

Productivity Commissions Inquiry into Child Care and Early Learning Issues

Paper

Government Involvement in childcare and early learning

There are a range of roles which all levels of government can play in ECEC. It is important that this critical area has a bipartisan approach across all tiers of government to ensure it remains on the local, state and national agenda.

Local government has a role in delivery and advocacy for the local community for services and in the planning for ECEC service provision.

The State government must ensure that the role of ECEC is given the same priority and support as other levels of education. They play a critical role in the provision of facilities to deliver childcare and OSHC, this must be part of the education agenda and not a tenant arrangement where services are established on school sites. To date this has been moderately successful in Tasmania however primary education will always be the priority, to the exclusion of ECEC, including OSHC until a policy shift is made to recognise the importance of education from birth and the value of ECEC services.

The Commonwealth must fund the delivery of ECEC appropriately and provide capital funding for the development of new services in areas where there is demand and upgrades to existing services. The Commonwealth funds services where there are sustainability issues however all other funding is to families – a funding model the same as the public school system should apply to education from birth.

Additionally the Commonwealth should regulate the allocation of places to ensure a sustainable sector.

Over the next decade universal access to quality care and education from birth should be a priority– this can be achieved through appropriate funding, targeted access and recognition of the importance of the early years. A minimum of funded places for every child to access ECEC as applies to kindergartens, universal access.

International models of ECEC

The 'Sure Start' model is similar to the Child and Family Centres in Tasmania, which seem to be delivering on outcomes for disadvantaged children. There should be investment in existing services to deliver a range of programs rather than creating new facilities, this will improve sustainability and be more efficient than implementing another service stream. Diversifying the program delivered in services which are recognised in the community and have a core of families is a more holistic approach.

Demand for and expectations of childcare and early learning services

There has been an increase in part-time care due to the increased number of employees, particularly women, working part-time. Additionally there has been an increase in shift work or roster work. Work patterns seem to be less predictable or fixed.

There has been a significant impact on utilisation due to increased unemployment in this region and affordability of care. Families reducing ECEC due to reduced income.

Additionally there has been a significant impact on services through the development of state funded programs in schools. These programs have attracted families away from ECEC services as they are free and promoted as providing a specialised education program. The impact has been wide spread and has reduced the number of children, particularly those over 3, from attending ECEC services.

Also the introduction of 3 day kindergarten has drawn children away from ECEC services into schools and this is placing demand on OSHC to cater for very young children and reducing demand for mainstream services.

Children's development needs

Children learn from birth so the notion that early childhood prepares children for school is not correct. Given what is known about children's development and the importance of the early years, education begins with families and community and ECEC services and then formal school – schools need to be better prepared for children. Setting the foundation of learning occurs prior to formal schooling so the investment needs to focus more on universal access to quality ECEC.

Extending the school day may impact negatively on children's learning depending of the structure of the day. Ideally after school programs operate from school sites and provide an easy transition from the structured school day to the recreation and leisure of the after school program. Unfortunately schools that have programs onsite do not always value the programs and view them as a means of revenue raising rather than a holistic approach to meeting the needs of children and families. Changes to the length of the school day would impact negatively on the viability of both before and after school care. Most before and after school programs operate for longer than an extended school day so children would potentially be at school for longer, then before and after school care for a short period. This would impact on the sustainability of the before and after school programs but also may encourage families to opt for informal arrangements for the 'shorter period' or allow children to go home alone.

For working families having services based at one location is ideal. Also for children it is more ideal not to have to be transported or catch buses to other venues , being based on the school site makes transition from or to school much easier.

Impacts on workforce participation

The relative importance of accessibility, flexibility, affordability and quality of ECEC in influencing decisions of parents as to whether they work or remain at home to care for children depends on the area where the services are – if there is high utilisation then access is critical, for most families affordability is critical and if families can get a place in a service and can afford the fee then the quality of the care is paramount.

Where families are accessing ECEC because of work commitments the decision to work will be determined by the net return after paying for care. The net return is both financial and the impact

on the child and family, these factors all influence the decision to work. Families often ask – ‘will we be better off once we pay for care and will it be worth the effort for our family’.

