

Thoughts on Productivity Commission Inquiry

We are a parent run cooperative childcare provider in Castlemaine, a small town in Central Victoria. We run 2 services: a 60 place long day care centre and a small family day care scheme, with educators in various townships in the area as well as some based in the town.

We have gone through the Assessment and Rating process, being rated at Meeting NQS for FDC (we were in the first cohort to be assessed) and at Exceeding for LDC.

As we have no interest in making money for anyone, we have embraced ACECQA's NQF with enthusiasm, and implemented the changes to ratios ahead of time. We had long felt that there was a need to provide the best possible experience for our next generation of children and had followed research into what provision supported high quality learning for under 5s. Our own experience suggests that the trilogy of good ratios, qualified educators and small group size are crucial to provide the quality care and education sought by all parents.

Key Question responses

1. Government involvement in CC and ECE

Countries that have high investment and commitment to Early Childhood Education as a complement to the need for safe affordable childcare, such as South Korea, Finland and France, tend to be higher up the OECD school achievement list.

I feel that increasing the focus on the need and value of early childhood education will produce benefits to individual children, families, communities and ultimately Australian society into the future. Federal government commitment to this educational investment is the only way that all children in the country will be given a fair and equal chance to access the first rung of the educational ladder. Sadly, this doesn't come cheap, and really comes down to a commitment by government to support quality on a long term bipartisan level.

2. International models

My experience is with UK and NZ educators and services, and by family experience with the nightmare that is US provision. The UK used to have a poor quality unregulated system, that was a patchwork of private provision that ranged from excellent (often nursery schools attached to primary schools) to abysmal (childminders with no monitoring, little better than baby farms) The system was minimally subsidised, and parents on low income struggled to afford quality care. Education was only for preschool year, not required and not regulated - so patchy in quality. In the early 2000s after some trials, OFSTED took over and introduced the Early Years framework, with assessment and monitoring. It has been costly and governments have tried to reduce their commitment especially after the GFC. Parents and educators at all levels have felt that there have been benefits particularly for vulnerable groups. In NZ, there has been a government commitment and strong support for quality EC education, with the needs, rights and cultural input from the Maori community being a strong driver: the TeWhariki process have been of huge influence and an inspiration to the EC community world wide. My visits to centres in NZ (Wellington and Palmerston North) provided me with many new ideas and enthusiasm for their approach. On the other hand, my nieces experience in the US, in Utah and Vermont, were disastrous - there was no central information available on provision, FDC was unregulated and generally poor in quality, with large numbers in groups, no programming and little interest in education for pre-schoolers other than what was on TV. Prices were high and even the more prestigious centres had very limited programs and a strong emphasis on "ditto sheets" ie colouring in and rote learning of letters and numbers. There is little subsidy except for the destitute and the ratios and qualification of carers (they're not educators as we would understand it) are very low. Many rich families use nannies, who are convenient but often have no knowledge of child development, and may have little education and even English themselves. Not a model we would want (my niece in fact paid for my daughter to come and nanny for them for a while, as she couldn't find anyone she trusted to care for her 3yo and new baby).

3. Demand for, and expectations of, childcare and ELS

In our small town we have 3 centres, a Family Day Care scheme and an Outside School hours and Vacation program. We run a 60 place LDC and a FDC scheme on a cooperative NFP model and are consistently full. We gained Meeting NQS for FDC and Exceeding NQS for LDC. We are consistently full and have a very good reputation in town, with many parents choosing to wait until a place is available rather than using the other two centres, one of which is an owner run private centre and the other an ex ABC which has just been swallowed up by the new corporate, G8. (this centre is the least popular, and many parents only access it when desperate)

Our families demographic has changed somewhat over the years, and most are now older at commencement of parenthood, nearly all with at least one parent in full time work, mostly not in our local area but commuting to Bendigo or Melbourne, and of a higher socio-economic group than we used to have. We also have a large number of self employed parents, many in the arts or technology areas.

