



Early Childhood Management Services

A VISION FOR EVERY CHILD, FAMILY AND COMMUNITY

Submission to the Productivity Commission
Inquiry into Childcare and Early Childhood Learning

EARLY CHILDHOOD MANAGEMENT SERVICES

ECMS is a not-for-profit community enterprise providing quality early childhood education and care for children, families and communities across Melbourne. Our services touch the lives of approximately 6,000 children and families each week. We provide educational programs to three and four-year-old children and their families in kindergarten and related settings, as well as a suite of community-based long day care centres providing quality care and education to children aged 0-6 years. ECMS also offers Family Day Care, providing in-home care and education. All of our services are provided in partnership with families, parent committees, local government, business, schools and other community-based organisations.

PO Box 182 Northcote VIC 3070

www.ecms.org.au

Images: gregw, woodleywonderworks (Flickr)



Early Childhood Management Services

A VISION FOR EVERY CHILD, FAMILY AND COMMUNITY

Submission to the Productivity Commission
Inquiry into Childcare and Early Childhood Learning

February 2014

CONTENTS

PREFACE.....	7
EXECUTIVE SUMMARY	9
1. Investing in the Early Years	9
2. Service Quality	10
3. Service Model Flexibility	10
4. Investing in the ECEC Workforce	11
1. INVESTING IN THE EARLY YEARS.....	12
1.1 Supporting Participation	14
1.2 Reforming Childcare Payments.....	15
1.3 Investing in Innovation	15
2. SERVICE QUALITY	18
2.1 Access and Participation.....	19
3. SERVICE MODEL FLEXIBILITY	22
3.1 Family Choice.....	22
3.2 Services Where They Are Needed.....	23
3.3 Integrating Services	24
3.4 Delivery of New Service Models	26
3.5 Supporting Families with Additional Needs	26
3.6 Social Capital Building	26
4. INVESTING IN THE ECEC WORKFORCE	29
4.1 Wage Review	29
4.2 Supply of Skilled Workforce.....	30
APPENDIX: PARENT SURVEY RESULTS.....	32
APPENDIX: ECMS BOARD MEMBERS	39
BIBLIOGRAPHY.....	40

GLOSSARY

ECMS provides educational programs to children and families in a variety of settings including long day care, kindergarten, integrated hubs, family day care and 3+ activity groups.

Long Day Care Childcare centres provide regular full-time or part-time childcare in places especially built or adapted for childcare. Childcare centres usually cater for children aged from birth to five years. Centre-based care is also known as 'long day care', as the centres are often open from early morning until early evening. Typical operating hours for childcare centres are 7.00 am to 6.30 pm on weekdays, although some centres may open longer each day, and Centres are open at least 48 weeks of the year.

Funding source: Federal Government

Kindergarten Kindergartens generally operate from buildings owned by local Governments or State Government. Kindergarten's generally offer programs for children in two age groups – 3-4 years (unfunded, parent pays full fee) for between 2-10 hours per week) and 4-5 years (State funded with part parent payment, except for families eligible for funding relief i.e. families on a Health Care Card) All 4 year old programs run by ECMS run for a minimum of 15 hours per week, usually over 2-3 days per week.

Funding source: State Government

Family Day Care (FDC) Quality home-based childcare offered in the homes of registered carers. Up to seven children are cared for in an educator's home by an educator who possesses a minimum Certificate III qualification. Some FDC educators operate 24 hours each day, whilst others set hours depending on the educator's own family needs.

Funding source: Federal Government

Integrated Hubs Integrated children's centres are service centres, or hubs, in which a range of programs such as childcare, playgroups, kindergarten and maternal and child health services are provided side by side. The aim of integrated services is to make access to services simpler for children and families and to improve coordination. ECMS manages integrated hubs in the municipalities of Maribyrnong, Hobsons Bay and Wyndham in Melbourne's west. In some LGAs, kindergarten programs are offered on school sites. These also deliver parenting support and work in partnership with the schools to provide a smooth transition for families in the local community.

3+ Activity Groups 3+ Activity Groups are for children ages 3-4 years and operate from community facilities within the City of Wyndham in Melbourne's west. They arose from a growing need to provide an early childhood education and care program to a cluster of children that were unable to access other early childhood programs because of the lack of availability of places in four year old kindergarten. Programs are delivered from facilities compliant with legislative requirements and are user-pays programs. Each session is delivered by two qualified educators with up to 25 children per session and runs for three hours in a morning or afternoon.

QUICK FACTS

ECMS is the largest Victorian provider of not-for-profit early childhood education and care.

6,129

children accessing
ECMS early childhood services

235

children enrolled in
3+ Activity Groups

4,245

children enrolled in
kindergarten programs

485

educators in full-time,
part-time and casual roles

1,001

children enrolled in
long day care services

93%

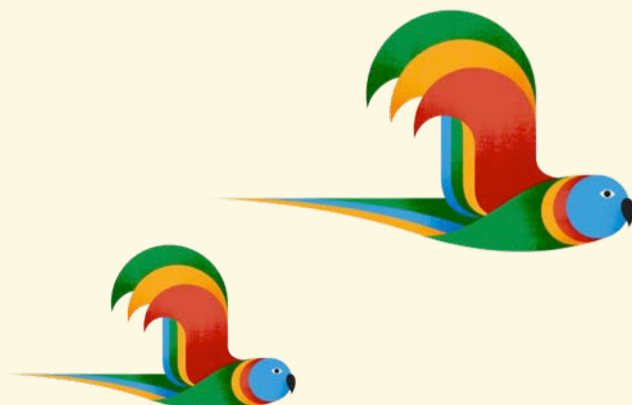
of services assessed as
meeting or exceeding
National Quality Standards

648

children enrolled in
Family Day Care

98%

of parents would recommend their
ECMS service to other families



PREFACE

About Us

ECMS is a not-for-profit community enterprise providing quality early childhood education and care (ECEC) for children, families and communities across Victoria. Our services touch the lives of approximately 6,000 children and families in many varied and diverse communities across Victoria. All of our services are provided in partnership with families, parent committees, government, business, schools and other community-based organisations.

As a large service provider with a mission and a vision that is centred on building human and social capital, and realising potential for children and families, ECMS brings to this submission a wealth of service wisdom as well as the knowledge gained from working alongside over 10,000 parents each day.

Leadership

ECMS works with multiple local government agencies and State Government in planning services for the future and optimising access to early learning for children and families. Our experience in delivering high quality services and establishing new services spans a range of different delivery models including community-based, CBD located, work-based services and integrated service hubs. Our experience in this sector across a range of education and care platforms informs our view that important reforms to planning and funding can produce a more responsive service system delivering efficient and productive economic and social outcomes.

Inclusion

ECMS seeks to develop services that are family-centred and are inclusive of all children and all families. As a large service provider ECMS leverages partnerships with early intervention and other family services to support the needs of children and families with additional and complex needs. We welcome and embrace research partnerships and programs that are designed to understand and promote good practices to address disadvantage. Our involvement in the Cradle to Kinder (C2K) program is an example

of good return on community investment. C2K is an inter-agency partnership program designed to support vulnerable young women aged 18- 25 to raise young children from pre-birth until school age. The program supports families to parent well, to find safe and secure housing and to enable and support them to find work. ECMS' role in this multi-agency program is offering priority and specialised access for the children of women participating in C2K. Our experience in these programs informs our view that 'joined up' service delivery offers measurable results for vulnerable and disadvantaged families and communities.

Quality and Responsiveness

ECMS has taken a lead role in the rollout of the National Quality Framework (NQF) in Victoria. We provide a specialist team of early childhood education advisors who work directly with individual services and educators to drive quality initiatives and improvements. Our philosophy is to build capacity at the local level, to build the local educator skill base to adapt to new standards and to embrace higher standards of excellence in the care and education of our children. Consistent with our principles of family engagement we also seek quality feedback through formal and informal family engagement. Many of our services have parent and family advisory groups and we use these channels to engage in a dialogue about the NQF and what this means for us as a provider and how it affects families and children. As our parent survey results reveal, the quality of the service is a very important consumer criterion.

People and Team

ECMS employs over 485 educators and because of this scale we are able to deliver a professional development program to equip and support staff to deliver high quality services. Our experience as an employer informs our view that our investment in workforce skills development produces a clear return in child and family outcomes.

Resources and Sustainability

It is our strongly held view that efficiency and equity are inextricably linked. Our efficient and economically sustainable model is the foundation of an affordable and reliable service. **We believe that efficiency in service delivery is an equity and access issue.**

ECMS delivers a sustainable economic model. It is highly mindful of the costs of provision and that quality reforms come at a cost – a cost that Government, parents and service providers must share. Our philosophy is to manage our utilisation rates, to focus on efficiency and responsible rates of return. Our publicly available accounts indicate that we can operate a not for profit entity that delivers a very sound bottom line and as a result we are able to deliver a stable, quality and sustainable service offering and invest for the future. Smaller providers can be highly vulnerable to changes in usage rates and enrolment numbers. As a large provider we are able to smooth the utilisation cycle of over- and under-enrolment across our services. We are able to take a longer-term view of the viability of each individual service and work at the local level to improve utilisation rates and manage cost.

Social and Economic Benefits

Parents seek early childhood services for a diverse range of personal reasons and family circumstances. Our recent survey conducted to gather intelligence for this submission, shows that the key drivers for parents using our ECEC services include the development of social skills, early learning and education for children and to enable formal study and workforce participation.

Survey results indicate that parents clearly choose a service based on factors of convenience and price, but of most importance is a sense of trust and confidence in service quality: the knowledge that their child will be safe, secure and encouraged to learn.

Families are acutely aware of the importance of quality standards, the need for government

regulation and the case for professional wages to be paid to educators and carers.

Research clearly shows that the definitive issues that affect wellbeing and child development are all about the quality of education and care and whether it suits the family: i.e. it meets cultural/learning needs and the family's lifestyle.

For all of us relationships are the medium through which we are able to participate in our community and lead fulfilling lives. Learning to develop positive relationships is core to early learning. Early childhood services at ECMS enable social inclusion and community connectedness through early childhood education models. ECEC also enables early intervention and social support for the whole family, including parents and grandparents.

New, and often long-term, relationships between families flourish when amenities and programs encourage family engagement, interaction and participation. These social supports and networks are important to parent wellbeing, positive parenting and community strengthening.

Research provides evidence that participation in early childhood education programs has beneficial effects on a child's readiness for future learning and their ability to make a successful transition to full-time schooling. This is particularly evident for disadvantaged children. Children who attend quality early childhood education programs show better performance and progress in their early school years.

In this submission to the Productivity Commission we do not cover the role of early learning in childhood development in a comprehensive manner as we expect that submissions from early childhood development research groups and academics will address this evidence in detail. It is important, however, that we state at the outset that ECMS programs are based on the evidence that the early years are a critical period of brain development and that ECEC should be designed to stimulate learning and positive social interaction.

