

# **SUBMISSION TO PRODUCTIVITY COMMISSION INQUIRY INTO CHILDCARE AND EARLY CHILDHOOD LEARNING**

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Childcare Inquiry  
Productivity Commission  
Canberra City ACT 2600  
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Dear Commissioners

**SUBMISSION TO PRODUCTIVITY COMMISSION INQUIRY  
INTO CHILD CARE AND EARLY CHILDHOOD LEARNING**

Please find attached a submission from Marrickville Council to the Inquiry into Child Care and Early Childhood Learning.

Local Government is a significant funder and provider of high quality and inclusive education and care services that contribute to child, family and community wellbeing as well as children's overall cognitive and social development.

Council thanks you for the opportunity to lodge a submission for the consideration of the Commission and looks forward to the outcomes of the Inquiry.

Yours sincerely

**General Manager  
Marrickville Council**

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## **Marrickville Council's Role in Education and Care Services**

The Marrickville Local Government Area is located in the inner west area of Sydney. Marrickville Council has a long history in the funding and provision of education and care services and maintains a strong commitment to social justice in the delivery of its services.

### **(a) Direct Service Delivery**

The Council currently operates:

- Six early learning (long day care) centres for 256 equivalent full-time (EFT) children per day aged from 6 wks – 5 years
- One preschool for 50 EFT children per day aged 3 – 5 years
- Five Before and After School Care services for children aged 5 – 12 years, offering 240 before school care places and 335 after school care places daily
- Three Vacation Care Services for children aged 5 – 12 years
- A Family Day Care Service for approximately 200 children aged 0 – 12 years
- Two mobile playgroups (Magic Yellow Bus) for children 0 – 12 years and their parents/carers

Council has committed to constructing an additional 50 -60 place early learning centre for children aged 6 weeks to 5 years in South Marrickville due to the level of unmet demand for education and care centres.

### **(b) Provision of Subsidised Community Facilities to Community-Based Education and Care Service Providers**

Marrickville Council provides community facilities at subsidised rates (0% - 40% of market rental) to community-based service providers, including:

- 2 preschools
- 1 long day care centre
- 1 preschool for children with disabilities

### **(c) Community Development, Policy and Planning in Child and Family Services**

Council provides community development, planning and consultation services in relation to children and families living in Marrickville. Council has responsibility for facilitating and resourcing the Inner West Child and Family Interagency; and established and funded an innovative project called the Professional Practice Group, conceived as a collaborative place-based approach with a shared vision to make a difference to outcomes for disadvantaged children and families living in South Marrickville and, in particular, to address “wicked” issues facing some families in those neighbourhoods. The project relies on establishing and maintaining collaborative approaches to issues with other key government and non-government child and family services / stakeholders.



## Key Principles

In this submission, Council argues that the following principles are fundamental to the review and outcomes to be achieved through a national education and care service system:

1. The overall wellbeing and educational outcomes for children are central to the Inquiry and recommendations should reflect that priority.
2. Every child has the right to affordable and inclusive early education. Early years education of children 0-5 is as important and essential as primary and high school education. Research evidence demonstrates that children learn more in their first five years than at any other time in their life.
3. For the reasons set out in 2. above, government should consider reforms to the current funding arrangements that include increased investment to support high quality and fully inclusive services, as well as the direct funding of not-for-profit education and care services in place of parent subsidies such as the Child Care Rebate.
4. There should be a consistent, integrated and equitable national funding system for all early childhood education and care services that incorporates preschools funding currently administered by state governments. This funding system must link to other public policy frameworks and recognise the economic cost to services and provide the additional resources / funds for increased staff to child ratios to support the full inclusion of children with disabilities / high support needs. Currently it is primarily the local government and not-for-profit services that enrol, support and resource children with additional needs and their families as private service providers usually do not accept children with additional needs due to the budgetary impact resulting from the need for higher staff to child ratios.
5. Continued implementation of the National Quality Framework and National Quality Standards is essential. It is important these standards and milestones through to 2020 are recognised as the minimum requirements and are in no way diluted.
6. Consideration needs to be given to the provision of a capital funding stream for local government and community-based / not-for-profit service providers to support the establishment of new services in areas where there is high unmet demand and/or market failure.
7. A review of the effectiveness of a market-based model linked to demand-led funding/subsidies for the delivery of high quality, affordable and equitable education and care services is essential.

