

**Productivity Commission inquiry into Childcare and Early Childhood Learning  
DRAFT REPORT**

**Submission from Frankston City Council, September 2014**

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**Introduction**

Frankston City Council (Council) welcomes the opportunity to respond to the Productivity Commission's draft recommendations outlined in its Draft Report on Childcare and Early Childhood Learning. We believe this is a significant opportunity for all tiers of government to work collaboratively to maintain the high quality of our early childhood education and care (ECEC) services and to make improvements so they are more streamlined, accessible and affordable for all families, including for those who are vulnerable.

Council calls upon the Productivity Commission to take into account the wealth of evidence that demonstrates the long-term social and economic benefits of social investment in quality early childhood services to improve a child's outcomes and life trajectories. The research into brain development tells us that the time from conception to age six (particularly in the first three years of a child's life) has the most significant impact on the development of competence, coping and emotional skills – all of which affect a child's learning, behaviour and health throughout the rest of their life.

Accordingly, the key issues that Council would like to address in this submission are as follows:

- The significance of preschool in the year before school, in particular the importance of continuing the COAG National Partnership Agreement on Early Childhood Education to provide universal access to 15 hours of early childhood education (Draft Recommendation 12.9).
- The importance of retaining preschool provision within the National Quality Framework (Draft Recommendation 7.9).
- The importance of promoting high quality education and care in the early years, including support for higher staff qualifications and staff-to-child ratios (Draft Recommendations 7.2 and 7.5).
- The importance of streamlined, accessible and affordable ECEC services for vulnerable children and their families (including those who are 'at risk' of being vulnerable) as an early intervention strategy (Draft Recommendations 12.2, 12.3, 12.4 12.7 and 12.8).

**Issue 1: The importance of preschool in the year before school**

Council strongly supports Draft Recommendation 12.9 for the Australian Government to continue its provision of per child payments to the states and territories for universal access to 15 hours of early childhood education for 40 weeks per year, including where these are delivered in a long day care service.

As stated in the 2009 the Coalition of Australian Governments initiative, *Investing in the Early Years – A National Early Childhood Strategy*, there have been a number of studies to demonstrate the importance of preschool in the year before school, with some of the most prominent being:

- The meta-analysis of 123 studies which found that preschool was associated with significant effects for cognitive and social skills and school progress.<sup>i</sup>

- The longitudinal US studies, most notably the High Scope Perry Preschool Program and the Carolina Abecedarian Project, which targeted very disadvantaged families, found significant short and long-term improvements in child development outcomes. These included: improved cognitive and social development; reduced need for remedial education; higher rates of school completion and post-school education; higher employment rates; and reduced criminal activity and welfare dependence.<sup>ii</sup>
- The UK study Effective Provision of Preschool and Primary Education (EPPE), which found that preschool contributed to better intellectual development, improved independence, concentration and sociability for all children. Better outcomes were found when children attended preschool for longer and when staff had higher qualifications. Disadvantaged children were found to have benefited more if they attended centres which had a mix of children from different social backgrounds.<sup>iii</sup>

As such, Council welcomes the Productivity Commission's recognition of how enhanced early learning and development opportunities can contribute to: healthy child development (which builds human capital); better transitioning of children into the formal education system; reduced risk of harm to certain children in the community; and overcoming disadvantage and its longer term social consequences.

### **Issue 2: The importance of retaining preschool provision within the National Quality Framework (NQF)**

In supporting Draft Recommendation 12.9, Council is concerned by the proposal to remove dedicated preschools from the scope of the NQF and be fully regulated by the state and territory legislation, while preschool programs being delivered within long day care services remain within the NQF (draft recommendation 7.9).