“Families expect early childhood services to be available when and where they are needed at an affordable cost. They have a right to expect quality services and highly skilled professionals who can deliver education that gives their children the very best start in life.”

Jo Murray
Chairperson, Early Childhood Management Services

EXECUTIVE SUMMARY

ECMS is very pleased to have the opportunity to contribute to this review that comes at a time when fundamental reform of the ECEC system is clearly needed. In our view, the time is right to commence a sector and government dialogue about the shape of our sector. Government inquiry and review should take account, not only of what the sector is today, but also how the industry is likely to develop over the coming decades. We should not be making decisions in 2014 that do not anticipate the future.

Recommendations that arise from this Inquiry should not prevent us from achieving a vision of a better future. The following sections are a review of some of the contemporary and key issues that affect our sector now and into the future. Reform is required of services, of systems and of policy. Families, communities, services and government all have an important role to play and together we can achieve the best service outcomes for children, for society and for the Australian economy.

1. Investing in the Early Years

Simplify government assistance and target support to those in most need.

ECMS recognises that participation in quality early childhood education is a universal entitlement for every child that, consistent with other forms of formal education, delivers social and economic benefits to the nation and supports strong and sustainable economic growth.

As a result, every child has the right to be supported to participate through a universal government contribution for the cost of ECEC. All families where parents participate in work, training or study should have access to a base rate of assistance. This assistance is tied to participation in registered and accredited learning and care where quality standards are guaranteed.

Over and above the base rate, low-income families should receive a higher means-tested rate of assistance to facilitate workforce participation and support the use of ECEC for

early learning and development. The most vulnerable and disadvantaged should receive the highest rate of assistance to encourage use of early learning and development programs. For vulnerable families, this funding component should not be contingent upon workforce participation or study.

The proposed package of assistance should be simplified into a single payment and, to minimise the impact of affordability, be paid directly to the service provider. As well as ensuring families pay less on a weekly basis, this would also strengthen the financial position of services by guaranteeing income for services provided, and over time reduce administration costs. Over the longer term there is the potential to use the direct payment of Child Care Rebate to service providers as a mechanism for strengthening data collection in areas such as accessibility and workforce mapping. Improved data in these areas could be used by State and Local Governments to inform urban planning.

Encourage Innovation

ECMS believes Government has a role to play in fostering innovation, releasing the shackles of regulatory controls on service design and planning, and leading and supporting service providers to adopt demand (consumer) driven models of education and care.

We can and should explore other modes of delivery that can meet contemporary family needs. However, any new models of delivery (including in-home care) should not be at the expense of quality.

A government investment in innovation necessarily requires an investment in evaluation and research, especially applied research. The sector must also create mechanisms to actively share knowledge and models of successful (and unsuccessful) innovation.

2. Service Quality

Continue with the planned national reform agenda for quality.

ECMS recognises that quality standards are an essential element of a vibrant service system and supports the NQF - quality and safety cannot be compromised and we must continue with the agreed reform agenda. Strengthening the quality of education and care is key to building consumer confidence, improving education outcomes for children and maximising the ROI to government. Government is urged to continue with the scheduled review of the Framework and ECMS looks forward to participating in a dialogue on the continued roll out and improvement to the NQF.

All forms of ECEC should comply with quality standards. Children that are engaged in family day care, long day care, kindergarten, home-based or indeed, a nanny service should all be afforded the benefit of quality services that meet community established standards.

Join-Up Service Systems: Early Intervention and Prevention

There is good evidence that early intervention and prevention programs in the areas of general health care, maternal, child and family health, ECEC, primary schooling, allied health services and family support programs can improve outcomes for children, particularly those with additional needs or those from disadvantaged backgrounds.

Support, at all levels of government, is necessary to create a policy environment that can lead to service integration and to encourage the development of infrastructure that can meet complementary but multiple purposes.

Partnership and collaboration between government agencies, rather than a “silo” approach to policy development is critical. Using the principle of the family at the centre, or indeed the child at the centre, can enable the collaborative effort required to ensure easy service access, early diagnoses of additional needs and provision of additional support and funding where indicated.

Increase Service Participation

ECMS urges Government to support new ways of working in partnership with

communities and services. Rather than governments and services making all decisions about what services are needed, what form they should take and where they should be located, quality outcomes occur when these decisions are shared with the people who will use the services – consumers at the centre of decision-making.

ECMS also seeks support from Government to raise public awareness of the nature and importance of the early years learning. While many policy makers and professionals now understand the importance of the early years, the general public has yet to be universally persuaded that this is an area that warrants family, community and government investment.

Incentives to innovate in the sector must support family and community participation. Trials of new service models or application of existing evidence-based programs should be provided for targeted services for families with additional needs and for the establishment of culturally relevant programs.

3. Service Model Flexibility

Address impediments to dynamic competition necessary to respond to today's consumer.

Despite significant investment in ECEC the mode of service delivery has not changed for over 50 years. Funding arrangements and regulatory controls stifle innovation. We are operating in a supply driven service system where consumer choice is restricted and community assets (physical and human) are underutilised. The kindergarten model, in particular, is too rigid. ECMS supports the introduction of greater service flexibility and options, but this should not come at the cost of quality. Quality of education and care should not be compromised.

Long day care does not meet the needs of all families. It is time to explore other options, which will require new approaches to funding. New Zealand and the UK operate successful early years mentoring and home visiting programs with a mix of salaried professionals and trained volunteers. Family Day Care (FDC) is the quiet achiever of the sector. It provides a substantive and yet sometimes, unrecognised contribution to this sector. The FDC model can be further leveraged to

provide increased support to families with additional needs and it is known that FDC is a model commonly accessed by a number of newly arrived communities. ECMS is keen to explore, with Government, how to build the evidence-base of these programs. We support the development and provision of programs that offer cost-effective, reliable alternatives in early childhood programs and FDC is, in our view, an under recognised and utilised model of service delivery.

Support Investment

Capital investment, both private and public, in early years services and facilities is significant. Buildings and services must be located where families live and work, and new facilities need to be built. ECMS seeks government support in making these important investments.

Support is needed by:

- Minimising the cost of compliance, including the requirement to liaise and meet different reporting guidelines for local, state and federal government agencies
- Investing in a single integrated reporting tool that is able to address reporting requirements for all funders and levels of government
- Reviewing of regulation and reporting that ensures efficiency, less duplicated effort and consistency across the relevant regulatory frameworks
- Partnering with government and the private sector in the design and build of “smart” facilities that enable innovation and co-located or integrated service models to be established
- Strengthening relationships with all tiers of government, ECEC providers, communities and developers.

Regional planning and development, especially in new residential estates, must consider the needs of young families when planning infrastructure, especially service access, transport and co-located service options.

4. Investing in the ECEC Workforce

Deliver professional wages to build vibrant service sector delivering quality outcomes.

ECMS recognises that professional wage rates benchmarked against wages in equivalent roles and sectors, are key to attracting, developing and retaining the workforce for the future. Government funding will be essential if this is to be delivered without affecting access and affordability.

ECMS welcomes the support of Assistant Minister for Education Sussan Ley of the announcement that Australian Skills Quality Authority (ASQA) will review the quality of early childhood courses as its first priority in 2014.

ECMS notes that there is significant variability in curriculum and the assessed competencies of graduates of early childhood courses, whether from registered training organisations, universities or TAFE. ECMS proposes that the announced review includes in its terms of reference recommendations for:

- How courses should be delivered and by whom
- Cross-service consistency of curriculum content and assessment frameworks
- Public awareness campaigns to attract school leavers to a rewarding career in early childhood
- A package of incentives, such as improved subsidies and scholarship programs, to encourage further study in early childhood development.

1. INVESTING IN THE EARLY YEARS

How resources are allocated and to whom payments are made significantly influences supply and demand in the ECEC sector. The services offered and supplied are shaped by current funding models. Indeed, the adoption of innovation is constrained as a result of the current funding framework. Parents are seeking greater flexibility to meet their family and working needs and the level of customisation currently sought by modern families is simply not possible to deliver.

Who should fund ECEC and how funds would be best distributed is very much a values based discussion. But equally it is, and must necessarily be, mindful of economic and market efficiency.

How the system is funded can also drive system changes and if the government has a view, as ECMS does, that greater supply options and choice for parents is needed, there is a role for government to play in providing incentives for new options to be introduced into the market.

There is a clear requirement for a simpler, more easily navigated and progressive system that provides universal support to every child with a base rate of childcare support combined with an additional means tested benefit for greater support to low-income families.

ECMS recognises that participation in quality ECEC is a universal entitlement for every child and, like other forms of formal education, it delivers social and economic benefits to the nation and supports strong and sustainable economic growth.

Child Development:

- Early childhood is an important period in which the foundations for development and learning are established.
- Early intervention programs are effective in reducing disadvantage – closing the gap earlier is an efficient use of resources and leads to better outcomes for children, families and the community.

Families and Social Capital:

- Childcare is often cited as a pre-requisite for one or other parent to return to work or to enter the workforce. Engaging more adults in to the labour force builds the productive output of the Australian economy.
- Families that engage in organised and formal ECEC create social and community connection. This leads to a strengthening of the community to support and learn from each other, further enhancing family and community health and wellbeing.

Government should provide a level of funding for every child because early childhood program participation is proven to enhance a child's readiness for school and ongoing learning. Research shows that participation in kindergarten leads to greater preparedness for schooling. It is therefore reasonable that government funding covers a component of ECEC.



Case Study

WORK-BASED CHILDCARE

Thinking Kids, a work-based childcare and kindergarten centre is a success in achieving skills retention goals of biopharmaceutical company, CSL Limited. CSL management had observed staff struggle with securing childhood places with childcare providers for some time. Research indicated that 63% of staff that took maternity leave in the five years prior to planning the centre were no longer with CSL. This was mainly due to a lack of available quality childcare places. This was a concerning trend for CSL because women are a significant proportion of the workforce. The research indicated that an onsite childcare facility would strengthen return-to-work rates for women taking maternity leave. Of those women who had recently left the company, 86% indicated that they may not have left if there was an onsite childcare centre with the opportunity to salary-sacrifice childcare fees.

CSL constructed their own centre and partnered with ECMS to deliver 114 long day care places, providing priority access to CSL employees. Some places also offered to the wider community. The vision for the centre was quickly realised.

Parents like Claire Rosel returned to work with a greater confidence, knowing she had access to quality education and care for her two daughters. For Claire and her family, the transition to full-time work and childcare has been very smooth. "Queenie and Matilda were here full-time from the first week of opening. We love it. I think the transition has been smooth because I'm not worried or stressed about getting here or being available in the case of an emergency. The girls know that I work next door and I have the opportunity to be here straight after work," she says.

