

Childcare and Early Childhood Learning
Productivity Commission
GPO Box 1428
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By email: childcare@pc.gov.au

14th February 2014

Attn: Presiding Commissioner Wendy Craik and Commissioner Jonathan Coppel

The Parenthood is grateful for the opportunity to make a submission to the Productivity Commission's Inquiry (the "Inquiry") into Childcare and Early Childhood Learning.

The Parenthood sees the Inquiry as a chance to reshape our childcare and early learning system into one that offers universal access to high quality childcare, at an affordable price for all Australian children. We look forward to representing the unique perspective of parents throughout the Inquiry.

The Parenthood: representing the parents' perspective

The Parenthood is a new, not-for-profit advocacy group of Australian parents working to bring about positive policy changes that improve the future for all children. Since launching in August 2013, thousands of parents from around the country have become members of our growing online community. Childcare and early learning is an issue The Parenthood members feel very strongly about, with many citing it as an area of key concern.

The Parenthood launched their first campaign in this space in October 2013, calling on the Assistant Minister for Education, Sussan Ley, to ensure the terms of reference for the Inquiry gave an adequate nod to the importance of quality childcare. Following meetings with the Assistant Minister in Sydney and Melbourne, The Parenthood members were pleased to find out the Inquiry will address the learning and development needs of our children. The Assistant Minister's commitment to make childcare a "very high quality product" in Australia was of particular interest to our parent members. We're committed to ensuring this vision becomes a reality.

For parents, this Inquiry provides a unique opportunity to put the 'child' back into childcare. It's a chance to turn good centres into great centres. It's a chance to tip the scales in favour of our most disadvantaged kids, because it's not just the privileged kids who deserve a bright future. It's a chance to shift the perception that childcare exists only for the convenience of parents and tax coffers. Above all else, it's a chance to do things better, for the sake of all Australian kids.

From The Parenthood's perspective, high quality care must be delivered hand-in-hand with affordability and accessibility. Anecdotal evidence from thousands of members suggest parents support a system that is not only affordable and accessible, but most importantly, nurtures children throughout the vital learning phase that is birth to five years. An Adelaide member of The Parenthood says:

"My vision is to see children receive the best education they can. The only way to do this is to ensure they have consistent highly trained educators who earn professional wages. Every day I educate

children at a centre I can't afford to send my own child to. I fully understand the need for affordable childcare, but that cannot come at the cost of quality."

The Parenthood understands one of the strongest emotions parents feel with regard to childcare is guilt, and this is heightened when there is a question of quality.

"I want to be able to go to work feeling confident my child is in safe, experienced hands, being nurtured and educated to reach her potential. I don't want to spend my working day worrying or feeling guilty because I'm leaving her in poor quality care" – parent from Yarrowonga, NT.

As such, parents are of the view that discounting quality is not an appropriate way to address the affordability and accessibility crisis.

As a member of The Parenthood from Cygnet in Tasmania puts it:

"I hope to see planning and funding for the education of our population start at birth, with strong support for families along the way. This early care and learning must be supported by highly skilled, qualified and well paid educators delivering a world-best quality framework. An investment in early childhood education will lead to growing strength and success in educational outcomes throughout the country. In turn, this investment will create a significant financial return" – parent from Cygnet, TAS.

The Parenthood childcare survey

To inform this submission and truly represent the views of mums and dads Australia-wide, The Parenthood conducted a survey to ascertain parents' views on a number of issues. These included checkbox questions around top considerations when choosing a centre and the importance of the rebate, and open-ended questions to allow parents the opportunity to outline their vision for the future of childcare and early learning in Australia.

The survey was conducted via The Parenthood's website (www.theparenthood.org.au) in January and February 2014. In total, 1015 parents from around Australia participated in the survey. We have used both quantitative and qualitative findings from these respondents throughout our submission.

Key findings

- The three most important things parents consider when selecting childcare for their child are:
 1. Highly skilled educators or caregiver (62% indicated this was a top consideration)
 2. Emphasis on high quality learning (57% indicated this was a top consideration)
 3. Affordable care (48% indicated this was a top consideration)
- Three in four parents reported they would reduce hours (43%) or stop working altogether (33%) if the childcare rebate was reduced or means-tested.

- Half of all respondents (50%) said they would increase their working hours if the childcare rebate was increased or extended.
- More than 80% of respondents said they see a place for a fully funded, public childcare system in the future.

Importance of quality care

The Parenthood deeply believes Australian children deserve a childcare system that has their long-term productivity at its heart, rather than one that orientates itself around the short-term productivity of their parents. It's our view that while quality care and increased workforce participation needn't be mutually exclusive, the importance of quality care must be given utmost weight when the Productivity Commission makes its final recommendations to government.

