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St Joseph's Family Services Response to the Productivity Commission Draft Report into Childcare and Early Childhood Learning

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This response is prepared on behalf of St Joseph's Family Services, St Agnes Parish Port Macquarie.

SJFS has been, providing early education and care in Preschool, Long Day Care, Occasional Care and Family Day Care settings, in addition to Family Support and Inclusion Support services.

St Joseph's Family Services (SJFS) is a comprehensive and integrated, child and family focused organisation supporting children and families in the Port Macquarie Hastings Local Government Area, on the NSW Mid North Coast. Operating for more than 40 years and with a team of 80 staff, SJFS is a very diverse organisation comprising 3 program streams:

- **Early Childhood Education Services** : St Joseph's Preschool & Long Day Care (combined service), St Agnes Early Education Centre (Long Day Care), Joey's House Early Education Centre (Long Day Care & Occasional Care) and Hastings Family Day Care (which includes 50 home-based educators). Currently over 850 families are enrolled across these services. It is notable that 3 of the 4 ECE services are assessed as "Exceeding the National Quality Standards" in all 7 areas (including the Family Day Care service) with our 4th service about to be assessed for the first time.
- **Inclusion Support Services**: part of the National Inclusion and Professional Support Program (a valuable and key resource to children's services across the Mid North Coast). The NSW Mid North Coast Inclusion Support Agency (the MNCISA) currently supports 190 Education & Care Services to specifically support over 450 children within these services who are in the IPSP priority groups and eligible for the Inclusion Support subsidy.
- **Family Support Services**: Providing parenting information, resources, individualised guidance and referral to members of the community caring for children 0-8 years. Currently utilised by 450 families annually.

Each program group is supported by a centralised Business Services Team which provides a wide range of client focused management functions.

The cohort of families enrolled within SJFS fall within the following income ranges:

- < \$50,000: 45% (av. household income in the Port Macquarie Hastings LGA)
- \$51,000 - \$100,000: 30%
- \$101,000+: 25%

Introduction:

- Joey's House Occasional Care Centre
- St Agnes' Early Education Centre
- St Joseph's Preschool and Long Day Care Centre
- Hastings Family Day Care
- NSW Mid North Coast Inclusion Support Agency
- Family Support Network

SJFS welcomes and supports the following recommendations:

- A single subsidy to replace CCB and CCR
- Diverting funding from the proposed new paid Parental Leave scheme to Early Childhood Education & Care
- Increased investment for low income families
- Funding of integrated services to build capacity
- Ongoing Commonwealth funding of Universal Access to preschool children in their year prior to entering school
- Maintaining the National Quality Framework (NQF) in its entirety
- Extending the scope of the NQF
- Implementing a Nationally recognised Working With Children Check
- Viability funding to assist rural, remote and regional services

Whilst we acknowledge and thank the Productivity Commission for the preparation of the draft report, it is important to highlight the values and beliefs we hold with respect to Early Childhood Education & Care:.

1. The focus of public policy for ECEC requires a child-centred approach. Children's rights, needs and interests to a high quality early childhood education must be brought to the forefront of policy decisions if we are to grow as a strong Nation and robust economy.

2. Whilst recent policy and research has been reinforcing the nexus between care and education, this report does not examine policy from the perspective of how early childhood education and care (ECEC) can facilitate every child, regardless of age, reaching their full potential.

3. Looking after very young children in a group care setting does require specialist knowledge and skills, and ignoring the need for qualified educators working with children under 3 years of age is inconsistent with the intention and requirements of the National Quality Framework (NQF).

3 As evidenced in a wide body of research on brain development, attachment theory and the impact of mental health on young children's development, the critical importance of the first three (3) years of a child's life cannot be stressed enough. These years set a platform for their future success, which appears to have been disregarded in the report. Both staff qualifications and staff:child ratios are critical determinants in the quality of an ECEC service and in setting the path "right".

Our strongest opposition is with regard to:

- The separation of education and care and the elimination of qualified educators working with children under three (3) years of age:
- The role of Not For Profit (NFP) ECEC services in NSW and the removal of tax concessions for NFP ECEC providers
- Removal of CSP funding from Family Day Care services
- The lack of acknowledgement in the report of the impact the National Inclusion and Professional Support program in building ECEC capacity.
- Method of supporting children with additional needs.
- Work Activity Test and the impact on vulnerable families

- Deemed cost of care and NSW history of higher qualification and ratio requirements
- Removal of Preschools from the NQF

1. The separation of education and care and the elimination of qualified educators working with children under three (3) years of age:

Quality ECEC matters for all children. With approximately 25 per cent of our population under the age of two in formal early childhood centres, it is a significant context that needs to be considered carefully.

Recent ECEC reforms in Australia have, been supported by a strong international body of evidence base about the importance of the early years as a critical time in human development. This evidence confirms early life experiences set neurological and biological pathways that can have lifelong impacts on health, learning and behaviour.

Evidence supports highly qualified early childhood educators working with infants and toddlers. Qualifications do matter and have an impact on quality ECEC environments, particularly with respect to children at a young and vulnerable age.