Claire has had many opportunities to be involved in her daughters' early learning experience at the centre and is part of the Thinking Kids Family Gadgerrie, a parent group established to strengthen relationships with families. "I'm involved because I want to help shape what happens at the centre, but also because I want to meet other parents and build up a social network and a network for my children."

Maternity leave retention has improved significantly. The leave return rate now sits at 90%. In 2011, CSL was recognised as one of Australia's most outstanding equal opportunity employers for its innovation and investment in the centre as the cornerstone to its benefits package for working families, receiving the Minister's Award for Outstanding Equal Employment Opportunity Initiative for the Advancement of Women. Interestingly, 33% of users of the centre are male employees, showing that the benefits of readily available childcare flow to all employees, regardless of gender.

CSL's investment was significant however it is already realising a return on that investment in childcare fees and from reduced costs of staff turnover. CSL knows the decision to provide a work-based childcare service is a competitive advantage as an employer of choice and the centre is critical to attracting and retaining talented people and fostering a positive and inclusive workplace.

1.1 Supporting Participation

ECMS believes every child has the right to be supported to participate through a universal government contribution to the cost of early education and care. All families where parents participate in work, training or study should have access to a base rate of assistance. This assistance is tied to participation in registered learning and care where quality standards are guaranteed.

Over and above the base rate, low-income families should receive a higher rate of assistance to facilitate workforce participation and support the use of childcare for early learning and development. The most vulnerable and disadvantaged should receive the highest rate of assistance to encourage them to use ECEC.

ECMS recommends that each child receive a base entitlement for accessing early childhood services – services need to be seen as universal and accessible by all Australian families. Further ECMS is very much of the view that those who can pay should make a contribution. ECMS therefore also recommends a second tier of means tested payment to provide additional subsidy to low income or additional needs families. This is recommended to encourage participation of all families in the workforce and children in early learning opportunities.

An examination of the complexity of childcare payments is not new in the Australian policy review context. The Australian Tax Review referenced the role of childcare in workforce participation and recommended reforms to the payment system. ECMS sees the reforms proposed by the Review as worthy of support and urges Government to rationalise the main childcare payments: Child Care Benefit (CCB) and the Child Care Rebate (CCR)¹ into a single program of childcare funding. Consistent with the Australian Tax Review findings, ECMS seeks this change to a single payment to make childcare assistance simpler and more transparent. As indicated above, low-income families should receive a high rate of assistance to facilitate workforce participation and to support the use of childcare for early learning and development. This means-tested funding component should not be contingent upon workforce participation or study. All families where parents participate in work, training or study should have access to a base rate of assistance.

¹ Child Care Benefit (CCB) (a means-tested per hour rate of assistance payment) and Child Care Rebate (CCR) (which covers 50 per cent of out-of-pocket costs). These two payments combine to provide a total level of assistance that is higher for low-income families and still significant for middle and higher income families.

The Child Care Rebate has a cap on the entitlement that has not been indexed, diminishing the real value of the rebate over time.

“Access to high-quality and affordable childcare can be an important factor in a parent's decision to remain in or return to the workforce. Childcare assistance provides secondary earners and sole parents with material support to participate in the workforce. Assistance with childcare costs recognises that childcare is a cost of employment and thereby reduces the disincentives to participate that are created by the tax and transfer system. Access to quality childcare also plays a role in early childhood development, particularly of children from families experiencing, or at risk of, social exclusion.”

1.2 Reforming Childcare Payments

ECMS seeks system reform to provide childcare payments directly to the provider as nominated by the family. In our view an optimal arrangement is that the parent makes a choice to access a service that meets the family needs and formally advises the funding agency of the selected, accredited provider to receive the monies directly.

Using a Medicare analogy, a consumer does not receive a rebate until they have paid their medical practitioner or they can elect to nominate payment directly to their practitioner. It is suggested that childcare payments would more efficiently flow to the service if a similar model were to be applied across critical social and community services.

ECMS does not favour tax refunds (or exemptions to FBT) as a method of assisting parents. Similar to many other economic commentators, ECMS does not believe that tax refunds are equitable and they do not contribute to investment in the supply of services. Evidence shows tax refunds do not offer good cash flow management for either the parent or the service provider. Tax rebates are regressive and benefit higher income earners.

It is clear that a core benefit to society of a robust early childhood sector is a direct investment in human capital – allowing parents to work, educating children and encouraging development in the critical years.

As a society, our return on this investment is an educated population in which working age adults are gainfully employed and making a contribution to GDP. The community as a whole benefits even those currently who do not have infants or young children. Each Australian adult benefits from a strong ECEC sector.

The method of payment is critical: are services *funded* (supply) or parents *rebated* (demand) or is the sector best served by a combination of funding methods?

One of the significant overhead costs faced by ECMS is the management of fees and debt recovery. While any business must administer and account for debtors, our system is much more complex. Because the system of rebate and payment is complex, our services have

high numbers of families who may (or may not) receive rebates, and balancing invoices and unpaid fees is a large burden. ECMS is heavily reliant upon cash flow from parent fees and when bad debts are incurred there is a considerable cost to cash flow.

The payment of childcare rebates directly to parents often leads to difficult and anomalous circumstances. Parents receive lump sum amounts, often quarterly, and are required to outlay large amounts of childcare fees upfront as this cash is received. The arrangements actually allow for parents to receive funds from government that are specifically for childcare participation, but these parents may not make payment to their childcare provider.

As a large not for profit, largely parent owned entity ECMS is unlikely to stop a child from attending our services; this only occurs in rare circumstances and as a last resort. Parents receive childcare rebates that are not passed on to the service due to their own difficult cash flow situations. Managing domestic budgets for some families is challenging, and provision of lump sum childcare payments to them simply does not work.

1.3 Investing in Innovation

ECMS believes government has a role to play in fostering innovation, releasing the shackles of regulatory controls on service design and planning, and rewarding providers to adopt demand-driven models of education and care. ECMS would be pleased to discuss this further in more detail with the Productivity Commission. We are able to provide information on regulatory controls that either affect our ability to invest, significantly increase the lead times for new investment or add unnecessary cost burdens.

An incentive-based system in which the government is able to offer a competitive pool of development funds for trial of new flexible models would assist in the delivery of greater choice of service models into the market. Such a fund would not only drive innovative and efficient practice but also enable a more competitive market. Such a fund would support trialling ideas such as:

- Broader hours of operation.
- Stronger service integration across health, community and education services.

- Co-location of specialist services in the early childhood environment to increase early intervention rates and improve outcomes for children with additional needs.
- New models of practice for rural and remote communities or for vulnerable communities and families.
- Options to maximise use of currently underused assets



Case Study

CAN I AFFORD TO GO TO WORK?

The Child Care Rebate system is complex. The reality of the current model is that it is far too complex and in some cases does not encourage parents to increase hours of employment because despite increased income their childcare payments surpass the increased income.

This example is based on an ECMS family.

Chandi and Mark now both work full time and have a combined income of \$150,000. Due to their combined income their Child Care Benefit is now zero. They have two children. Mia, who is six, is in Grade 1 at Primary School and also attends before and afterschool care. Dani is four and he attends four-year-old kindergarten, long day care and one day per week family day care.

This family uses a variety of care options including before and after school care, long day care, family day care and a four-year-old kindergarten program. This complex mix of programs has been chosen by Chandi and Mark to provide the best supports for their children, to ensure they are safe and to meet some additional needs for Dani. Each of these forms of care provide different inclusions, exclusions, and availability and it was a very difficult process to decide on the best mix of care when taking into account children's needs, service locations and quality, hours of work for both parents and, of course, price. A Child Care Rebate for all services except kindergarten is paid but the amount of rebate for each is different, complicating the household budgeting calculations. Despite high levels of education and good computer skills and access, Chandi and Mark sought advice from ECMS to help them work through all of the service options and the cost implications.

It is only recently that Mark has returned to fulltime employment. He has worked part time (.5 EFT) for the past two years to help meet Dani's needs. It was not until he returned to full time employment that childcare affordability became an issue. They were financially better off prior to him returning to full time employment despite an increase in household income. When Mark worked part time not only were the costs of childcare lower but also because of a smaller household income they were eligible for some childcare benefits. Their disposable income has therefore decreased. Chandi and Mark are reassessing their full time employment status and are likely to return to part time employment.

2. SERVICE QUALITY

ECMS advocates that all levels of government recommit to the National Partnership Agreement and National Quality Agenda for the sector and maintain the momentum and implementation timeframes for the NQF that have already been agreed. A long-term commitment to the NQF is an important prerequisite for the creation of a stable operating and investment environment for providers.

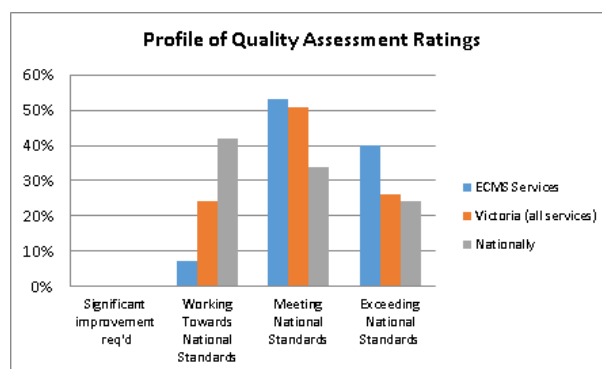
ECMS supports the NQF - quality cannot be compromised and we must continue with this highly valued and planned reform agenda through to 2020. Strengthening the quality of education and care is key to building consumer (parent and family) confidence, as well as improving education and social participation outcomes and maximising return on investment to government.

A critical decision point in choosing an early childhood service is the confidence and trust that the selected service is of high quality, the staff are trusted, well qualified and experienced and children are safe and secure. Families need assurance and formal and transparent assurance measures to enable this confidence and trust in a service provider. Quality accreditation frameworks are a proven tool to support these important decisions.

The NQF drives practice development based on evidence. It supports a competitive market and is a catalyst to accelerate both innovation and efficiencies in business operations. Considerable investment by the ECEC sector and all levels of government has already been made into the NQF.

The Framework is based on sound and extensive evidence about the factors that influence education and care quality and was developed after extensive consultation with the sector. ECMS is committed to maintaining the current timelines for qualifications and ratios in centre-based services and levels of quality identified in the NQF because these

are based on this evidence. ECMS also looks forward to the extension of the NQF applicability to services currently out of scope such as mobile and occasional childcare services. All ECEC services should be required to be NQF compliant. The process is already producing positive results which are evident in increased participation levels and educational outcomes².



A recent ECMS parent survey conducted specifically to gain parent insights and views for this review, (attached as Appendix 1), shows the very high value that consumers place on quality. Quality and particularly the NQF provide parents with confidence that their chosen service provides a level of care and education that meets national community standards that are based on the best available evidence about optimal conditions for the care and education of our children.

In our view, parents cannot embark upon study or employment and leave the care of their children to another party without confidence. The NQF provides that confidence and a framework that all staff and services can work towards, aiming for excellence in service delivery, child and family outcomes and business efficiency.