In terms of ‘trade-offs’ again this depends on each family however families measure quality differently to regulators. Families are more interested in relationships, and if their child is happy than policies and systems. Families often choose care that is closer to where they work if working and closer to home if not. Most services offer very similar hours and flexibility so that wouldn’t be a big determinate here.

Availability of childcare and early learning services

In this region of Tasmania there has been a decline in demand for the last 3 years. The decline is due to rising unemployment, state government programs for children under 4 and the cost of ECEC.

Surveying families has found that by far the greatest determinate of which ECEC a family chooses is ‘word of mouth’ most families rely on the community reputation to determine which ECEC service they will access. Families often advise that they ring a number of services to ask about vacancies.

There needs to be greater planning around where services are established. In a shrinking market services are underutilised and have competitors entering an already serviced market.

In the past there have been some arrangements made with employers in this region for sponsored places. This was an arrangement between the hospital and a service in close proximity. The hospital required access to care at short notice for doctors on call. This arrangement was beneficial to both the hospital in recruiting to the area and also for the service.

Flexibility of childcare and early learning services

Although there is declining demand there is also a shift in the composition of children accessing ECEC. There is demand for ECEC for children under 3 however the over 3 year age group has declined. This is due to the factors already highlighted. This is impacting on the sustainability of services as the cost to deliver ECEC for under 3’s is significantly higher than for over 3’s. Generally speaking services charge the same for both age groups and with a balance between the over and under 3’s this allowed services to remain viable.

It is importance to ensure that new provider models are implemented in existing services to maintain sustainability and reduce duplication of service.

There has been an increase in the demand on ECEC services to meet the needs of children with additional needs including those who are disadvantaged. The support provided through Inclusion support is valuable but limited and only goes part of the way to address the critical issues of child to staff ratios and specialised training and expertise. Inclusion support covers a maximum of 5 hours per day and this can leave critical times when there is no additional support.

The limited contribution to the cost of additional staff is insufficient to support children with additional needs appropriately. The additional need can require specialised support, knowledge and expertise –not all services have access to this and certainly not for the duration of the child’s education and care.

Support, although limited, is available for children with a diagnosed condition however increasingly educators are dealing with children with extreme behavioural issues. These children often have very difficult and complex issues at home and are at great risk of poor outcomes. There are insufficient protocols in place to ensure children are supported holistically, different agencies who can't talk to each other and would never think to include the ECEC service as a key stakeholder in supporting both the family and child. ECEC is often a critical part of supporting a family in crisis. Children can be on a round-a-bout of family, foster and temporary care, with an ECEC service the only stable, consistent element in their care and education – funding to ensure this is maintained is important.

Cost of childcare and early learning services in Australia

Childcare Rebate is available for higher income families along with Childcare benefit. However low income families receive only the CCB component. For a low income family the cost of ECEC even with 100% CCB, on the average hourly fee of \$7.10 would be \$3.10 approx per hour. That would be \$31.00 per day for a service open for 10 hours. Given that in LDC services have session or day fees, for families on low incomes this is unaffordable.

Families review the number of sessions their child attends when there is a trigger such as an increase in fees, change in employment or financial change of circumstance.

The cost of ECEC in this region is fairly similar across services however state funded programs have impacted on utilisation, as has three day kindergarten. Additionally kindergartens and other programs are excluded from the requirements of the NQF and yet compete directly with other ECEC programs reliant on parent fees.

Government regulation of childcare and early learning

This organisation delivers a range of ECEC services. The implementation of the NQF has been intensive, due primarily to it being a new system, encompassing two previous processes. In the implementation phase there has been trepidation about what it all means and what the cost may be. In our experience the changes have been good for ECEC and the process not onerous. The strategy adopted to meet the requirement for a teacher has been to identify educational leaders within the service to support through formal training. The cost to train an early childhood teacher will be high and to date there has been very limited funding to assist.

National Quality Framework

There is overwhelming evidence that increase qualification for educators will bring better outcomes for children. Increased staff ratios will also benefit children's outcomes. The implementation of the new ratios is progressing well, however the saving provision for 'averaging' in Tasmanian services should be maintained as it allows increased flexibility for vertical grouping of children and increases viability for small services and transition periods in the day.

