



Municipal Association of Victoria

**Submission to Productivity Commission Inquiry into Child
Care and Early Childhood Learning**

February 2014



The MAV can provide this document in an alternative format upon request, including large print, Braille and audio.

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While this paper aims to broadly reflect the views of local government in Victoria, it does not purport to reflect the exact views of individual councils.



1. Introduction

The Municipal Association of Victoria (MAV), as the statutory peak body representing Victorian Local Government, welcomes the opportunity to input into the national agenda for early childhood through this response to the *Productivity Commission Inquiry into Child Care and Early Childhood Learning*.

The MAV is the legislated peak body of local government in Victoria and represents all 79 councils. The Association's members remain critically interested and involved in the provision of child care and early childhood services. Victorian local government has a long history of active involvement, planning and providing services, facilities and advocacy for young children and their families.

Councils are the leading provider of early years infrastructure in Victoria. All Victorian councils are committed to the aim of providing children in their municipality with the best possible start in life through effective planning, development and provision of services that improve the health, connectedness, education and care of children and their families.

Local government has been integral to the implementation of the 15 hours of Universal Access to Early Childhood Education and the National Quality Framework in Victoria. The collaborative approach of the three levels of government in Victoria should be continued to ensure that access to affordable, high quality early childhood education and care remains a priority and is comparable to Australia's OECD counterparts.

The MAV contends that local government has the capacity and flexibility to build on, innovate and maximise the opportunities for the Early Childhood Education and Care (ECEC) sector through its role in the planning for and provision and management of a range of early childhood and family services. In this submission, the MAV will provide a local government perspective regarding the critical issues identified by the Inquiry.

2. Background

Over the past two decades, the MAV has participated in a number of early childhood education and care campaigns, and provided submissions to various government inquiries on early childhood education and care including the most recent 2011 *Submission to Productivity Commission Early Childhood Development Workforce - Draft Research Report*

The MAV has been consistent in its position, which is underpinned by the following:

- Support all families by ensuring affordable and flexibility of choice in high quality childcare options that optimise children's learning and development
- Maintain public investment in a universal approach to early childhood education and care with a priority focus on vulnerable families
- Provide infrastructure support for capital, workforce, planning and integration, and regulatory requirements
- All levels of government planning and funding be reviewed to ensure greater collaboration and used more strategically

On 9 December 2013 the MAV wrote to the Hon Sussan Ley MP in support of the Commonwealth Government maintaining and expanding its investment in and commitment to the National Partnership on Early Childhood Education and the National Quality Reforms,



stating that this investment is critical to continuing to improve educational outcomes for all children.

The MAV believes building on existing ECEC platforms is the most cost effective way of ensuring that the ECEC system remains high quality, accessible and affordable. Extension of government subsidies to informal care arrangements (such as nannies) would require significant government resources; e.g. quality monitoring systems, risk management strategies, complex-funding formulas and as such are not necessary, nor will they necessarily provide the flexibility sought.

The current range of home based care options can form the basis for flexible models of childcare to meet the diverse needs of working families, vulnerable families and families in rural/remote communities whilst at the same time being part of the current service system and as such already are high quality and well regulated.

3. Recommendations

MAV's recommendations are that the Commonwealth Government commits to:

- i. Extending the National Partnership Agreement on Early Childhood Education with the Victorian State Government beyond 2014.
- ii. Investing adequately in the quality reform process to ensure there is a reasonable cost sharing arrangement between government, services and families.
- iii. Establish a Commonwealth/State/Local Government ECEC planning body to: plan for current/future publicly funded ECEC service provision; foster a diverse range of ECEC options available for families; meets future supply and demand for services; and addresses the market failure of the long day care sector.
- iv. Provide no cost access/fee relief for vulnerable children and their families to access ECEC services and, provide increased, weighted subsidies for rural/remote services through a simplified, agreed Commonwealth/State funding arrangement that collapses the current fee support schemes.
- v. Support the expansion of the current home-based models of care to provide increased, flexible options for families.
- vi. Provide funding to Victorian Local Government to plan for and coordinate access for children and their families, including vulnerable/rural remote children to ECEC services through locally based centralised approach.

4. MAV Response to the Issues Paper

The MAV provides the following in response to the areas identified in the Issues Paper.