² Council of Australian Governments. *Education in Australia 2012: Five years of performance. Report to the Council of Australian Governments*. 2012

2.1 Access and Participation

Participation and engagement with early childhood support is not optimal even though the demand for ECEC is high and many services manage waiting lists.

All children benefit from high quality services, but disadvantaged children do so the most. These children are also most harmed by poor quality service and of course, by non-participation.

A number of factors lead families to not engage with early years services.

These include:

- Limited understanding of the importance of early learning opportunities. Whilst researchers, service providers and policy makers understand the critical importance of attachment and early learning opportunities, it is not as well understood by the broader community and needs to be. This can lead to a view that early learning is discretionary and based on cost alone rather than a view that ECEC is an investment in early childhood development and sets children up to realise their potential. There is a role for government in building broader community understanding of the value of ECEC.
- Current service models often do not meet the needs of the family for various reasons including factors such as workforce participation and hours of operations, easy access and transportation.
- Lack of support for children with additional needs. Needs that may not

be catered for can include meeting cultural needs and/or child developmental needs. Families can form a view that services will be unable or unwilling to cater for the individual needs of their child.

- When services do not address the needs of families and when they are delivered in ways that are considered unresponsive or disrespectful, families simply do not use them.
- System complexity and lack of transparency with the different services, costs and rebates and payments.
- Waiting lists deter parents and parents may not be aware of a need to 'shop around' for available spaces in different locations and different time slots.

There is also little incentive for service providers to seek out non-participating families and undertake service promotion and public awareness initiatives when their services have 100% (and more) occupancy.

The ECEC market does not effectively pay attention to families that are not using services. When every place is full there is little incentive to seek out families that do not attend. This is an area of market failure. The government and the community gain benefit from early childhood participation and yet the service providers do not effectively require full community participation. The market is geared to utilisation rates i.e. an optimum number of children for the local service to be sustainable. There is no market incentive to seek additional families unless the service is experiencing a low utilisation rate.

“With increasing participation in preschool, student performance at school may improve in future years. In international tests at Year 4, students who had attended early childhood education performed better in tests of reading, maths and science than students who had not attended.”

A high quality, trusted range of early childhood services that are inclusive and universal should be provided.

ECMS is deliberately leading the increase in the blending of services of childcare and preschool/kindergarten. In our view, the division between the sectors is historical. Child care has traditionally been seen to be more about 'looking after children' and kindergarten was seen to be a 'pre-school learning' function. The dividing line is now less clear particularly now that we offer kindergarten within the long day care setting.

A flexible service blend could create easier service access and a simplified service model that could adapt to meet a range of needs. A blended service could offer a higher level of

customer flexibility. A blended service approach could also be further developed with more partnerships and service integration across specialist health and community services. As discussed elsewhere in this submission, innovative new service partnerships are best supported with Government incentives to create service access improvements, earlier diagnoses and interventions for additional needs and integration of specialist supports such as disability support and speech pathology.

Service providers including ECMS are already starting to adopt integrated service models but we are constrained by different funding sources (local, state and federal government).



Case Study

REALISING POTENTIAL

Liam is playful, energetic and enthusiastic – just as you would expect a four-year-old boy to be. You wouldn't know it to look at him, but Liam's brain is wired slightly differently to the other children in his kindergarten group. At 2 years old, he was diagnosed with autism. Six months later, his mother Sarah, her husband James and elder son Paul moved to Victoria from interstate. Soon after arriving and settling in Melbourne, Sarah noticed that without the therapies he needed, Liam's behaviour was beginning to deteriorate.

With the additional challenge of being on a low household income, Sarah and James struggled to pay the full costs for all the therapies Liam required while also managing the increasing expenses of raising a family.

Initially, Sarah was not going to enrol Liam in unfunded three-year-old kindergarten. After speaking with many other parents and therapists, she realised the potential benefits for Liam to attend three year old kindergarten. "His occupational therapist said to me, 'There is no better social practice for Liam than 3 year old kinder'. We had no trouble enrolling and getting into kinder, it was just paying for it that was difficult because it is an unfunded program. I found the system of funding for additional needs very hard to navigate. Our savings nearly ran dry last year and it was very scary. I approached ECMS to see if there was any way we could get funding for Liam to attend 3 year old kindergarten, because there was no way we could afford the full fees. They jumped onto it and amazingly, we received a grant for full funding."

ECMS worked with Liam's family and the educators at the kindergarten to successfully apply for additional support funding through the Kindergarten Inclusion Program. As a result of Liam's time at ECMS, Sarah has noticed many changes in his development. "He has more focused play, more interest in colouring, he's learning to take turns and he's becoming more interested in playing with his brother Paul. In the past, Liam had no interest in playing with him, but now he is getting reciprocal communication from his brother which is really beautiful to see. Liam and Paul are behaving like brothers now, which is a huge benefit that has happened because of kinder," she explains.

Sarah continues, "As for Liam growing into his full potential, I think that kindergarten is invaluable for that. I've just been overwhelmed by the amount of effort and help that the whole team has given us. He is already better off. I just don't think I can thank them enough."

3. SERVICE MODEL FLEXIBILITY

It is time for a discussion about what the parent wants and needs from the sector. It is time for a stronger and more consumer-driven market. One that will focus on improved service access and quality, business efficiency and a competitive market where families can choose services that best meet their needs.

As families have evolved, work and hours of work have varied, lifestyle choices have broadened and men and women are now focussed on the ever-increasing challenge to balance family life, household income and careers. Despite the revolution in our working life and in adult workforce participation, little has changed in the fundamental model of early childhood service delivery. We have seen reform in some areas, but we have not really found a way to respond to a growing consumer demand for flexibility.

Frameworks within which services operate have been changed - funding models have changed and been augmented, regulatory frameworks have been reviewed and adjusted and quality service frameworks have been wrapped around existing programs.

We still, however, have a basic model of long day care. Whether these are centre-based, workplace-based or family day care, the basic model of operation and hours of service have remained the same.

As we learn more of the importance of early learning and its significant impact for children to enjoy positive lives and fulfil their potential, service models have made few significant changes to integrate early years services more and to put greater emphasis on family focused and family centred programs.

The same can be said of our kindergarten sector. The provider sets the hours of kindergarten: It is a supply-led model. If the local kindergarten has sessions that do not fit with a family's need, the family must find another provider. Sessions fill up and the provider cannot simply add more children into a session because there are implications for educator-to-child ratios and floor space. A wait list is often taken for popular sessions

and if there are sufficient families (often a ratio of 15 children) a new session may be added. This is actually an over simplification of the demand pattern because in reality often parents do not go on the wait-list or alternatively they wait-list at several services, hoping for a vacancy to open up. You need to have local knowledge about when to put your name down and where to enrol and if you are new to an area, it is quite likely that you will miss out on a place.

Kindergarten sessions can be difficult for families that do not have extended family members nearby. If you work full time and your partner works full time, who will drop off the child or pick up the child from a three hour kindergarten session that runs from 1 pm until 4 pm? If the session time doesn't suit, if you work a 9-5 pm day and do not have extended family who are able to share caring responsibilities, then kindergarten is a difficult solution despite the value it offers to children's early development.

3.1 Family Choice

Despite significant investment in the early years sector the model of service delivery has not changed for over 50 years. Funding arrangement and regulatory controls stifle innovation. We are operating in a supply driven service system where consumer choice is restricted while community assets (physical and human) are underutilised.

The early childhood sector is in a quality phase - a moment in time where the emphasis is rightly on quality and professionalism. It will soon enter the period that will be marked by innovation and evidence based practice, flexibility and diversity of service provision. Fundamentally the service system has not really altered since the inception of kindergarten mid last century. It is a supply driven model - one in which parents use services that are available and are restricted in choice. Many parents are forced to reduce or design work around the childcare availability and not the other way around. The model of ECEC does not necessarily differ from region to region. There are very few examples of flexible systems possibly

excepting the Family Day Care model. The parent as consumer does not necessarily shape the services that they use – the parent is unable to influence service availability. There are so few different options available that the market does not exist for parents to use services that are different and will meet their needs – it's a rigid system driven by what is seen as the traditional ECEC model and funding arrangements do not reward innovation. Any decision to embark upon a pilot or a test model of different care is either unfunded or a commercial risk.

The lack of service options reduces consumer choice. Parents may have insufficient information about the service options to enable them to make a fully informed choice. The market is dominated by traditional supply. Parent choice and consumer influence that often drives innovation has not resulted in substantial service change or diversity. Extensive wait lists for some services provides a disincentive for service diversity. If there is high demand for traditional services there are minimal market drivers for change and parents are forced to select a mix of options that are available. Indeed, they may well be a 'captive market'.

The current service model is fully utilised with wait lists. A provider needs some incentive to vary a service model when consumers are over utilising the current model. The cost of innovation can be too high. Staff salaries, like most budgets in the service sector, represent about 80% of the cost of supply. Any innovation relating to hours of work would significantly increase this cost – a further disincentive to innovation.

3.2 Services Where They Are Needed

Regional demographics are cyclic: Young families move to new suburbs and housing estates. They need significant early years services and infrastructure when they arrive in new areas. However, as the children grow, early years' service demand moves from high to low.

The infrastructure required for ECEC services is extensive due to the capital required and the extensive and complex building regulations. ECEC facilities are purpose built and not readily adapted to a different use. As community demographics change a high demand for early childhood services can

diminish leaving the provider with a stranded asset.

How do service providers deliver services cost effectively over time maximising return on labour and capital costs in particular? By way of example, some ECMS services in the western Melbourne region of Brimbank have experienced significant decline in enrolments in recent times. This has resulted in the reduction of sessions across a number of services - representing a net reduction of 40 (4 year old) kindergarten places in the region. Data indicates that significant numbers of families have moved from the area to newer outlying suburbs in the west, a demographic pattern mainly driven by work, service access, and improved housing and education opportunities. Whilst some localities within Brimbank continue to attract and retain families, there are some areas where families with young children are declining. This pattern will continue to affect enrolments as the population changes. Should facilities with decreasing numbers stay open for those enrolled? If so how can service continuity and sustainability be assured and the service meet a financial standard of break-even?

There can also be structural impediments to relocating children to other services in other regions. Sometimes services, for example, require families to be residents as a precondition for eligibility to use local government facilities. As a provider we manage services across many different LGAs and yet we are unable to fully utilise some services and manage excess demand in others because some local governments require families to be residents to use the kindergartens located in their catchment. In some areas, we have excess demand in areas that are right next door to under-enrolment and under-utilised assets. For many families their preference may be to select a service that is located in their local community. But for some families their preferred service may be one that is located in a precinct that is on the way to their workplace, equidistant to both parent's workplaces or convenient to the grandparents' location. But for local government owned facilities it is quite difficult to access such a service if you are not a local resident despite the fact that you may drive straight past the front door of your preferred service on the way to, and from, work.

