

Childcare and Early Childhood Learning
Productivity Commission
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5 September 2014

Attn: Presiding Commissioner Wendy Craik and Commissioner Jonathan Coppel

The Parenthood is grateful for this opportunity to make a final submission to the Productivity Commission's Inquiry (the "Inquiry") into Childcare and Early Childhood Learning in response to the draft recommendations made.

The Parenthood sees the Inquiry as a chance to reshape our childcare and early learning system into one that offers universal access to high quality childcare, at an affordable price for all Australian families.

However, we are concerned that a number of the draft recommendations will in fact limit the opportunity for Australian families to access high quality education and care.

In this submission The Parenthood will outline the key recommendations that we reject on the basis of the results of from our National Parent survey.

The Parenthood: representing the parents' perspective

The Parenthood, as a new, not-for-profit advocacy group of Australian parents, has grown to over 20,000 members and continues to grow rapidly.

A significant level of our membership growth has been as a result of our campaign for increased access to high quality early learning for all children 0 to 5 years of age.

Childcare and early learning is an issue that thousands of Parenthood members feel very strongly about.

More than 10,000 parents have joined The Parenthood's campaign on quality early learning.

Parents who have or intend to have their children in Australia's early learning and care system believe it is critical this inquiry results in Quality – Not Cuts.

Following the release of the Commission's draft report The Parenthood set about gathering feedback from parents across the country.

Over 3000 parents completed our nine-question survey (See Appendix A for list of survey questions).

Results from our national survey are conclusive and highlight two major areas of concern -

1. That *quality* education and care must be provided for ALL children
2. The opportunity for parents and children to ACCESS that quality education and care

Parents do not support any recommendations that water down quality, especially for children under three years, to save costs.

There is also significant concern with the proposed changes to the subsidy arrangements available to parents, in particular the Child Care Rebate. Suggested changes would result in a number of families being financially worse off with some parents being forced to reduce their hours of work and others having to leave work altogether.

We want to ensure that no child, parent or family is worse off as a result of the outcomes adopted by the federal government as recommended by the Productivity Commission's Inquiry.

The Parenthood urges Commissioners to give serious consideration to the views held by a significant sample of parents as provided in this submission. It is Australian parents and their children who will be most affected by the changes implemented based on the Commission's Report.

The Parenthood PC Draft Recommendations Survey (*National Survey*)

To inform this submission and truly represent the views mums and dads Australia-wide had on the Productivity Commission's draft report, The Parenthood conducted a national survey on some of the key draft recommendations of the Report.

Questions related to draft recommendations 7.2, 7.3, 7.5, 12.2, 12.4 and helped to contribute to the Commission's request for information items 12.2, 12.3 and 7.1.

The *National Survey* was circulated widely online, to our existing parent members and through a number of Australian Child Care providers.

The *National Survey* was conducted via The Parenthood's website (www.theparenthood.org.au) in August and September 2014. In total, 3300 parents from around Australia participated in the survey.

Summary of Key findings

- 95% of respondents did not support the Productivity Commissions' recommendation to lower the qualification levels of educators working with children under three.
- 97% of respondents did not agree with the recommendation that centres need not meet the NQF standard educator-to-child ratios all the time.
- Highly qualified and skilled staff was the most important thing to respondents when choosing a childcare centre -- with 81% of respondents agreeing.
- 88% of respondents believed the government should increase childcare funding with 85% believing funding for the federal government's proposed \$5.5 billion Paid Parental Leave (PPL) scheme should be diverted to childcare, with the current PPL scheme remaining in place.
- 72% of parents would reduce work or stop work completely if their childcare subsidy was cut or reduced.

1. QUALITY EDUCATION AND CARE FOR ALL CHILDREN

The Parenthood draws the Commissioner's attention to two key recommendations that if implemented would lower the quality of education and care available. Parents fundamentally disagree with and reject -

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.*

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. The New South Wales and South Australian Governments should allow a three month probationary hiring period in which unqualified staff may be included in staff ratios before beginning a qualification, as was recently adopted in all other jurisdictions.*

As parents, we believe that these recommendations put money ahead of our children's access to quality education and care.