Respondents to The Parenthood's childcare survey reported when choosing a childcare centre for their child, a centre's emphasis on high quality learning is the second most important consideration, behind quality of educators.

Why is quality important?

1. Parents understand quality care provides a foundation for positive intellectual development

The most sensitive period of brain development in children is between birth and five years of age. It is during this period that children develop their initial understanding of language, numbers, fine motor skills and speech. This phase of development is one parents feel very strongly about.

As one parent from Pyrmont, NSW, emphasises:

"There's nothing like speaking to an educator who can talk in incredible detail about what your child has been doing that day - and it's not just the usual 'he's doing great'. I get to hear about the activities my children enjoyed, the names of the other children they played with, the problem solving challenges they succeeded at, the food they enjoyed the most, the kind of questions they asked, how they responded to the behaviour of other children, and how much time they spent on various interactions. Great ratios mean a level of attention to detail that enables me to work in partnership with educators to create a great learning environment for my kids. The educators go to great pains to let me know when they've observed behaviour that's out of the ordinary to make sure my kids are ok.

The results speak for themselves. Alexandra comes home telling me that she has three flags because she's from Australia and Malaysia and Vietnam. She tells me that "broccoli is good for your body and cake is good for you sometimes". If you ask her how old she is, she tells you "I'm three and I'm nearly four" as she manipulates the fourth finger to go up next to the other three. She arrives home with new expressions such as "excuse me" and "have a lovely day". James is so comfortable with his carers he is

only too happy to say "bye" to me as he runs off to give them a cuddle when he arrives in the mornings. When both my children are upset, the carers know exactly what activities to give them to make them feel better. And when I don't know what to do, I ask the carers, because they know my kids, their learning preferences, their learning challenges and what works for them. That's the difference ratios and quality care makes."

Parents like to know their financial independence and workforce participation does not come at a cost to their child's intellectual development. The Parenthood members feel strongly about working to provide for their family and further their career, but only feel confident to do so if the quality of care is of a standard they feel comfortable with.

"Without affordable childcare, at a standard I was happy with, I could not have returned to work. Simple as that" – parent from Bondi, NSW.

2. It's vital for social and emotional development of children

The development of a child's emotional control and social interaction skills before they reach primary school is something members of The Parenthood value greatly.

As the Benevolent Society reports, the early years (0 – 5yrs) offers a unique window of opportunity to shift individuals' life trajectories due to the rapid and dramatic nature of development during this phase.¹ One in five Australian children are vulnerable on one or more developmental domains when they start school and, as a result, significant numbers of children are arriving at school poorly equipped to benefit from the social and learning opportunities that schools offer.²

The most sensitive period of brain development for peer social skills and emotional control occurs before a child turns five.³ Parents are very much of the view that if children are starting school behind their peers, unable to interact with classmates on a social level, it's too late. The skills children possess when they get to school contribute to a chain of effects that either reinforces and amplifies their initial skills and dispositions, or exacerbates initial difficulties and in some cases, produces new ones.⁴

Research conducted by the OECD on the social outcomes of learning has found it's not just reading, maths and general knowledge where kids without access to high quality early learning, particularly those from disadvantaged backgrounds, fall behind.⁵ Kids in these situations have also been found to have weaker social skills once they hit school.⁶ In contrast, those who do have access to quality early learning are likely to better engage on a civic and social level later in life, which can lead to broader benefits for society.⁷

¹ Acting Early, Changing Lives: How prevention and early action saves money and improves wellbeing, The Benevolent Society, 2013, pg 2, <http://www.benevolent.org.au/~media/AD8972E8E9798DE8FE70D82CAC7078C0.ashx>.

² Acting Early, Changing Lives: How prevention and early action saves money and improves wellbeing, The Benevolent Society, 2013, pg 11, <http://www.benevolent.org.au/~media/AD8972E8E9798DE8FE70D82CAC7078C0.ashx>.

³ OECD Investing in High Quality Early Education and Care, pg 2, <http://www.oecd.org/edu/school/48980282.pdf>.

⁴ Acting Early, Changing Lives: How prevention and early action saves money and improves wellbeing, The Benevolent Society, 2013, pg 11, <http://www.benevolent.org.au/~media/AD8972E8E9798DE8FE70D82CAC7078C0.ashx>.

⁵ OECD Investing in High Quality Early Education and Care, pg 3, <http://www.oecd.org/edu/school/48980282.pdf>.

