



Secretariat of National Aboriginal and Islander Child Care

SNAICC Submission

**Productivity Commission: Inquiry into Child Care and
Early Childhood Learning**

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Annexure 2: *Joining the Dots: Program and Funding Options for Integrated Aboriginal and Torres Strait Islander Children's Services, December 2013*

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A. Introduction

The Secretariat of National Aboriginal and Islander Child Care (SNAICC) is the national non government peak body in Australia representing the interests of Aboriginal and Torres Strait Islander children and families. SNAICC welcomes the opportunity to participate in the Productivity Commission Inquiry into Child Care and Early Childhood Learning (Inquiry). The Inquiry provides an opportune moment to examine some fundamental gaps in the current system as well as striking opportunities to fulfil significant untapped potential to realise early childhood outcomes for particularly disadvantaged children.

SNAICC strongly believes that any reform of the early childhood sector in Australia must respond to and seek to address the low access to early childhood services experienced by Aboriginal and Torres Strait Islander children. Productivity Commission data indicates that nationally, 1.9 per cent of children in mainstream early childhood education and care (ECEC) services are Indigenous, although their representation in the community is 4.4 per cent.¹ The Commission also indicates that “Indigenous children are under-represented across all jurisdictions, and this is greatest in the Northern Territory, where 9.4 per cent of children attending are Indigenous but their representation in the community is 39.2 per cent.”²

Critical to this is recognising the concerns recently identified by the United Nations (UN) Committee on the Rights of the Child regarding “The serious and widespread discrimination faced by Aboriginal and Torres Strait Islander children, including in terms of provision of and accessibility to basic services”.³ Drawing from this, SNAICC considers it imperative that the Australian government consider this an opportunity to respond to the UN Committee’s recommendations to increase availability and access to early childhood education for Australia’s children by considering providing free or affordable early childhood services.⁴ This is reinforced by evidence of what works to achieve outcomes for Aboriginal and Torres Strait Islander children. For further information on this see **Annexure 2**, in particular section 2, which considers access to early education.

SNAICC also suggests that any review of child care and early childhood learning in Australia must recognise and support the unique Aboriginal and Torres Strait Islander cultural and community strengths. It also needs to redress the persistently low educational, health and wellbeing outcomes experienced by Aboriginal and Torres Strait Islander children. There is extensive and well-established evidence that investment in early childhood education and care (ECEC) for Aboriginal and Torres Strait Islander children is “fundamental to attempt to reverse the historic and continuing health, social, economic and political disadvantages they face”.⁵

SNAICC focuses this submission on the non-mainstream ECEC system and more broadly the needs of Aboriginal and Torres Strait Islander children and families. The non-mainstream system largely covers the services that support Indigenous children: namely, services funded under the Budget Based Funding program (BBF) and the Aboriginal and Torres Strait Islander Child and Family Centres (ACFCs). We recognise that a high number of Aboriginal and Torres Strait Islander children attend mainstream services and are subject to the mainstream ECEC system. Issues on: child and family needs; service access; the unworkability of the Child Care Benefit system; and cultural competence of mainstream services are briefly covered within this submission. Beyond this, we refer to the work of partner organisations, including Early Childhood Australia and the Australian Community Children’s Services, on the appropriateness of the current ECEC system for low income families.

Service choice for Indigenous families is a fundamental issue, with only approximately 300 Aboriginal and Torres Strait Islander BBF services or ACFCs for a population of 146,714

Indigenous children aged zero-eight across Australia. This reduces to 189 services when excluding Outside School Hours Care services and 115 services when also excluding playgroups or crèches, which offer critical but limited service support.⁶ This is despite significant evidence on the importance of Indigenous services to overcome barriers to access ECEC services for Aboriginal and Torres Strait Islander families, and to provide quality services for this group of children and families.

Aboriginal and Torres Strait Islander early childhood services, delivered largely by BBF services and ACFCs, provide fundamental supports to Aboriginal and Torres Strait Islander children, families and communities. Their understanding of and relationships with communities has enabled effective and responsive programs that build on community and cultural strengths, and respond to children's diverse needs. They often remain invisible however, reflected by their current exclusion from National Quality Framework.

SNAICC has focused significant research on the early childhood needs of Aboriginal and Torres Strait Islander children and families, and an assessment of existing and potential service models for flexible, quality, accessible ECEC service provision. Through extensive consultations with Aboriginal and Torres Strait Islander early childhood services, SNAICC has also developed a program outline for Aboriginal and Torres Strait Islander integrated children and family services that streamlines both the BBF and ACFC programs. SNAICC accordingly provides a short overview of key findings from this research that respond to the questions of the inquiry below and annexes the research documents. SNAICC urges the Productivity Commission to view these materials in full in the conduct of the Inquiry.

