

City of Yarra

Submission in response to the Productivity Commission's Draft Inquiry Report into Childcare and Early Childhood Learning

About Yarra City

The Wurundjeri-willam people of the Kulin Nation are the Traditional Owners of the land that is now known as the City of Yarra and Council recognises them as the custodians of the cultural heritage of this land. Yarra, particularly Fitzroy and Collingwood, continues to be an important meeting place for Aboriginal people in Victoria.

The City of Yarra is situated five kilometres from the heart of Melbourne and includes the suburbs of Abbotsford, Alphington (part), Burnley, Carlton North (part), Clifton Hill, Collingwood, Cremorne, Fairfield (part), Fitzroy, Fitzroy North, Princes Hill and Richmond. At 19.5 square kilometres, Yarra is one of Australia's smallest inner city municipalities.

Yarra's estimated residential population of Yarra at June 2013 (latest from the ABS) was 83,593. More than 33,500 households call Yarra home and about 29% of the Yarra's population was born overseas. 66,792 people work in Yarra. At the 2011 Census, 6,385 lived in Yarra. This represents around 8 per cent of the total Yarra population in 2011. Sixteen percent (16%) of all Yarra households have children with an average of 1.6 children per family

Yarra's suburbs have a rich and varied history which is reflected in the city's built form, natural environment and diverse community composition. In the early years, Yarra was more industrial and was home to many iconic Australian brands such as Fosters Brewery, Heinz and the Rosella Jam and Sauce factory. Over the years the industrial focus has shifted to a more residential and retail mix as the population and demand for inner city living has increased. As a result, many of the former factories have now been converted into highly sought after warehouse and studio apartments.

Council is a direct provider of the following education and care services: long day care; kindergarten (dedicated and integrated settings); outside school hours care (after school and vacation care) and occasional child care.

Overview

Yarra Council is pleased that the Productivity Commission's Draft Report on Childcare and Early Childhood Learning (Draft Report) confirms the value and importance of quality early childhood learning and care and its importance, in particular, to vulnerable children and their families.

Council has invested significantly in education and care services and the assets and facilities in which they operate across the Municipality. As the research evidences early education and care are critical in supporting the development and life opportunities of young children and their future economic and social participation whilst also supporting their families to engage in work and study. The sector actively contributes to current and future productivity, economic growth and the health of family and community life.

It is our view, supported by extensive research that quality outcomes for children are delivered through the planned and integrated provision of education and care. Current policy directions reflect this view and commitment and we have actively supported and partnered with Government, not for profit and the private sectors to enable effective delivery of this ambition.

The following recommendations and findings in the Draft Report are welcomed as they align with and support the provision of quality education and care for young children and their families:

- Single childcare subsidy to replace the three existing subsidies (Child Care Benefit, Child Care Rebate and the job, education and training childcare assistance)
- Increasing investment in subsidies for low income families
- Ongoing funding by the Australian Government for universal access to 15 hours of preschool (kindergarten)
- Extending the scope of the National Quality Framework to include all centre and home based services that receive Australian Government assistance
- Implementing a nationally recognised working with children check
- Funding to support the coordination of integrated services to strengthen the service system

However, there are also directions and recommendations in the Draft Report that will impact adversely on the quality of education and care in Australia. These include:

- Impact of changing staff qualifications required for care of children aged under 3 years
- Removing dedicated (sessional) kindergartens from the scope of the National Quality Framework (NQF)
- Impact of an activity test to qualify for subsidy
- Simplifying the National Quality Standard (NQS) and identifying standards or elements that can be removed or altered
- Incorporation of funding for kindergarten (preschool) into schools funding.
- Changes to fringe benefits tax and payroll exemptions.
- Out of School Hours Care
- Land use planning

Change in staff qualifications caring for Children under the age of 3 years and adjustment of staff ratios.

Council acknowledges that early childhood services with qualified and experienced educators provide better experiences and outcomes for children. The current staff ratio system under the national regulations specifies provision of Diploma and Certificate 3 qualified staff in specified ratios for children over and under 3 years of age in education and care environments. Council supports the existing system as this provides capacity for ensuring that services have experienced and qualified staff leading, planning and providing quality education and care outcomes for all children attending a service. Staff qualifications and ratios underpin the delivery of the National Law and Regulations to provide for consistent quality and the delivery of strong educational, developmental and health outcomes for children and their families.