## Local Government's Role in Education and Care Services

It is important to note that Local Government is a key stakeholder in ECEC services by way of its many diverse roles in ECEC, including:

- considerable financial investment
- commitment to planning services to meet the needs of children in the local area
- direct provision of ECEC services
- provision and maintenance of premises for community-based ECEC service providers at subsidised rentals
- commitment to equitable access for disadvantaged and vulnerable families and children, children with additional needs and Aboriginal and Torres Strait islander children
- employment of significant numbers of staff working in ECEC services

Local Government in NSW is a significant funder and provider of ECEC services and has a long and proud history in this sector. As at December 2013, 91 local councils (61% of all NSW councils) directly provided ECEC services; 46 councils provided Family Day Care (FDC) services; and 102 Outside School Hours Care (OSHC) services were operated by local government.<sup>1</sup> These services are often heavily subsidised with one example of a Sydney metropolitan council providing a subsidy of \$2 million. In some regions of NSW, local government is the only provider and funder of ECEC services.

Local Government ECEC services are planned, established and funded to be responsive to the needs of children and families in local communities. Marrickville Council has a commitment to equitable access for low income, disadvantaged and vulnerable families; inclusion of children with disabilities; and culturally responsive services for Aboriginal and Torres Strait Islander peoples and culturally and linguistically diverse children and their families.

Marrickville Council's ECEC services focus on community capacity building, developing strong connections between children, families and their local communities.

Local government receives little recognition in the Issues Paper for the significant role that local councils play in the provision of high quality ECEC services that are accessible and responsive to local communities. In particular, local government often provides ECEC services in areas of market failure and sets the benchmark for quality services in a local area.

## Overall wellbeing and educational outcomes for children are central

There is clear evidence that the investment in quality early education and care benefits young children and has a greater continued impact on their later life.

*The Effective Provision of Pre-School Education (EPPE) Project*<sup>2</sup>, a longitudinal study of young

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<sup>1</sup> Community Child Care Co-operative NSW, Cred Community Planning & Australian Community Children's Services NSW, January 2014, *Childcare, roads, rates and rubbish: NSW Local Government and Early Education and Care*, p. 11

<sup>2</sup> Sylva, K., Melhuish, E., Sammons, P., Siraj-Blatchford, I. and Taggart, B. (2004), *The Effective Provision of Pre-School Education (EPPE) Project: Final Report: A longitudinal study funded by the DfES 1997-2004*, p.ii



children's development between the ages of 3 and 7 years, found that preschool education (across all types of early years settings) enhances all-round development in children and aids better intellectual development. High quality pre-schooling is related to better intellectual and social/behavioural development for children, and highly trained staff does make an impact on the progress of a child.

**Key findings of that study included:**

- Pre-school experience, compared to none, enhances all-round development in children.
- Duration of attendance (in months) is important.
- An earlier start (under age 3 years) is related to better intellectual development.
- Disadvantaged children benefit significantly from good quality pre-school experiences, especially where they are with a mixture of children from different social backgrounds.
- High quality pre-schooling is related to better intellectual and social/behavioural development for children.
- Settings that have staff with higher qualifications have higher quality scores and their children make more progress.
- Good quality can be found across all types of early years settings; however quality was higher overall in settings integrating care and education and in nursery schools (in the UK).

This study also identified that an earlier start (under age 3 years) is related to better intellectual development; and disadvantaged children benefit significantly from good quality pre-school experiences, especially where they are with a mixture of children from different social backgrounds. *"To set the basis for Australia to become a top-tier system and to realise the potential of all students, **children need access to high quality early learning programs from before they turn three until school entry.**"*<sup>3</sup>

American research on the *High/Scope Perry Preschool Program*,<sup>4</sup> demonstrates that a high-quality program for young children living in poverty, over their lifetimes, improves their educational performance, contributes to their economic development, helps prevent them from committing crimes, and provides a high return on taxpayer investment – the return on investment is over \$17 per dollar invested in ECEC provision.

Research undertaken by the University of Melbourne<sup>5</sup> using data from the Longitudinal Study of Australian Children (LSAC) survey confirmed the importance of high quality pre-school programs for later cognitive outcomes, concluding there was a significant positive association between preschool attendance in the year before starting formal schooling and Year 3 NAPLAN test scores; that the benefits of preschool are most significant among children whose teacher was qualified in child care or early childhood education; and in general, children whose preschool teacher had a teaching degree without a specialisation in early childhood education did not benefit as much.

It is essential to retain the existing National Quality Framework and Standard and associated mandated milestones; and a continued commitment to high quality ECEC service provision with

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<sup>3</sup> Melbourne Graduate School of Education, *Focusing on the learner: Charting a way forward for Australian education*: July 2013, p.16

<sup>4</sup> High/Scope Educational Research Foundation (2005), *The High/Scope Preschool Educational Approach*, Michigan, p.12

<sup>5</sup> Warren D., and Haisken-DeNew J.P., 2013, *Early Bird Catches the Worm: The Causal Impact of Pre-school Participation and Teacher Qualifications on Year 3 National NAPLAN Cognitive Tests*, MIAESR, University of Melbourne,

the best outcomes for children.