The Parenthood's National Survey found that:

- 95% of respondents did not support the Productivity Commissions' recommendation to lower the qualification levels of educators working with children under the age of three.
- 97% of parents do not agree with the PC's recommendation that centre's don't need to meet the educator-to-child ratios all the time.
- 86% of parents listed safety of their child as one of the greatest concern if the number of children in a room was to be increased, while the number of educators decreased. 52% of parents listed less one-on-one attention as a concern.
- Only 3% of parents said they would send their child to a centre with less qualified educators and lower ratios if it made the fees slightly cheaper.
- Highly qualified and skilled staff was the most important thing to parents when choosing a centre -- with 81% of parents agreeing. Other important things for parents included high quality learning program (72%) and a safe and hygienic environment (68%).

1.1 Qualifications and Quality

Parents feel it is very important that no matter their child's age, those educating and caring for their children have the best skills and qualifications to do so. We would not accept a teacher in a primary school working unqualified and parents value their children's early learning education in the same way.

In a Parenthood survey of more than 1100 parents conducted this year, parents ranked qualification levels of educators as more important than affordability and one of their top three concerns when choosing a child care centre.

This result was replicated in the most recent *National Survey* of over 3000 parents with highly qualified and skilled staff rated as the most important thing to parents when choosing a centre. Only 3% of respondents indicated that they would send their child to a centre with slightly cheaper fees because that centre had less qualified staff and relaxed ratios.

The Commission seeks participants' views on the expected impacts on the development of children under 36 months of focusing required teachers in centre-based care on children over 36 months.

Lowering the standards of qualifications for educators working with children under the age of three goes against clear evidence that a child's cognitive, social-emotional, language development and pre-academic skills are all heavily shaped by their earliest interactions and experiences from infancy^{1, 2}.

Li, Farkas, Duncan Burchinal and Vandell (2013) found that children's developmental and academic outcomes were significantly influenced by the quality of the infant program they participated in, more so than the quality of subsequent preschool program.

And we know quality is reflective of access to a variety of qualified educators.³

¹ National Institute of Child Health and Human Development Early Child Care Research Network (2002). Early child care and children's development prior to school entry: Results from the NICHD study of early child care. *American Educational Research Journal*, 39 (1) 133-164

² Li, W., Farkas, G., Duncan, G., Burchinal, M. R., & Vandell, D. (2013). Timing of high quality child care and cognitive, language and preacademic development. *Developmental Psychology*, 49 (8) 1440-1451

³ Goelman H., Forer, B., Kershaw, P., Doherty, G., Lero, D., & LaGrange, A. (2006). Towards a predictive model of quality in Canadian child care centers. *Early Childhood Research Quarterly*, 21 (3). 280-295

In an investigation of predictors of quality in Canadian child care centres Goleman et al (2006) found that the qualification levels of educators was one of the best predictors of quality.

In an Australian study Degotardi (2010) found that educator qualification level had a direct influence on the quality of experience and interactions between educator and infant. Higher qualified educators were able to provide more sensitive and stimulating interactions and more complex and informative interpretations of infant behaviour and development.⁴

The evidence is clear and parents know how important it is to have a range of qualified educators working with their children. We do not accept the Commission's assertion that children 0-3 only need to be "looked after" by Cert III qualified educators. These children deserve access to the same level of qualified staff as those over 3 years of age.

1.2 Ratios and quality

The Parenthood is also deeply concerned with the Commission's recommendation that centres should be able to ...*temporarily operate with staffing levels below required ratios...*

The child-to-educator ratios legislated through the National Quality Framework are critical to regulating the safety and quality of our childcare system.

It is not clear as to why the Commission would recommend scaling back standards set by the NQF before it has been fully rolled out.

The safety implications of the proposed relaxation of ratio requirements is of particular concern to parents.

Parents care very deeply about their child receiving more one on one attention and the confidence in knowing their child is safe and will not accept anything below the strict ratios being maintained at all times.

