



May 2009

Productivity Commission Commissioned Study - Contribution of the Not for Profit Sector: KPV Submission

KPV welcomes the opportunity to comment on the contribution of the not for profit sector as it relates to early childhood education in Victoria. This submission highlights a number of issues that are specific to not for profit providers of early childhood education in Victoria. The submission provided to the Commission by PilchConnect provides a more general view of issues relating to the contribution of not for profit organisations in Victoria, many of which are also relevant for community based early childhood education providers.

Previous KPV submissions that relate directly to the terms of reference are attached as appendices to the main KPV submission.

Measuring the contribution of the not for profit sector to the provision of early childhood education in Victoria

Early childhood education has a strong tradition of community management with not for profit organisations delivering most early childhood education in Victoria. These organisations are generally either independent kindergartens governed by parent committees, or, cluster managers which bring multiple kindergarten sites under a centralised management structure. The balance of early childhood education is provided by local government-run cluster managers and schools. Not for profit organisations play a significant role in delivering the policy agenda of government in early childhood education, including the national reform agenda (human capital) of the Council of Australian Governments (COAG). The current COAG agenda recognises the significant benefit quality early childhood education provides to children and the broader community. Not for profit organisations such as independent kindergartens and cluster managers also play a significant role working with government and the non-government sector as policy advocates for the ongoing improvement of early childhood education.

The community makes a further contribution to early childhood education through parent fees and fundraising, and through a significant voluntary effort in governing services, program delivery, maintenance and other activities.

Government also makes a significant contribution in funding not for profit organisations to deliver kindergarten programs. Early childhood education is part funded for children in four year old ('funded') kindergarten programs, and is largely unfunded for three year old early childhood education programs. The balance of funding is made up from a combination of user fees, fundraising and volunteer labour.

Currently, official data relating to the financial and voluntary contribution of parents and the community to early childhood education is unavailable. The Australian Bureau of Statistics

(ABS) collects information on volunteer activity in Australia. However, the classifications currently used to assess what sector's people volunteer for currently include 'education/training' and 'parenting/children/youth', rather than a clear early childhood education or early childhood services category. As a result, the value of the data collected by the ABS to the early childhood education sector is limited.

KPV is keenly aware data collection can create administrative burden for not for profit organisations, which must be balanced against the benefits of collecting data for all stakeholders. Utilising existing data sources is preferred where these will be collected on an ongoing basis. For example, KPV would welcome the ABS distinguishing early childhood services from other education settings in its *Voluntary Work Survey*. In addition, KPV would welcome greater public reporting by the Department of Education and Early Childhood Development (DEECD) of data collected from organisations involved with early childhood education.

Based on KPV membership data analysed alongside official data from sources such as the DEECD annual report, KPV estimates not for profit organisations make the following contribution to early childhood education:

Parent and community financial contribution

Currently the financial contribution made by parents represents around 35% of the total costs of providing kindergarten programs in Victoria. KPV's *2008 Survey of Independent Committees of Management*¹ indicates parent fees currently represent approximately 30% of independent kindergartens' total operating costs. Fundraising, representing a financial contribution made by parents and the wider community, currently represents about 3-5% of annual turnover of independent kindergartens. The remaining 65% of the cost of providing early childhood education is achieved through government funding on a per capita basis for enrolled children.

Similarly, parents and the community significantly underwrite the provision of early childhood education provided by cluster managers in the form of parent fees and fundraising.

Parent voluntary work contribution

Presidents surveyed by KPV contribute around 6 hours of volunteer time per week to the administration of an independent kindergarten. Other parent committee members are spending 2-4 hours per week on tasks relating to the administration of an independent kindergarten². The contribution outlined above relates only to parent committees and does not include the substantial voluntary contribution relating to fundraising, site maintenance and assisting with the delivery of educational programs.

Parents also make significant contributions to the provision of early childhood education in cluster managers through involvement in program development, fundraising, events and parent committees that work with cluster managers³.

Cluster manager contributions to early childhood education

In addition to the financial and voluntary contributions outlined above, many not for profit cluster managers further contribute to the provision of early childhood education through augmenting services with other funds, including from other funded services provided by the cluster manager ('cross-subsidising'). Cluster managers receive an annual payment of

¹ This survey is conducted among KPV members. In 2008 around 179 independent committees participated, making the survey a substantial, though incomplete, account of the parent financial contribution.