We would support the integration and co-location of services in flexible spaces that can be re-used where services need to change to respond to changing local needs. Flexible, integrated community spaces can contribute to creating healthy communities, supporting social inclusion and enhancing the wellbeing of local residents.

ECMS would welcome the opportunity to participate in strategic planning forums that further strengthen collaborative planning for social and community infrastructure that connects and enriches our communities.

3.3 Integrating Services

Creating sustainable change in outcomes for vulnerable children and families needs multiagency commitment and a highly

coordinated interagency effort. Services must commit to working in partnership.

If we were to have an open discussion about the service model we should discuss the physical configuration and location of services. Ideally, ECEC centres should be designed for care and education as well as playgroups, parenting programs, maternal and child health and other health and evidence-based specialist intervention programs. Services should be centres that are family-friendly where parents can share time with their children, educators and other families. The right mix of social and educative support can contribute to the development of parenting skills and an enhanced ability to support childhood learning.



Case Study

COMMUNITY PARTNERSHIPS BENEFIT CHILDREN AND FAMILIES

The Susan Alberti Bulldogs Community Children's Centre is a state-of-the-art facility at Whitten Oval in Footscray. The centre offers a range of early years services for children aged zero to six including long day care and a four-year-old kindergarten program. The centre features high quality resources, materials and equipment, as well as purpose-built outdoor environments and is co-located with consulting rooms and a maternal and child health facility.

The centre has a multicultural awareness program and places a strong emphasis on understanding and embracing the diverse cultural backgrounds of the families within the local community. We promote learning through play and assist each child to develop respect for themselves and others.

The centre was created through a range of partnerships, including with the Western Bulldogs Football Club, Victoria University, Footscray City College and the Fresh Program. These partnerships have furthered engagement with the community and facilitated student placements for early childhood education students from local tertiary institutions.

In addition to these partnerships, ECMS has been working in close consultation with government and local agencies, such as Tweddle Child and Family Health Service and Uncle Bob's Early Intervention Agency, to ensure delivery of high quality, integrated services on site. Our relationship with Tweddle has enabled us to deliver day-stay programs for parents experiencing difficulties in some of our services. As an early parenting service the opportunity to provide seamless access between the centre and Tweddle has been a real benefit to families. Ready access to services in this manner has also meant significant knowledge sharing between the two agencies, a mutual benefit to enhancing skills of family partnership and broader understanding of parent-infant attachment.

The Centre has been a significant driver in creating a small precinct of health and community services for young families where they can easily access a range of universal and more intensive supports that they may need.

3.4 Delivery of New Service Models

In our view a change in the model of service delivery requires new approaches that should be trialled to test what models best suit the range of needs of families in the 21st century.

There are international examples that provide service models that are designed to support children with additional needs and families from vulnerable communities. These different service models have the potential to provide better outcomes for consumers. For example, for children with additional needs in current mainstream services, these could be supplemented by organised group support in which families meet in a group setting, have access to after-hours mentoring to support each other and to receive advice and information.

Parents and educators are often first alerted to developmental delay concerns when observing a child's speech. A group model could be particularly relevant for areas such as child speech development. The identification of speech delay is followed by a need for the family to find and receive a referral to specialist services. We provide as much support and assistance as we can but speech pathology services now have extensive wait lists, adding to parent anxiety and delaying the attention and solution to the delay.

Group speech pathology is a good example of service that could be delivered to parents to encourage and support parents to work with children at home on areas of speech concern. In a group setting, parents are able to support each other and families groups are a highly cost effective way to deliver good outcomes for children and communities. This model is consistent with our values – we believe in strengthening communities and families to work together for childhood care and education. This is a model that trusts parents to seek solutions and empowers parents to work with us as their service provider and to continue good practice with their children at home.

Service providers, in consultation with families and government could design and trial a range of customised models to meet specific family needs. Such a model might also include, for example, home visiting services based on international models (UK) that

supplements the child's attendance at ECEC with three to four home visits per term. Home visit services also have the secondary advantage of encouraging attendance at other services, including immunisation.

What new models might ultimately look like may vary from these examples. We have sought to show how supporting innovation that is client centred versus an historical funding arrangement could drive good child development outcomes, family support, efficiency, service flexibility and quality.

New models should also leverage off what works in the current system. Family day care for example, with smaller numbers of children in a home environment with fully trained expert educators, lends itself to being part of a new service offering to meet the needs of families with additional needs or for delivering culturally appropriate programs.

3.5 Supporting Families with Additional Needs

ECEC services must provide evidence-based interventions for those with additional needs and there are a range of evidence-based child and parenting programs that can be applied in early childhood services to meet the needs of those experiencing particular problems.

The service integration should be supported by better and earlier detection of emerging child and family problems through more systematic use of evidence based surveillance and screening tools. Additional prevention and early intervention supports should be built into any new funding model and not be considered separately from the universal platform of service offering.

A system that is easy to navigate and has a clear transparent process for accessing additional needs support in early education is very important especially for families facing other issues in addition to meeting the complex needs of their child.

3.6 Social Capital Building

ECMS supports the premise that increasing social capital in disadvantaged communities is a more effective and preventative means of promoting children's welfare, compared to traditional reactive services including formal child protection and family support services.

Building social capital supports parents to increase their skills and fulfil their parenting responsibilities.

ECEC services are a natural meeting place that can build social relationships and supports for families and reduce social isolation. ECEC services should be funded to provide events and space for parent interaction and parent learning. Transport, to provide easy access to services and places where families meet, should also be affordable, safe and efficient.

Family and community engagement in planning and implementing services to meet local needs is a powerful means of achieving better service outcomes and greater business efficiencies. Engaging families in service delivery and program design creates better outcomes. Consumer participation in many services, including health services, is now accepted and is indeed, a required practice, to achieve the best possible outcomes. Family engagement and participation in ECEC is also necessary to deliver the best quality early childhood services.



Service Profile

A QUIET ACHIEVER: FDC RESPONSIVE TO FAMILY NEEDS

Across Australia, studies have shown that almost seventy-five per cent of families use out-of-home childcare. ECMS recognises that the delivery of quality care solutions should be responsive, affordable and accessible, to better enable ongoing workforce participation by parents.

Family Day Care responds to the changing needs of families. Through the flexible hours of operating it provides more opportunity for workforce participation for new parents.

Family Day Care provides a unique service that caters for a wide variety of families' needs, particularly where centre based long day care isn't suitable. This includes situations where parents are shift workers or studying courses with irregular hours, and where children require drop-off and pick-up from a kindergarten or school.

Family Day Care groups include up to seven children (including the educator's own child) in the home of the educator, customised to provide a safe and stimulating learning environment.

The Family Day Care partnership and services offered are an important part of the network of programs being delivered by ECMS. All ECMS Family Day Care educators are qualified, trained and experienced in meeting young children's needs; they are professional, caring individuals who set up their home environments appropriately in order to encourage and stimulate children's learning. ECMS invests in the training and development of Family Day Care educators to ensure they are aware of current developments in pedagogy and have a thorough understanding of child development.

Parents and families benefit from many opportunities to become involved in Family Day Care. They receive daily updates and interesting anecdotes on their child's progress, as well as keepsake photos of their child's activities. Parents have regular contact from ECMS to ensure that the service is meeting their needs.

Parents and families value the flexibility that Family Day Care provides in enabling them to return to work or study, as well as the opportunity for their child to meet key developmental milestones in a group environment focused on learning through play.

Through ECMS provision of quality Family Day Care in local communities, children are able to continue to learn and grow, their development guided and encouraged, and parents are able to return to work, knowing that their children are receiving the best possible care.

4. INVESTING IN THE ECEC WORKFORCE

To deliver quality early childhood services requires a highly qualified workforce of educators and early childhood professionals. Wages and conditions of employment commensurate with the skill and expertise of the professions must be competitive with other comparable careers. While workforce initiatives are in part being driven by qualification requirements of the quality framework, it is also true that a broader skill set is required of the workforce to deliver services currently sought and expected by the community.

The challenge for the sector is to invest in its people to meet market demand and the new standards. It must also ensure that the investment returns efficiencies:

- Higher levels of engagement and access
- Improved integration with specialist services
- Reduced costs of administrative and regulatory requirements
- Long term reduction in costs of addressing compromised education and developmental outcomes later in a child's life.

The skills required of sector professionals are many and demand broad and high standards of professional education and training.

4.1 Wage Review

ECMS sees the next step in providing a stable and sustainable ECEC sector as the introduction of professional wages so the sector can attract and retain qualified and professional educators and early childhood professionals – fundamental to any sustainable and efficient quality service, including education. Addressing educators' low wages is key to ensuring the future viability of the sector.

It is recommended that Government fast-track the wages review for all ECEC staff. This review should include a comparative analysis of terms and conditions of staff in equivalent roles in related industries as benchmarks. Professional wages will encourage school-leavers to choose a career in early childhood.

The sector's ability to attract and retain staff is dependent upon being able to fairly pay them for the essential work that they do. ECMS seeks support to fund a wage increase and believes there are options for improved efficiencies and productivity savings as an offset to the investment outlay.

Workforce stability and skills are critical to the delivery of a high performing efficient and valued early childhood service sector. Sector professionals, however, remain poorly paid for the important work they do. While some employers are able to offer above award wages and conditions, commonly conditions are:

- Wages for a qualified worker with experience as little as \$19.72 per hour
- Prevalence of casual or part time hours leading to small take home wages
- A lower community understanding of the value of profession
- Lack of clear and fulfilling career paths
- Positions with limited training opportunities.

Like any responsible employer, ECMS does invest in its people with professional development programs. This does not of itself however address the issue of staff retention.

While many early childhood professionals feel rewarded working with children, the threshold needs of a living wage and stable income must be met. People seek a range of rewards from the work but the key driver for reward is a living wage and clear opportunities to build a career. Currently early childhood services struggle to achieve these minimum requirements. Work is often part time and/or casual and this combined with low wages is a disincentive to remain in the sector. Staff (particularly males) are attracted to other career opportunities with better pay and conditions in primary education or the health and local government sectors, or indeed move to new careers outside their field of study.

These pay rates result in high turnover which leads to inconsistency in the care of children, staff and skills shortages higher recruitment

and employment overheads - a high cost for employers, families and taxpayers alike.

4.2 Supply of Skilled Workforce

The Productivity Commission research report of the ECEC workforce in November 2011 highlighted the importance of setting the right conditions of supply to attract a suitably qualified workforce for the future. This remains an important factor of the ECEC sector today. As a large employer facing an aging workforce in kindergarten and a much younger workforce with high turnover rates in childcare, ECMS is implementing a range of human resource initiatives to set the right conditions of supply internally. However, structural change and investment is needed to address the issue.

Early childhood workforce and professional support initiatives, which are supporting the new qualification requirements from January 2014, continue to remain important.