⁶ OECD Investing in High Quality Early Education and Care, pg 2, <http://www.oecd.org/edu/school/48980282.pdf>.

⁷ OECD Investing in High Quality Early Education and Care, pg 4, <http://www.oecd.org/edu/school/48980282.pdf>.

The Parenthood members agree:

“Childcare should be valued as a fundamental part of children’s education, not as babysitting. The early years are crucial to children’s development, wellbeing and future lives. A civilised society should place the wellbeing and education of children, from birth, as one of its highest priorities” – parent from Bowral, NSW.

“I have two children at a Montessori Childcare Centre and I love their philosophy of real life learning – teaching our kids responsibility, self-worth and a love of learning. We need to create these environments for all children” – parent from Brisbane, QLD.

3. It’s an economic investment for the future of our country

The Parenthood strongly believes better educated children will lead to a more prosperous community and progressive future workforce.

While parents appreciate the connection between affordable care and current workforce participation, quality care is what parents view as key to their children’s future workforce and community participation. All parents want to see their children succeed in life.

An investment in quality early learning, particularly for children from disadvantaged backgrounds, bolsters not only private returns for these children later in life, but also social returns for the community, such as lower crime rates and a higher tax base, as a result of having more children move into the workforce.⁸

As a member from Wollongong in NSW explains:

“Childcare should not sit in isolation but form part of the bigger picture for healthy child development - early intervention for a successful future. Centres should form as part of a hub for communities where they can access other facilities for their children and to assist them as a family - looking at holistic care. Childcare is not just a place to dump children whilst you are working - it is much more than that and without assistance parents cannot afford to give children this education and care for their early years.”

Hundreds of parents left survey comments outlining their vision for the future of childcare and early learning in Australia. Here is a sample of these comments as they relate to the importance of quality care:

“Our children go to a brilliant childcare centre - Flinders Childcare Centre in Adelaide. We feel very privileged to have access to the highly skilled and loving staff, the thoughtful programming and beautiful and stimulating surrounds it provides. The centre's success is a combination of the brilliant site, fabulous vegetarian kitchen, and - most importantly by far - a long history of excellent leadership, high quality staff and low staff turn over. The children always come first and are celebrated and nurtured in ways that reflect the training and experience of the staff. I know many other centres do not have these key ingredients but they are crucial and I would like to see all Australian families enabled to be part of a culture that is like Flinders” – parent from Hindmarsh, SA.

⁸ OECD Investing in High Quality Early Education and Care, pg 1, <http://www.oecd.org/edu/school/48980282.pdf>.

“High quality childcare is critical to my own participation in the workforce. My vision is for highly qualified, well-remunerated teachers who offer my children emotional as well as educational support as they negotiate the pre-school years. I am in awe of some European systems where women's participation in the workforce is actually valued through provision of high quality care, not given lip service and left to private enterprise (education and the market are not a welcome, necessary or comfortable fit, under any circumstances)” – parent from Wollongong, NSW.

Recommendations for quality care:

The National Quality Framework is critical to ensuring parents feel comfortable with the centre they are leaving their children in. Parents do not want to see quality compromised and many will not work if they can't access quality care. The majority of parents rate quality of care and quality of educators as more important than affordability and accessibility. We therefore strongly recommend the National Quality Framework remains in place.

Educators and quality

Respondents to The Parenthood's childcare survey reported the quality of educators or caregivers is the number one consideration when selecting childcare. Of more than 1,000 respondents, 62% indicated this was of top importance.

With a high staff turnover and wages far below that of primary school teachers, The Parenthood strongly support an increase to educator wages to ensure the sector is able to recruit and retain quality staff necessary to provide children with specialised care.

This position is summarised well by a member of The Parenthood from Rose Bay in Sydney:

“Until educators are paid a decent wage, they will continue to see early education as a stepping-stone to other sectors. This ensures that there will never be a stable quality workforce in early education. Federally funded wages for the sector would reduce fees, making childcare more affordable and increase opportunities for providers to ensure greater access. Education is a right, not a privilege only for the rich. Fix the workforce crisis, and this will encourage, attract and secure long term dedicated educators to share and pass on their knowledge to other dedicated educators.”

Despite findings from the Productivity Commission's 2011 Early Childhood Development research report that suggested competitive salaries were necessary to recruit and retain quality educators, wages have increased very little.⁹

Here's what members of The Parenthood have said about the importance of professional wages to recruit and retain quality staff:

⁹ Finding 5.1, http://www.pc.gov.au/__data/assets/pdf_file/0003/113907/early-childhood-report.pdf

"My vision for the future of childcare is a well resourced system where workers are paid for their specialised skills, care and knowledge. A system that values the importance of women's access to paid work and children's right to excellent care" – parent from Carlton, VIC.