⁴ Degotardi, S. (2010). High-quality interactions with infants: Relationships with early childhood practitioner's interpretations and qualification levels in play and routine contexts. *International Journal of Early Years Education*. 18(1) 27-41

2. OPPORTUNITY FOR PARENTS AND CHILDREN TO ACCESS QUALITY EDUCATION AND CARE

The Parenthood draws the Commissioner's attention to two key recommendations that propose changes to the subsidies available to assist parents with the cost of early education and care. If implemented a large number of families will no longer be able to access quality early learning for their children. Some will be forced to reduce participation in the workforce or leave altogether. Parents fundamentally disagree and reject -

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.

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.*

The Parenthood's National Survey found that:

- 88% of parents believe the government should increase childcare funding -- less than 1% believe funding should be decreased.
- 85% of parents believe funding for the government's proposed \$5.5 billion PPL scheme should be diverted into childcare, with the current PPL scheme remaining in place.
- 28% of respondents will be affected by government changes for access to payments for parents who work / study / train less than 24 hours a fortnight.
- 72% of parents would reduce work or stop work completely if their childcare subsidy was cut or reduced.

2.1 Access

We acknowledge the Commission's recommendations to improve access to early learning and care services for a range of families that find it difficult to get their child into the education system they need, including Aboriginal and Torres Strait Islander children, children of lower income families, those in rural and remote areas and those with a disability.

However, The Parenthood is very concerned with the recommendation to limit or stop support for children with parents who do not pass the work or study test.

It is extremely concerning that children from low socio economic backgrounds could then be denied the chance to participate in a quality early learning program because of their parent's work circumstances.

2.2 Proposed changes to federal government subsidies

The Parenthood is deeply concerned at the draft recommendation to reduce the childcare rebate for some Australian families.

The recommendation to cut the Child Care Rebate and remove access to the 50% subsidy capped at \$7,500 for all families will have far reaching negative consequences.

In our survey of more than 1100 of our parents taken in February this year, 75% said they would either stop work or reduce their hours significantly if the Child Care Rebate was reduced or means tested.

These results were replicated in our recent *National Survey* where 72% of more than 3000 parents indicated they would need to stop work or reduce their hours if these changes were enacted - given their household income falls within the proposed means tested subsidy and so they would be worse off.

The Child Care Rebate is one of the strongest workplace productivity measures in our country. It has helped to ensure more women have returned to work after having a child – while also helping us to maintain our female workforce participation.

However, Australia is still below the OECD average for workforce participation of women (25th out of 35 Countries)⁵ So any cut to the rebate will take us backwards in our ranking when we should be focused on improving our standing.

Cuts to the rebate will hurt the equality of women in the home and in the workplace. Women are often the secondary earner in the family and their decision to go back to work is heavily influenced by how much of their wage will be used for childcare fees.

For example, Parenthood member and Kindergarten teacher Louise Smith, 33, is a mother of three on Queensland's Sunshine Coast. Ms Smith has determined that if the cuts to the rebate go ahead as recommended she would be worse off. For her it is the difference *between her returning to work or not* before her youngest child reaches school age.

If the proposed cuts to the rebate are implemented Ms Smith has calculated that she would be better off staying at home rather than returning to her role as a fully qualified Kindy teacher. Ms Smith is just one of thousands of parents who have informed The Parenthood they will face a personal scenario like this.

Women wishing to continue to pursue their careers in professional roles like teaching, nursing and in business will be hit hardest by the recommended cut to the rebate. Most women have their children in child care three days a week. These women will be hit the hardest by the recommended changes as they were unlikely to have ever reached the \$7500 cap and were therefore receiving a full 50% rebate. They will be worse off.

⁵ Data available from [Organisation for Economic Co-Operation and Development](#) (OECD) Labour Force Statistics database, accessed August 2014

Therefore, we do not support the recommendation to cut the rebate from 50% for families with household incomes over \$160,000. We believe, as a productivity measure and a measure that encourages women back in to the workforce, that this should remain equal for all Australian families with additional support provided to those families who need it.