In addition, the curriculum and assessed competencies of early childhood course graduates is variable and graduates may not present with all skills necessary to fulfil the program, management and administrative responsibilities to be undertaken at centres – significant additional training and professional development being required.

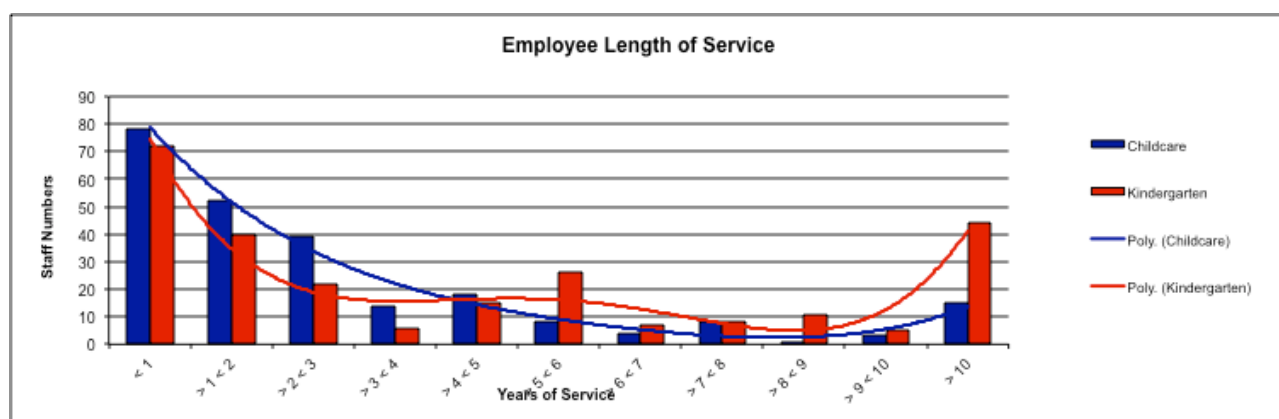
ECMS contends that the provision of high quality early childhood training has been compromised as a result of the inconsistencies observed in course quality. Registered Training Organisations (RTOs) deliver large numbers of diploma-trained staff but the quality and experience of the graduates greatly varies between RTOs. TAFE

education has enabled greater opportunity to receive feedback and share experiences from peers and staff through a comprehensive student placement program. These courses, however, are often expensive for students to access. ECMS has also noted variability in mentors and supervisors delivering consistent and evidence informed learning. With many courses available in the marketplace it is hard to differentiate and assess the quality of the learning offered and in turn to assess during recruitment whether minimum standards of skill are met.

ECEC educators are much more than child-minders: they must be able to identify where children may be experiencing developmental delay and require additional support, must be knowledgeable and capable to manage all first aid and medical requirements as well as have a number of skills to look after the children in their care and promote optimal learning.

The sector needs assistance to increase the supply of qualified professionals and create satisfying careers to retain high performing staff. The Early Years Workforce Strategy addresses the promotion of the sector as a rewarding career choice. It also prioritises further learning and professional development once qualified.

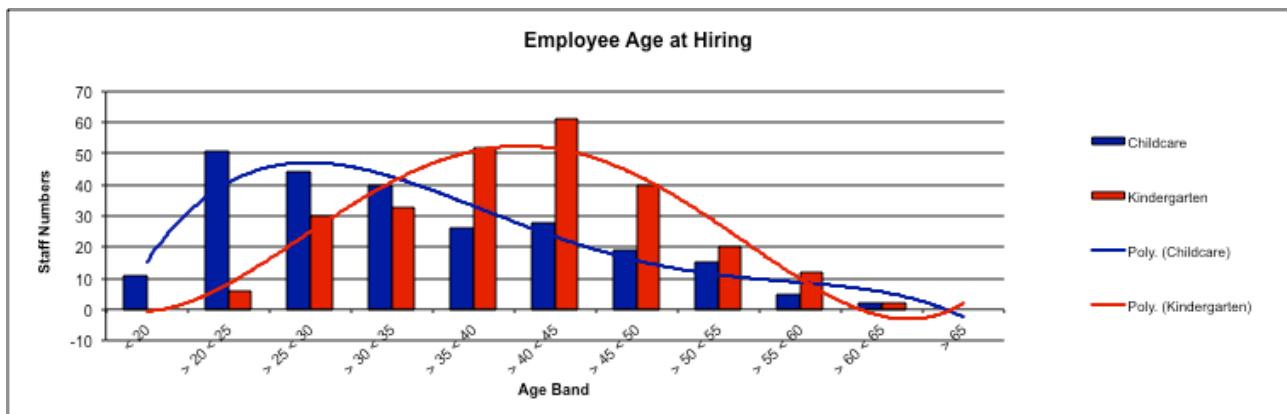
ECMS recommends that tertiary programs strengthen curriculum and qualifications with consistent approaches to course content and assessment – improving confidence in sector employers of the skills they are purchasing when recruiting to all categories of staff and confidence of families in consistent quality of the team providing support and services to their children.



Source: Source: ECMS Neller Preceda Payroll Database, January 2014

Consideration must be given to how training of ECEC qualifications is delivered. A review of qualifications and skills of graduates from the RTO system compared with the TAFE system is required to ensure the delivery of the consistently high quality skilled professionals and that this standard is maintained and not compromised, regardless of the institute or education service providing the course.

Sector surveys such as the National Early Years Workforce Census to be published in early 2014 will also provide further evidence about whether the programs are meeting workforce-training needs. The results of this survey will be an informant of policy direction in workforce management.



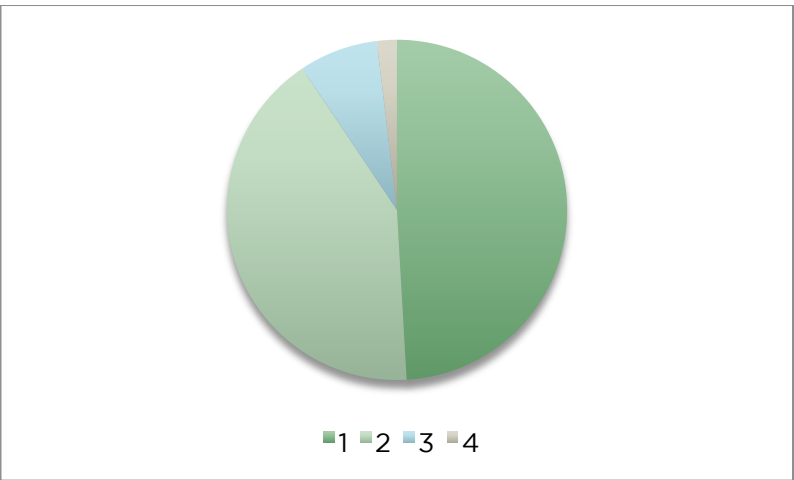
Source: ECMS Neller Preceda Payroll Database, January 2014

APPENDIX: PARENT SURVEY RESULTS

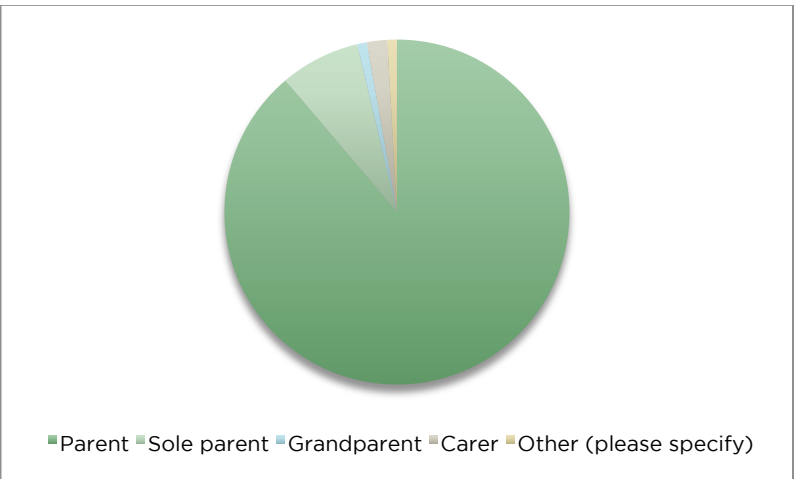
In January 2014, ECMS families were offered the opportunity to respond to a survey in order to provide the Productivity Commission with additional insight into parent values and views.

The survey was open for a period of three weeks and 110 parents and carers responded to the survey. The results are below.

1. How many of your children have used early childhood learning (kindergarten, long day care, family day care or occasional care)?

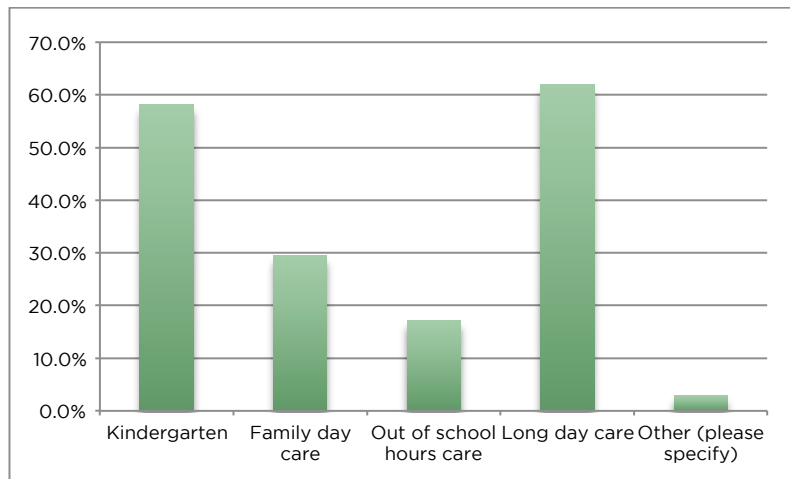


2. Which of the following best describes your relationship with the child/children who have used early childhood learning environments?