B. Key Recommendations

1. Develop a long-term national strategy for early childhood development for Aboriginal and Torres Strait Islander children to drive ECEC sector reforms. This is critical to clarify the objectives of ECEC to ensure that a service system responds to these objectives. We recognise the resources invested in the development of the Indigenous Early Child Care Plan (2007), which could provide a foundation for this work.
2. The Government, in partnership with Aboriginal and Torres Strait Islander peak bodies and services, develops a cultural competence framework (and accompanying guide) to support implementation of the guiding principle within the National Quality Framework that Australia's Aboriginal and Torres Strait Islander cultures are valued. This should be applied to the assessment process as a whole. It should also include criteria for the assessment of mainstream services supporting Aboriginal and Torres Strait Islander children.
3. That training funds be allocated and appropriate training be mandated to ensure all mainstream services have access to cultural competency training, resources and ongoing supports.
4. Redress inequity in funding for children attending mainstream and non-mainstream services.
5. Map current service gaps which limit access to quality ECEC for Aboriginal and Torres Strait Islander children, recognising the need for service choice for Indigenous families.

6. Invest in a long term sustainable program, adapted from the non-mainstream Budget Based Funding program, which provides adequate supports to Aboriginal and Torres Strait Islander children for whom the mainstream system is not appropriate.

The program would be designed for services which have clear objectives to work with local Aboriginal and Torres Strait Islander communities to provide integrated child, family and community centred services. Clear program objectives, principled program criteria and evidence based models would drive transparent decision-making criteria on service access to the program, including for both existing and new services.

7. Embed evidence on effective transition to school for Indigenous children into early childhood and primary tertiary courses;
8. Establish a discrete three year funding program to support evidence-based transition to school programs for Aboriginal and Torres Strait Islander ECEC services and schools across Australia.
9. That the terms of reference for the review of out-of-scope services as part of the Federal Government review of the NQF include the cultural appropriateness of the NQS for Aboriginal and Torres Strait Islander services.
10. That services within the Budget Based Funding program be included within the scope of the national regulations, including the National Quality Standard, over a period of time, with amendments to ensure cultural appropriateness and funding supports to enable compliance.

C. Research findings on relevant components of the Inquiry

1. Contribution of early years to learning and development

Responding to question 1 (b) *The contribution that access to affordable, high quality child care can make to optimising children's learning and development.*

Evidence clearly demonstrates that the early years of a child's life are a critical predictor of transition to school, as well as future education, health, development and wellbeing outcomes, particularly for children from disadvantaged backgrounds. SNAICC refers the Productivity Commission to **Annex 2: Joining the Dots: Program and Funding Options for Integrated Aboriginal and Torres Strait Islander Children's Services**, an excerpt of which is included in the box below.

A powerful body of literature shows that 'children who participate in quality early childhood education are more likely to make a successful transition to school, stay longer in school, continue on to further education and fully participate in employment and community life as adults' (MCEETYA, 2009: 9).

Participating in high quality early education for at least two years improves children's readiness for school and their life chances in the longer term. The benefits of early education are especially strong for disadvantaged children, as noted in a recent report by the Productivity Commission (MCEETYA, 2009: 9).

Systematic studies such as the High-Scope Perry Preschool Program and the Abecedarian Project show positive, long-term effects of early enrichment on school achievement, employment and social behaviours (McLachlan et al., 2013: 103). The Perry Preschool Program provided intensive early education to disadvantaged African American Children for two years, as well as regular home visits. At the age of 40, adults who had participated in this program were more likely than their peers to have graduated from high school and to be employed, they had higher earnings and were less likely to have committed criminal offences than those who did not participate in the program. Another program that demonstrated the long-term effects of structured, high quality early education is the Abecedarian Project. Typically, children commenced this program when they were less than six months old and continued to be engaged until the age of eight. Graduates of this program were more likely than their peers to be employed, four times more likely to have college degrees and less likely to have used 'public assistance' (Conti and Heckman, 2012).

Joining the Dots: Program and Funding Options for Integrated Aboriginal and Torres Strait Islander Children's Services, p11.

High quality early years education is of particular importance to Aboriginal and Torres Strait Islander children. Aboriginal and Torres Strait Islander peoples face persistent disadvantage as a result of a variety of historical and ongoing factors. As a consequence, children consistently achieve lower educational, health and wellbeing outcomes. This is exemplified by the 2012 Australian Early Development Index findings that 43.2% of Aboriginal and Torres Strait Islander children are developmentally vulnerable, twice the rate of non-Indigenous children.⁷ This means nearly half Indigenous children *every year* are developmentally vulnerable. This has significant ongoing consequences for education, health, child protection, justice, welfare, housing and employment.

The national policy 'Closing the Gap' imperatives alongside the national early childhood policy priorities recognise the learning and development outcomes achievable through the early years for Aboriginal and Torres Strait Islander children.⁸ These policy instruments also highlight the importance of an integrated approach to service system design and delivery that incorporates priority to Closing the Gap imperatives, as well as Indigenous participation and leadership, access and sustainability. These national policy instruments require a long term national strategy to realise these outcomes for Aboriginal and Torres Strait Islander children that should then drive reform of the ECEC service system.

