



PENRITH CITY COUNCIL

**PENRITH CITY CHILDREN'S SERVICES
COOPERATIVE LTD**

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

February 2014

INTRODUCTION

Penrith City Council, as a Local Government body, has embraced the establishment of children's services in the Penrith Local Government Area (LGA) since the 1970s and currently directly provides the following not-for-profit services and programs.

- 18 Long Day Care services
- 5 Preschool services
- 9 Before and After School Care services
- 6 Vacation Care services
- 1 Occasional Care service

In addition, Penrith City Council also provides:

- 1 Mobile Playvan service
- 1 SAACS project (Supporting Aboriginal Access to Children's Services)
- 1 Child Care Links/Family Support project

In 2000, Council adopted a 'Statement of Purpose for Children and Families' which states that "Penrith City Council believes that quality early childhood experiences have a profound and lasting impact on outcomes for children and their potential to develop into the citizens who will form the social capital of the community of Penrith. Council is committed to the provision of children's services programs for the benefit of families and children across the City. Council itself will plan and provide quality services and support and work in partnership with others to do so". This Statement reflects Council's acknowledgement of the role of quality early childhood experiences in the lives of families and children.

In 2002, Council delegated authority to the Penrith City Children's Services Cooperative Ltd. (PCCSC), to manage children's services on its behalf. The Board of the Co-operative consists of parent, staff, community and Councillor representatives and a representative of the General Manager. With key objectives to retain parent and community involvement, developing an efficient and economic management structure was critical to maintaining quality and sustainable children's services. This management model of children's services has served Council well since its inception.

As an experienced manager of not-for-profit children's services, the PCCSC is well placed to make a submission to the Productivity Commission on Childcare and Early Childhood Learning.

The Penrith Context

Penrith City is on the western edge of Sydney and covers 404 square kilometres. The census population 2011 in Penrith was 178,465 residents with 16,117 being children aged 0-5 years. Three percent of the community identify as Aboriginal or Torres Strait Islander. The Penrith population is expected to grow. Key socio-economic characteristics relevant to demand for early education and care in the area are: Penrith has a higher proportion of preschoolers than Greater Sydney, an increasing young workforce, an increasing number of couples with children and an increasing number of one parent families. The area has a SEIFA Index of Disadvantage of 996.3 which is .3 above the NSW. There is an increasing number of children aged 0 to 4 in need of assistance with daily activities (1.3%) compared to Greater Sydney (0.9%). According to the Australian Early Development

Index (AEDI), in the year before starting school, 93.3% of children in Penrith have been in some form of non parental early education or care (including with relatives) and 68.8% of children attended a long day care or preschool program in the year before school. 19.7% of children in Penrith showed as developmentally vulnerable on one or more domains in the AEDI.

Executive Summary

Penrith City Council and the PCCSC are strongly committed to the provision and management of high quality early childhood education and care (ECEC) services in the Penrith LGA. (In this submission, ECEC services include services for children aged 0-12 years of age.) The PCCSC is a strong advocate of equitable access to early childhood education that is of a high quality and has children's wellbeing first and foremost. Examples of how this equity agenda is pursued include: reduced fees for low income families and Aboriginal children, the employment of educators of diverse backgrounds, partnerships with organisations like Gateway Family Services and Mission Australia to support vulnerable families, the provision of a Family Support Service to resource educators and support families and high enrolments of children with additional needs.

The following commentary responds to a range of matters covered in the Issues Paper for this Inquiry.

A NATIONAL PLANNING FRAMEWORK FOR ECEC SERVICES

- Currently, in a market driven environment, no level of government takes responsibility for adequately planning for the delivery of ECEC services. In the Penrith experience, this has resulted in over and under supply issues and a lack of affordable services in areas where they are really needed, especially in disadvantaged communities.
- In the early 2000s commercial growth and provision of early childhood education and care increased exponentially, championed by ABC Learning. In 2013, 72% of ECEC services in NSW are operated by the for-profit sector. In 1991, this was 42%.
- Not-for-profit providers like local government, have a reputation for setting the benchmark for quality in ECEC, often provide services in areas of market failure (e.g. to babies, low income earners, children with additional needs), service the needs of disadvantaged children and families and are known to be responsive to their local community.
- Not-for-profit providers (including local government) often spend a higher proportion of their budget on staff salaries (in some cases, staffing services above the minimum requirements for many years), generally enrol a greater number of children with additional needs and babies under two years of age, reinvest funds into the service and, to date, are scoring higher ratings in the National Quality Standards introduced in 2012.
- For the factors identified above, it is important that the not-for-profit ECEC sector in Australia survives.