The Commission proposes that services that wish to retain higher-qualified staff for babies should be able to so and differentially price their services accordingly. Council believes this approach will contribute to a hierarchy of services and significant variation in the opportunity to access quality education and care outcomes particularly for low income and disadvantaged families as profitability of services entices service providers to reduce the participation of skilled and experienced workforce. The Certificate 3 qualification in childcare is designed to enable staff to support and partner with more qualified early childhood workers in the planning and delivery of education and care. These staff provide a central role in the delivery of safe informed and supportive care ensuring the early developmental stages are achieved and that any delays or additional requirements are understood and addressed to minimise long term impact or harm.

Research into the impact of prenatal and early childhood experiences on health, wellbeing, development and future productivity, shows that it is no longer sufficient to think of the early years as keeping children healthy and safe.

The learning frameworks approved under the National Quality Framework, provide a foundation for service delivery that continue and be shaped by research into early childhood development. The frameworks share five learning outcomes agreed by Australian governments as important for children aged from birth to eight years development.

Universally, individuals and service providers, including Yarra City Council, have invested in professional development to strengthen the capacity of teams to better meet the expectations of families, communities, funding bodies and broader society to meet the rapidly changing environment in which our children are expected to play a participative role.

Any risk to a further deterioration in our capacity to compete in local and global economies as a result of diminishing foundational education and care should ensure the continuation and strengthening of current quality frameworks and emphasis on active innovation in the delivery of education and care. With this in mind Yarra City Council would welcome a greater investment in workforce development to support the continued development of the sector as a priority in the final report to be published by the Productivity Commission later this year.

Dedicated Preschools (kindergartens) and their equal place in scope of the NQF.

As a direct provider of kindergarten programs in both dedicated and integrated (long day care) settings, Yarra City Council does not support removing dedicated kindergarten programs from the scope of the National Quality Framework (NQF).

Regardless of the setting for kindergarten programs, the learning frameworks and requirements remain consistent and this ensures equitable opportunity and experience for all children without variation due to the setting in which the service is provided. The introduction of the National Law and Standards has provided greater knowledge and certainty to parents about the quality of the programs and services offered and provided to children in kindergarten programs. All services are assessed and rated against the National Quality Standard, which is available nationally and on individual sites.

The exclusion of dedicated kindergartens from the scope of the NQF also raises the question of alternative or duplicating but different quality management and reporting systems and their merit in drawing further time and adding additional cost to the important infrastructure that supports quality outcomes in this program. Equally the absence of any

quality model for implementation, reporting and monitoring in this service space would prove detrimental to the cohort participating in this environment.

Kindergarten is offered to all four year old children and it is expected that programs operate to achieve similar outcomes regardless of whether they are funded by the Commonwealth government or not. Provision of information to funding and regulatory bodies is expected of services in exchange for funding and participation in common data collection informs service planning, an understanding of the impact of programs and its access into community.

Collection and provision of data and other information is also an administrative cost to the service provider. Currently Council is able to collate and provide workforce, program and enrolment details about all of its programs through the Kindergarten Information System administered by the Victorian Department Education and Early Childhood Development.

Early Care and Learning Subsidy (ECLS)

The proposed ECLS would replace the three main funding programs for childcare – the means-tested childcare benefit, the non-means-tested child-care rebate (which is 50% of out of pocket expenses up to \$7,500 per year), and the job, education and training childcare assistance.

The recommendation to introduce the subsidy for children attending centre-based and home-based early childhood education and care services has merit if it reduces the complexity and difficulties of the current funding arrangements. A single subsidy would improve administration of funding and payment for service providers.

It is pleasing that the proposal provides for 100% subsidy for the most vulnerable children and children being raised by their grandparents. Whilst the 90% subsidy for low-income families and 35% subsidy for high-income families sounds reasonable, the outcome will depend on how the deemed costs are calculated. Within all proposed models, the ECLS subsidy would be based on deemed costs that would be evaluated each year.

Council is pleased that the Commission supports funding of coordination of activities in integrated services. Integrated services assist family by enhancing their access to early childhood services and can support earlier diagnosis of children's health and developmental problems.

Increased investment in early learning and childcare through the subsidy and the additional subsidy for special needs children is welcomed. However, there is concern that deemed costs may not keep pace with actual costs and over time the gap between the subsidy and the fee may increase and therefore result in greater out of pocket expenses for families. The design of the deemed model is clearly critical as the impact of setting the deemed cost to low would reduce subsidies for many families including very low income families. The consequence in this circumstance may result in the withdrawal of children from the education and care environment. The direction of the Commission in seeking more detailed data and encouraging research and evaluation on the implementation of costs is supported.