Recommendation 1: *Develop a long-term national strategy for early childhood development for Aboriginal and Torres Strait Islander children to drive ECEC sector reforms. This is critical to clarify the objectives of ECEC to ensure that a service system responds to these objectives. We recognise the resources invested in the development of the Indigenous Early Child Care Plan (2007), which could provide a foundation for this work.*

2. The particular needs of urban, rural, regional and remote Aboriginal and Torres Strait Islander families

Responding to question 2 (b) *The current and future need for child care in Australia, including consideration of the following: the particular needs of rural, regional and remote parents, as well as shift workers and **question 2k** the needs of vulnerable or at risk children*

We note here the absence of reference to Aboriginal and Torres Strait Islander families. Rural, regional and remote families do not capture the unique needs of urban Indigenous families, and SNAICC urges attention also to their particular needs. The service needs of Aboriginal and Torres Strait Islander families are now well documented, both in terms of factors that comprise barriers to families accessing services and factors that support service satisfaction and service outcomes. These centre around holistic service provision that is strongly community owned and responsive to local needs.

(a) Barriers to access

Aboriginal and Torres Strait Islander children experience significant barriers in participating in ECEC services. This is reflected in the poor enrolment and attendance rates at early years services, with only 1.9 per cent of children attending mainstream ECEC being Indigenous, despite Aboriginal and Torres Strait Islander children making up 4.4 per cent of Australia's child population.⁹

These barriers include:

- a lack of transport;¹⁰
- prohibitive fees, even though services may still be heavily subsidised;¹¹
- unmet cultural or support needs of families;¹²
- inflexible entry points, such as access only through a referral from another service;¹³
- fear of racism towards families or their children, of being judged negatively, or that "engagement with early childhood settings will undermine Aboriginal culture";¹⁴ and
- staffing issues including challenges in recruiting and retaining Aboriginal and Torres Strait Islander staff, few staff fluent in the local language, and a lack of systematic approaches to cultural competency training for staff.¹⁵

Recent SNAICC work on service integration and partnerships (see **Annexures 5 and 6**) reveal that two key aspects – service integration and culturally competent service provision – are critical to overcoming the challenges Aboriginal and Torres Strait Islander families experience in accessing services.

Service integration is critical in enabling access for society's most disadvantaged, explored within a study by Egeland and Bosquet revealing that "interventions with high-risk families are more successful when they address not only the parent-child relationship, but also the other problems parents face, such as poverty, unemployment, poor housing and substance abuse."¹ Evidence from

¹ Egeland and Bosquet, 2001 in Siraj-Blatchford, I. (2010). *Improving development outcomes for children through effective practice in integrating early years services*, Centre for Excellence and Outcomes in Children and Young People's Services. 33.

Indigenous communities in Canada highlights that integration leads to more effective and coordinated services, through retaining critical knowledge of family needs and service history.² Further, ECEC services form a natural 'non-stigmatised entry point into other support services' with 'capacity to provide support...early in the life course.'³ Critically, Flaxman et al note,

*This is particularly important among Indigenous people, since many Indigenous families and children are largely disengaged from the service network. In many cases, a family's engagement with a child care service is the only connection they have to service networks and for this reason, referrals between early childhood service providers and other support services are crucial.*⁴

A second key feature is the cultural competence of a service. Aboriginal and Torres Strait Islander specific services by nature overcome many of these challenges, with a recent evaluation of child and family service delivery through the federally funded Communities for Children program identifying that "Indigenous specific services offer Indigenous families a safe, comfortable, culturally appropriate environment that is easier to access and engage with."¹⁶ Aboriginal and Torres Strait Islander families are also far more likely to engage with culturally competent service providers, and with service delivery that is culturally appropriate.¹⁷

(b) Diversity of needs

Aboriginal and Torres Strait Islander children have particular needs from early childhood education and care (ECEC) services. In fact ECEC comprises only one component of service need. Extensive research highlights a number of key elements for an accessible and quality service for Aboriginal and Torres Strait Islander families:

- **Incorporation of identity and culture:** ECEC services must be culturally appropriate; through acknowledging, incorporating, affirming and valuing Aboriginal and Torres Strait Islander culture in all that they do, and through the employment of Aboriginal and Torres Strait Islander staff. As recognised in the background consultations informing the Indigenous Child Care Services Plan, "Whatever the culture specific to an Indigenous family, the ability of a child care service to recognise and incorporate cultural practice into the way the child and family is dealt with was identified as the most important aspect of child care for Indigenous children."¹⁸
- **Strengths based approach:** A strengths based approach to ECEC service provision builds on existing family and community strengths, expertise and culture to develop children's and families' capacity, confidence, pride and participation.¹⁹

² Ball, J. (2010). Centering Community Services Around Early Childhood Care and Development: Promising Practices in Indigenous Communities in Canada. *Child Health and Education*, 2(2). 32.