- Over time, the not-for-profit sector has experienced significant challenges in maintaining and renewing its assets with some of Council's facilities in which children's services are located being over 35 years old.
- The upgrading of assets and building of new facilities has become too prohibitive for not-for-profit services seeking to maintain high quality programs, higher educator to child ratios and relying on parent fees as the main source of revenue.
- This submission strongly supports the development of a national planning framework for ECEC services.
- Increased opportunities for not-for-profit and community based providers to establish and expand, including access to funding mechanisms, would restore a balance in the provision by for-profit and not-for-profit providers and could contribute to the survival of the not-for-profit ECEC sector.
- An injection of realistic capital funds is recommended.
- Government could also consider providing financial assistance to early childhood providers catering for disadvantaged and vulnerable communities.

AN INTEGRATED NATIONAL ECEC SYSTEM THAT PUTS CHILDREN FIRST

- Children and children's needs must be at the core of any country's education system, including ECEC. Some countries are getting this right and are experiencing positive outcomes for both children and productivity. To get this right in Australia, early childhood education must be considered as the starting point of a child's education not fundamentally as a workforce issue.
- There is no doubt that Australia benefits through high workforce participation (increased productivity) and children benefit from their parents being in paid employment (higher standard of living, greater access to ECEC opportunities). However, while ever the ECEC system is more about supporting parents to go to work and less about children's early education, the system runs the risk of letting our children down.
- Early education and care is not just about who cares for children for working parents; increasing workforce participation should not be the goal of an early education system.
- The Council of Australian Government's (COAG) 2009 'Investing in the Early Years – A National Early Childhood Development Strategy' includes the vision that by 2020 'all children have the best start in life to create a better future for themselves and for the nation'. This should continue to be the basis for decisions relating to the delivery of early childhood services.
- The best interests of children should be at the centre of an integrated ECEC system where every child has the opportunity to participate in a quality ECEC program before starting school.
- An integrated ECEC system would help to address the division between education and care which needs to cease. It has the potential to cut red tape, prevent duplication and simplify access for families.

- Historically, governments have devolved responsibility for children's education to the States with the Commonwealth retaining responsibility for supporting workforce participation. Over time, the ECEC system has developed to meet the needs of a variety of stakeholders (administrators, employers, funders).
- There is a large body of evidence that shows that children learn more in their first five years of life than at any other time. Research from The Melbourne Institute, University of Melbourne, shows that children who have had access to a preschool education gain as much as a 15–20 point advantage in National Assessment Program – Literacy and Numeracy (NAPLAN) tests in school year three.
- In looking at any adaptations or expansion to the ECEC system, the test should always be “is this in the best interests of children”. This will deliver more significant long-term benefits to children, their families, communities and society generally.
- Early childhood education and care gives a good return on investment. The High/Scope Perry Preschool Study showed that when the benefits to the participants themselves are added to the public returns, the return on investment is as much as a \$17 return for each \$1 investment in preschool programs. That dollar investment must be in the best interests of children and have children at its core.
- This submission supports an integrated national ECEC system that acknowledges that a child's education begins before school.

CONTINUED IMPLEMENTATION OF THE NQF

- The PCCSC is of the view that the Federal Government must continue to implement the (NQF) and not dilute or delay it.
- There has already been considerable investment by the ECEC sector and all levels of government in the NQF. The NQF was predicated upon sound and extensive evidence about the factors that impact on quality education and care and was developed after extensive consultation.
- The PCCSC has positioned itself for the last few years to full implementation of the NQF for the services it manages including meeting the timelines for qualifications and ratios.
- The requirements for qualifications and staff to child ratios were based on solid evidence and should not be amended in any way. There will be a flow on impact on parent fees as providers have not been adequately resourced to implement it; however, the impact will not be as extensive as some providers have foreshadowed.
- Any move to sector self-regulation could be a retrograde step and could undermine the considerable body of work that has been undertaken towards national systems.