² *KPV 2008 Survey of Independent Committees of Management*

³ *KPV2008 Survey of Cluster Managers*

\$7200 for each kindergarten under their management. For most cluster managers this is insufficient to carry out the range of functions underpinning the management of high quality early childhood services consistent with their missions and ethos. Cross-subsidising early childhood education provision from other sources is often the result. Many cluster managers provide a range of funded services, generating a quantum of resources that allow clusters to provide early childhood education at a level which exceeds the funding received for it. The contribution made by cross subsidising often takes the form of in kind support from other areas of cluster managers such as the accounting and human resources functions where they exist.

In some cases additional costs generated by the shortfall in cluster funding may be passed on to parents in the form of fees.

Federal and state requirements

Where children's services integrate early childhood education with child care services, services must deal with separate legislative, regulatory and policy requirements. Child care is the responsibility of the Commonwealth and early childhood education is governed by the states. This distinction results in increased red tape for services, and often leads to inequitable outcomes for children and families. For example, the inclusion support for children with additional needs is funded at a higher level for children in child care than those in kindergarten programs. As a result, when parents consider kindergarten programs for children with additional needs, they must consider the risk that their child may attract reduced inclusion support to attend the kindergarten program rather than child care.

A second example of inequity arising from differences in Federal and state frameworks can be seen in the current inability of parents of children in kindergarten programs to obtain the Child Care Benefit and the Child Care Tax Rebate for children in most community preschool education settings. This effectively discriminates against working parents who choose to place their children in early childhood education programs in Victoria.

These fragmented funding and regulatory arrangements present barriers to achieving the potential benefits of integrating early childhood services.

Conclusion

Not for profit organisations, whether independent kindergartens or cluster managers, significantly underwrite the provision of early childhood education in Victoria through financial and voluntary contributions. These organisations increasingly also do so in the context of working to the requirements of various levels of government.

KPV thanks the Productivity Commission for drawing attention to the contribution made by not for profit organisations, and looks forward to providing further input where appropriate.

Appendices

Please find attached as appendices KPV's submission to the Department of Education and Early Childhood Development's Reducing Red Tape Project (May 2009), and in response to the draft Children's Services Regulations 2009 (April 2009).

Appendix 1. *KPV Response to DEECD Reducing Red Tape Project (May 2009)*



May 2009

Department of Education and Early Childhood Development Reducing the Red Tape Project: KPV Submission

Early childhood education is one of the most effective investments governments can make to promote good outcomes for children and the community. Policy guidelines, regulations and legislation must facilitate and not hinder early childhood education services.

Early childhood education providers are subject to many legislative and regulatory requirements, which can place undue demands on both volunteer parent committees and cluster managed services.

Group employer arrangements (called cluster managers) have been developed that serve to reduce the burden and local government involvement often provides further support. However even in these arrangements parents continue to contribute significant hours to ensure the good governance of kindergarten and other early childhood programs. Further, cluster managers themselves are subject to regulatory demands they experience as onerous.

Reducing red tape assists parents to have the level of involvement they want without undue burden. It also facilitates the capacity of all early childhood providers to focus on the efficient delivery of the early childhood education services that underpin good outcomes for Victorian children.

The early childhood education sector experiences significant administrative burden. Despite some actions taken to reduce red tape (for example the simplification of financial reporting) other red tape issues remain, and such pressures may be expected to increase as regulatory and policy reforms are implemented across the early childhood sector.

Reducing red tape is therefore an opportunity to review a range of areas which may be considered to impart undue burden.

Legislative frameworks for early childhood services

The work undertaken by parent committees, cluster managers, local government and churches to deliver kindergarten programs is governed to varying degrees by various legislation, regulations and industrial agreements. This legislation includes, but is not limited to the following:

Victorian legislation and regulations	Commonwealth legislation
<i>Children's Services Act 1996</i> <i>Children's Services Regulations 1998</i> (soon to be 2009) <i>Children's Wellbeing and Safety Act 2005</i> <i>Fundraising Act 1998</i> <i>Occupational Health and Safety Act 2004</i> <i>Workers Compensation Act 1958</i> <i>Equal Opportunity Act 1995</i> <i>Associations Incorporation Act 198</i>	<i>Privacy Act 1988</i> Taxation legislation

The quantity of legislation and regulations impacting on organisations providing early childhood programs presents significant challenges to governance. Further despite stated government policy aims at the state and federal level that promote integrated services these challenges are perhaps particularly in evidence when services seek to offer a range of programs to support families and children.