"I would like to see carers and educators be appropriately remunerated and not left on the verge of minimum wage" – parent from Blackburn, VIC.

"I need a safe place for my children to go to learn, interact, feel nurtured and have fun while I work. High staff turn-overs are difficult as my children don't like change and waiting lists make it difficult for me to be flexible and available for my job" – parent from Pennant Hills, NSW.

Recommendations for educator wages:

The Parenthood strongly recommends educators be paid appropriately for their work, at a rate that is comparable to the salaries of primary school teachers.

Why we need affordable childcare

Results of The Parenthood's childcare survey indicate affordability is the third most important factor parents consider when selecting a childcare centre, behind quality of educators and emphasis on high quality learning.

Three in four respondents indicated they would reduce hours or stop working altogether if the childcare rebate was reduced or means tested. When asked how their work patterns may change if the rebate was increased or extended, half of all respondents indicated they would increase their working hours.

Anecdotal evidence suggests prohibitive costs are of particular concern in inner city suburbs, as these four parents from Leichhardt in Sydney can attest:

"Childcare has been one of the greatest emotional and financial stresses in our daily life for the last six years. A lack of choice due to enormous waiting lists and high fees (\$120 a day per child) has had a huge impact on how we live and our careers. The privately owned centre our three year old attends has just been sold and we have to expect a 50% increase in fees in the next 12 months. There is no practical option to change centres, as there are massive waiting lists in the area that I live, so at this stage I will have to either reduce my working hours or find a way to absorb the extra cost."

"The cost really has to go down. In Leichhardt NSW, fulltime care can reach \$29,000 a year because they charge even for holidays."

"The cost of childcare in the inner city suburbs is prohibitive unless you have a very high paying job. I'm happy to pay an amount, but \$120 - \$160 / day is too much, especially if you work full time, then the rebate covers only a quarter of the year."

"It is terrible you cannot secure a place during the pregnancy and maternity leave timeframe."

In some cases, parents report the decision to return to work actually costs them money:

"It can hardly be worth putting kids in childcare to come to work sometimes. By the time we pay fees, tax, petrol and parking - it can be very close to counter productive. I want to work more but can't afford to work more" – parent from Fisher, ACT.

"Making child care tax deductible would help an enormous amount. We have two children and earn good salaries and really struggled to pay for childcare - seven years of childcare has put us back a lot financially. It's a relief to finally be getting them to primary school age. If I earned less it would not have been worth me working – and this is a loss in productivity for Australia" – parent from Melrose Park, SA.

"Both my husband and I work fulltime in professional roles and the cost of childcare is crippling to us. We have had to make severe cuts to our lifestyle, including our grocery budget. Affordability and reduced waiting lists are crucial" – parent from Wayville, SA.

Others report the rebate is simply not enough:

"I paid \$18,000 childcare fees last year and got \$7,500 back. However, I still need to fund the initial outlay and the cost is huge. At 39 years old I would love another child, but how do I find \$36,000 each year. It is a poor reflection on affordability if parents can't have children simply due to the cost of childcare" – parent from Parkinson, QLD.

The Parenthood strongly believes prohibitive costs should not be an obstacle to placing children in quality care. Nor should it be an obstacle for parents who wish to have children without sacrificing their career. We're of the view that high quality care should be a right for all children, not an exclusive privilege for those whose parents are in a position to cover costs of up to \$160 / day.

Recommendations for affordable care:

The Parenthood recommends the 50% childcare rebate remains in place as a productivity measure and that it remains widely available, not means tested. The Parenthood recommends further measures be put in place to create a higher level of rebate for low-income families.

The accessibility issue

The impact of the accessibility crisis is wide reaching, affecting children, parents and workforce productivity.

In the 2011 census, parents reported that additional formal care was currently required for 148,000 children. Of these, 48% mainly required long day care and the most common reasons parents required this care was for work-related purposes.¹⁰

The Parenthood estimates more than 2,000 centres are required to address this accessibility crisis (calculated as an average of 67.65 children per centre, which is the average number of children per centre of the top 26 childcare organisations).

For every year that a parent is involuntarily unable to participate in the workforce, there is a cumulative impact on the family's lifetime earnings and financial independence. Where there are existing gender pay gaps, the lack of access to high quality care magnifies the impact of this over a parent's lifetime.

The Parenthood has heard from hundreds of parents who have been unable to return to work, or considered leaving work, due in a lack of available quality childcare.