³ Press, F., Sumsion, J., and Wong, S. (2010). Integrated Early Years Provision in Australia. Charles Sturt University, Bathurst. 11.

⁴ Muir, K. et al. (2009). *National evaluation (2004-2008) of the Stronger Families and Communities Strategy 2004-2009*, Occasional Paper No 24, Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).13.

- **Holistic and integrated service delivery:** The provision of holistic and integrated service delivery is critical to increasing families' access to and engagement with an early childhood service. This involves offering a comprehensive range of services to cater for children's development needs, whilst also actively involving and supporting families and communities.²⁰
- **Community controlled governance:** A wealth of evidence from national and international literature demonstrates that service governance models that foster Aboriginal and Torres Strait Islander leadership and ownership lead to improved service delivery outcomes that directly benefit children and families.²¹ The principle of active participation of and engagement with Aboriginal and Torres Strait Islander communities is also recognised within the National Indigenous Reform Agreement (NIRA) as fundamental in designing programs to effectively overcome disadvantage.
- **Community, not service focused:** Evidence demonstrates that early childhood education and care services work best for Aboriginal and Torres Strait Islander peoples when they have a 'whole of community' approach, as opposed to a narrow focus on children's education. This "community approach to child care is consistent with a 'traditional' Indigenous approach."²² This principle is supported within the National Early Childhood Development Strategy, which states that a key element of a responsive ECEC services is "active service outreach into the community".²³

(c) *Cultural competence*

Cultural competence of ECEC services is a critical issue for access to ECEC services and the quality of service provision for Aboriginal and Torres Strait Islander children. It remains one of the major barriers to service access and participation, and limits the outcomes of ECEC for Aboriginal and Torres Strait Islander children.

The Coalition of Australian Governments' legislative and policy reforms to Close the Gap and to support early childhood development provide a strong framework for the early childhood education and care sector and the foundation for assessment of the cultural appropriateness of the National Quality Standard.²⁴ There is clear recognition at the highest level of Australian government that processes and programs impacting Aboriginal and Torres Strait Islander peoples must have strong cultural competency. This is reflected in the explicit principles of: cultural awareness; accessibility; local place-based approaches; strengthening Indigenous capacity engagement and participation; and fostering Indigenous service delivery. This is consistent with growing evidence of the importance of robust community governance, meaningful Indigenous community participation and cultural competence for social service access and outcomes for Aboriginal and Torres Strait Islander peoples.²⁵

The introduction of the new ECEC regulatory system, the National Quality Framework (NQF), provides an important opportunity to hold services accountable for the appropriateness of their service provision to Aboriginal and Torres Strait Islander children. Analysis reveals that the NQF does provide the foundation for a culturally competent approach through its guiding principle that "Australia's Aboriginal and Torres Strait Islander cultures are valued."

However, its application is currently limited with no guide or framework for how this principle might be operationalised or achieved in the NQF, including the National Quality Standard.

This means first that there is currently no process or guide for assessing and ensuring the cultural competency of mainstream organisations supporting Aboriginal and Torres Strait Islander children and families (including service providers as well as the national regulatory body, The Australian Children's Education and Care Quality Authority (ACECQA), and its delegates). Secondly, there is no process or guide to ensure that the NQS is applied in a culturally appropriate manner to Aboriginal or Torres Strait Islander services.

SNAICC recommends a series of measures to support the national regulatory body to operationalise this core principle to enhance operational practice and ensure a culturally competent early childhood education and care regulatory system.

For further information, see **Annexure 7: A Place for Culture? Exploring Aboriginal and Torres Strait Islander Cultural Competence in the National Quality Standard, December 2013**

Recommendation 2: *The Government, in partnership with Aboriginal and Torres Strait Islander peak bodies and services, develops a cultural competence framework (and accompanying guide) to support implementation of the guiding principle within the National Quality Framework that Australia's Aboriginal and Torres Strait Islander cultures are valued. This should be applied to the assessment process as a whole. It should also include criteria for the assessment of mainstream services supporting Aboriginal and Torres Strait Islander children.*

Recommendation 3: *that training funds be allocated and appropriate training be mandated to ensure all mainstream services have access to cultural competency training, resources and ongoing supports.*

3. Accessibility of affordable care

Responding to question 2 (c) *The current and future need for child care in Australia, including consideration of the following: accessibility of affordable care.*

Only a minute proportion of children are able to access non-mainstream ECEC services. There are a total of 189 Aboriginal and Torres Strait Islander early childhood services across Australia supported under the non-mainstream program (excluding OSHC services). There are 146,714 Aboriginal and Torres Strait Islander children aged 0-8 years old across Australia, the majority of whom require an early years service.

Non-mainstream services have struggled to ensure their services are accessible for all families and have a policy not to turn any family away. Budgets are managed to ensure that fees are targeted at a level that supports children's attendance. This approach of prioritising access is a strength of non-mainstream services which must be incorporated into future approaches to early childhood within Australia.