For example, integration of childcare and kindergarten is widely promoted as delivering better support to families. Currently child care is funded and largely regulated by the Commonwealth and kindergarten by the state. Yet there is little cooperation between the Commonwealth and state governments to ensure consistent funding arrangements for childcare and kindergarten or to facilitate the integration of these services. Similarly child care is subject to national accreditation requirements but kindergartens are not.

This lack of federal and state consistency is a major issue in early childhood. Legislative fragmentation and complexity makes it difficult for cluster managers and local governments involved in this area to understand and fulfil their responsibilities For parent volunteers who manage around 730 independent kindergartens and around 300 or more community childcare centres in Victoria the situation is even more daunting.

Given the scope of the current inquiry, the balance of this submission will focus on examples of regulatory issues at the state level and refer to their impact on state funded kindergarten programs by way of illustration. However in many instances that impact may be extrapolated to child care centres as well and particularly where the centre runs kindergarten as well as childcare.

For example, the *Fundraising Act 1998* can be daunting for volunteers, and confusion exists as to how it applies to kindergarten fundraising activities. Similarly, in the case of the *Associations Incorporation Act 1981*, some committees have a limited idea of their obligations. One of the burdens of legislative compliance is the dearth of easily accessible, plain English guides.

In addition to the wide range of legislative and regulatory requirements for early childhood education providers, they are also subject to a significant number of policy based guidelines and requirements.

Service agreements

In recent years the Financial Accountability Requirement (FAR) for kindergartens has been simplified by the government. The customisation of the FAR process through the Funded

Agency Channel has been a significant factor in this simplification. Simplification has delivered a reduction in red tape for independent committees of management.

Data collection

Current data collection requirements are extensive yet the rationale for collecting is not always transparent. The form used is however generally logical and has clear instructions and explanations. The sector is over-regulated with early childhood services required to inform government of their operations when various circumstances change. Among other requirements, kindergarten providers need to apply to or notify DEECD to:

- Change staff
- Adjust the number of children in service
- Request a second year of kindergarten for a child
- Obtain a fee subsidy
- Obtain an exemplary teacher supplement
- Access funding to support a child with a disability
- To move to a cluster
- To use a payroll service.

No other community sector organisation is required to fulfil such onerous funding requirements.

Regular reporting back to the sector by government collection agencies in the form of non-identifying data, statistics and reports would benefit the sector and assist services to plan for current and future community and organisational needs.

Grants compliance

Accountability requirements for dispensing grant funding can create red tape, in particular for projects that have multiple funding bodies. In many instances the accountability requirements are disproportionate to the funds received, and indeed divert resources from projects and organisations into meeting accountability requirements. KPV recognises the work of the Office for the Community Sector and other government agencies in seeking to reduce this problem.

Children's services regulations

There has been unnecessary administrative requirements and overly complicated processes related to licensing under the *Children's Services Regulations 1998*. The proposed changes to licence types under the draft *Children's Services Regulations 2009* should better meet the needs of services and will reduce red tape. The integrated service licence, for example, should enhance the ability of organisations to increasingly deliver integrated children's services and reduce red tape for those services already delivering integrated services, by allowing different types of services to be provided under a single licence.

While good record keeping supports effective processes and accountability. KPV believes that accountability measures and regulations should only stipulate record keeping that is essential to ensure children's health, safety, development, learning and wellbeing.

The voluntary contribution of parents

Parent volunteers bear a great deal of the burden associated with delivering kindergarten programs. A recent KPV survey of Independent Committee's of Management found that presidents and treasurers make especially significant contributions, with an average weekly contribution of six and four hours respectively. The combined commitment of parents on kindergarten committees adds up to approximately 28 hours of unpaid work per week.

Around a quarter of presidents find this to be an unreasonable contribution. Presidents tend to work more hours when a three year old program is being offered.

A KPV survey of cluster managers indicated voluntary parent contributions in cluster managers may take the form of parent delegates to boards, contribution to program development and fundraising, to name a few examples.

The contribution of teachers in administering kindergarten services

Most independent committees of management supporting kindergarten services employ some form of paid administration, according to KPV's most recent survey of this group. The most common form of paid administration support was in the diversion of teacher time to administrative activities for an average of 7 hours per week. Red tape is having a particular impact on how teachers are using their time. Nearly half (44%) of committee members surveyed believed this teacher contribution was unreasonable.

