning opportunities for children of migrant and refugee families are essential to English language development and foundational learning that leads to a successful transition to school<sup>37</sup>
- Early learning teachers and staff must be culturally competent and qualified educators are recruited from diverse backgrounds
- Further develop community awareness campaigns about the value of ECEC services for families from CALD backgrounds - people from refugee backgrounds are largely unaware nor have a full understanding of the availability of preschool services.
- ECEC data collection sets should be improved to capture CALD information and measures (and notes the Productivity Commission’s draft recommendation 13.2 regarding child care data collection and linking of information systems).

### *‘At risk’ children*

- C&K recommends the 100 per cent subsidy for ‘at risk’ children be for at least 26 weeks, after which a review process could extend for a period up to the length of the intervention work with the family.
- C&K does not fully support the recommendation to fund a ‘top-up’ deemed cost of delivering services to specific groups of children based on their needs, notably children assessed as at risk, and children with a *diagnosed disability* (Rec 12.6 / 12.8).

### *Children with Additional Needs*

- C&K supports the element of the Inclusion Support Program recommendation (Rec 12.6) that “...once-off grants to ECEC providers to build the capacity to provide services to additional needs children. This can include modifications to facilities and equipment ...”.
- C&K recommends some one-off funding may be used to audit ECEC sites to assess the level of remediation needed. That is, the quantum of modifications required nationwide would be significant. It may be useful to understand this in order to prioritise and/or ascribe compliance standards.
- C&K does not support the element of the Inclusion Support Program recommendation (Rec 12.6) that “...once-off grants” are sufficient for “ training staff to meet the needs of children with a disability, Indigenous children, and other children from culturally and linguistically diverse backgrounds”. The training needs of staff are ongoing because of staff turnover, and because of the complexity of the skills and knowledge required.
- C&K further recommends that inclusion, complex and high needs are included in Certificate courses.
- C&K’s current research into inclusion support points to a strong need for better coordination across the community and health services sector to support early childhood educators to be better able to respond to children with a variety of complex needs. Whole of government planning and service coordination must be promoted.
- C&K recommends the current Inclusion Support Funding program is refined to take into consideration the issues raised in the above section (reduce red tape and time lags, and broker specialist support, etc).
- C&K recommends that the Productivity Commission recommends significant investment in the inclusion support area that recognises the increased number of children with complex needs in early childhood education and care services.
- We also recommend that the deemed cost allows for ongoing professional development for all educators to ensure that they are better equipped to deal with the increased complexity in children attending their services.
- C&K further recommends that clear communication, guidelines and protocols are established about the relationships the NDIS has with young children to avoid potential confusion for parents.

### *Integrated Services*

- C&K strongly supports the recommendations for greater use of integrated ECEC and childhood services (Rec 5.2) and early intervention programs (Rec 5.4) to better support families.

## CONCLUSION

C&K has welcomed this opportunity for a national conversation about the future of Australia's early childhood education and care system.

C&K urges the Commission to focus its final report on the educational and social needs of young children as its primary concern. The evidence we have provided demonstrates that investing in early education and care is the smartest choice our nation can make in terms of improving future workforce participation and productivity.

The five key messages of our response were:

1. Universal Access Funding to Preschool Programs should continue - and preschools should remain under the National Quality Framework (NQF)
2. Qualifications impact on quality of care
3. The Early Childhood Learning Subsidy (ECLS) simplifies funding arrangements for families and services but a 'deemed' cost must support quality
4. Supporting families who experience disadvantage will build our communities of the future
5. Inclusive and Integrated services support *all* children and support engagement of families who are at risk or experience disadvantage

C&K is proud to be contributing to the long-term productivity of Australia by helping our children to realise their potential. We thank you again for giving our colleagues and ourselves the opportunity to provide input into this vital deliberation.

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<sup>14</sup> Productivity Commission. 2010. *Contribution of the Not-for-Profit Sector*.

<sup>15</sup> ABS. 2003-04. Perspectives on Regional Australia: Household expenditure throughout Australia.

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