*The President of the Federal Reserve Bank of Richmond, Jeffrey Lacker, recently made these observations in a **Washington Post** [editorial](#) (08.14):
 "...Recently, a consensus has developed that human capital is more than just the number of years spent in school or on the job. Research suggests that noncognitive skills — such as following instructions, patience and work ethic — lay the foundation for mastering more complex cognitive skills and may be just as important a determinant of future labour market success. **These basic emotional and social skills are learned very early in life, and it can be difficult for children who fall behind to catch up: Gaps in skills that are important for adult outcomes are observable by age 5 and tend to persist into adulthood***

2. The role of NFP ECEC services in NSW and Removal of tax concessions for NFP ECEC providers

In NSW, NFP services have been identified in the Draft Productivity Commission report (2014) as operating at a higher standard of quality. As a result of increased quality, families are more likely to select NFP services within their communities, as is the case on the Port Macquarie Hastings LGA.

This is particularly evident for vulnerable children and children with identified additional needs. With limited funding to support the inclusion of children with additional needs, NFP services demonstrate a willingness to allocate additional funding to support the inclusion of children through additional staff: ratios and/or equipment. NFP services and families who attend show an above average commitment to supporting children with additional needs or ensuring access to services through fee reductions to vulnerable families.

SJFS Example 1: Child with a diagnosed disability eligible for ISS support. Additional staff member employed to support the child within the environment.

Wages for a Cert 111 are at \$24.66ph (including on costs)

ISS Funding received to support the inclusion of children from the priority groups: \$16.92ph.

Difference: \$7.47 ph, funded through fees charged back to all families attending the service.

SJFS Example 2: Low income family Aboriginal child unable to access ECEC due to fees being unaffordable.

Normal Daily Fee (LDC): \$89.50 (10.5 hr centre)

Gap after CCB for family on 100%: \$42.14 (no CCR)

Reduced Daily Fee charged to family: \$10.00

Difference: \$37.36 per day funded through fees charged back to families

SJFS is of firmly of the view that the removal of tax concessions to not-for-profit children's services will have a detrimental effect and in reality will not actually create the level playing field intended by the draft report. However it is not our goal to discuss this in a divisive way.

All providers can deliver really high quality services for children, however there are advantages for for-profit entities and advantages for not-for-profit entities. The balance of providers in the mix of services at the moment suggests that well run for-profits are achieving a positive return and are not at risk because of the tax concessions that not-for-profits benefit from.

The concessions targeted in the draft report, (payroll tax exemption, exemption from income tax and the ability to provide FBT salary packaging) , do not give NFP service providers any competitive advantage, and in fact, where available, are some of the very few financial benefits that are available to NFP.

Having providers in the system that have a social purpose, a very strong sense of social purpose, and are reinvesting surplus from early childhood education and care into the wellbeing of children is an important aspect to maintain. (Refer above examples). Our recommendation is to leave this aspect of the system alone.

4. Removal of Community Support Program funding and not for-profit tax concessions and exemptions from community based FDC services

As a service type, family day care provides the most invaluable and flexible form of ECEC within the community due to the service tailoring of individual home based service providers.

The provision of professional and consistent support in developing educational programs and safe environments to registered family day care educators via professionally qualified Coordination Unit staff is integral to delivering good quality Family Day Care.

Whilst the current National Quality Framework or CSP Funding Agreement does not specify requirements in relation to the support or ratio between Child Development Officers to family day care educators. It is our experience there should be no less than 1:15 ratio of CU staff to educators to ensure all aspects of the NQF, including NQS standards, are achieved and the health, safety and quality of the educational programs provided by registered educators is monitored and supported to be at the best level possible.

The announced changes to CSP Funding, combined with the Productivity Commission's draft report recommendations for the removal of NFP tax concessions and exemptions from community based FDC services will significantly compromise the ability of these services to provide high quality early childhood education and care. These announced changes have created great instability in the sector and now place under threat large numbers of ECEC places within each community.

In the Port Macquarie Hastings LGA we now have 150 EFT places now hanging in the balance on anticipation we are eligible for future CSP support. At current charge out levels and without CSP, fees to families are likely to rise by 71% and fees to educators by 520%.

High numbers of children under 3 years of age attend these individual services. The estimated impact is many families finding FDC unaffordable and home based educators deciding to walk away from their business and service provision. Hence the potential loss of hundreds of ECEC places within a community, overnight.

We appreciate CSP to FDC has grown exponentially. But it is lack of suitable policies that has created this disproportion in arrangements. Surely this is not the outcome desired by Government and Productivity Commission inquiry.

We urge the Productivity Commission to recommend the government rethink their announced strategy commencing July 2015.

5. The lack of acknowledgement in the report of the impact the National Inclusion and Professional Support program in building ECEC capacity and recommendations for support access by children with additional needs.