Here's what The Parenthood members have to say about accessibility:

"I've been on the Clovelly Childcare Centre waiting list since I was three months pregnant. My son is now two and we still haven't been offered a place. There are over 700 families on the waiting list" – parent from Clovelly, NSW.

"We would have been much better off financially if I'd been able to get back into the workforce when I wanted, instead of waiting 1½ years to get into somewhere close to home" – parent from Double Bay, NSW.

"Wait lists in our area are out of control and often places go to the parent who kicks up the biggest fuss, not the next on the list" – parent from Leichhardt, NSW.

"Childcare is becoming increasingly out of reach – the waiting list for my child was 2½ years before we were offered a place" – parent from Bondi Junction, NSW.

"Many metro-based childcare centres have waiting lists for the baby rooms, which means parents need to sign up the moment they get a positive pregnancy test in order to get a place. My local council centre took two years to contact me to say they had 'limited days' available and I joined their waiting list before my child was one month old" – parent from Blackburn, VIC.

"I have been trying to relocate my son for two years with no luck as centres in the area are full with waiting lists about 18 months long. I have had to settle for second best" – parent from Manly, QLD.

"I think it's disgusting that I have to pay to go on a waiting list" – parent from Thornbury, VIC.

The Parenthood sees great potential in exploring the value a collaborative approach may have to addressing the accessibility crisis. Corporate leaders, property developers, building owners, demographers, architects and urban designers all have valuable insight and resources that we recommend may be worthwhile exploring further.

¹⁰ <http://www.abs.gov.au/ausstats/abs@.nsf/Products/4402.0~June+2011~Main+Features~Main+features?OpenDocument>

In addition to considering of the potential benefits of a collaborative approach to service provision, The Parenthood would like to see the Commission examine the layers of decision-making that may in some cases stand in the way of opening new centres in a timely manner. This request comes in response to comments from parents in a number of areas, particularly inner Sydney, that report ‘blame shifting’ between different tiers of government as hindrance to opening new centres.

Recommendations to make care more accessible:

The Parenthood recommends better coordination and transparency of childcare centre waiting lists through federal government intervention and management. Further to this, we believe waiting list fees should be banned.

Learning from birth: the case for publicly funded childcare

Extensive research proves the early years are of vital importance for a child’s development. Despite having a world-class economy and world-class living standards, Australia spends less on childcare services than most other OECD countries: 0.4% of GDP compared with the OECD average of 0.6% of GDP.¹¹ The Parenthood are calling for change in this area, as we believe there is no reason why our children shouldn’t have access to world-class learning from birth.

More than 80% of respondents to The Parenthood’s childcare survey agree there is a place for free public childcare in Australia.

As such, The Parenthood strongly urges the Productivity Commission to consider the benefits a publicly funded childcare system could have for our children, community, and current and future workforce.

Well-educated, socially engaged children are the future of our country. It will be their critical thinking that will help us navigate increasingly complex international diplomacy, trade and development in the future. It will be their problem solving skills that will help us tackle growing environmental degradation and health epidemics. It will be their technology skills that help us to live more efficiently and produce more effectively.

Here is a small sample of what The Parenthood members have to say about publicly funded childcare in Australia:

“I would like to see all children under school age have access to quality, affordable childcare, that is fully subsidised by the government” – parent from Lane Cove, NSW.

“I believe the best we can do for our kids is create a publicly funded childcare system that provides early education from the very beginning. This will provide equality of educational opportunity in those first crucial years” – parent from Brunswick West, VIC.

¹¹ <http://www.oecdbetterlifeindex.org/countries/australia/>



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“Quality childcare should be a life cycle right of Australians, as is the education system, the health system and aged care system. Children with access to quality childcare benefit from the opportunities it provides, as do their families” – parent from Ottoway, SA.

Recommendations for a publicly funded childcare system:

The Parenthood urges the Productivity Commission to examine the benefits publicly funded childcare could have for children, parents, workforce productivity and the wider community.

The Parenthood’s interest in the review going forward

The Parenthood’s members and their children will be deeply impacted by the outcome of this Inquiry, and as such, we are fully committed to representing their interests for the remainder of the review.

On a practical level, The Parenthood look forward to drawing together groups of parent members to share their unique, lived experience with Commissioners during the public consultation phase. The Parenthood are also in a position to mobilise small focus groups of parents in geographic areas the Commissioners may wish to research in further detail.

Once again, thank you for the opportunity to contribute to this historic Inquiry. We look forward to meeting with you at your earliest convenience to discuss the findings outlined in this submission in further detail.

Fiona Sugden,
Executive Director