It is accepted that for many families childcare fees are a cost of going to work. But if the cost of going to work begins to outweigh the take home income then working less and not spending as much on child care becomes the only option for many families.

Accordingly, in order to increase funding available for families who need it without cutting the standard 50% Child Care Rebate on fees currently available to ALL Australian families the Parenthood suggests the Commission recommend to the federal government they divert funding from their proposed new Paid Parental Scheme and instead invest this into the Child Care System.

8 in 10 Australian parents would prefer the government to keep the current PPL scheme and instead use proposed additional funds to significantly increase the funding for our childcare system.

Concluding remarks

We see this inquiry as a unique chance for parents to help shape the future of early learning for our kids. It is essential parents voices are heard and we are thankful we have been able to provide the Commissioners with feedback from over 3000 Australian parents.

We acknowledge and support the recommendation that the federal government maintain the Universal Access Funding for Kindergarten.

We are also pleased that the recommendation to provide subsidies for nannies in the home includes the strict requirement that the nanny is qualified to the same level as a childcare educator. This should not ever be compromised.

However, what is fundamental to Australian parents is that the Commission remove any recommendations that:

1. Reduces the quality of the education and care available to ALL children of all ages.
2. Make it significantly harder for families to afford high quality care and therefore force parents to reduce hours of work or leave the workforce altogether.

Parents do not accept the watering down of quality in order to save money.

As Susan Maidment, mother of two said in her presentation to The Commission

“There are suggestions that services could promote themselves as high quality providers – this is on page 277 of the report – due to exceeding minimum standards of qualifications and ratios. This implies that those who adhere to new lower minimum standards are offering low quality provision and is low quality good enough for our children? I don’t think so.

The Parenthood has valued the opportunity to contribute to the Commission’s Inquiry. We believe we have been able to provide meaningful feedback from the parents and families who will be directly affected by any resulting changes to the Australian child care system.

Thank you for your time and consideration.

Fiona Sugden
Executive Director
The Parenthood

Appendix A.

Are you ready to help shape the future of childcare in Australia?

1. Do you support the Productivity Commission (PC) recommendation to lower the qualification levels of educators working with children under the age of three?
 Yes (5%)
 No (95%)
2. Do you support the PC recommendation that centres don't need to meet the educator-to-child ratios at all times?
 Yes (3%)
 No (97%)
3. What would be your greatest concern if the number of children in a room was increased while the number of educators was decreased?
 Safety of my child (86%)
 Hygiene standards in the room (38%)
 Maintaining my child's routine (26%)
 Less one-on-one attention for my child (52%)
4. Would you send your child to a centre with less qualified educators and lower educator-to-child ratios if it made your fees slightly cheaper?
 Yes (3%)
 No (97%)
5. What are the most important things to you when choosing a childcare centre?
 Cheapest fees (8%)
 Highly qualified and skilled staff (81%)
 High quality early learning program (72%)
 Offer of one-on-one attention (43%)
 Safe and hygienic environment (68%)
6. The Government has requested the PC only make recommendations within the current funding allocated to child care. Do you think the government should:
 Increase child care funding (88%)
 Keep funding the same (11%)

- Decrease funding (1%)
7. There has been controversy surrounding the federal government's new Paid Parental Leave scheme. The PC has recommended the government consider diverting the \$5.5 billion from the proposed scheme into childcare. Do you support:
- Diverting PPL money into childcare and keeping the current government PPL as it is (85%)
- Implementing the new \$5.5billion PPL scheme and leaving funding for childcare the same (15%)
8. The PC has recommended changing the rules for access to childcare payments so that parents who work/study/train less than 24 hours a fortnight no longer receive any child care subsidy. Would this affect you?
- Yes (28%)
- No (72%)
9. The PC has recommended changes that mean families with a household income of \$160,000 and over would pay more for childcare. If your childcare subsidy was cut or reduced would you:
- Reduce your hours of work OR Stop work completely (72%)
- No change - I'm happy to pay more (28%)