It is highly concerning that parents on income support and single parents could lose access to education and care services due to impacts of the activity test. Although children in low income families are more likely to benefit from quality early learning and childcare services, low income families are also least likely to use these services. The broad spectrum of families impacted by this proposal and consequences on workforce participation, child development and family health and wellbeing will prove significant and result in further unplanned complications.

Simplify National Quality Standard

The Commission's proposal seems underpinned with a view regarding what constitutes the essential components of the National Quality Standards.

If a childcare centre charges for added extras that put it above the suggested introduction deemed cost rate of \$7.53 per hour, then the subsidy would be less than 90% for a low-income family, resulting in a risk of reduced access to higher quality outcomes due to deemed rate models. Simplifying the NQS should not come at the cost of participation by our most vulnerable.

The Commission recommends simplifying the National Quality Standard (NQS) by identifying elements and standards that can be removed or altered while maintaining outcomes for children and to modifying Standards to suit different service types.

Whilst the Commission supports further work by the responsible authority about simplifying the NQS, it also provides examples of where and why the NQS should be simplified.

By way of example, Standard 3.3 identifies that "the service takes an active role in caring for its environment and contributes to a sustainable future". Two of this standards' elements; 1- sustainable practices are embedded in service operations and 2- children are supported to

become environmentally responsible and show respect for the environment, may be changed or removed on the basis that working towards these elements requires services to divert effort away from their primary function of caring for children.

As Yarra has a majority of services actively incorporating environmental responsibility into a whole of centre approach to change that involves children, staff, families and the community, the possible diminishing of this requirement may result in a change of focus and effort in this domain as it will no longer be a central requirement to be met.

Nor Council does support the suggestion that the practice and education of environment sustainability is a non-essential component of early education and care services. The environment is a consideration in everything we do. We need to better understand the many impacts individuals and our community has on our local and global environment. Sustainable practice at the early childhood level is not about a few outdoor experiences with plants and animals, but a holistic approach that integrates all aspects of sustainability into early childhood services.

Scope of Subsidy and National Quality Framework (NQF)

Provision of the ECLS for children attending all mainstream approved Early Childhood Education and Care (ECEC) services, whether they are centre-based or home-based has some merit. It would mean that nannies would be eligible if they meet the NQF standards and at least hold a relevant Certificate III, or equivalent qualification. This step would provide more choices for parents/caregivers. The complex and unresolved learning and experience of including Family Day Care under the national regulatory framework and standards, which is a home-based service, indicates the complexity of the issues relating to the proposed inclusion of nanny services too. If adopted by the Federal Government, further detail and appropriate resourcing to ensure understanding and compliance with the NQF for extended in home services such as nanny services will be required.

Incorporation of 15 hours of Kindergarten funding into total schools funding.

The report proposes to continue Federal contribution to funding universal access to 15 hours of kindergarten and this is a strongly supported and positive proposal to continue the foundation development of all children through 4 year old kindergarten. The state government recently confirmed its commitment to continuing to fund 10 hours of 4 year old

kindergarten as part of their commitment to early education and care. Today (the 5 September) the Federal Government confirmed a further 12 months of funding to secure the continuation of this model. The recommendation in this draft report proposes continuation of funding to enable 15 hours of preschool for 40 weeks consistent with current arrangements.

The recommendation further notes that *“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”*

Kindergarten funding for 15 hours is currently funded independently of schools funding. The inclusion of kindergarten funding into total schools funding may pose a potential risk to the full allocation of funding to deliver early childhood outcomes and will need to be clarified to ensure funding is not diminished in the delivery of quality outcomes.

Fringe benefit tax and payroll tax exemptions

The recommendation to remove fringe benefit tax and payroll tax exemptions for not-for-profit providers will impact negatively on children and families across Yarra. Yarra has many smaller community managed, early childhood services and changes in tax exemptions will impact on the ability of those services to direct any operating surplus back into their services. It may also impact on the viability of those services. Council supports community owned education and care services because they operate as social enterprises, helping to foster children’s development, supporting their families and strengthening our community. These services are fundamental to meeting service demand for building robust community and for their active contribution to the education and care of children to meet the needs of families to participate in the workforce and to meet the sometimes complex needs of children and families under stress or at risk across our community.

Outside School Hours Care

Council is a direct provider of Out of School Hours Care, providing after hours care in three locations and four vacation care programs. Council notes the Commission’s recommendation that *state and territory governments should 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), where demand is sufficiently large for a*

service to be viable. Council will consider the impact on its services and also consider schools' engagement and commitment to located services.