SNAICC has done extensive research on the viability of the mainstream Child Care Benefit (CCB) model for Aboriginal and Torres Strait Islander services to feed into the Budget Based Funding review and discussions on the way forward for the Aboriginal and Torres Strait Islander Child and Family Centres at the conclusion of the National Partnership Agreement on Indigenous Early Childhood Development (NPAIECD). Findings from this research are also applicable for Aboriginal and Torres Strait Islander families attending a mainstream ECEC service.

(a) Viability of the current system

The majority of ECEC services in Australia are delivered by private, for-profit organisations under a market service model. This type of model "impacts on accessibility and affordability because...whether they are profit-making or not-for-profit operations, services must operate as viable commercial enterprises and make decisions about location, costs and fees accordingly."²⁶

There is increasing concern that the current system is resulting in escalating, unaffordable fees, limiting many families' participation in early childhood services.²⁷ Child care rates have recently been increasing at a rate faster than the Consumer Price Index (CPI), with one study indicating that since its introduction over a decade ago, CCB has declined in value by more than 15 per cent.²⁸ Given the higher requirements for staff qualifications and staff-to-child ratios under the National Quality Framework, fees are projected to further increase over the next few years – potentially over 15 per cent in some jurisdictions.²⁹ Whilst CCB rates are indexed to the CPI, the fact that ECEC rates are rising at a faster rate means that child care is increasingly becoming less affordable – "as out-of-pocket costs rise faster than subsidies".³⁰

The Productivity Commission predicts that this situation is only set to continue, citing that "The value of the CCB will not change as it is based on the standard hourly rate, rather than the actual costs paid by parents, and the CCR will only refund half of the additional costs."³¹ Given this, research by Price Waterhouse Coopers states that "Linking funding increases to increases in the cost of delivery is...an appropriate basis for determining public funding rates".³² The higher costs are

forecast to have a particularly detrimental effect on lower-income families, who will be forced to spend a larger proportion of their income on child care fees compared to higher income families.³³ That funding should reflect actual costs is therefore also an argument of equity as well as one of effectiveness. As PWC explain,

For ECEC services, costs are likely to differ for children of different ages, for delivery in regional locations, and delivery to children with high needs. In the Australian child care context, observers have noted significant undersupply of high cost places – that is, places in regional or concentrated urban areas, places for younger children and places for children with special needs. Providing funding that is linked to the costs of delivering these places will help to reduce these disparities.³⁴

(b) The need for subsidised places for disadvantaged families

Given the wealth of evidence that indicates that participation in an early childhood service is particularly beneficial for disadvantaged children, it is key that low-income, non-working and/or disadvantaged families receive particular assistance with the cost of child care fees to support child development.³⁵ Supporting families' participation in such services is key to breaking intergenerational cycles of disadvantage by providing children with a fundamentally strong base from which to transition on to school.

With a clear link between participation in an early childhood centre, and cost to families, "a policy of offering free services or capping the cost to low-income families is most likely to facilitate access."³⁶ In contrast, "fee subsidies and tax relief are more likely to impose cost burdens on families in the form of gap fees, administrative barriers, delays between paying the fee and receiving the benefit, and exclusion of non-taxpaying families. Participation of children from low-income families is therefore less likely."³⁷ The Review of Australia's Future Tax System suggests a model that ensures that low-income families "receive up to 90% of fees – and 100% for at risk or vulnerable children".³⁸

The *Universal Access to early childhood education for Aboriginal and Torres Strait Islander children strategy* identifies fees as a particular issue impacting on the participation of Aboriginal and Torres Strait Islander families in ECEC services.³⁹ The Strategy highlights a wealth of evidence that demonstrates "that particular approaches have been shown to be effective in maximising enrolments, participation and outcomes for Aboriginal and Torres Strait Islander children (including) no fees, or minimal fees".⁴⁰ Considering this, it follows that to promote the best outcomes for Aboriginal and Torres Strait Islander children and families suffering from complex and multiple disadvantages, child care should be fully subsidised, and that it is not appropriate to link child care assistance with family income. Instead, "better measures of disadvantage may come from the health, community services or child protection systems."⁴¹

The inappropriateness of the CCB model is playing out in the operation of the newly established Aboriginal and Torres Strait Islander Children and Family Centres model. Recent SNAICC research found that,

The absence of guaranteed and ongoing funding for new integrated centres creates pressure to pursue self-sustainability. Some leaders in the development of Aboriginal and Torres Strait Islander Children and Family Centres identify that a self-sustaining funding model for integrated service delivery at the Centres is unachievable while maintaining costs at a level that will encourage and enable access to ECEC services for Aboriginal and Torres Strait Islander families. This creates concern that Centres will increasingly need to accommodate higher fee paying families and lose their focus on targeted service provision for Aboriginal and Torres Strait Islander children and families.⁴²

A series of examples from SNAICC research in the box below illustrate.