Other commonly reported forms of paid administrative support used by independent committees include onsite or offsite clerical assistance. Most centres rated the hours required by clerical bookkeepers as reasonable. However, as kindergartens do not receive funding to support administrative workers, these costs must be accommodated within the per capita grant and parent fee contributions. The result of employing paid administration support is that the costs of addressing red tape can easily be passed on to parents in the form of higher fees.

The teacher validation process

Currently teachers are able to undergo a validation process in order to progress through a range of teacher classifications. In the process, teachers can secure salary increases commensurate with their level of training and experience. Negotiating the process of validation requires a significant commitment of time and input from teachers and employers.

About Kindergarten Parent's Victoria

KPV promotes the voice of parents in quality early childhood education for Victorian children, serving more than 200,000 children and their families. Our membership is made up of over 1200 early education and care providers such as independent kindergartens, cluster managers, long day care services, childcare centres and local governments.



KPV Submission in response to the draft Children's Services Regulations 2009

April 2009

Introduction

The new draft Children's Services regulations will support higher quality in early childhood services. The draft regulations implement several changes KPV has advocated for in recent years.

Several key aspects of the draft Regulations will promote quality in early childhood. They will also make a significant difference to bridging the gap in health and learning so often experienced by vulnerable children. Because of the benefits of heightened quality in early childhood for all children and especially vulnerable children, the proposed changes will benefit children, families and communities. The changes will bring multiplying benefits to the broader Australian community and economy over time.

Heightened quality in the sector should assist in improving the appeal of early childhood education as a career to potential entrants to the field.

KPV has been concerned about the numbers of children in childcare services who do not have access to kindergarten programs. While the requirement for children's services to employ a degree-qualified teacher is welcome, the draft regulations do not clearly acknowledge the importance of qualified teachers in delivering the educational leadership vital to good outcomes for children.

Independent kindergartens must be supported to integrate services, extend hours to provide wrap around care. The simplification of licence types should help provide the environment for the further integration of children's services.

This submission addresses the key issues raised by the proposed *Children's Services Regulations 2009* and the Regulatory Impact Statement.

Barriers to meeting the proposed Children's Services Regulations 2009

Factors that could impact the ability of children's services to meet the regulations include:

- The current shortages in the availability of qualified staff, in particular staff with early childhood teaching degrees.

- The ability of early childhood services to reconfigure programs and groups will be constrained by the limitations imposed by existing infrastructure.
- The availability of funds to employ staff and support staff to upgrade qualifications, including the cost of backfill.

Supporting the sector to implement the proposed Children's Services Regulations 2009

Additional support in the field will be required by early childhood services in complying with regulatory change. This support should take the following forms:

- Information resources/toolkits/practice notes.
- Training for staff, employers and committees of management in particular.
- Planning assistance for example in budgeting support, program modelling (including costing models of service delivery) etc.

Staffing issues

Requirement for a degree qualified early childhood teacher in all children's services.

The requirement for each standard licensed children's service to employ a degree qualified early childhood teacher is welcome. A degree qualified teacher is correctly defined with a three or four year early education degree awarded by a university. This requirement acknowledges the important contribution degree qualified teachers make as educational leaders in promoting quality in early childhood education and careⁱ. KPV would prefer to see the requirement for degree qualified teachers phased in earlier than 2014. However, the proposed 2014 timeframe recognises workforce shortages of early childhood educators and does represent an improvement on the 2016 timeframe originally proposed.

Diploma qualified staff should be supported to upgrade their existing qualifications to 3 year degrees via pathway processes. This workforce cohort represents an opportunity to increase the pool of degree qualified staff in a relatively short period of time.

Regulation 52 should be amended to specify that standard licensed children's services be required to employ at least one full time staff member with a degree level early childhood teaching qualification, unless the service is open for fewer than 38 hours per week. The focus of their position should be on providing pedagogical leadership across the entire service and/or educating or caring for children. KPV supports the inclusion of an additional regulation requiring increasing ratios of teaching staff between 2014 and 2019 to increase the number of degree qualified teachers in the system so that all groups in ECEC are led by a degree qualified teacher by 2019.

Requirement for Certificate III for all children's services staff

Under the proposed regulations, all staff and carers must hold a minimum Certificate III, including those working in Family Day Care and Out of Hours School Care, effective from 2014. The requirement for Certificate III qualified teachers is a welcome improvement to the minimum qualifications required of children's services staff in children's services. The requirement for Certificate III qualifications will promote quality in early childhood education and care by equipping assistants to support the vision of teachers.