One sector we urge growth is the IPSP and in particular the provision of inclusion facilitators able to support capacity building of staff within ECEC services. after 9b years of providing this service on the Mid North Coast, and 10 years prior to that under the previous SUPS program, we have observed and validated the strength of this program in making a difference in the community.

This is one of the most cost effective, value for money and sustainable programs available to ECEC services in that is a process of examination, practice and review of quality and inclusive service provision.

It is very disappointing this model has been overlooked by the Productivity Commission in favour of direct individualised funding. We urge you to look closely at the national results of this Commonwealth Government initiative.

Re Draft Recommendation 12.6 to support access for children with additional needs:

Guidelines underpinning the application and service delivery in relation to SECLS funding are not specified. What will be the focus regarding expected outcomes –is it access, so families can remain in the workforce or is it to ensure all children are included and supported to participate. Is funding returning to having a 'child' focus rather than a focus on inclusion?

The wording of the recommendation seems to infer an aide for the child rather than an increase in educator: child ratio within the care environment. If so, a top up of 100% would be extremely expensive. The present approach of an increased adult:

child ratio to implement an inclusive program rarely translates to 1 adult per child in the care environment.

Further concerns:

A time limit of (13-26 Weeks) –

- Does not support the ongoing inclusion requirements educators identify as being important for implementation of quality program provision for all children in the care environment.
- Nor does it show an understanding of work-force issues which surround employment and retention of staff.

This assumes that staffing and children's attendance is stable. It seems to be counter to almost everything we are currently trying to achieve in terms of long lasting capacity building.

There are serious questions regarding the ISP - one off grant to services to build capacity. If 'one-off' relates to an allocation of funding at 'one point in time', it once again suggests that enrolment and attendance is 'static'. Along with challenges to educator retention, enrolment & attendance patterns of children in education & care services fluctuate and change regularly.

One-off funding can easily be channelled into support requirements for a specific child or children enrolled in the first instance, who then ceases to attend, while new children with very different inclusion requirements are later enrolled. If funding has a focus on an individual child, this becomes a costly venture, as well as leaving educators unsupported.

Funding and support needs to be flexible and responsive to change.

Participating and Belonging: Inclusion in Practice the quick guide - ECII (Early Childhood Intervention & Inclusion) pgs 7 – 11, talks about continued access to support, mentoring & assistance being necessary if service providers are looking for overall change in attitudes & practice (relating to inclusion) to become embedded in a service culture.

Noah's Ark (2006; cited in Department of Early Education and Childhood Development 2008b) propose a definition of inclusion;

"Inclusion is the active participation of children with and without additional needs in the same early childhood programs and community settings. Inclusion is not just children with exceptional needs attending mainstream programs, but involves such children being meaningfully engaged in and participating in program activities" (p24).

6. Work Activity Test and the impact on vulnerable families

SJFS is very concerned that a large group of families are going lose access to the ECEC sector.

As the ECLS is proposed to only be available to families who meet the work activity test, the following are just some examples of families who may not meet the proposed activity test as it is proposed:

- those with children that have a diagnosed additional need;
- those known to the child protection system;
- those that may be experiencing, for example, sudden illness and have to withdraw from the workforce.;

- Those affected by local circumstances such as floods or bushfires, ongoing mental health issues;
- families with intergenerational unemployment and migrant families are just some small examples of people that may be excluded.

Hence, the implementation of the proposed ECLS will seriously disadvantage many vulnerable families in our community. Significantly a large proportion of the current community of Port Macquarie(a low income and mid range disadvantaged community) may not access any ECEC service further disadvantaging ECEC in the years prior to school due to the potential for not being able to afford fees and charges without the assistance of ECLS.

The removal for subsidy for children where the family does not meet the activity test or otherwise, removes the underpinning for a socially just society i.e. subsidies for participation in childcare are no longer about expanding opportunities for, and reducing barriers to, full participation in economic, social and political life for *all* Australians.

Removal of Preschools from the NQF

The National Quality Framework has been one of the most significant policy decisions for children. ACCS would, therefore, like to see it fully retained and the National Quality Standard retained within it. The inclusion of all funded service types in a single national framework is essential to ensuring universality, consistency and equity for all Australian families.

The majority of NSW preschools are NFP community-based services, they are not part of the state education system. The last 30 years has seen enormous progress towards demonstrating and acknowledging the interrelationship between care and education, resulting in NSW ECEC services providing the best start for all children regardless of service type – removing preschools from the NQF would undo all this work.

If the preschools are removed from the NQF there are no quality standards applicable to them with the resulting in the following implications:

- No way for families to compare ECEC and make informed decisions about the best service for their child.
- Creating a division between preschool and LDC/FDC services and the level of education received in the different service types that have only recently been resolved with all services falling under the NQF.

In addition, it is difficult to understand why the Commission would recommend bringing other service types into scope of the NQF, eg Occasional Care and potentially nannies with much smaller reach within the ECEC sector, but simultaneously recommend removal of one of the largest service types.

It makes more sense to ensure all service types within the ECEC sector remain under the same quality and regulatory umbrella. .

Thank you for the opportunity to provide comment.

Marina Hynes

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