Examples of the Operation of CCB on services with Aboriginal and Torres Strait Islander children⁴³

KU Children's Services: The operation of services with a high proportion of Aboriginal and Torres Strait Islander clients in disadvantaged areas demonstrates the failure of a user-pays system for these clients. For example, KU Children's Services has stated that their centres in wealthier areas directly subsidise those in lower socioeconomic areas, explaining that "Without this surplus generated by our 'giver' centres we would not be able to fund our Affordable Fees Program and the fees at our centres in the most disadvantaged areas, where children perhaps need KU most, would be unaffordable for families."⁴⁴

Gundoo, in Cherbourg, Queensland, operates BBF funded MACS and a CCB funded long day care (LDC) service. The service has found that the fees derived from the CCB service do not cover operating costs, and therefore the LDC budget has to be supplemented from the BBF MACS budget – including covering additional services such as food.

Nurapai Kazil Centre on Horn Island, operating a playgroup, after school hours care, vacation care and long day care, has experienced significant difficulties with the user-pays basis of the CCB model. These have included:

- Enabling both staff and families to understand the CCB requirements;
- Inability of a families to pay fees – either because they are on low-incomes, but also due to the lack of a 'user-pays' culture within the community – resulting in a significant barrier to families paying fees.
- Resentment from families directed at the service over perceived high fees;
- Significant administrative time to support parents to understand CCB requirements; and
- Families not applying for CCB and then not paying the full fees.

The service has found that the CCB funded long day care service needs to be partially funded from the BBF budget, in order to keep running. However this still does not address the significant issues associated with non-payment of fees.

Whilst the service has had a held a number of meetings with the community to negotiate various options for repayment plans, including direct wage deductions, none of these options have been accepted by families in the community. The current situation is therefore that a number of families have incurred high debts. When faced with the option of having to shut down, the centre has opted to suspend the child instead. This is a last resort option and not ideal for anyone, but it has been necessary to keep the service running.

Thursday Island Child Care centre, operating both a long day care and after school hours program, experiences extensive difficulties in collecting fees from families. Some weeks families do not pay fees, which means that the service operates at a loss for that period. Families then have two weeks to pay the overdue fees, and after this their child's participation from the service is terminated. The families cannot re-enroll at the service until they pay the overdue fees. This means that a number of children cannot participate at the service. The service management do not want to limit participation – but in order to continue operating they are forced to do this.

(c) Other challenges with the Child Care Benefit model

Extensive SNAICC consultation with both BBF services and ACFCs indicates that this would be extremely detrimental in facilitating Aboriginal and Torres Strait Islander children's access to ECEC. Many services and sector experts have reinforced to SNAICC serious reasons why the model would be incompatible for many Aboriginal and Torres Strait Islander early childhood services. The Australian National Audit Office similarly found in a 2011 report that transitioning Aboriginal and Torres Strait Islander early childhood services to CCB would be problematic, and would need to consider the types of services provided by BBF – which are generally broader than those funded under the CCB system.⁴⁵ The Australian National Audit Office also found in 2013 that reliance on CCB by the Aboriginal and Torres Strait Islander Child and Family Centres would not be feasible. They confirmed that this would: "only partially cover the anticipated costs and will only do so for a portion of centres" (ANAO Report 38, 2012-13).

In summary the challenges with CCB include:

(i) The philosophy and objectives of the model

Early childhood services for Aboriginal and Torres Strait Islander communities are not purely about supporting families' work choices and/or providing children with early childhood development opportunities. They are about holistically supporting the wellbeing of all children and families in the community. They also act as key hubs to link families to a variety of early childhood support services such as parenting and child health programs. A CCB model supports only restricted funding for child care services. Thus at the most, it would only ever support part of the costs of a service for Aboriginal and Torres Strait Islander families.

A user-pays model also inherently risks termination of a child's participation in a service due to unpaid fees and/or families not adhering to administrative requirements. This is directly counter to the BBF philosophy of fostering participation of all children in a community, regardless of family circumstances or capacity to pay.

(ii) substantial technical and administrative challenges with its requirements

These requirements include children exceeding the allowable absence requirement; the higher administrative burden for families; termination of CCB due to missing documentation, lapsed immunisation, inaccuracies in paperwork, and incorrect Centrelink details (for further on this challenges see **Annexure 1**, section E, parts 9-11).

The examples in the box below highlight these incompatibilities.

Service Examples of incompatibility of CCB

Yarrabah PCYC School Age Care operates in Yarrabah, an Aboriginal and Torres Strait Islander community in Queensland. The centre runs vacation and after-school care.

Yarrabah transitioned from BBF to CCB funding in 2005. At this stage 130-150 children attended daily. However, many children have become ineligible for funding under CCB, because of:

- Inconsistencies between a child and carer's Centrelink details and Yarrabah's records (often caused by misspelt names or incorrect birthdates);
- Lapsed immunisation or missing immunisation records; and
- Children living with multiple families – meaning that the adult claiming child support for the child changes frequently without information being passed on to Yarrabah.