The NQF was introduced to both raise the quality of care and education to children and to reduce regulatory overlap between levels of government and improve consistency across jurisdictions. Since its introduction, a significant amount of investment has been made by all tiers of government and ECEC providers to meet the required standards and create a strengthened early year's sector. It is Council's belief that the removal of kindergartens from the NQF will again fragment the early childhood sector, as was previously the case, and in which the NQF was introduced to remedy. It has taken many years of collaborative work and financial investment to achieve the outcome of a national framework which has united the sector across the country. By removing kindergartens from the NQF the Government will lose every positive gain that has been achieved for children, families and educators.

### **Issue 3: The importance of promoting high quality education and care in the early years**

There is a large amount of research to demonstrate that the first three years of a child's life are the most significant in cognitive development. There is also a growing body of evidence to support the relationship between high quality education and care during the early years and cognitive development. Furthermore, and as highlighted in the Productivity Commission's Draft Report, this evidence also demonstrates the significant benefits of high quality education and care for children from disadvantaged backgrounds or who are vulnerable.

Whereas Council supports the principle of the Productivity Commission's objective to identify measures to make ECEC services more affordable for families, we are significantly concerned that the following draft recommendations would result in some of the evidenced benefits of high quality education and care being traded-off for lowering the cost:

- A minimum Certificate III qualifications for educators caring for children aged birth to 36 months (draft recommendation 7.2)
- Temporary operation with staffing levels below required ratios (draft recommendation 7.5)

The evidence is clear that higher qualifications and staff-to-child ratios are important fundamental requirements for the provision of high quality education and care – for example:

- ECEC settings that are high quality have well-qualified, responsive educators with strong backgrounds in early childhood teaching and learning and the foundation concepts that build understanding of literacy, science and mathematics.<sup>iv</sup>
- A number of studies, including EPPE, also point to the critical importance of high-quality in early childhood development programs for improving outcomes. Key aspects of quality linked to positive child outcomes include higher qualifications of the early childhood professionals, lower child-to-staff ratios and a strong relationship between the child and a stable caregiver.<sup>v</sup>
- Research also indicates that young children who spend excessive hours in poor-quality child care characterised by low staff qualifications and ratios and excessive staff turnover are more likely to have higher levels of the stress hormone cortisol and to develop social, emotional and behavioural problems.<sup>vi</sup>

Council is very concerned that if children aged from birth to 36 months are only cared for by educators with a Certificate III qualification that this will have a detrimental impact on the quality of ECEC provision and its ability to meet the National Quality Framework. Council believes that ECEC services require a mix of Certificate III and Diploma qualified staff for children under the age of 36 months in order to develop a high quality program that provides appropriate experiences at the right stages of development in order to promote cognitive development. The importance of this can be demonstrated when reviewing the key differences in the units studied for the Diploma qualification in comparison to Certificate III which does not include the following critical units required to lead the planning and delivery of a quality education and care program for children:

- Use of an approved learning framework to guide practice
- Establish and implement plans for developing cooperative behaviour
- Analyse information to inform learning
- Design and implement the curriculum to foster children’s learning and development

This higher level of qualification is particularly critical for ECEC services operating in areas of disadvantage or vulnerability, where staff are required to recognise and identify indicators of risk and developmental vulnerability, understand the referral system to make appropriate referrals and to develop suitable programs. For example, at the Council operated childcare centre in Frankston North (the municipalities most disadvantaged neighbourhood), amongst the attending families there are high levels of family violence, drug and alcohol misuse, poor mental health and low level parenting skills. As such, 40% of the children currently attending the centre have Department of Human Services involvement, 29% are receiving support through Child FIRST or another agency, 28% have a diagnosed disability, 21% have specialist speech support and 16% are in foster care or being cared for an adult other than a parent.

The educator responsible for developing program for individual children needs to be working with the children in the relevant room within the education and care service. Any proposals to have a sole Diploma qualified educator developing programs for a range of rooms would be detrimental to quality.

Further to this, we are concerned that allowing services to temporarily operate with staffing levels below the required ratios, such as maintaining staffing levels on average (over a day or week) rather than at all times will result in significant safety risks to the child. This is a backwards step that will undermine improvements to quality service provision that have been gradually implemented over a number of years.