Recognition of competencies already leads to formal qualifications. The implementation of higher qualifications should be slowed to make compliance achievable by the sector.

There is an impact of the changes to ratios and qualifications. With changes to ratios and increased qualification requirement it goes without saying the costs are higher, particularly in jurisdictions

where this has not been the case in the past. To meet the additional cost unless government is going to provide an operation subsidy for staffing cost increases, fees from parents is the only source of income to cover this expense.

Initiatives of governments to address workforce shortages and qualifications could include Scholarships to cover ECEC degree qualifications on a national level, not just state by state initiatives.

The cost of the implementation of the NQF is comparative with the previous two systems of regulation. The cost increase is in having changes to the ratios and the requirement to have a ECEC teacher –this is a significant cost in terms of supporting existing staff to achieve this qualification but also the additional wages for this position.

Other workforce issues that affect the attractiveness of ECEC as a vocation include, overall wages, conditions including split shifts, long hours, upgrading of qualifications, legal requirements and public perception that this is a low paid, low skilled sector.

The change to ratios means the composition of rooms has changed, for Tasmania the loss of the ‘averaging’ provision would further compound this and reduce flexibility.

Government support for childcare and early learning

As the core source of funding through CCB and sustainability assistance, government support is critical – without it there would be no sector. Changes to government support and policy can cause an immediate response. For example an increase in the rebateable fee by say 20c would have an immediate benefit to families, changing the hours covered by CCB from 50 to 60 would have an immediate impact. The reliance on government funding to families makes the sector vulnerable to any change in policy. Universal access to 3 days of kindergarten has an impact, funding programs for children under 4 in schools has an impact.

The sector is based in a ‘free market’ environment and yet it is funded and operates like a public system –eg public schools, hospital etc. It should be funded as such.

Can you imagine applying the same principles to school based education?

Government support has an immediate impact on demand. The two systems need to be combined, Child Care Benefit and Child Care Rebate should be one system which is paid directly to services.

In terms of increases in support reducing the out of pocket cost of childcare for parents, the difficulty is that services balance the cost to families with the need to be sustainable this means that regular increases in fees are inevitable as wages rise and the cost to deliver services increases. The increased support keeps services just ahead with regular increases in fees, there is no surplus with which to meet additional expenses so fees will continue to increase.

Options for reform of childcare funding and support

Government support programs could be reformed to better meet government objectives for ECEC by implementing one system of funding, combining CCB and CCR and paying this directly to services. There could be a reduction in the duplication of administrative processes if the two systems became one.

Parents should make a contribution however if you consider ECEC as a public system of education from birth there could be universal access for all children. Children could be eligible for different levels of funding depending on their circumstance but all children could be eligible for a minimum number of hours fully subsidised.

Governments should subsidise childcare the same way they fund other primary education. Creating a public system of ECEC from birth, this would not exclude private or corporate providers as the commonwealth also funds these in the school sector.

‘To what extent should governments subsidise use of childcare and early learning’ This is not a question being asked in relation to school funding so why is it for ECEC.

Child care Benefit should be means tested however the threshold of the applicable hourly rate (3.99) for subsidy does not reflect the cost to provide ECEC. In a baby’s room with a ratio of 1 educator:4 children, this would not cover the educators rate of pay. The current system seems to disadvantage middle and low income earners who through working part time go over the threshold for benefits and get less childcare subsidy or simply cannot afford the minimum fee.

Support could be better targeted at middle and low income families. For families on very low incomes to make it affordable for children to access ECEC and middle income families with work, study or training requirements the high cost of care can be a disincentive for women particularly to enter the casual or part-time workforce.

The sustainability subsidy is important for small services and must remain for regional and remote area to maintain programs. The assistance needs to reflect firstly a minimum level of universal access for all children, secondly the balance for middle income families where the combined family income is still low but the costs associated with returning to work in a low paid position can outweigh the financial or social benefit of working. Support for children with additional needs and disadvantage should go into services to better equip them to support these children.

Other Comments: