

LABOR EARLY CHILDHOOD EDUCATION AND CARE FUTURE DIRECTIONS FOR AUSTRALIA

23 June 2017

Thank you for the opportunity to respond to the Labor Early Childhood Education and Care Future Directions for Australia.

ACCS is very excited that the Labor Party is actively considering how it can reform the current early childhood education and care (ECEC) sector to ensure that all Australian children have access to high quality ECEC; and that families are able to access affordable care in locations that suit their work and life choices.

We particularly note the concern related to those families who may be experiencing vulnerability or disadvantage and that these families are most likely to continue to have the least access to ECEC services. Children from these families most often benefit the greatest from participation in high quality ECEC services, and this participation can continue across the child's life course.

About ACCS

ACCS is the peak body representing Australia's not-for-profit community children's services and those who support the right of children to access these services. ACCS has branches in each state and territory throughout Australia.

ACCS is committed to:

- children, families and communities;
- children's entitlements for the best care, education and health services;
- community ownership;
- connected services for children, families and local communities;
- cost effective services - not for profit; and
- cultural diversity and respect for Aboriginal and Torres Strait Islander people as custodians of the land.

Questions for consideration

Reform goals

ACCS believes that every child regardless of location, cultural background, socio-economic status or workforce participation has the right to high quality ECEC. Participation in ECEC forms the essential foundation for a child's future life course.

Think big!

ACCS encourages the Labor Party to think big. We ask that Labor considers a national policy framework that works towards the well-being of all Australia's children that includes ECEC. A good example of this approach is Scotland's Getting It Bright for Every Child (GIRFEC).

GIRFEC is the national approach in Scotland to improving outcomes and supporting the wellbeing of our children and young people by offering the right help at the right time from the right people. It supports them and their parent(s) to work in partnership with the services that can help them.

It puts the rights and wellbeing of children and young people at the heart of the services that support them – such as **early years services**, schools, and the NHS – to ensure that everyone works together to improve outcomes for a child or young person. (Source: <http://www.gov.scot/Topics/People/Young-People/gettingitright/what-is-girfec/children-and-young-people>, accessed 22 June 2017, ACCS emphasis in text)

It is critical that ECEC services are not just a conduit for parents' workforce participation. While this is certainly an important outcome for Australia's future economic prosperity; ECEC services should be about what is best for children. ECEC services will always enable workforce participation. Often policy does not consider what is in the best needs and interests of all Australia's children to participate in high quality ECEC services.

Putting children's development first

Two days and two years

All children are entitled to participate in ECEC services. Research shows that all children benefit from participating in good quality ECEC services. International best practice shows that child and family outcomes improve for children experiencing vulnerability or who are at risk with regular participation in good quality ECEC programs, with greater benefits generally arising from larger 'doses' of participation¹. Research suggests that two full days per week is a minimum. Recent Australian research clearly demonstrates that children who are experiencing disadvantage benefit the most and that ECEC participation should be for at least two years duration to have a positive impact on life courses of these children².

First 1000 days

We would encourage the Labor Party to look at the first 1000 days approach that considers a coordinated, comprehensive approach to supporting families with children from conception to when the child is two years of age. This approach enables political parties to consider how their ECEC policies provide the best foundation for a child's future health and well-being.

There is an increasing body of evidence that shows the importance of 'getting it right' for children and families in the first 1000 days of a child's life from conception to 2 years of age. Prof Kerry Arabena notes that "when a baby's development falls behind the norm during the first years of life, it is then much more likely to fall behind even further in subsequent years than to catch up with those who have had a better start in life"³. She further comments that "we need to change the early childhood agenda from one of school preparation to one that addresses developmental delays early, so children are better prepared for school"⁴.

A first 1000 days approach lends itself to considering the development of multidisciplinary child and family services that can support families and children in a variety of different ways as their needs change. For example, there should be explicit links or even co-location of

¹ Wise et al (2005) *The Efficacy of Early Childhood Interventions*, AIFS Melbourne

Mathers et al (2014) *Sound Foundations, A Review of the Research Evidence on Quality of Early Childhood Education and Care for Children Under Three* University of Oxford UK

² Fox, S and Geddes, M. (2016). *Preschool – Two Years are Better Than One: Developing a Preschool Program for Australian 3 Year Olds – Evidence, Policy and Implementation*, Mitchell Institute Policy Paper No. 03/2016. Mitchell Institute, Melbourne. Available from: www.mitchellinstitute.org.au

³ Prof Kerry Arabena (2015), *The Australian Model of The First 1000 Days program: Building health and wellbeing outcomes for our families and communities*, p. 20.

⁴ Prof Kerry Arabena (2014), *The First 1000 Days: catalysing equity outcomes for Aboriginal and Torres Strait Islander children*, Medical Journal of Australia 2014; 200(8) 442.

maternal and child health services and ECEC services. This would enable wraparound care where families only have to tell their story once.