All children's services staff should be subject to the requirement for a Certificate III level qualification or above. KPV does not support grandfathering provisions. The mechanism for having competencies in working with children recognised is through recognition of prior learning assessed by a registered training organisation. Formal education can sometimes be an intimidating process for people who have not attended formal training or education for some time, or where literacy or numeracy is in doubtⁱⁱ. Therefore staff should be positively supported to have their prior learning recognised. This should involve a systematic approach that is sufficiently flexible to meet diverse needs, for example in providing one on one onsite

assessment, or offsite assessment if that is preferred. Through RPL, experienced staff may be able to have their experience counted as equivalent to a Certificate III, or as counting toward this qualification.

Staffing ratios and group size

Low staff ratios and smaller group sizes are characteristics of highly effective children's programs. Lower staff-child ratios give staff more time to focus on the needs of individual children and to build partnerships with parents, whose influence remains critical to the best outcomes for children.

KPV welcomes the improvements in staff/child ratios for under children under 3 however the unchanged ratios for 3-5 year old children no longer provide an adequate baseline standard for staffing. Improving staff/child ratios for the 3-5 age will require further investment in service capacity and infrastructure. Improving ratios also presents challenges to early childhood services already struggling to keep fees affordable. Notwithstanding these challenges, there is a need to improve staffing ratios for children aged 3-5 years so that they and their families experience the benefits of improved quality and strong partnering approaches between services, families and communities.

KPV recommends that group size not be a prescribed upper limit of children, but rather be a performance based outcome where the limit is based on demonstrating that the health, safety, wellbeing, development and learning of each child in a group can be met.

Minimum age of staff members

KPV supports raising the minimum age of staff members in licensed children's services from 16 to 18.

Educational programming

The program or curriculum is a critical component of quality in a children's service. As such, KPV commends the reform process for regulations for shifting the requirement for appropriate educational programming from a regulatory to a statutory requirement. The broad guiding principles contained in s10 of the *Children's Services Act 2008* build on and improve the earlier version contained in the *Children's Services Regulations 1998* by placing greater emphasis on the provision of educational programs that meet the needs of individual children and that enhance their development.

KPV's April 2007 submission on the regulations noted the importance of a curriculum framework that would underpin the rich diversity of individual theories and philosophies of early childhood learning and teaching and to support centres in complying with the Act's requirement to provide an appropriate early childhood education program. It is pleasing to see this work currently being carried out at both Commonwealth and in Victoria.

Health, safety and welfare

First aid training

In the past KPV has advocated for all staff and carers having first aid training, including CPR training. KPV is supportive of the new explicit requirement in the draft regulations for all staff to have this training.

Staff health

KPV does not support the requirement for a proprietor of a children's service to ensure that no staff member or carers health adversely affects their ability to care for children. This requirement imposes a difficult and potentially adversarial role for proprietors in assessing the health of employees.

Provision of water and food

KPV welcomes the proposed regulation requiring beverages and food be offered to children regularly and frequently. Where services provide food, ensuring this food is nutritious and meets children's growth, cultural and developmental needs is also appropriate as is the requirement that children have access to fresh drinking water at all times.

Licensing provisions

The proposed licence types better meet the needs of services and will reduce the regulatory burden. The integrated service licence, which will deal with services operating two or more children's services, should enhance the ability of organisations to increasingly deliver integrated children's services and reduce the regulatory burden for those services already delivering integrated services.

Record keeping

KPV supports the proposed record keeping regulations. Good record keeping supports effective processes and accountability. KPV agrees that the regulations should only stipulate record keeping that is essential to ensure children's health, safety, development, learning and wellbeing. This includes both the records the service and a corresponding requirement that the regulator will collect and analyse required records for a useful purpose including feedback to the field.

However, children's services should not be required to record the birth date of children on the attendance record. The benefit of recording birthdates in this way is unclear, and undermines the privacy of families.

The staff record should include details of the staff members' first aid training.

ⁱ Sylva, K., Melhuish, E., Sammons, P., Siraj-Blatchford, I. & Taggart, B. (2004) *The Effective Provision of Preschool Education (EPPE) Project: Final Report* p. iv

ⁱⁱ Parliament of Victoria, Education and Training Committee (2009) *Inquiry into Effective Strategies for Teacher Professional Learning* p. 148