Other areas of increase we have noticed but not locally is the tremendous increase in new FDC schemes in Melbourne, mostly private and ethnically based. Some have been excellent at offering migrant women employment possibilities and some appear to be simply a money-grabbing rort. DEDE do appear to be on to this but the old system relied on people who wouldn't misuse the trust inherent in the system, whereas many new schemes see loopholes and ambiguities as financial opportunities, using childcare funding to increase personal wealth without benefitting their community or the country. This is a problem for us all as it threatens FDC as a childcare model and puts the honourable schemes under suspicion as well.

4. Children's Development Needs

Basically all research from all round the world shows that good quality early childhood education produces good results for a child throughout his or her educational path. Inferior care will at best not support a child and at worst may set them back from gaining benefit from their future education. Full time care is the most perilous and the more hours a child is in out of home care, the more important it is that the care is good. Good care is supported by good working conditions for educators, good educator to child ratios, all educators have qualifications and being supported and encouraged to undertake ongoing PD and small group sizes.

As far as school commencement goes, it seems that there is no advantage to an early start and in fact many commencement classes are using the self motivated play based model to promote good learning skills in young children. Pushing desk based formal learning at an early age doesn't seem to give children an advantage. Though structure and goal based programs seem to be useful in motivating learning and being challenged and allowed to experience mistakes and problems can increase determination to problem solve and encourage resilience in the face of set backs.

More school hours is not the answer if it's more desk time; many schools are trying to set up child structured challenging mixed age programs, where children can make up their own games, try activities that have an element of risk and be left without adult control and interference. In our urban spaces this may be challenging. But improving after school programs and vacation programs, and ensuring that they are affordable and accessible for parents will make work attendance a lot easier. I feel that OSH programs should be assessed on different parameters to preschool programs, especially round programming and staffing.

5. Impacts on Workforce participation

I know of no parents who would say they were choosing poor quality care. None. Obviously parents need care that is not going to cost more than they earn and they don't want to add too many hours to the daily commute, but most parents I know would prioritise quality and their child's happiness and wellbeing above all other considerations. One issue is that many new parents are not entirely sure what they should look for and what they should ask. Obviously centres are going to assure parents that their child will be getting high quality care and attention, and once committed to using a service, parents will do their best to be confident that their child is being well looked after. They can't afford emotionally to think otherwise. So many parents leave centres feeling uneasy, even crying every day, feeling they have no options, especially if they have to pay city rents/mortgages.

6. Availability of childcare and early learning services.

Locally we seem to have enough places for preschool children, and with somewhat more affordable accommodation than the city, mothers can delay returning to work until babies are over a year, when more spaces are available. Few families need full time care, and many parents stagger days and hours to allow a balance of being at home and being in care. Additional needs children do not seem to have any particular issues round access; families in surrounding rural townships would like more local care eg FDC we have tried to recruit more FDC educators in these areas, without much success (with independent fee-setting, we're not sure why, as it would seem to be a good option for employment)

People may not be really happy about what they have got and will strive to get a place in their preferred service, but all local centres are good enough to be acceptable to most parents. Prices have increased but judging by our low number of defaulting payers, most families are managing to pay for the days they need. Outside school hours care and vacation care are an issue, especially in smaller townships.

In our town, most parents know about local services and may have been in them as children. Families needing a place phone, email or call in and new families use our own or the My child websites for information.

In terms of changes in response to demand – we are in the CBD in Castlemaine, and feel that there is no need to increase our provision. We could open another centre but, judging by our waiting list, there isn't really the demand, and we do not want to lose the friendly family feel that comes with being a mid-size centre. We'd like to increase our FDC provision, but have struggled with recruitment (see above) as we have many families that would chose this service preferentially; having to have all educators qualified and rated on the same criteria as LDC has hugely increased the prestige of this form of care and parent confidence in its safety and quality. We used to be able to offer In Home care under our FDC umbrella, but now can't due to the deregulation business brought in by Mal Brough in 2006. This really could be looked at again, especially with the demand for flexibility in care hours and provision.

7. Flexibility

Most of our families seem happy with our hours of operation, especially as we also run FDC. Overnight centre based care has huge issues and many parents have said that it would feel like dumping your child in an orphanage. They worry about the child feeling abandoned. On the other hand many parents are happy to use overnight care with a trusted FDC educator, as that feels like having a sleepover at a relative's house. This is not a logical matter, it seems to be based on attachment and emotion, which should not be discounted.

Live in nannies are an option, but monitoring the quality of care is an issue and from experience, many are exploited by the families to do housework and other non childcare related activities and are often itinerant students, with no knowledge of child development or physical welfare. This is an area that would be very hard to monitor and payment rates are a huge issue as for many au pairs, money is cash in hand and often largely board and lodging. Work hours can be long, and coping with tax and workcover is really going to be costly for families and/or the government. I feel the whole nanny thing is a can of worms, and opening access to funding may result in a whole heap of unintended consequences. However, see In Home Care under FDC thoughts above.

8. Services for Additional needs and regional and remote areas

Additional needs children do well in mainstream services, but these services need a less torturous inclusion support system. It is however down to the dollars – we can access funding at below award hourly rate for 5 hours per day to support any level of additional need. Physical needs are easier to manage, but more than one or two children with conditions that involve challenging behaviour becomes very stressful for both children and educators. Children with severe behavioural problems need some other sort of therapeutic care and education with the aim of gradual supported integration into mainstream care. Other vulnerable groups eg young parents, NESB families, children of drug affected parents, need additional support from highly qualified professionals and not just dumped in low quality services.

FDC works really well in rural and remote areas, but monitoring and resourcing over a large area can be an issue and in sparsely populated areas, distance from family to carer, suitable venues and

having enough families to make up a viable income is an issue. In Venue and In Home care can be good solution in rural and remote areas and have worked well eg in Corangamite in Victoria.

9. **Cost.**

Always and forever an issue. No country has really solved this matter, and in part it depends on how Early Years education and Care is perceived by government and to a lesser extent, by the community. Many non-parents see no need to pay for any of it “if they chose to have children, they should look after them themselves or if they are selfish and want flat screen TVs, they should pay for childcare themselves” This is a very limited view held by a surprising number of people (mostly middle aged men with saintly mothers)

However, given that we see real educational benefits in providing quality EC provision, as well as getting women back into the workforce, cost is an issue. Quality costs, and is worth pursuing – competition really is largely irrelevant, suitable for casinos, shoe shops and petrol stations but not for children’s welfare and experience. Private centres on average charge more than the Not for Profit as they aim to offer 25% return on investment (see promos for G8 and Affinity)

Bulking up numbers of children doesn’t make them cheaper and the main cost in childcare is staffing; paying very low wages has resulted in a revolving door as otherwise keen and dedicated educators are forced to leave the profession (especially men) The government has supported educators in getting degrees to provide preschool teachers, but as the qualification allows them to teach in schools, many leave as soon as they can for better conditions and wages. Cutting the much discussed red tape won’t save money, unless you return to allowing centres to have unqualified 16 year olds looking after 5 babies, which is no-one’s idea of quality.

Providers seem to have no problem in pricing in response to demand and their perception of the local demographics’ wealth level – care in Toorak is a lot dearer than in Sunshine for instance. Many private centres have priced themselves out of doing infant care – reducing the ratios won’t help the babies. All children deserve a quality supportive and inspiring learning environment and the improvements of the last decade has meant many more children are getting this. But it’s not cheap and government support is always going to be needed – it’s important that the money invested goes to improving educational access and not into shareholder’s pockets.

10. **Regulation**

Good services are happy to be regulated. We have been regulated for years and would not have it any other way – look at the US, where in 4 years 45 children died in childcare, and many others suffer the long term effects of poor care and emotional deprivation.

Market self regulation is not to be relied on – we know that many services will offer the minimum and cheapest service they can get away with. It should not be up to parents to have to hope that their provider is compliant with best practice guidelines, and where choices are limited, many services have acted in a tardy manner in implementing the changes to ratios and qualifications, and have spread anxiety about massive fee increases.

Given that there is an acceptance of the need for regulation, I feel that the current system is the minimum that would be effective. Obviously in the first round of any new system, costs eg for training, time taken in visits, benchmarking and making sure that the system is robust and consistent will cost more, but it would be foolish and ultimately more expensive and confusing to tinker with (or change entirely) the present set up. However, the industry needs to feel able to criticise and offer improvements to the process without this being used as political/media ammunition.

11. **NQF**

Effects on fees of changes

- Feedback from educators and parents, as well as personal observation and many years of experience indicate that there is total agreement that these changes have had a beneficial effect on LDC and especially FDC – less obvious in outside school hours care. It is unfortunate that group sizes were not limited as well as at present you can have a group of over 3s with 2 educators and it is very stressful, and parents are horrified to hear that this is legal.

- All NFP services that I know have had a gradual process of increasing ratios since the late 2000s, and most of them were above ratio to start with. The old ABCs have struggled to build reputation and Goodstart seem to have worked at improving ratios and staff morale which in turn may be restoring confidence in parents, resulting in increased utilisation rather than being the option of last resort. Private/corporates seem to have hanging on to the last minute to implement changes, presumably to maximise profit, and now want to delay the implementation, for as long as they can, or forever.
- Competencies are fine and if you have them you will have no problem gaining at least Cert III. The investment in training by the government has removed the barrier (or excuse) of cost, and good centres and FDC schemes have supported and encouraged experienced educators to get their certificates. We see a huge boost in self confidence, understanding and commitment in our educators and parent and community respect (again, especially with FDC) has increased immensely. Of course, you do have to pay the educators more....
- Well of course it costs more than employing 15 year olds or unqualified staff and sticking to minimum ratio maximises profit, but quality goes out the window. Careful planning, excellent presentation and not wasting items results in high utilisation, low turnover of children and educators, saving on recruitment and orientation costs, low accident and stress leave incidence. It depends on what you value.
- Obviously fees are based on staffing and all other expenses. Fees are where we get our money (CCB being technically a payment to parents), so, since we do not get any direct government subsidy, any increase in any cost has to be passed onto parents. This is true of NFP and for profit centres. Where transparency is needed is when For Profit services increase fees more than cost increases warrant, and blame the increase on staff costs. Some private FDC educators have treated the system as a cash cow, and exploited especially families on JFA or GCCB.

Effectiveness of government initiatives

- Subsidising fees for recognised qualifications has resulted in a huge uptake and interest in training at all levels, which has been effective and I believe cost efficient in improving quality. The expectation in the incoming workforce is that qualifications are part of working in childcare in any service.
- Workforce shortages have a number of causes – mostly around pay and conditions. Educating and caring for small people while rewarding is intrinsically relentlessly hard work, and can be stressful when children are miserable/ all need attention at once/ don't have enough to do/ have behaviour issues. Having support, skills, good ratios, recognition and a pay level that is commensurate with the professionalism of the educators. Otherwise, they leave – degree qualifieds to teach in school where the pay is much better, their role is recognised and hours mean that they do not have to take too much work home with them. Diploma and Cert qualifieds just drift off into a range of other better paid options in retail or manufacturing. Thus, training money is wasted and there is still a shortage of educators.
- Centres where educators are respected and given the opportunity for ongoing PD, such as conferences, Bastow courses and advanced training/discussion sessions tend to keep staff and gain better ratings over all the areas in the NQS. Where staff are disaffected, it would be hard to get a good rating. Giving services discretionary but accountable money for targeted training would be both encouraging and effective; country areas may need money to spend on IT for eg webinar provision, as really there isn't much offered outside the metro area. ECA are also worth funding, as they have produced a wide range of excellent resources eg newsletters, books and magazines, vignettes, forums and social networking which have suited a whole range of learning styles and allow exchange of ideas, not just instruction.
- As for attractiveness, it really is down to having skills and dedication recognised, being treated as professionals and not ignorant skivvies, and having pay and conditions that make going to work a positive and not something to be dreaded.
- As far as interpretation and subjectivity of requirements, this is an issue and will take a lot of analysis of data and matching of results. We have observed and heard of some regulatory staff who seem to rate higher overall, some who don't accept a service's

method of eg recording parent input; one of the main areas of contention is the difficulty of knowing that the regulatory officer has actually seen everything they need to – we had to appeal a rating that we felt did not represent our performance.