ECEC – soft, safe entry points to support families

ECEC services are soft, safe entry points of families. They are a logical starting point for early intervention and prevention for those families that may be experiencing vulnerability or be at risk. ECEC services should be linked into existing and future relevant National frameworks including the National Framework for Protecting Australia's Children, and the Family and Domestic Violence Strategy.

More accessible early childhood education and care

It is critical that the Australian ECEC market place enables the sustainability of not for profit ECEC services; and ACCS knows that the sector operates in a mixed market place. It is important that families continue to have a choice between service providers and types.

Recently, some local governments have been using their development control plans (DCP) as a way to influence the development of ECEC services. Some local councils have specified:

- a ratio of ECEC places to total resident numbers in a suburb
- a proportion of places to be provided to children aged from birth to less than two years and
- prioritised local residents over those families who may live in a different local government area (LGA)

Local government should be an active partner and facilitator in the development of ECEC services. They do not need to be the provider. But they should be actively working in partnership with those parties interested in providing ECEC services to encourage the development of services that fit local needs. This could be done through understanding the existing ECEC market place in an LGA and considering the growth of future child populations who may access these ECEC services.

More affordable early childhood education care

Needs-based child care subsidies

Providing places to children aged from birth to less than two years costs more than older children's places due to the staff to child ratios. The Labor Party should consider aged-based family subsidies. Families that access places for children aged from birth to less than two years could receive a high level of government subsidy to help them afford to access ECEC services. To try and manage price gouging where services may inflate their fees beyond reasonable cost for places for children aged from birth to less than two years it may be worth considering returning to a needs-based funding model where government subsidies are based on child population.

The pharmaceutical industry applies the needs-based planning model for new pharmacy is opening up. There is a limit on the number of pharmacies in the area.

Other considerations to support affordability

It would be worthwhile considering some analysis around the very large ECEC providers. For some, their model of operation is predicated on property development with provision of ECEC services a by-product of owning properties. It is also important to consider whether Australian Government subsidies should be going to organisations that are largely or wholly owned by overseas entities.

Another area of interest that could impact on affordability would be an analysis of the tax deductions that may be available to for-profit providers and the tax concessions that may be

available to not-for-profit providers. Are these deductions or concessions equitable across different types of ECEC governance?

Sector structure and reform

Growth of not-for-profit ECEC services

It is vital to have a healthy ECEC sector; this includes allowing parents to have a real choice between different types of service governance. Currently around 70% of the ECEC sector is owned privately or by publicly listed companies. The not-for-profit sector has been in slow decline.

Current governance models make it exceedingly difficult or impossible for not-for-profit ECEC service providers to borrow money through existing financial institutions. These difficulties include:

- having management committees incorporated under relevant associations acts that specifically limit individual liability. This means that if a provider defaulted on a loan the financial institution is not able to sue any individual to recoup its loss. Collectively the management committee has limited liability, and this collective liability is most often limited to a very small amount and
- not having a physical asset to offset any borrowings. Some not-for-profit ECEC services operate from buildings owned by local or state/territory governments with service providers paying nil or peppercorn rents

Anecdotally, not-for-profit ECEC services traditionally enrol proportionally larger numbers of children from culturally and linguistically diverse backgrounds, Aboriginal and Torres Strait Islander backgrounds, with additional needs, or may be experiencing vulnerability or be at risk. Aside from setting quality benchmarks and actively supporting a diverse range of children and families, it is vital that families have a real choice of the type of education and care services they use. It is critical that not-for-profit ECEC services continue to thrive, however they must also be enabled to grow.

Previous Australian Governments have successfully implemented capital grants programs directly targeted to not-for-profit ECEC service providers for service delivery in areas experiencing undersupply. These capital grants programs were often tripartite arrangements between Australian, state/territory and local governments, with local governments supplying suitable land at little or no cost to facilitate service provision. Areas of undersupply were determined through state/territory planning committees comprising government representatives and expert industry stakeholders who analysed current and future population data and existing children's services supply and demand data to identify areas of undersupply.

ACCS ask that the Labor Party consider making available capital grants or no/low interest loans for not-for-profit services in targeted locations (including rural and remote areas and areas with high unmet demand), to build, extend or remodel children's services to meet local needs.

Incentivising local government

In some areas, for example the eastern suburbs of both Sydney and Adelaide, private land/house sales make purchase cost prohibitive. How could local government be incentivised to provide land to allow for new or expansion of existing services?

Future ECEC services provide wrap round services

Future ECEC services should be considered as part of wraparound service provision. They should be integrated with a range of other services that suit the needs of the local community and the families that live there.

A way to attempt to manage unreasonable profits

A system to attempt to manage unreasonable profits would be to review the proportion of face-to-face staffing costs as overall expenditure. When the proportion of expenditure on staffing costs falls below a certain level this directly impacts on quality and service sustainability. A watching brief on quality and finances could be implemented by the government if this proportion fell below a pre-determined level. It could be expected that for services providing good or high quality ECEC:

- a not-for-profit provider would have staffing costs of around 80-85% of total expenditure (this assumes low or no rent)
- a small private operator with one or a few ECEC services would have staffing costs of around 70-75% of total expenditure and
- a large private operator would have around staffing costs of around 65-70% total expenditure

The failed national provider ABC Early Learning, in its heyday, had staffing costs of around 55% of total expenditure and was aiming to reduce this to 50% of total expenditure.