#### **Issue 4: The importance of accessible and affordable ECEC services for vulnerable children and their families (including those who are 'at risk' of being vulnerable) as an early intervention strategy**

Council supports the principle of Draft Recommendations 12.2, 12.7 and 12.8 that would see:

- The introduction of the Early Care and Learning Subsidy (ECLS) to combine the current Child Care Rebate, Child Care Benefit and the Jobs Education and Training Child Care Fee Assistance funding streams in order to simplify the complexity of the current subsidy system for families and services. Staff employed at the Council operated childcare centre in Frankston North invest significant amounts of time in supporting families to understand the current subsidy system.
- The introduction of the Special Early Care and Learning Subsidy (SECLS) that would see the full deemed cost of care for children at risk of abuse or neglect, and for children with a diagnosed disability.

However, in supporting these proposals we would like to see concerns with the following addressed:

- The parameters around the proposal for the ECLS to be both 'means tested' and 'activity tested'. Currently, families that qualify for Child Care Benefit can access 24 hours per week of subsidised care without meeting the activity test. Under the proposed ECLS, this cap would be extended to 24 hours of subsidised care per fortnight, making it highly likely that qualifying families would significantly reduce their use of ECEC services. This is of most concern for those families with children who are vulnerable, or at risk of being vulnerable, who stand to benefit the most from access to ECEC services. Goodstart Early Learning have estimated that more than 97,000 children from low income families will lose access to an ECEC subsidy due to the proposed activity test. At Councils education and care service this would equate to 33% of children who will be impacted and potentially be placed at risk.
- The proposal to base the ECLS on an annual determination of the 'hourly deemed cost of care' and not the actual amount charged by the ECEC service (Draft Recommendation 12.4). For simplicity in its Draft Report, the Productivity Commission has assumed a deemed cost equivalent to the median price charged for ECEC services, according to the Government's Administration Data in long day care centres, family day care and OSHC. In 2013-14, these rates are estimated to be: \$7.53 per hour in LDCs, \$6.84 per hour in family day care (this rate is also applied to approved nannies), and \$6.37 per hour in OSHC. Using this modelling, should the ECLS had been applied in 2013-14 then the fee charged to families who attended the Council operated childcare centre in Frankston North would have increased by \$77 per fortnight (\$2,000 per annum).
- The current 'financial hardship' eligibility component used under the SCCB being abolished. For example, there are two families attending the Council's childcare centre whom are in receipt of SCCB based on 'financial hardship'. Should this eligibility requirement be removed, it would be highly likely that the families would withdraw their children from this service which would put these children at risk.
- The SECLS eligibility requirement for a formal disability diagnosis will act to increase the barriers faced by families with children with additional needs in accessing childcare. Only

a relatively low proportion of children with additional needs have a formal diagnosis resulting from several factors, including lengthy waiting lists for assessment. As of August 2014, there are nine children attending the Council operated childcare centre who have additional needs and benefit from the Inclusion Support program, but do not have a formal diagnosed disability. Should these children be no longer eligible for assistance, then they would be disadvantaged.

This would undermine the significance of the evidence that promotes the use of high quality ECEC services in early intervention strategies to target vulnerable families at a critical point in a child's development to improve their outcomes and life trajectories.

To put this in context for Frankston, the following case study is taken from the Council operated childcare centre in Frankston North. 'Family One' was referred to the service through Child Protection as the children were at significant risk. The parents are teenagers with poor parenting skills and the mother has an intellectual disability. There are three children under the age of 2 years, including premature twins who have significant developmental delay and other medical issues. The family's attendance at the centre is dependent on SCCB, as the Child Care Benefit does not cover the full cost of the service (the family does not meet the activity test requirements for Child Care Rebate). In 2013, the family's re-application for SCCB was denied which resulted in the family choosing to leave the service despite Council indicating they were willing to accept the debt in the short term. Four months later the children were returned to the centre under Child Protection. During the absence one child received a serious head injury from an unknown cause which has resulted in the need for ongoing medical intervention. This resulted in the children once again attending the centre full time with SCCB approval. Since the children have returned to full time care within the Centre, significant improvements have been observed with development of the younger children. When they arrived at the service they were 11 months old (born at 26 weeks) and could not sit, were unresponsive and not verbal. They are now 22 months old and as a result of intensive early intervention within the education and care service they are walking, verbalising, making eye contact, have developed attachments to educators and are very social. SCCB was declined again in the April to June quarter for this family putting their places at risk however approval was finally granted at the end of the quarter. The family will require significant intervention and support from a range of providers into the future.