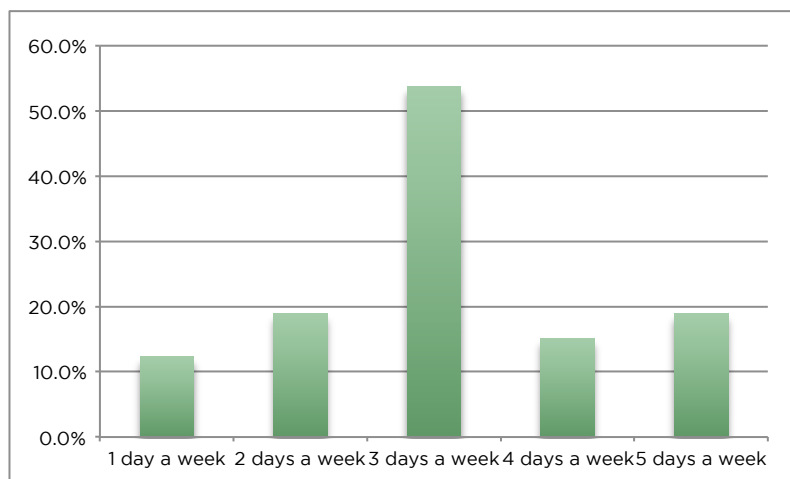
Other: *Foster Carer*

3. What type of early childhood learning environment have your child/children attended?

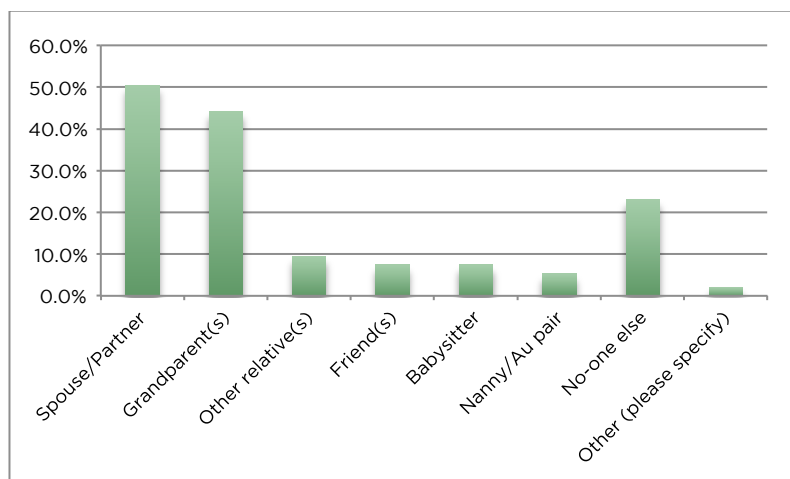


Other: *Occasional Care, Montessori, and 3+-activity program*

4. How often have your child/children attended an early childhood learning environment?

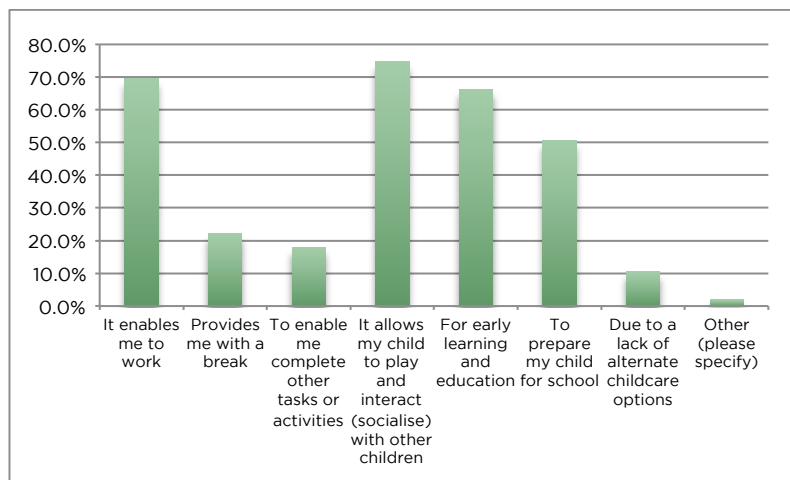


5. Who else regularly provides or has provided care for your child/children?



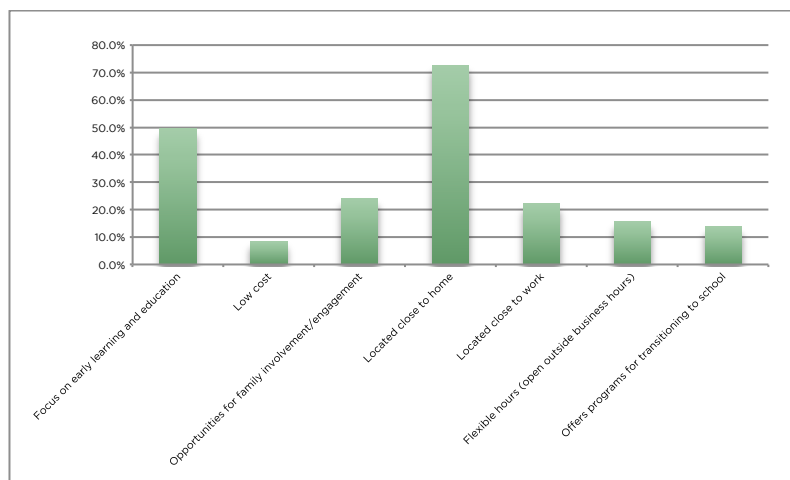
Other: *Family Childcare, Council Kindergarten Program*

6. Why did you choose to send your child/children to an early childhood learning and or childcare centre?

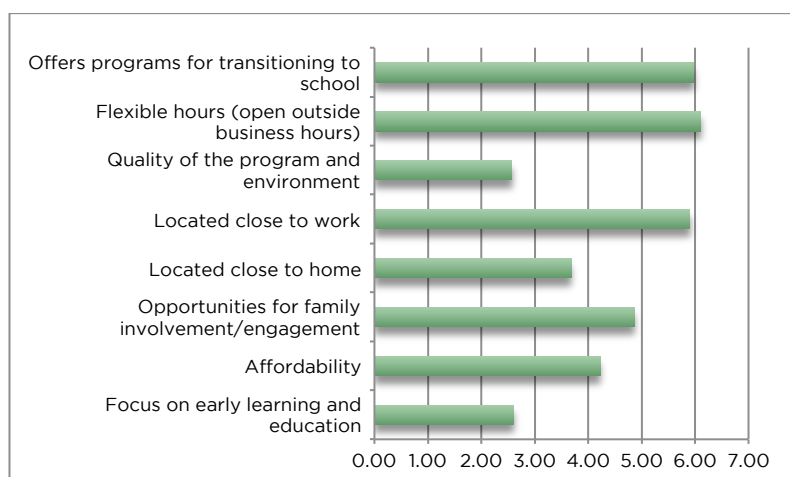


Other: Recommendation from speech pathologist, interaction with adults (educators).

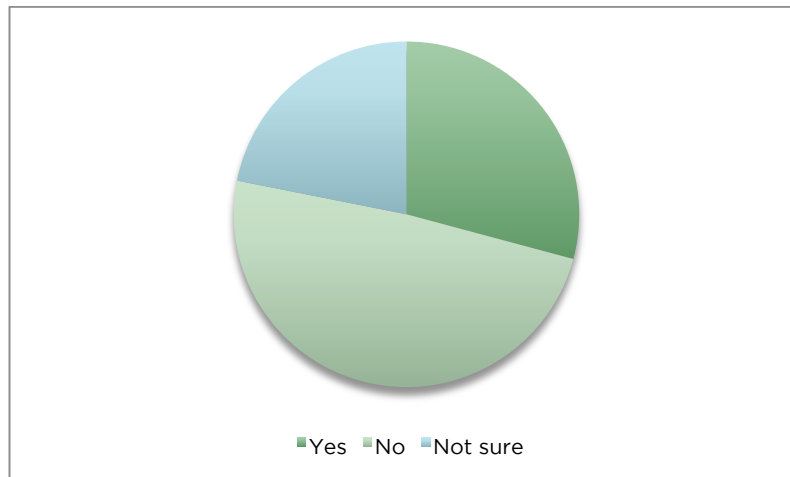
7. Why did you select the early childhood learning environment that your child/children currently or previously attended?



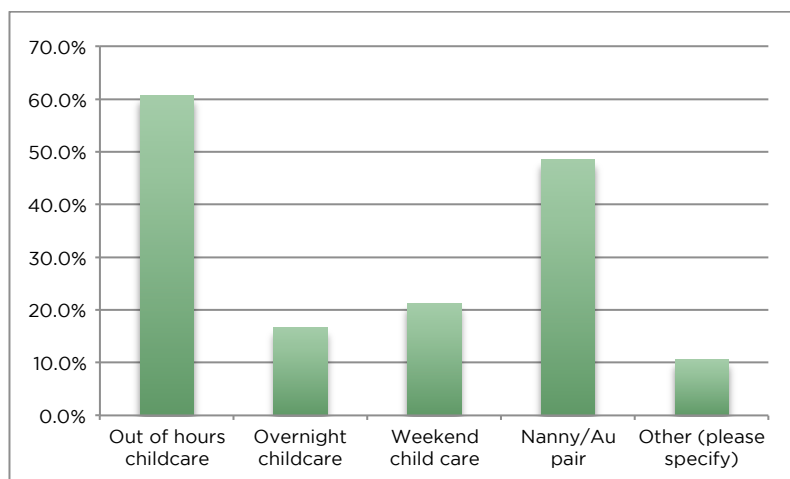
8. How important is each of the following aspects of an early childhood environment to you? Please rank in order of importance.