4.1 Victorian Local Government involvement in ECEC

Local government in Victoria has a statutory role to plan for its communities and does so through its Municipal Health and Wellbeing Plans and its non-statutory Municipal Early Years Plans. All Victorian councils are also required to follow up on each birth notification and provide/coordinate maternal and child health (M&CH) services for local parents, with targeted support for vulnerable families. Historical practice, legislative requirements and Victorian State Government policy directions have influenced the role of local government which has led to councils playing a significant and active role in the ECEC service delivery system with local government representing approximately 20% of the system today across both centre-based and home-based care.ⁱ

All Victorian councils provide early years infrastructure and in the period 2009 – 2013 have invested over \$210million in early childhood facilitiesⁱⁱ. Victorian councils play a key leadership, coordination and capacity building role across their early years communities. All councils provide a Maternal and Child Health Service, 26 councils provide direct kindergarten services, 18 directly operate child care services, 55 undertake central registration for kindergarten places in their municipalities and over 40 councils operate Family Day Care. This is in addition to a providing and/or supporting a range of other ECEC services including Supported Playgroups and Community Playgroups, Vacation and Occasional Care, Outside Hours School Care.

4.2 International models of ECEC

Whilst there are undoubtedly good international models, particularly around service response for vulnerable children and their families, there is in Australia a history of well-coordinated, flexible ECEC service delivery models that should be built on, strengthened and expanded, to meet the childcare needs of working families and including those for vulnerable families.

The MAV strongly supports building on these existing platforms that already have rigorous quality measures in place. The MAV believes this is the most cost effective way of ensuring that the ECEC system remains high quality, accessible and affordable. The extension of government subsidies to informal care arrangements such as nannies would require significant government resources such as: quality monitoring systems; risk management strategies; complex funding formulas; and workforce development and regulation.

4.3 Availability of childcare and early childhood learning - Impacts on workforce and workforce participation

Over the past two decades there has been an increasing move towards a 'market-based' approach, with State and Commonwealth governments now playing virtually no role as service providers or owners in the child care field.ⁱⁱⁱ In Victoria local government continues to plan for a mixed economy of ECEC service provision across their municipalities that provide



choice and diverse options for families. When local government directly delivers services, they often provide a benchmark for flexibility, quality, accessibility and affordability. They also offer attractive, well supported employment opportunities for those qualified to work in ECEC.

There is evidence to say that the current market based ECEC economy has clear shortcomings in quality, accessibility and affordability and is failing to deliver on the expectations of both parents and government.

In the 2011 report produced by Price Waterhouse Coopers (PWC), the following key concerns were identified:

- lack of access to child care places in particular geographic locations, and for infant and additional-needs places
- limited quality of developmental and learning opportunities afforded by many child care services, including the qualifications and experience of staff
- continuing increases in the price of child care services, creating affordability pressure on families and an increasing cost burden for government.

'These challenges are symptomatic of a system that is poorly designed for the contemporary needs of Australian families; they make a case for significant reform of the sector's funding and quality arrangements'.^{iv}

Working parents should not be expected to make trade-offs in relation to their demand for ECEC. The new ECEC Law and Regulations are intended to ensure that the quality of ECEC is more consistent across Australia. However these reforms were not funded at a planning and service delivery level, which has led to the costs largely being borne by service providers and families. In addition there is a distinct lack of diversity of services and providers, particularly long day care providers, to enable families to have choice of ECEC in rural/remote areas. The services available also struggle to balance viability and affordability.

The MAV has been working together with councils to develop a state-wide and consistent approach to managing the supply and demand for kindergarten places in participating ECEC settings in their municipalities. Whilst there has not been any funding allocated to this, 55 of the 79 Victorian councils, as part of managing waiting lists in their municipalities have adopted some form of centralised approach. This is a vital tool to plan for the current and future supply and demand for ECEC places. Together with M&CH it provides a way of directly linking all children including vulnerable children into services that they need.

The availability of quality, affordable and accessible ECEC is critical to supporting workforce participation and children's development. The supply and demand for places must be planned for. The MAV recommends that the Commonwealth Government establishes a Commonwealth/State/Local Government ECEC planning body to plan for current/future publicly funded ECEC service provision to foster a diverse range of ECEC options available for families, and also addresses the market failure of the long day care sector where this may occur.

4.4 Flexibility of ECEC

The flexibility of the ECEC sector to provide services is directly linked to: the current funding arrangements; the need for a needs-based planning system; the need to bridge the child-care preschool divide; and a need to refocus the services system on the basis of the needs of the child.

Victorian local government leads in the provision of flexible services delivery. For example there are over 60 integrated centres built by local government that provide a range of flexible ECEC options for families. In addition many of the councils in Victoria offer family day care/in home care, vacation and occasional care services that add to the flexibility of services available to families.

However flexibility is not confined to the infrastructure and services. Greater flexibility of the funding arrangements for the range of ECEC services is needed with current barriers removed. The MAV recommends that current funding arrangements be reviewed and collapsed to ensure cost is not a barrier to families wanting to access more flexible ECEC services. Funding arrangements need to be realigned to ensure they work together seamlessly and reduce the administrative burden on providers and families.