**A review of the effectiveness of a market-based model linked to demand-led funding/subsidies for the delivery of high quality, affordable and equitable education and care services is essential.**

A recently released report on surveys conducted with NSW local councils, *Childcare, roads, rates and rubbish: NSW Local Government and Early Education and Care*, identified key elements of local government and community-based not-for-profit ECEC services that contribute to higher quality outcomes as assessed under the National Quality Standards as well as increased accessibility and affordability for disadvantaged children and families.

These included:<sup>6</sup>

- Higher staff to child ratios
- Staff stability and consistency
- More qualified staff
- More opportunities for family involvement in management and policy development
- Equitable pricing policies that increase affordability
- Higher access as compared to private for-profit service providers, for children under 2 years of age; children with additional needs; children from socio-economically disadvantaged groups, including Aboriginal and Torres Strait Islander children; and children at risk of significant harm.

Of the local councils responding to the survey, based on family feedback and survey outcomes, 55% believed that their residents preferred ECEC services that were provided by local government; and that local government services set a high bar in relation to high quality ECEC services.

The release by the Australian Children's Education and Care Quality Authority (ACECQA) of the quality ratings assigned to ECEC services assessed in NSW up to 14/11/2013<sup>7</sup> identified that:

- 14% were rated as *Exceeding the National Quality Standard*
- 29% were assessed as *Meeting the National Quality Standard*
- 56% were rated as *Working Towards the National Quality Standard*

The top rating of *Excellent* is awarded through a separate application and assessment process, so *Exceeding the National Quality Standard* is the highest rating awarded through the initial assessment process.

As is evident in the table below, 61% of all Council services assessed were awarded a rating of *Exceeding the NQS*; 26% were assessed as *Meeting the NQS*; and 13% were rated as *Working Towards the NQS*.

In comparison, only 4% of the for-profit services assessed were rated as *Exceeding the NQS*, 25% were rated as *Meeting the NQS*; while 70% were assessed as *Working Towards the NQS*; and 0.2% were rated as *Significant Improvement Required*.

<sup>6</sup> *Childcare, roads, rates and rubbish: NSW Local Government and Early Education and Care* (2014), *ibid*, pp. 35, 37

<sup>7</sup> *Childcare, roads, rates and rubbish: NSW Local Government and Early Education and Care* (2014), *ibid*, p.19



As shown in Table 2, In NSW, of the 1,378 long day care and preschool services rated as at 14/11/2013:

- 84% of the services rated as *Exceeding the National Quality Standard* were not-for-profit community-based (42% not-for-profit community-based and 42% council-services) and only 16% were for-profit services;
- 80% of the services rated as *Working Towards the National Quality Standard* (that is did not meet the standards) were for-profit services, 17% were not-for-profit community-based and 2% only were council services; and
- 100% (two services) that were rated as *Significant Improvement Required* were for-profit services.

Table 2 National Quality Standard ratings by provider type (source: ACECQA Registers 14/11/2013 see Footnote 9)

	Total services rated	Total not-for-profit community services rated		Total council services rated		Total for-profit services rated	
	No.	No.	%	No.	%	No.	%
Received a rating of exceeding the NQS	213	89	42%	90	42%	34	16%
Received a rating of meeting the NQS	422	165	39%	39	9%	211	50%
Received a rating of working towards the NQS	741	125	17%	19	2%	590	80%
Received a rating of significant improvement required	2	0	0%	0	0%	2	100%
	1,378	379		148		837	

- From *Childcare, roads, rates and rubbish: NSW Local Government and Early Education and Care*, Community Child Care Co-operative NSW, Cred Community Planning & Australian Community Children's Services NSW, January 2014, p. 19

It is evident that, overall, there are substantial differences in quality and outcomes for children and families between ECEC services provided by local government and non-government organisations on a not-for-profit basis, and providers operating on a for-profit basis. Indeed, in some areas the only services provided are operated by local government or community-based providers because there is no capacity to meet local needs and generate a profit in those areas.

The '*Childcare, roads, rates and rubbish*' research report referred to previously identified that, of the 1,378 NSW long day care and preschool services rated under the National Quality Framework (NQF) for education and care services as at 14 November 2013, not-for-profit services rated at higher levels than for profit services.

	<b><i>Exceeding National Quality Standard</i></b>	<b><i>Working Towards National Quality Standard</i></b>
<b><i>Not-for-profit ECEC services</i></b>	84%	19%
<b><i>For profit ECEC services</i></b>	16%	80%

## Equitable Access to ECEC services for all children is essential

The needs of disadvantaged, vulnerable and additional needs children are not currently well met by the ECEC service system, and in particular not by a service system that supports some private ECEC services to use available funding to generate a profit.