- It is the view of the PCCSC, there is a body of work still to be undertaken to ensure the National Quality Standards are appropriate for services for school age children and services that operate outside the mainstream such as mobile, remote or services for identified target groups (e.g. Aboriginal and Torres Strait Islander communities).
- The PCCSC fully supports the core components of the NQS. Our experience with the new process over the last 12 months demonstrates that there are ways in which its implementation can be streamlined.
- Further work needs to be undertaken to find ways to reduce red tape where there are efficiencies to be gained, without negatively impacting on quality.
- The PCCSC will continue to do this through the ongoing review of the administrative burden of the NQS in 2014. There are other provider costs that could be examined for cost savings, such as the administrative burden of the child care management system, before any thought about compromising quality.
- The Commission has been tasked with determining if the cost of the NQF is justified. The PCCSC would contend that it is. There is a strong evidence base that high quality ECEC services can influence children's long term education and wellbeing outcomes (EPPE study 2003).
- There is even stronger evidence related to positive outcomes for children in vulnerable or disadvantaged circumstances for whom this can build protective factors such as resilience, self confidence and safety.
- The requirements of the NQF should not be diluted. All children in ECEC services deserve the same quality of service. A coordinated national approach would be a good starting point in addressing the challenges faced by the sector, particularly with regard to the workforce (see comments below).

ACCESSIBILITY AND AFFORDABILITY

- There are a range of reasons why families need and want ECEC services including in this day and age, some families needing two incomes to survive, women returning to the workforce after having a child to retain their job and career opportunities, parents acknowledging the development and social opportunities that an ECEC service can provide for their child, respite for parents not in the workforce.
- Changes to the Child Care Benefit (CCB) and the Child Care Tax Rebate (CCR) have improved access to ECEC services in the Penrith area. However, the system fails to support those most in need.
- The increase in the gap fee continues to be a concern which particularly affects those on lower incomes. For the services managed by the PCCSC, a family with maximum CCB (income range under \$41,902) with two children in part-time long day care pays a \$31.55 gap fee per day. Fee increases for the services managed by the PCCSC have mostly kept pace with CPI.
- Our exit surveys tell us that affordability is the main reason parents leave our services or reduce days of enrolment and our experience is that more parents

than ever are terminating care because they are unable to afford it. Our recent experience is that there are very few children being enrolled in long day care five days a week. Parents tell us that this is mostly about the costs of childcare and families manage this by using informal care arrangements with family and friends as well as some centre based care. The most common child attendance pattern is two or three days a week.

- With more women in the workforce part-time in this area, the demand for longer hours per day for children in long day care has substantially increased as parents themselves work or travel longer hours over fewer days, thus saving on childcare costs. This has had a significant impact for the long day care services managed by PCCSC as additional 'split shift' staff have had to be engaged to meet staff to child ratios for the number of children in attendance at both ends of the day.
- Over the past several years, five not-for-profit ECEC services directly provided by Penrith City Council, predominantly in communities not serviced by the for-profit sector, have closed.
- The major contributing factor to this situation was that, despite high levels of funding and subsidy, they operated in disadvantaged communities and parents could not afford the fee. Even though Special CCB is available, it is convoluted and inefficient which can impact on access, early intervention and family support when families most need it.
- Consideration should be given to changes to the CCB and CCR to improve access to ECEC services and to support providers to keep fees affordable for those that need it most. Increasing the CCB ceiling to better reflect the true cost of providing quality care would be a good starting point.

ECEC FOR INFANTS AND TODDLERS

- Prior to the withdrawal of funding in 1997, operational funding was based on a formula which recognised the higher cost of providing baby and toddler places (a baby place costs approximately twice as much to provide).
- In this area, there is a high demand for baby and toddler places in long day care (LDC) and an undersupply. In the services managed by the PCCSC. In the last financial year, available places for 0-3 year olds were fully utilised with some families on the waitlist being unable to be accommodated.
- Some commercial providers in this area elect not to offer baby and toddler places and some that do charge a differential fee for the younger age group, increasing the difficulties of families to afford baby care.
- The services managed by the PCCSC have an all inclusive fee (nappies, meals) and do not charge additional levies or a differential fee to support equity of access for all families regardless of the age of their child.
- Consideration should be given to support providers of ECEC places for infants and toddlers so that they can implement strategies to keep fees affordable for this age group.

