



## **Response to the Draft Productivity Commission Report into Childcare and Early Childhood Learning**

September 2014

### **Introduction**

Hobsons Bay City Council (Council) welcomes the opportunity to provide feedback to the draft Productivity Commission report into Childcare and Early Childhood Learning (the Report).

Council recognises the positives identified in the Report which includes:

- the introduction of the Early Childhood Learning Subsidy (ECLS), simplifying the system for parents
- broad support for the continued implementation of the National Quality Framework (NQF)
- retention of 15 hours of universal access to a kindergarten program for all children in the year prior to commencing school
- programs to support children at risk or with additional needs

The proposed changes need careful consideration before their introduction to the early childhood education and care sector. There is concern that the proposed changes will negatively impact the quality of the care and education sector and appear to be designed as cost saving measures, without due consideration for developmental outcomes in children.

The following changes have the potential to impact quality and accessibility, particularly for vulnerable families:

- deemed cost of childcare and differing subsidies being available to different service types
- the potential for reduced funding to support children and their families who may be disadvantaged, vulnerable, at risk or with additional needs
- the change of NQF requirements to ease regulatory burden which includes:
  - removal of preschool programs from the NQF system
  - reduction of qualification requirements for educators working with children aged birth to 36 months
  - removal of the requirement for early childhood teachers to have practical experience with children aged birth to 24 months
  - reduced ratio requirements which may provide some flexibility at the potential expense of quality and care.
- lack of certainty of ongoing funding for 15 hours of universal access to a kindergarten program in the 12 months prior to commencing school
- introduction of nanny services to the fee subsidy system without the same accountability and supervision of the current in home care system
- the potential reduction of positive long term academic and social outcomes

## **Background information**

The City of Hobsons Bay is situated on Port Phillip Bay some 10 kilometres west of central Melbourne. It covers an area of approximately 66 square kilometres extending from the West Gate Bridge south westerly along the Bay to north of Point Cook. It incorporates the suburbs of Brooklyn, South Kingsville, Spotswood, Newport, Williamstown, Williamstown North, Seaholme, Altona North, Altona, Altona Meadows, Seabrook and Laverton.

A range of service providers and kindergarten and child care models currently operate within Hobsons Bay. These include stand alone kindergartens, double unit kindergartens, integrated long day care/kindergarten and long day care services. There are also outside school hour's care programs. These programs are provided by Council, community managed and private operators.

Council directly manages a Family Day Care (FDC) service with 170 active occupied places, two Long Day Care (LDC) services with integrated kindergarten programs and a total of 111 places and one Occasional Care program with 15 places. This provides two sessions per week for four hours per session (during school term). The FDC and one LDC service are rated as exceeding national quality standard. The other LDC service is yet to have an assessment and rating visit.

Council also supports the committees of management and provides central enrolment for 18 community managed kindergartens.

## **Feedback on Draft Report Findings**

### **Deemed Cost of Child Care**

As proposed the deemed cost of child care is not realistic. Council operates their childcare centres based on legislative requirements and do not have higher ratios or additional fees for activities. The staff employed in Council operated LDC are employed under the Local Government Enterprise Agreement which is above industry award rates.

If Council were to charge fees based on the deemed cost of care there will be a large gap between the ECLS and the fees for parents which will potentially increase over time, making child care less affordable for families, particular those that are more vulnerable.

### **Early Childhood Learning Subsidy (ECLS)**

The current child care benefit (CCB) and child care rebate (CCR) system is complex and the introduction of the ECLS will provide a streamlined and easier system for families. Paying the ECLS directly to the service will also assist both families and services in managing fee payments.

There are inconsistencies with the ECLS and deemed costs of child care. The proposed deemed costs differentiate LDC as costing more than FDC. Therefore families accessing LDC would be entitled to more subsidy than families accessing FDC, even though the actual costs of provision may not be different.

Fees in Hobsons Bay FDC range from \$66 to \$143 per day based on an 11 hour day (plus 52 cents per hour for Council's administration levy). LDC fees in the municipality range from \$72 to \$110 per day. The fees across service types are comparative (and in fact significantly higher in some cases in FDC) and yet families accessing FDC would be entitled to less subsidy.