- My Child is fine if a little boring. It's not always up to date and vacancies can be misleading especially in FDC. Contact details and maps seem to be useful. Displaying ratings may help parents decide whether to use a centre or not, or whether to wait for a place in a higher rated facility.

Impact of NQF

- Should ECEC be for profit, or should it move to a system of accountability more like private school education. The notion of profiting from parents need for care for their precious children makes many people uneasy, especially after the ABC debacle. They know that profit comes first and quality is only provided to stop losing customers. Amalgamation does not increase profitability but does make careless practice easy as there are fewer face to face encounter and staff are easier to manage at a distance – staff may also underperform when managed by faceless bureaucrats.
- Fees and compliance – hard to quantify, but a well organised and properly run service will have compliance to all requirements and depts. down pat – it's what systems are based on. For educators, knowledge of regulations is constantly expected and reinforced, enough time is given for planning and a cycle of financial processes is in place. You wouldn't cope otherwise.
- Some services find babies too dear. If they think that, they probably shouldn't be caring for this most vulnerable group.
- We now have one fewer regulatory body to deal with; it hasn't really made much difference. As above – if you have decent systems it works. Some areas are difficult like ISS and Victoria's KIM kinder program, but that's just the programs – the areas need to be regulated but the computer systems and documentary evidence could be streamlined to save time (systems that don't crash would be good, and being able to contact Centrelink with less than a 2 hour wait would be good) we only work in Victoria, so across jurisdiction stuff isn't a problem – though NQF should deal with many issues once all the exemptions are got rid of.

12. Government Support for CC and EC

- Without subsidy, there would not be childcare as we know it – either women would be out of the workforce (not men so much) or backyard unregulated care would return, which had a particularly deleterious effect on poorer families. Grandparents are much less available than the used to be, and house prices are so high that most families need to have 2 working parents to pay rent or mortgage. The current CCB/CCR set up is a bit of a hotch potch but overall Childcare is as affordable as it has ever been.
- Level for parents is OK, but we need to focus on universal availability of EC education – more funding for services who can clearly demonstrate a commitment to and show measureable outcomes from educational programs could be a way to ensure all our small children become competent learners and able to benefit from their years of school education. Propensity to become able learners starts from birth and is supported by a long lasting liaison between parents and educators – especially for vulnerable families
- Getting CCB/CCR set up is a pain and parents dread it. This is due to the hours you wait on the phone and the need to know what you are entitled to (especially with JFA) Once it's set up it works well.
- Services can tell parents what their actual out of pocket expenses will be quite easily.
- Having government support means childcare is affordable. PPL is not really an issue round here as most people seem to manage to take at least 9 months off. Maybe PPL might induce someone to chose to have a baby rather than not, but given how much children cost, it's a drop in the ocean and being a parent isn't a financially based decision.
- Increases have helped families and also allowed centres to increase ratios and wages (or profits if you're that way inclined)

Service issues:

- Not so much confusing as sometimes irritating. You do have to employ a reasonably competent director/admin person, so that could be a cost. It's down to having systems in place as each agency has its own quirks and with experience and practice you get better at it.
- SCCB is difficult to access and not very kind. JFA is hard, but more for parents. ISS can be annoying in its inflexibility of process. CCB/CCR are generally OK, once set up. We have been dealing with all of these for years, and so understand and can explain them to parents. CCB/CCR we can't do much about so we just encourage parents to keep trying till they sort things out.
- They're all warranted, all have their issues, most are better than they used to be, now mostly online (disaster if computers go down!) the main issue is that we have a system that kept having bits added and taken away and it now has a rather ramshackle appearance and would be a nightmare for anyone just coming into the business. Well designed? Not one.