9. If cost was not a barrier would you increase how often your child/children attended an early childhood environment?

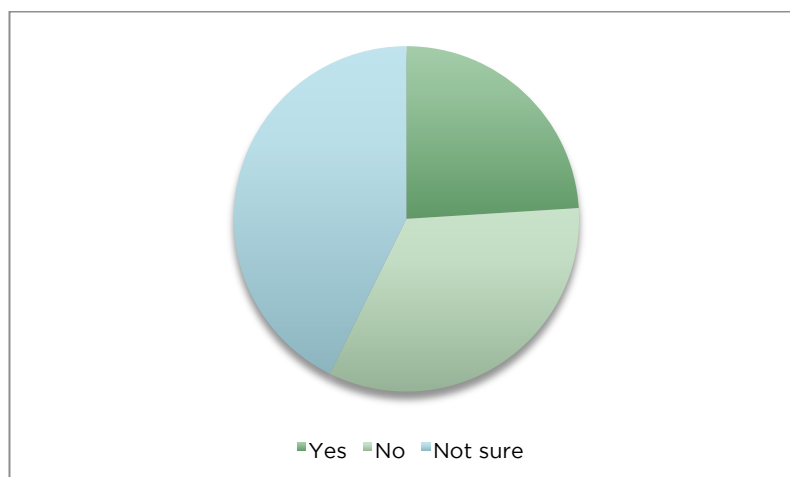


10. Would you use the following if the government extended childcare benefits to cover - (Please select all that apply)?

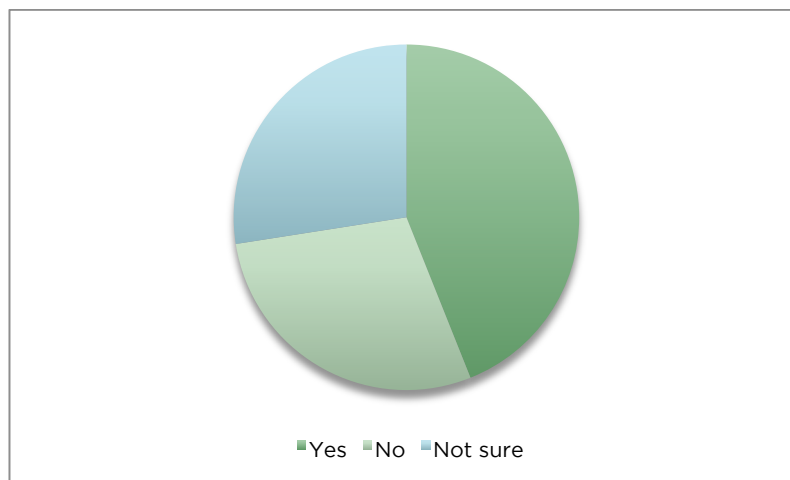


Other: *None of the above*

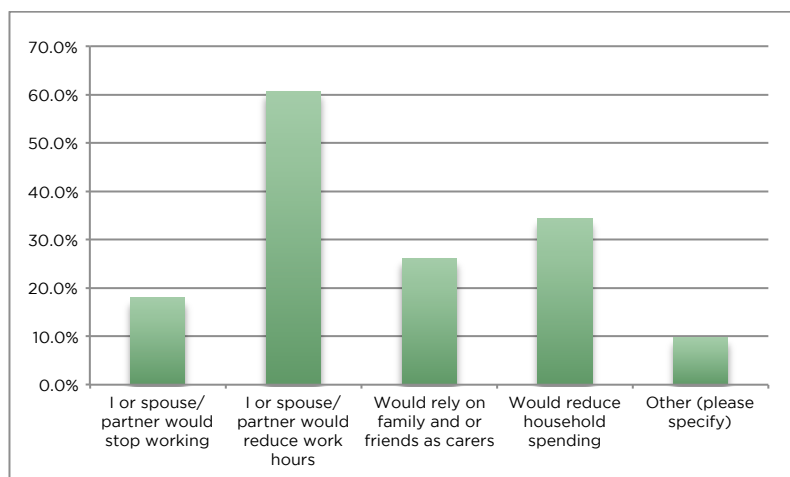
11. If you selected any of the above would you be prepared to pay a premium for this?



12. If the government subsidy for child care was reduced, would you reduce the hours your child/children attend childcare?



13. If you answered yes for the above what arrangement would you make to provide the care for your child/children?



Other:

- *I would have to stay at home with him & not have him engaging with other children & adults*
- *I would care for my child but with postnatal depression the advice has been that I get childcare so I can cope better. Childcare has saved my life. Literally. If I lost my 'me' time I would worry.*
- *I would work on weekends*
- *Use alternative*
- *Not sure, would need to work out figures to see if it would be worth working.*
- *Try to re-arrange work hours wherever possible*

14. Are there any other comments you would like to make in relation to the Federal Government's inquiry into early childhood learning and childcare?

- *I chose to put my child into day-care once a week so that he can learn to play with other children & interact with them & learn how to socialise. I also chose childcare because I wanted him to learn to respond to another adult as he only has me (his mum) & his father to respond to - we don't have any other family near us.*
- *Provide subsidies for Montessori pre school education*

- *It is extremely important that childcare remains affordable, especially for the vulnerable and less advantaged people in our community, such as single parents and low-income earners. They all should be able to access great quality childcare without spending the majority of their income on it.*
- *Our family's use of childcare will cease this year but if we did not have the rebate and had both children at childcare I would have had to reduce my workforce participation due to cost.*
- *For people who don't have parents (grandparents) willing or able to jump in and give practical help, parenting is a whole different ball game. There's a lot of the guilt we have leaving our kids in mediocre care with strangers. 'Child care' needs to be more than that. It needs to be more nourishing to kids than just getting through the day. Thank goodness it's only a few years.*
- *Too hard to find availability. Too expensive.*
- *Having two children in care reduces the monetary benefit of the working substantially. I work 0.8 and have two kids in care 4 days a week, my final spendable income after tax and childcare is very low.*
- *We have no family in Australia and so rely on our Childcare centre a great deal. It allows me to work part time and my husband full time. The rebate allows this to be cost effective. Additionally I feel very strongly that our valuable Childcare workers/educators are not paid nearly enough.*
- *All childcare workers should have minimum education and be registered like nurses and teachers*
- *My child loves his centre. The carers are amazing; I really hope that the government reinstates the pay increase introduced by the Labour Government. These people are preparing the future leaders of our country.*
- *Current long day care is very hard on shift workers. As a nurse I start at 7am for a morning which can be difficult to get to work in time after dropping children off and if I was to work an evening I would finish at 10pm. Due to these shift times and child care times (and no grandparents to help) I had to quit my job as a nurse and work casually instead.*
- *Their needs to be more funding provided to increase early childhood educators salaries. These professionals do an amazing job, working with the most vulnerable young people in our community. Parents already pay for 80% of the salary costs. It's not right that the rebate only covers 50% of this. It should be increased dramatically!!*
- *"The gap between preschool and beginning school is huge! If parents are unaware of what is expected a child needs to know when they start school that child is already behind... The standards and expectations are so high and as a parent you have expectations that the preschool program will facilitate this. E.g. 3 yr. preschool, prepares for 4yr preschool and 4 yr. preschool prepares for school... It seems like common sense..."*
- *The importance of early years learning is celebrated as a year within itself*
- *Child care workers should be paid better*
- *If childcare subsidy was decreased most of wage would go to childcare, therefore wouldn't work.*
- *Fully subsidised childcare and kinder garden like in Europe*
- *Stop making it so onerous on childcare provide to provide "education" and "learning outcomes". When my child is 1, 2, 3 - we did not send her to childcare to learn, it is about care, not education.*
- *The 15-hour program for children at kinder age is not better for the child. I strongly disagree with the extended hours in kindergartens and the 7 hour per day sessions in most kinders is not benefiting a child at that age.*
- *Need to understand the primary goal/agenda; is it a focus on education and development for children or is it a focus on freeing up parents to enable them to return to the workforce. Two very different focuses which require two different strategies.*
- *I don't think government should subsidize nannies.*

- *I know people who leave childcare centre with debt (having not paid their fees) however still get the 50% rebate on fees that have not paid!!! This is not fair! The rebate should go to the centre not the parent*
- *Stop mucking around with a system that works*
- *Consistency and transparency for all, including wage increases for ECE sector*
- *I request to improve the educator and child ratio in kinder education for the quality of early learning.*
- *The factors listed in terms of choice of provider didn't cover some critical aspects such as: Community based or private; staff ratios; quality of interactions between staff and children; inclusive culture etc. These are critical things to consider in this inquiry - it's not just any child care it's good quality child care that counts*
- *I use In Home Care (government subsidised nanny, I have 3 pre-schoolers) 1-day pw. It costs me the entire day's wages but I have not improved my resume for 5 years and so am happy to forgo the cash, while being able to gain a promotion at work. I also use kinder - this is very affordable for 4yo, but I will not be doing 3yo kinder for my 2 younger kids bc I think it is too expensive. I also used long day care in a private child care centre for 4 years part time. I thought the price was fair, once I got my rebate, but I left in the end due to declining quality of care (high staff turnover, poor food). I love "IN HOME CARE" I wish it was more affordable and easier to find (there are only 2 agencies in Melbourne that seem to offer it, and I had to do a lot of hunting to find them, and their customer service is pretty poor - I wonder how much money they are earning from the govt. it would have been easier to go without an agency but I didn't know how to.*
- *To educate staff properly to deliver quality program and not just provide babysitting service*
- *There is a shortage of the Diploma qualified early childhood professionals who want to work in long day-care now due to long hours and a very demanding job for a relatively low pay. If the model is changed to accommodate longer hours even more dedicated professionals will opt out reducing quality of education and care for children.*
- *Government incentives are completely geared towards supporting working families. It is actually financially more beneficial for both my husband and me to work part time, than what it is for one of us to work full time. This is due to a tax system that supports working families and NOT a family that CHOOSES to have one PARENT stay at home full time to care. As such, the message sent by the government is that there is no longer a choice in whether a woman works or does not work. It would be wonderful if the government, amidst all its desires to increase productivity in this country could advocate stay at home parenting as a positive choice that also benefits the country in the long run, with greater opportunity to create stable families, and therefore a stable society. When it does benefit the country (as two parent working families also do), why on earth are no financial incentives provided to those families?? Instead the government is stripping single income families of these financial incentives in an attempt to break up families (who by choice do not want to be broken up and have two parents in the work force) and get them into the work force.*
- *Needs more funding. I will hit run out of CCR this year so will probably try and drop a shift. I also think that families on lower incomes should get more funding so child care is affordable for them.*
- *Not at this stage*
- *Thank you for asking us our opinions - much appreciated*
- *Nannies should be subsidised for children with a chronic medical condition.*
- *I feel that it is extremely important to support diversity in child care. Government needs to fund and run it's own best practice services so that there is an example of what a "service" could look like when it's not a profit driven "product for sale" to families. I believe that the usual business models shouldn't be used when it comes to our children - they are far too important!!*
- *Thanks for the opportunity to provide feedback*

APPENDIX: ECMS BOARD MEMBERS

The governing Board of ECMS is made up of an incredibly diverse, experienced, passionate and professional group of people. They care deeply about the opportunities that young children have to be their best – so much so that they are prepared to volunteer their time to contribute to the ECMS community and govern our organisation from the perspective of our stakeholders.

Our Board ensures that the organisation is continually empowered to deliver on the important outcomes that we seek to achieve for the children, families and communities with whom we work.

Joanne Murray
Chairperson

Stephen Thompson

Hayley Parkes

Theo Panay
Deputy Chairperson

Kim O'Neill

Kay Gibbons

Andrew Nguyen
Treasurer

Michael Deschepper

Stuart McCraith

John Fasso
Secretary

Erin Birch

Felicity Griffin Clark

Bernie Nott
Chief Executive Officer

BIBLIOGRAPHY

Barnett M. *Economic disadvantage in complex family systems: expansion of family stress models*. Clinical Child and Family Psychology Review, 2008, 11(3)

Council of Australian Governments. *Education in Australia 2012: Five years of performance. Report to the Council of Australian Governments*. 2012

Council of Australian Governments. *Protecting children is everyone's business: national framework for protecting Australia's children 2009–2020*. 2009.

Department of Education, Employment and Workplace Relations, Office of Early Childhood Education and Child Care. *State of Child Care in Australia*. Australian Government. April 2010.

Early Childhood Management Services and United Voice. *ECMS and United Voice Enterprise Agreement 2013*. Fair Work Commission. 2013

Elliott, A, Goodfellow, J, Hill, E, Pocock, B. *Childcare provision: Whose responsibility? Who Pays?* Sydney University Press, 2007.

Henry, K et al. *Australia's Future Tax System Final Report Part One*. Australian Government. 2010.

Oberklaid, F. *Early childhood is everybody's business*. The Melbourne Review, (3),2, November 2007



PO Box 182
Northcote VIC 3070
www.ecms.org.au

Prepared for ECMS by RADNO
www.radno.com.au