CHILDCARE AND EARLY CHILDHOOD LEARNING

VCOSS submission to the Productivity Commission's Draft Report

September 2014

VCOSS
Victorian Council of Social Service

About VCOSS

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. VCOSS works to ensure that all Victorians have access to and a fair share of the community's resources and services, through advocating for the development of a sustainable, fair and equitable society. VCOSS members reflect a wide diversity, ranging from large charities, sector peak organisations, small community services, advocacy groups and individuals involved in social policy debates.

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Introduction

VCOSS welcomes the opportunity to provide feedback on the Productivity Commission's Draft Report on Childcare and Early Childhood Learning (the Draft Report).

VCOSS provided a more comprehensive submission (No. 341) to the original consultation process, to which we draw your attention. In this brief response we will respond to a few select issues raised in the Draft Report requiring further consideration by the Productivity Commission.

In addition we support the submissions and evidence of the Early Learning Association Australia, the Community Child Care Association and Playgroup Australia.

A high quality, accessible and affordable early childhood education system supports children's learning and development, and contributes to economic growth and productivity by supporting parents and carers to participate in paid work. It is important that efforts to ensure affordability to drive economic growth do not adversely impact on the quality of care and education provided to children.

Overall VCOSS welcomes the Draft Report's focus on supporting children from low-income families, vulnerable children and children with additional needs to access quality early childhood education and care (ECEC).

In particular, VCOSS supports the recommendations to:

- continue government investment in universal access to 15 hours of early learning in the year before school;
- increase investment in subsidies for low-income families; and
- improve the integration of ECEC with other childhood services in disadvantaged communities.[1]

However we are concerned about the potential impacts on children and ECEC providers of a number of other recommendations in the Draft Report. These include the recommendations to:

- lower qualification requirements for ECEC educators working with younger children;
- change the early care and learning subsidy activity test;
- remove tax concessions eligibility for non-profit ECEC providers; and
- remove preschools from the National Quality Framework.

[1] For further information on effective models of integrated services that have demonstrated improved outcomes for children and families, see the original VCOSS submission (Submission No. 341) to the inquiry, at page 28.

Support for universal access to early learning

We welcome the call by the Productivity Commission for continued government investment in universal access to 15 hours of early learning in the year before school. The National Partnership on Universal Access to Early Childhood Education is due to expire in December 2014. VCOSS believes that it is critical to continue this investment.

Quality early childhood education and care services promote improved learning and health outcomes for children and deliver clear economic value. The Centre for Economic Development has identified that investment in early learning can return up to $16 for every dollar invested.[2]

For vulnerable children, including children from low-income families, the benefits of participation in kindergarten are especially profound. High quality ECEC programs promote a young child's health, learning and skill development, and also positively influence their longer-term quality of life.

Lowering qualification requirements for ECEC educators

The recommendation to lower the qualifications required for educators working with children aged under three years is concerning. The Draft Report recommends that educators working with children up to age three only be required to hold a Certificate III.

The first five years of a child's life are critical to their development. It is a time when 90 per cent of brain development occurs, a time that sets children up for the rest of their lives, impacting their future social, health and educational outcomes.[3] Much of the development that happens in the first three years of life, particularly language development, lays the foundation for later learning.

ECEC services, from the prenatal period to the first years of school, are now well-recognised as being critical to supporting children's social and emotional wellbeing and their development as well-functioning, healthy adults. Effective interventions during this stage of development can significantly impact a person's long term health, education and workforce participation outcomes. Evidence also points to the positive link between the qualification levels of staff and ratings of service quality.[4]

Particularly for vulnerable children or children with additional needs, recognising and responding to their needs in a way that best promotes their long term outcomes requires

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[2] Committee for Economic Development, *The economic promise of investing in high-quality preschool: Using early education to improve economic growth and the fiscal sustainability of states and the nation*, Washington, US, 2006.

[3] J Shonkoff et al., National Scientific Council on the Developing Child, *From neurons to neighbourhoods: The science of early childhood development*, National Academy of Sciences, Washington DC, 2007, p. 5.