There has always been a gap fee for families in relation to CCB and CCR and this would continue in the above situation. Where the concern lies is with vulnerable children and families. Families that currently have access to Special CCB (SCCB) can have 100% of their fees paid. Under the proposed system of Special ECLS (SECLS) families can have 100% of the deemed fee paid, leaving in some circumstances a large gap fee for families in vulnerable situations. Limiting the subsidy to 26 weeks rather than being available on an ongoing basis if needed (with regular reviews) may leave families unable to afford care after this period of time. This could be prohibitive for families in accessing care and in some circumstances could have serious impacts on family units.

### **Case Study**

R attended FDC from nine months until he was three years and three months when the family moved away from the area. The family was referred via a social worker as the parents had mental health and drug and alcohol issues. R was considered a child at risk and there were concerns regarding nutrition, routine and as he got older social skills. In addition to this the family had issues with housing. Financially they were not stable and child care costs were a burden the family could not afford. Without attendance at child care R was at risk of being removed from his parents (an older sibling had previously been removed and placed into permanent foster care).

The FDC coordination unit applied for SCCB for R, reapplying every 13 weeks. This continued to be approved and paid R's child care costs in full. This allowed R ongoing access to quality care (including provision of nutritious breakfast, lunch and snacks as well as caring for hygiene such as bathing), which supported his learning and development as well as the family unit. Without full payment of fees the family would not have been able to afford ongoing access to FDC (or other child care) and R may have been removed from his family unit.

### **Inclusion Support**

The current inclusion support system provides LDC services with funding to engage an additional educator to support a child's attendance within the room. In FDC funding supports the educator to have one less child in care. This provides the time needed for the educator to meet the child's additional needs. This is a weekly payment approved on a 12 monthly basis, and constantly reviewed to ensure it meets any changing needs of the child and the service, which includes relevant training, and support for staff.

As is proposed the one off inclusion support grants lack the flexibility to choose the best method to meet the changing needs of individual children. The current system is more responsive. The child with additional needs requires ongoing assessment as their needs will vary throughout the time in the education and care setting.

Council strongly supports the principles of inclusion of children with additional needs within our services. Without ongoing funding in this area most services would potentially need to reconsider how to provide support for children with additional needs, leaving these families with reduced access to quality care and education services.

## **Activity Test and Fee Assistance**

Under the proposed system families who are working or studying less than 15 hours per week or don't meet the activity test will not be eligible for any fee assistance. Currently these families are eligible to receive up to 24 hours of subsidy.

Some family arrangements suit them to work or study only one day per week, but under the new system, this would potentially leave these families without access to regulated care and education services.

Under the current system families requiring irregular care arrangements can apply for subsidies for more than 50 hours of care in a week and for 24 hour care. These types of care are not mentioned in the report and it is unclear whether these options would continue to be available. This would most typically affect families using FDC and potentially impacts more on vulnerable families.

## **National Quality Framework (NQF)**

The NQF supports a consistent approach to service delivery ensuring that access to a quality education and care system for children of all ages. Kindergarten/preschool services should remain in this system, continuing the consistency, providing families with reassurance regarding the quality within the varied service types and supporting the sector to work together to meet quality outcomes for children.

Changes to the NQF system should not be made if they reduce the quality in the provision of care and education services. There is Australian and International research to support that the quality of care from birth to 36 months with a primary carer or significant other, enhances the long term socio emotional and cognitive development of all children. The benefit of quality care and education is most evident in children from vulnerable and disadvantaged backgrounds. This submission advocates for the retention of:

### *Qualifications for Educators*

Qualifications for educators caring for children birth to 36 months should be maintained. The evidence disputes the suggestion in the report that the quality of care and education does not impact on long term development outcomes for the child. There is significant research indicating that learning and development commences from birth. These early years lay the foundations for ongoing learning and development as children grow to adolescence and adulthood. It is vital that they are exposed to quality learning environments developed and delivered by qualified and experienced educators.

The Education and Care Services National Regulations require all centre based services to have access to an early childhood teacher. The number of hours per day is dependent on the size of the service. Given that most centre based services provide care and education for children from birth it is vital that the early childhood teachers have qualifications and the necessary experience to assist in delivering programs to children from birth to 24 months of age.

### *Ratios*

Child to educator ratios should be maintained nationally at the highest quality level for all children. Flexible arrangement should not be further extended beyond the current levels. The proposed flexible arrangement is open to interpretation and could potentially put children at risk while reducing the overall quality of care and education.