Council is also concerned Draft recommendation 10.1 will have a significant impact on the viability of not-for-profit providers who are working specifically to support vulnerable children and their families and play an important role in the ECEC sector in providing choice for families. Concerns include:

- The estimation by the not-for-profit sector that this change would equate to an additional \$40,000 per year for a service.
- Private companies do not operate in many of the disadvantaged areas where not-for-profit operate resulting in ECEC services being less accessible for vulnerable children.
- The lack of recognition in the Draft Report for the significant social and economic benefits delivered to the community by community-based and managed education and care services
- The Draft Report found that not-for-profit CCB-approved ECEC services deliver higher quality education and care, as evidenced by assessment and rating results. The Draft Report also highlighted that not-for-profit services deliver more education and care for children with additional needs.

To put this into context, Windermere Child and Family Services Inc. is a not for profit community organisation that provides support for disadvantaged and vulnerable children, families and communities. As such it has set up the Windermere Early Learning Centre in

Frankston in order to provide a high quality ECEC service in a community where children are experiencing above average levels of developmental vulnerability and risk, and works in partnership with Child Protection and early intervention case workers to enrol vulnerable children. The Centre is currently licensed for 58 places for children aged from birth to five, and includes a funded preschool program to provide a seamless education and care service to families who require consistency and long term support for their children. We are concerned that Draft Recommendation 10.1 would have a significant impact on Windermere Early Learning Centre and result in the requirement for an increase in fees to already vulnerable families to ensure maintenance of current operations and the ongoing financial viability of the service.

Thank you for the opportunity to make this submission.

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**References:**

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- <sup>ii</sup> Lynch R (2004), *Exceptional Returns: Economic, Fiscal and Social Benefits for Investment in Early Childhood Development*. Economic Policy Institute; Schweinhart L (2004), *The High Scope Perry Preschool Study through age 40. Summary, conclusions and frequently asked questions*. Michigan: High Scope Education Research Foundation; and Campbell F, and Ramey C (2002) *Early Childhood Education: Young Adult Outcomes from the Abecedarian Project*. Applied Developmental Science 6, as cited in Australian Government 2009, Investing in the Early Years: A National Early Childhood Development Strategy, COAG initiative, Canberra
- <sup>iii</sup> Sylva K, Melhuish E, Sammons P, Siraj-Blatchford I and Taggart B (2004), *The Effective Provision of Pre-School Education. (EPPE) Project Final Report*, London, The Institute of Education; as cited in Australian Government 2009, Investing in the Early Years: A National Early Childhood Development Strategy, COAG initiative, Canberra
- <sup>iv</sup> Victorian Government Department of Education and Early Childhood Development 2014, Early Years Strategic Plan – Improving Outcomes for all Victorian Children 2014-2020 (pg 6), Melbourne
- <sup>v</sup> Sylva K et al. (2004), op.cit; and Moore T (2008), *Towards an early years learning framework for Australia CCCH Working Paper 4*. Centre for Community Child Health; as cited in Australian Government 2009, Investing in the Early Years: A National Early Childhood Development Strategy, COAG initiative, Canberra
- <sup>vi</sup> Sims M, Guilfoyle A, and Parry T. *What cortisol levels tell us about quality in childcare centres* (2005); as cited in Australian Government 2009, Investing in the Early Years: A National Early Childhood Development Strategy, COAG initiative, Canberra