This has left Yarrabah unable to claim CCB for these children and therefore substantially unable to meet its budget. Staff cuts have been required, which has meant that staff to child ratios cannot be met, and child numbers must therefore be reduced to comply with state and national regulations. This has resulted in a drop since 2005 from 130-150 children attending daily, to 40-50. Centre hours and program breadth have also been reduced to save money, and the centre has had to sell their larger bus, relying now on one small bus to pick up and drop children.

Yarrabah experiences a \$300,000 deficit between funding received and funding required to operate. The centre is currently heavily subsidised by the Queensland PCYC Head Office. Whilst Yarrabah does apply for and receives some grant funding, most grants are not available for operational funding, which is the most pressing need.

Bubup Wilam Aboriginal Child and Family Centre (ACFC) in Thomastown, Victoria, estimates that the estimated negative impact of transitioning to CCB funding would be significant. The centre has calculated that if fees were kept at a level that enables families most in need to attend, the annual deficit would be \$500,000. As an ACFC, the service is required to offer an active range of services that are responsive to community need. Without the extra \$500,000 each year, Bubup Wilam will be forced to cut back on staff or programs, both of which will impact negatively on the children, families and broader community as a whole.

For more details on these please refer to Section E, **Annexure 1: SNAICC Submission to the Department of Education, Employment and Workplace Training (DEEWR)**.

The BBF model, by virtue of its flexibility, enables the needs raised above in section B (2) to be met. The program, does however, require amendment in several areas:

- Longer funding cycles: currently the BBF program operates in one year cycles. SNAICC recommends that this be extended to three;
- Additional funding is needed to ensure that services under the BBF program can provide additional services according to community need, can cover infrastructure maintenance and renovation, provide for appropriately qualified staff; and
- Adapted reporting requirements.

Despite the strengths of the program, current funding of the BBF program is capped, and no new services are to be supported. This threatens both the sustainability of the program and its capacity to provide affordable and accessible care.

For further details on the strengths and limitations of the BBF program please refer to Section D, **Annexure 1: SNAICC Submission to the Department of Education, Employment and Workplace Training (DEEWR)**.

Recommendation 4: *Redress inequity in funding for children attending mainstream and non-mainstream services.*

Recommendation 5: *Map current service gaps which limit access to quality ECEC for Aboriginal and Torres Strait Islander children, recognising the need for service choice for Indigenous families.*

Recommendation 6: *Invest in a long term sustainable program, adapted from the non-mainstream Budget Based Funding program, which provides adequate supports to Aboriginal and Torres Strait Islander children for whom the mainstream system is not appropriate.*

The program would be designed for services which have clear objectives to work with local Aboriginal and Torres Strait Islander communities to provide integrated child, family and community centred services. Clear program objectives, principled program criteria and evidence based models would drive transparent decision-making criteria on service access to the program, including for both existing and new services.

4. Rebates and subsidies available for each type of care

Responding to question 2 (h) *The current and future need for child care in Australia, including consideration of the following: rebates and subsidies available for each type of care.*

For further details on this, please refer to:

- Section 4 of **Annexure 2: Joining the Dots: Program and Funding Options for Integrated Aboriginal and Torres Strait Islander Children's Services**;
- *Early Years Pathways – positive outcomes for Aboriginal and Torres Strait Islander children, December 2013*; and
- section 7 of **Annexure 1: SNAICC Submission to DEEWR**.

5. Transition to School

Responding to question 2 (i) *The capacity of the existing child care system to ensure children are transitioning from child care to school with a satisfactory level of preparedness.*

Recent SNAICC research exploring good practices in Aboriginal and Torres Strait Islander children's transition to school (forthcoming) reveals numerous high quality transition to school programs run by early childhood services, community organisations and schools. It also however indicates a lack of systematic and comprehensive funding for transition programs across each jurisdiction of Australia. High quality transition initiatives require dedicated staff time and resources.

SNAICC's research and discussions with services suggests however that due to limited support for transition, early childhood services are frequently forced to provide transition programs from within existing service budgets, or through staff contributing their own unpaid time. This is not feasible and

Responding to question 2 (j) *Opportunities to improve connections and transitions across early childhood services.*

SNAICC has recently conducted research identifying and exploring what we know about supporting successful transitions to school for Aboriginal and Torres Strait Islander children. This reinforces the importance of the transition phase for all children, and particularly for children experiencing disadvantage or moving across systems – i.e. a cultural shift for Indigenous children into the mainstream. It also highlighted a series of major gaps in current approaches to transition and need for greater recognition and support from policy through to program support and practice in seeing effective transition for Aboriginal and Torres Strait Islander children.

The research proposes that successful transition programs are those that:

- adopt a strengths based approach to Aboriginal and Torres Strait Islander children's development and learning;
- apply a cultural lens; and
- take a multidimensional approach that targets the five dimensions of 'readiness': ready early childhood services, ready communities, ready families, ready schools and ready children.