CHILDREN WITH ADDITIONAL NEEDS AND ONGOING HIGH SUPPORT NEEDS

- Funding and support for children with additional needs across the services within the ECEC sector is fragmented across different levels of government and agencies. There is a distinct inequity in the levels of access and support within the ECEC sector for children with additional needs or a disability.
- The Inclusion Support Subsidy (ISS) is not adequate and is not available to State funded services.
- Intervention Support Program funding is available to preschool and long day care settings but not to federally funded occasional care environments.
- Supporting Children with Additional Needs funding is only available to preschools.
- These disparities in funding availability to the different education and care environments do not auger well for seamless entry of children with additional needs to ECEC services and providers have to navigate a raft of administration and documentation in order to be inclusive.
- In this area, there are also extensive waitlists for some paediatric and speech services at a time when early intervention is crucial.
- In the Penrith area, the Council services managed by the PCCSC have a sound history of providing inclusive environments and enrolling children with high ongoing support needs.
- Consideration should be given to the adequacy of ISS funding for all education and care environments to support the inclusion of children with high ongoing and complex support needs.
- More urgent consideration should be given to equitable levels of support and funding through one avenue for children with additional needs across all service types. ECEC providers that do this well should be adequately resourced including for the professional development of educators.
- A focus on and response by the Australian government to data and information such as the Australian Early Development Index (AEDI) regarding children that are vulnerable in one or more of the developmental domains would improve access for vulnerable families requiring further access to ECEC services in the future, as well as access to other support services, for example extensive family support services.

ECEC WORKFORCE

- The ECEC services managed by the PCCSC require a staff cohort of over 300, including approximately 30 Early Childhood Degree qualified Teachers (ECTs).
- Currently, there are far more staff choosing to work part time, especially after 12 months maternity leave (M/L) and many staff are electing to take a further 12 months away from the workplace after the initial 12 month period of M/L.

- A drift of Degree qualified staff continues from the ECEC sector to the school age systems for better remuneration and conditions.
- The issue of availability for recruitment of three and four year trained ECTs continues.
- Penrith City Council takes affirmative action to recruit and retain its ECEC staff required for the services managed by the PCCSC including a nine day fortnight, 35 hours working week, generous paid parental leave provisions, remuneration above private sector equivalent and access to contemporary professional development.
- One example of affirmative action is that currently, ten Diploma qualified staff are being supported to undertake tertiary studies with educational assistance and a tertiary bonus (covering the full cost of university enrolment fees upon successful completion) and paid study time.
- It is hoped that these educators will continue their employment with Council as an employer of choice on completion of their ECT qualification.
- Another example of strategies to retain ECEC educators in the services managed by the PCCSC is the weekly release of educators to undertake curriculum development and implementation, particularly the completion of documentation related to children's learning. Backfill is required for these educators.
- Some tertiary institutions (including courses supporting students of Aboriginal background) now require a nine week practicum placement. Whilst there are distinct advantages to this requirement, even with Council's generous Educational Assistance covering up to four weeks practicum leave, students are required to take their own leave or leave without pay to undertake practicum and are required to be backfilled in their work setting.
- Consideration should be given to provide further incentives for students to study early childhood qualifications at university or TAFE and then work in the ECEC sector, including practicum support for students and providers.
- Consideration could be given to reducing the HECS debt for each year graduates work in ECEC.
- Providers should be resourced to meet the requirements for trained staff especially the additional requirements under the NQF.
- As an attraction and retention strategy for the ECEC sector, pay parity for ECTs with teachers in the school education systems should be investigated.

CONCLUSION

It is timely for the Government to consider how early education and care is delivered in Australia, at a time when some families are struggling with affordability, many children are missing out on attending ECEC altogether, there is lack of equity of access for children living in vulnerable circumstances and there is an overall decline

in ECEC service provision by the not-for-profit sector. Who provides ECEC in Australia matters.

There are good policy reasons for ensuring quality early childhood education and care is accessible and affordable for families and children. Ensuring families have access to high quality, affordable and accessible early childhood education and care that is child centred, ensures that there is provision of education at an age when a child's brain is most receptive, an opportunity for children to have a head start at school, satisfaction of the work expectations of parents, support of women's equality, promotion of economic self-reliance of families and increased family income and its flow-on effects to consumption and economics. Research clearly shows the critical role of quality early childhood services in educational and social outcomes for children. Going forward, ECEC should be provided on the basis of what is in the best interest of children and enable equity of access to high quality educational experiences for every Australian child.

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