[4] For example, K Sylva, E Melhuish, P Sammons, I Siraj-Blatchford & B Taggart, *The Effective provision of pre-school education (EPPE) project: Findings from Pre-school to end of Key Stage 1*, 2012: http://eppe.ioe.ac.uk/eppe/eppepdfs/RBTec1223sept0412.pdf

qualified educators, displaying skills not expected at a Certificate III level. Identifying early signs of developmental delays or challenging behaviours can also provide opportunities for early interventions, but similarly requires well-trained and experienced education professionals.

VCOSS recommends that the qualification requirements for educators of 0- 3-year-old children be maintained, and not amended as recommended in the Draft Report at 7.2.

Changing the early care and learning subsidy activity test

Vulnerable children benefit the most from high quality ECEC services and have the highest social returns on investment from participation in quality ECEC services.[5] Longitudinal studies have shown that the benefits of early childhood programs for disadvantaged children include higher levels of school performance, reduced need for special education, higher school completion rates, reduced welfare dependency and greater levels of employment and income.[6]

VCOSS is concerned that the revised activity test proposed in the draft report may push children from vulnerable and low socio-economic households out of ECEC if their parents are unable to meet tightened work, study or training activity requirements. Those children most in need of early learning opportunities may miss out.

While the recommendations aimed at specific groups of children with additional needs (including children with parents receiving the disability support pension or carer's payment) are very welcome, there are likely to be a large number of children who fall outside these targeted groups, but who remain vulnerable and will benefit from access to ECEC.

For example, children with parents who become unemployed, or single parents in areas with limited job opportunities unable to obtain the required number of work hours should not be disadvantaged in their access to ECEC. Consistency is also important, and children should not be required to drop in and out of ECEC if their parents' employment is uncertain or if they move through cycles of unemployment or underemployment.

The Productivity Commission should consider alternatives to the revised activity test that support vulnerable children's consistent engagement with ECEC services.

Removing tax concessions eligibility for non-profit ECEC providers

VCOSS does not support the removal of non-profit ECEC providers' eligibility for payroll and fringe benefits tax exemptions. We are concerned about the detrimental impacts of

[5] PriceWatehouseCoopers, *A practical vision for early childhood education and care,* March 2011, p.21.

[6] Currie, J.'Early childhood education programs' *Journal of Economic Perspectives*, 15(2), 2001, p.213.

removing concessions for ECEC providers and staff, and the potential that costs will be passed on to families.

Tax concessions are currently available to a range of non-profit community organisations. The Productivity Commission inquiry into the Contribution of the Not-for-Profit Sector found that the tax concession system that applies to the community sector is complex, inequitable and inefficient and masks the true funding needs of the sector. However, it did not go on to make specific recommendations for reform, or call for the removal of concessions.

Fringe benefits and other tax concessions are used by community sector employers to attract workers to a sector that struggles to offer wages that are competitive with other sectors. The ability of organisations to access concessions is an important mechanism to attract and retain workers without driving up the costs of services.

Removing tax concessions for non-profit ECEC providers could add to the complexity and inequity of the current system, rather than reducing it. Some ECEC providers deliver other community services, for which they are eligible for concessions. This could lead to situations where some staff and programs within organisations have access to concessions, while others do not.

VCOSS recognises that tax concessions for the non-profit sector could be streamlined, and that fair funding to meet the full cost of services would be preferable. But the most appropriate place to address the complexities of taxation reform in the community sector are in a broader conversation about our taxation system, not by changing arrangements for only one part of the sector. This discussion could take place in the context of the taxation White Paper expected to be released in 2015.

Removal of preschools from the National Quality Framework

Finally, we highlight the concerns raised by organisations including the Early Learning Association Australia, about the recommendation that preschools are removed from the scope of the National Quality Framework and that funding for preschools be incorporated into school funding.

This approach is not only inconsistent with a united and national approach to quality of early learning, there is also a significant risk that over time the Commonwealth gradually reduces its responsibility for direct funding of preschools and that funding processes become less transparent.

Preschools should remain within the National Quality Framework, and the Commonwealth government should continue to fund preschools through a transparent funding process.