Purchasing child places

Currently the Victorian Government purchases ECEC places for children who are known to protective services. Places are purchased in services that have a minimum standard of Meeting National Quality Standard.

Supporting the early education workforce

The ECEC workforce is highly gendered, comprising mostly females with vocational qualifications.

Assisting the ECEC workforce upskill qualifications

ACCS believes that ECEC qualifications should be provided free through TAFE and tertiary institutions. Specialist qualifications give Early Childhood Educators the skills and knowledge base they need to work with children and families positively and effectively⁵.

The Australian Government has recognised the importance of Early Childhood Educators with relevant qualifications in its *Early Years Workforce Strategy 2013-2016* that sets ambitious workforce upskilling targets that support the National Quality Framework (NQF). To continue working towards meeting the NQF workforce targets to 2020 more Early Childhood Diploma and Degree qualified Educators are required.

Significant investment is required to attract, train and retain a highly qualified, knowledgeable ECEC workforce⁶.

“Expanding access to services without attention to quality will not deliver good outcomes for children or the long-term productivity benefits for society. Furthermore,

⁵ Centre for Community Child Health, (2006), *Policy Brief No 2, Quality in Children's Services*

⁶ Centre for Community Child Health (July 2013), *Policy Brief No 25, Assessing the quality of ECEC*

research has shown that if quality is low, it can have long-lasting detrimental effects on child development, instead of bringing positive effects” (OECD 2012, p. 9)⁷

University of Melbourne research (2013) shows that children who attended ECEC programs led by Early Childhood Educators with specialist qualifications “are up to 40% ahead of their peers in NAPLAN testing by Year 3”⁸.

Vocational and tertiary qualifications are robust and appropriate

It is important that any vocational and tertiary courses have appropriate content and robust assessment associated with them. Ongoing monitoring and assessment of existing registered training organisations is an important way to ensure that graduates are able to participate in the ECEC workforce with appropriate skills, knowledge and understanding of early and middle childhood to be effective workforce participants in the sector.

Ongoing professional development

The ECEC workforce needs access to ongoing supported professional development. The low wages in the sector means that it is sometime challenging for staff to fund their own professional development particularly if it is delivered at full cost. The Government's most recent funded professional development significantly improved ECEC workforce access to training that directly impacted on enhanced quality outcomes for children.

Implementation of the Government's child care changes

Evaluating the Jobs for Families Package

ACCS is concerned about how the Government will measure and track the successes or otherwise of the Jobs for Families Package. We understand that the IT system which is currently under construction will include minimal data including child attendance by hour, parent work activity test and Child Care Subsidy level. A major impetus for changing the child care subsidy system was to actively increase women's workforce participation for those with young children.

It is unclear how this will be measured and by whom.

ECEC service viability

ACCS is concerned that some of the changes including the work activity test may impact on service viability. Some of our service members are located in the areas where many families experience vulnerability or disadvantage; this includes not being in the paid workforce. These families are currently eligible for 24 hours a week of subsidised ECEC; in the future these families will only be eligible for 12 hours a week subsidised ECEC. Services in these circumstances are concerned about their financial sustainability. Given their locations they are unable to attract greater proportions of families that may be in the paid workforce and so be eligible for increased hours of subsidised ECEC.

We have asked the Government to collect and monitor information about service sustainability particularly those services that may be located in disadvantaged areas.

What happens beyond 2020?

The current National Partnership Agreement related to the national quality agenda ceases in 2020. We recognise that the Labor Party is actively looking at policy and practice beyond this

⁷ OECD (2012) *Starting Strong III – A Quality Toolbox for Early Childhood Education and Care*

<http://www.oecd.org/edu/school/startingstrongiii-aqualitytoolboxforearlychildhoodeducationandcare.htm>

⁸ Warren, D & Haisken-DeNew, JP, (2013), *Early bird catches the worm: The Causal impact of preschool participation and teacher qualifications on Year 3 NAPLAN cognitive tests*, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, p. 34, in *State of Early Learning in Australia Report 2016*, (2016), Early Learning, Everyone Benefits campaign, p. 12.

time. There needs to be active sustainable government policies that continue to monitor and build on an internationally recognised National Quality Framework. Key elements of this need to include:

- a robust continuous improvement system that is relevant for early and middle childhood services and includes those service types that are currently out of scope
- ongoing universal access for four year olds in the year before they attend formal schooling
- implementation of universal access for three year olds two years before they attend formal schooling
- universal and targeted programs to support those families and children who may be experiencing vulnerability or disadvantage
- locally led, culturally appropriate ECEC services for Aboriginal and Torres Strait Islander children and their families and
- a sustainable ECEC workforce with access to affordable and relevant professional development and appropriate wages and conditions