13 options for reform

- First I guess you need to figure out what the government objectives are. Three possible perspectives are
 - Education of young children as first step on the education ladder that goes through to tertiary level – childcare as future investment
 - Childcare as an acceptable place to leave your child as especially mothers get back into the economy as producers and consumers – children as a work expense.
 - Childcare as an economic investment – childcare as a money spinner.
 - Childcare as welfare – chance to change children's future – childcare as needing social subsidy.I'd like to see a focus on the first option with a move to seeing ECE as a vital investment in the country's future, delivered by professionals who are paid at a professional rate and not at the level of unskilled labour.
- A model more like private schools would be better, with all accredited services paid an operational amount that ensured good service. Every cent would have to be accountable, and sadly, it may not be possible with the current for profit money making model. Parents would still be able to be charged at a reasonable rate and working parents given more subsidised hours.
- PPL is a short term furphy, especially in its latest form. Parents that I speak to realise that a baby is for life, not just 6 months and that the costs go on and up over the years. FTB is another matter but payment can't wait till tax time for childcare – centres need paying weekly and money has to be available on a similar timescale
- It's really not that hard to access at the moment (more phonelines to Centrelink would help) and even our less educated families seem to manage.
- Approved/ registered – yes, registered care is of hugely variable quality. I'd get rid of it altogether.
- Money should not be paid directly to parents – it's hard enough getting some people to pay their bills, and if they got money in their account it might not come to us at all.
- Direct funding needs 100% accountability and transparency. Not that hard. Would need to be consistently compliant and meeting NQS.
- Our present eligibility is really not too bad. JFA is a bit of a mess and could be more supportive of part time students (eg give a bucket of hours to be used over a course, rather than offering up to 50 hours on a short term) I feel that abuse of the system is less than it used to be by parents and some services. I feel that the private FDC schemes need a lot of monitoring and should be required to meet much higher criteria before being allowed to operate.
- Tax deductible – on top of or instead of current setup? Parents can't wait till tax time if not rich.
- Some FDC schemes are a bit shonky, with carers swapping children and claiming for teenagers etc,
- Direction of CCB/R – could be tweaked eg income capping for CCR, but really it seems to work for most parents.
- Additional needs – 5 hours payment/day at under award rate for a severely needy child is a pain for providers and a disincentive to take on more challenging children, as it's hard to get extra workers to cover the periods when they're most needed ie beginning and end of the day. The process is

cumbersome and inflexible (eg we have an achondroplastic child –this is a lifelong condition – but keep having to get up to date diagnosis) it takes a long time and is often rejected because you've used the wrong language – you need to show how the room won't work rather than what the child needs. It's weird and annoying. SCCB can also be very unkind and hard to get – eg if a family with a sick parent doesn't apply for SCCB immediately (due perhaps to not knowing, being traumatised, not realising how much being ill costs) they are liable to be knocked back when asking for a second lot of SCCB – the first lot is discretionary by the service, which I feel is open to abuse.

- No nannies, unless really well regulated – cost will blow out and you'll be subsidising housemaids. FDC in-home care model could/should be considered, but in my experience it's really hard to go and assess family homes and even harder to impose conditions like no non-child related housework and to ensure an educational program. Dogs, sheds, tidiness and fences are an issue too. Hours allowed are a problem as many nannies end up being babysitters. They should have to meet NQS just like any other service.
- Employer provided childcare has been promoted for around 25 years now and it never really takes off as most small companies don't employ enough parents of pre-schoolers consistently and most big companies don't want the hassle of regulations, employment of educators, training etc – even unis and TAFEs are dumping their childcare provision round our way.
- Obviously there's scope, but you need to stop successive governments fiddling with the system and indulging in state/federal bickering and buck passing.

Overall I'd like to see an early education arrangement that has at its heart the wellbeing and education of all of our smallest citizens. The world is a mess, and not getting better – these children are our last good hope for a more liveable future.