For further information on this, including the role of early childhood services in transition, please refer to **Annexure 4: Supporting Transition to School for Aboriginal and Torres Strait Islander Children: What it means and what works?**

Recommendation 7: *Embed evidence on effective transition to school for Indigenous children into early childhood and primary tertiary courses;*

Recommendation 8: *Establish a discrete three year funding program to support evidence-based transition to school programs for Aboriginal and Torres Strait Islander ECEC services and schools across Australia.*

6. The National Quality Framework

Responding to Question 5: *on the benefits and impacts of regulatory changes in child care over the past decade, including the implementation of the National Quality Framework.*

SNAICC supports the National Quality Framework. It is a positive development in ensuring consistent and quality services for children across Australia. SNAICC refers in this submission only to areas that require strengthening around cultural competency (see section ## above) and the inclusion of all services to the quality and rating system.

Budget Based Funding services, 80% of which are Aboriginal and Torres Strait Islander, are currently excluded from the assessment framework of the NQF, the National Quality Standard. While these services come under national law, they are not currently included within national regulations. They are therefore not assessed

according to the National Quality Standard. The exception to this are the few BBF services who receive any Child Care Benefit (CCB) funds, and then they are only included in the Regulations to the extent of that funding. We understand that this issue will be considered as part of the federal Government review of the NQF planned for mid-2014.

The exclusion of these services reinforces a double standard of service provision for children, and leaves the BBF services further behind. This is an opportunity for services to be supported to ensure quality services of a high standard to those children most in need.

A close examination of the cultural appropriateness of the NQS is required however before a process is agreed to the inclusion of these services. Significant amendments to the rating system may be required for application to these services. The process of application is also important. Mainstream services were supported over time with resources and learning supports to enable compliance. At least comparable conditions would be required for any new services coming within the rating and assessment system.

For further information on this issue, see **Annexure 7: A Place for Culture? Exploring Aboriginal and Torres Strait Islander Cultural Competence in the National Quality Standard, December 2013**

Recommendation 9: *That the terms of reference for the review of out-of-scope services as part of the Federal Government review of the NQF include the cultural appropriateness of the NQS for Aboriginal and Torres Strait Islander services.*

Recommendation 10: *That services within the Budget Based Funding program be included within the scope of the national regulations, including the National Quality Standard, over a period of time, with amendments to ensure cultural appropriateness and funding supports to enable compliance.*

¹ Productivity Commission. (2011). *Early Childhood Development Workforce Research Report*. Commonwealth of Australia, 351.

² Ibid, 351.

³ Committee on the Rights of the Child. (2012). *Consideration of reports submitted by States parties under article 44 of the Convention. Concluding observations: Australia*. U.N. Doc. CRC/C/AUS/CO/4, paragraph 29 (a), p7.

⁴ Committee on the Rights of the Child. (2012). *Consideration of reports submitted by States parties under article 44 of the Convention. Concluding observations: Australia*. U.N. Doc. CRC/C/AUS/CO/4, paragraph 29 (a), p19.

⁵ Hutchins, T. Martin, K. Saggars, S. and Sims, M. (2007). 'Indigenous Early Learning and Care'. Australian Research Alliance for Children and Youth (ARACY), 9.

⁶ SNAICC. (2013) Mapping and Analysis of Aboriginal and Torres Strait Islander Early Years and Family Support Services Across Australia, SNAICC, available at http://www.snaicc.org.au/_uploads/rsfil/03249.pdf.

⁷ The Royal Children's Hospital Centre for Community Child Health and the Murdoch Children's Research Institute. (2012). *A Snapshot of Early Childhood Development in Australia 2012: Australian Early Development Index (AEDI) National Report*. Australian Government Department of Education, Employment and Workplace Relations (DEEWR), 12

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- ⁸ See pp.5-7 and Annexure A of SNAICC. (2013). *A Place for Culture? Exploring Aboriginal and Torres Strait Islander Cultural Competence in the National Quality Standard*, SNAICC, Annexure 7 attached.
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- ¹⁴ Trudgett, M. & Grace, R. (2011). 'Engaging with early childhood education and care services: The perspectives of Indigenous Australian mothers and their young children'. *Kulumun Indigenous Online Journal*, Vol. 1, 17
- ¹⁵ Productivity Commission. (2011). *Early Childhood Development Workforce Research Report*. Commonwealth of Australia, 359; SNAICC. (2010). 'Towards Aboriginal and Torres Strait Islander access and engagement: overcoming barriers to child and family services'. Policy paper, 7; and Hutchins et al. (2007). "Indigenous Early Learning and Care". Australian Research Alliance for Children and Youth (ARACY), 8
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- ¹⁷ Flaxman, S., Muir, K., and Oprea, I. (2009). *Indigenous families and children: coordination and provision of services*. Occasional Paper No 23. FaHCSIA, 23.
- ¹⁸ Department of Families, Community Services and Indigenous Affairs (FaCSIA). (2007). *Towards and Indigenous Child Care Services Plan: A summary of the findings from consultations with Indigenous communities 2005-06*. Canberra, 8.
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