### **Children with additional and/or high support needs**

Marrickville Council's ECEC services have experienced ongoing increases in the number of children attending with additional or high level support needs across all service types. It is Council's experience that many ECEC services exclude children with additional needs.

Current support programs funded through ISS and SCAN offer little if any incentive to provide care for children with additional needs. ISS and SCAN funding is limited and does not cover the actual full day staffing costs or higher staff ratios put in place for that child, particularly in long day care / preschool / vacation care services. ISS funding to support 5 hours is not enough for a child who attends an ECEC service for longer than this. Children with additional needs are also supported by linking with other professional support agencies and developing an integrated plan to support the individual child.

Increasingly, local government and community-based ECEC services are offering places for children with additional needs and subsidising the cost of additional educators to enable higher staff to child ratios from within their own limited and already highly subsidised budgets. This includes the staff time taken to work in partnership with other specialist providers to ensure the needs of the child are met.

Further, there has been a steady increase in the number of children without a formal diagnosis but who require some level of assistance and additional support for their development. ISS funding is not available where children have high support needs but do not have a formal diagnosis. ECEC services require funding and resources to support the ongoing care of all children with additional needs.

### **Affordability**

Affordability is a significant issue for families, especially disadvantaged, vulnerable and at-risk families and children. Marrickville Council funds a daily fee subsidy of \$4.90 in its early learning centres for all families on a low-income health care card, to increase affordability and access. However, affordability should not be increased by removing or compromising the current national quality standards.

### **Isolated Families without access to family or community support**

Council has experienced increasing numbers of families with no family / community support or emergency contact people. As many parents also are not knowledgeable about local services or the quality of services being provided, they can feel desperate enough to accept the first ECEC place they find, regardless of the quality of the service or outcomes for the child.

### **Increased demand for and use of Council's ECEC services**

Marrickville Council has experienced increasing demand for and attendance at council operated ECEC services, with a wait list for all service types – 2,000 children are on the wait list for early learning centres. Families often articulate that they prefer to use Council's ECEC services because they know they are high quality and well resourced and managed.

### **Children aged 10 – 14 years**

There has been increasing demand in Marrickville for many years for appropriate ECEC services for children aged 10-14 years, who are too young to be left at home after school or during school holidays but may not always be well catered for in OSHC and vacation care services due to cost or the need for separate programs and educators. This need has been raised previously with government but minimal support has been provided to cater for the needs of this age group.



## **Continued adherence to the National Quality Framework and Standard are essential**

It is important these standards and milestones through to 2020 are recognised as the minimum requirements and are in no way diluted. Research evidence confirms that children attain better outcomes in high quality ECEC services / programs when there are high educator to child ratios and ECEC qualified staff. It is essential to retain the existing NQF framework and milestones as well as a continued commitment to high quality ECEC service provision with the best outcomes for children.

## **Provision of a capital funding stream for local government / community-based / not-for-profit service providers to support the establishment of new services in areas where there is high unmet demand and/or market failure.**

A market-driven model of ECEC service provision often does not result in services being available in areas of high need. Many local councils, including Marrickville Council, have made commitments to establish new early learning centres. Marrickville Council has committed to establishing a new centre in an area of Marrickville where there is reduced access to services and families with significant disadvantages. Given the significant call on Council's overall budget and resources, it would support the establishment of new and much needed ECEC services if there was access to a Federal government capital funding stream, as was the case many years ago.

## **A consistent, integrated and equitable national funding system for all early childhood education and care services that incorporates preschools**

No level of government within Australia takes full responsibility for the funding, planning or provision of an integrated system of early childhood education and care services. Since the move to a more market-based model of supply, no direct responsibility for the planning of ECEC services has been taken up by any level of government. As a result, there is both an over and under-supply of ECEC services in different areas where there is market failure.

Council considers that the Federal government should assume overall responsibility for the development and implementation of a national planning framework for ECEC services that works in collaboration with local government planning to ensure high quality and inclusive ECEC services are established to meet the needs and demands of local communities.

Funding of ECEC services must link to other public policy frameworks, recognise the economic cost to services and provide the additional resources / funds for increased staff to child ratios to support the full inclusion of children with disabilities / high support needs. Currently it is primarily the local government and not-for-profit services that enrol, support and resource children with additional needs and their families as private service providers usually do not accept children with additional needs due to the budgetary impact resulting from the need for higher staff to child ratios.

Federal government benefits and rebates should be offered to all preschool services, in recognition that preschool education is being offered within a long day care environment as well as in a preschool setting; and part of the national quality assurance system.

The removal of funding to for-profit service providers through Australia's tax system would also serve as an effective measure to support increased financial subsidies to be offered to families with children attending not-for-profit service providers such as preschools.