OSHC is funded and resourced as a 'mainstream' service. Inclusion Support funding for children has enabled their successful participation in our programs. We also provide for children referred from family support services who also require support and care.

By coming under the national regulatory framework, OSHC services must be licensed and meet the minimum standards required to care and educate the children participating in their programs. The framework has provided more certainty about the quality of care and education families should expect from an OSHC program. It is not accepted that OSHC is a recreational program. Removal of the educational and child-based reporting requirements for outside school hours care services would reduce opportunity and learning outcomes for children.

Council is interested in the possibility of preschool aged children (4-5 years) participating in OSHC services active within school boundaries, particularly where kindergartens and schools are co-located. However, the recommendation to immediately remove the requirement of services operating OSHC to have most of their children in care of school age requires further consideration. Changes in age criteria could impact workforce and program planning and therefore the functionality of services. Consideration of the impacts and risks should be assessed so that services can be planned and monitored appropriately. Whilst we are not arguing that the transition is unwarranted, it will be complex. There is great potential for cohort complexity in OSHC services when pre-school and school aged children mix as there is great potential for children from age four to thirteen to participate in OSHC programs.

Council has supported the transition of OSHC services into the national regulatory framework and provides children with safe and stimulating care that fosters their physical, emotional, intellectual and social development. Whilst OSHC services are delivered within a recreational setting, it is important that the education and care elements of services are not diminished.

As an example, Council recently received an Exceeding Assessment Rating for one of its OSHC services. Most of the children attending that service experience disadvantage and can present with a range of complex needs and at times exhibit extremely challenging behaviours. These factors can make children vulnerable and place them at risk of being further marginalised and even excluded from mainstream services. Some children have a very low threshold for reactionary behaviour especially children from families who have

experienced trauma. Inappropriate and violent behaviour can be triggered by the mildest of stimuli including but not limited to tiredness, inappropriate foods consumed prior to centre attendance, difficult day at school, diagnosed conditions and/or personality clashes with other children. At the operational level, Council has implemented a number of strategies to deal with these behaviours and funded this as part of its commitment to our most vulnerable children. The strategies focus upon programmatic, educational staffing and planned improvements to better respond to the needs of children attending the services. A staff: child ration 1:3 was introduced to manage risk and ensure that the appropriate level of care could be provided to the children. The outcomes for children and their families has being positive and could only have being achieved through an education and care approach.

The report remains silent on the location of Vacation Care as a natural extension of OSHC. Clarification regarding the status of this service type, provided as an extension to, or independent of the OSHC service would be welcomed.

Land use planning

The Commission advises that *“local governments should adopt leading regulatory practices in planning for ECEC services.”*

Yarra’s Local Planning Policy Framework is made up of the Municipal Strategic Statement (MSS) and Local Planning Policies. The MSS is Council’s primary strategic land use and development planning policy and provides a vision for key matters such as the City’s characteristics, sustainability and the local economy. It also outlines where the City of Yarra is now, and the direction in which Council wants it to go. The Local Planning Policy currently encourages the provision of education and care services that respond to community needs and it is Council policy to encourage use of sustainable methods of transport for all developments. Council is currently reviewing its MSS and Local Policies to ensure they are consistent with the broader Council Policy context.

Council has also developed Urban Design Frameworks (UDF) and Structure Plans that provide guidance for the future development of various precincts in Yarra. These policies deal with the design of buildings, public spaces, pedestrian and vehicle access, and landscape themes. The framework also includes environmental, social, economic or cultural objectives. The Local Planning Framework, UDFs and Structure Plans are significant pieces of work involving several rounds of community consultation. The MSS, relevant UDFs and Structure Plans would consider planning community facilities including ECEC services

It should be noted that a range of factors influence the permitted number of places in an ECEC service, including the licensing requirements (governed and administered by the Victorian Government), land size, community requirements and the business model for a service.

Council also has a municipal infrastructure plan examining provision of early years services. This plan is reviewed and updated to reflect changes in population and service demands.

Conclusion

Yarra City Council has welcomed the opportunity to submit these comments for consideration and acknowledges the important relationship we have enjoyed in the delivery of education and care to children across the Municipality in partnership with our State and Federal colleagues.

We would welcome the opportunity to provide additional advice to clarify or assist consideration of these significant recommendations and our perspective at your further convenience.

We look forward to receiving the final report later this year.