### *Assessment and Rating*

The assessment and rating process is lengthy and the system seems to be taking longer to implement than first anticipated. Council would support finding ways to ensure this system is streamlined while not reducing quality outcomes for children. The retention of the excellent rating should be maintained allowing services that are rated at exceeding a goal to work towards. This will allow services to continue to improve achieving better quality outcomes for children.

### **Universal Access (15 hours of funded kindergarten)**

The Council has supported the implementation of 15 hours of funded kindergarten across its 18 community managed kindergartens. Significant systems have been put in place to ensure that all our services were able to provide 15 hour programs by 2014.

It is pleasing that the current partnership agreement has been extended until the end of 2015 and that the report acknowledges the benefits of a child attending 15 hours of kindergarten in the year preceding school. What is not confirmed is the ongoing funding arrangement beyond 2015. If the Agreement on Early Childhood Education with the Victorian State Government is not extended beyond 2015 and there is not a commitment to funding for 15 hours there will be a dramatic impact on the community in the long term.

There is the risk of developing a two tier preschool system if there is no long term commitment by the government to fund the additional five hours of universal access. Where parents can afford to pay for a 15 hour program these will be provided, but in areas of lower socioeconomic disadvantage parents will probably only be able to afford the minimum 10 hour funded program. It should be noted the potential impost to families if government cuts to funding occur could be on average \$1200 per child per annum putting 15 hours of kindergarten out of reach of many families. Failure to commit to a fully funded 15 hour program will increase disadvantage to those already most at risk of developmental vulnerability reducing long term academic outcomes.

### **Family Day Care (FDC), In-Home Care (IHC) and Nannies**

The new eligibility criteria introduced for Community Support Funding (CSP) from 1 July 2015 will negatively impact most FDC services in Victoria, including Council. The council will not meet the eligibility criteria and therefore stand to lose a significant amount of funding.

The report recommends the removal of IHC and introducing nannies (who meet NQF standards) to be eligible for the ECLS. The proposed changes will be difficult to monitor and nanny services will not be subject to the same level and accountability and supervision as the current in home care system.

The report shows a commitment to meet the needs of the more vulnerable in the community and the new eligibility criteria for CSP funding for FDC services also demonstrates the same commitment. However we would not support the removal of IHC as it is the service best able to meet the needs of more vulnerable children and families.

Traditionally the employment of nannies is limited to high income earners restricting its application to the wider community.

FDC models are successfully providing services in a home environment with high education and care. Business models that include IHC and nanny services could be developed to ensure that quality is maintained and the needs of the more vulnerable in the community are met.

FDC services are required to meet the same legislative requirements and standards of care and education against the national quality standard as LDC services.

The Hobsons Bay community values the fact that the Council Family Day Care service has educators with qualifications ranging from Certificate 3 in Children's Services to Bachelor in Early Childhood and that coordination unit staff are all Diploma or Bachelor qualified. This supports quality programs for children and the service was rated as exceeding national quality standard in May 2013. The standard of care and education provided in FDC should not be diminished.

## **Conclusion**

In conclusion, Council acknowledges that there are positive aspects to the report but has concerns that overall the impacts of the report recommendations may have serious long term impacts on the socio emotional, cognitive development and education outcomes for all children. It appears to reduce accountability, adherence to the NQF, and a reduction in the current standards.

In relation to the Report, Council makes the following recommendations:

- ensure a fair and consistent approach to childcare subsidies especially adequate funding to support children and their families who may be disadvantaged, vulnerable, at risk or with additional needs
- reconsider and review the deemed cost of child care so that it is
  - fair and equitable to all families regardless of the service type they are using
  - reflective of the actual cost to services for the provision of care and education
- review the NQF system to simplify implementation (including the assessment and rating process) where this won't reduce quality standards of care and education for children. This includes:
  - maintain preschool programs as part of the current NQF system
  - maintain qualification requirements for educators working with children aged birth to 36 months
  - maintain the requirement for early childhood teachers to have practical experience with children aged birth to 24 months
  - implement consistent national ratios based on highest quality level for children as outlined in current legislation and complete this within proposed introduction timelines
- ensure ongoing funding for 15 hours of universal access to a kindergarten program in the 12 months prior to commencing school
- review the introduction of nannies to eligibility of ECLS and consider business models of FDC to include IHC and nannies