Victorian councils strongly support a review of the use of CCB and the need to extend it to all ECEC centre-based services, not just the long-day care component. For example the ability to provide before and after kindergarten care in a stand-alone kindergarten with the ability to use CCB for the duration of the kindergarten year i.e. 40 weeks rather than the current 48 weeks would increase the flexibility for parents significantly.

4.5 Services for children with additional needs and regional and remote areas

A multi-level government response is required to address the issue of services for children with additional needs and/or children living in regional and remote areas trying to access ECEC services.

The MAV proposes this take a two-pronged approach. First a high level Commonwealth/State/Local Government Planning Body is established for overseeing the planning and coordinating equitable service provision for vulnerable families and for those living in rural/remote areas. Second an agreed Commonwealth/State funding arrangement for coordinated, weighted funding for ECEC service delivery in rural/remote areas. The opportunity exists to more adequately fund the cost of delivery of ECEC services as this can go some way to ensuring equity and reducing the disparities for children accessing services in regional and remote areas.

The MAV believes that Local Government in Victoria is in the best position to coordinate access for these groups of families and proposes each council could be funded to take on this role. Such a position could be charged with a range of responsibilities and outcome measures to ensure children with additional needs and/or those living in rural and remote



areas have access to high quality ECEC. This measure has been used in the past with a high degree of success.

4.6 Vulnerable children

The MAV strongly supports the evidence base that the best outcomes for children, particularly vulnerable children, occur when support services are built onto the universal platforms. In Victoria this is primarily Maternal and Child Health and State/Commonwealth funded Kindergarten. The evidence is that almost 100% of children attend each of these two universal services, as well as centre-based care, home based care and playgroups.

There are opportunities to build on the current system and improve the interface with the broader range of services vulnerable children and families use that may not be well supported by informal care arrangements.

The MAV advocates for a targeted Commonwealth/State funding response for vulnerable children to access ECEC services. This would require a Commonwealth/State model of ECEC funding to provide vulnerable families with free, universal access to the services that best meet their needs. At a minimum all families' access to 15 hours of ECEC in the year before children start school should be at no cost to them. Such a model would require joint funding of kindergarten/childcare so that regardless of service type, vulnerable children have free access. The model would also require coordination of supported playgroups for families, which are currently both federally and state funded initiatives. As part of this overall model Local Government could be funded to support access for these children locally.

Family Day Care and In Home Care are delivered by many Victorian councils. If supported, strengthened and expanded, these existing models have the potential to provide unique, low cost, flexible options for vulnerable families that could meet both standard and out of core hours ECEC needs. They are already in place across Australia and provide significant social, economic and human capital benefits to local communities. Flexible home based care services, such as in home care, overnight care and seasonal care in farming communities are already in place and working, and need to be considered as an integral part of the ECEC landscape and explored further as part of a broader response.

4.7 Rural/remote service provision

There is substantial evidence through Victoria's Universal Access to Early Childhood Education process that the key issues facing services and families in rural/remote localities are access, affordability and being able to attract and retain a qualified workforce. The MAV believes that all children, regardless of location should have equal access to quality, affordable ECEC services as their metropolitan/regional counterparts.

In recognition of these significant barriers, a coordinated, multi government response is also needed as outlined above for vulnerable children. It is proposed that the focus of such a response should be by way of a weighted Commonwealth/State ECEC funding model that:



enables a mixed economy of service provision; access to support services such as transport and information technology; and increasing flexible model provision. The current Commonwealth/State Workforce Strategy needs to be reviewed, strengthened and expanded so that these communities can attract and retain a high quality ECEC workforce. The MAV recommends that local government in Victoria is best placed to support services in rural and remote areas, and should be funded accordingly through the model discussed earlier.

4.8 Government regulation, regulatory reform and the National Quality Framework

The MAV believes that quality ECEC services are of paramount importance and strongly supports the principles of the NQF. The extensive efforts of the early childhood sector to implement and comply with the new regulatory requirements are to be commended and should be seen as part of building a sustainable future for early childhood education and care through a professionalisation of the sector which in turn builds confidence in the community.

This is still a work in progress and as such the full costs of improving the quality of ECEC for all Australian children are difficult to quantify. In the recent Australian Children's Education and Care Quality Authority (ACECQA) Report^v Victorian providers generally felt that there was an increased administrative burden but that it wasn't any more complicated than what they have experienced in the past.

Victorian Councils have been planning for NQF implementation in a staged manner to carefully balance viability and affordability to minimise financial impact on ratepayers and families. Notwithstanding this, the MAV believes that the Commonwealth and State Governments should invest adequately in the quality reform process to ensure there is a reasonable cost sharing arrangement between government, services and families which this is not currently the case. The MAV also calls on the Commonwealth Government to clarify its position on the Coalition's 2013 election policies of slowing down the introduction of the rest of the National Quality Framework reforms, in particular the introduction of changed ratio requirements in 2016.

4.9 ECEC workforce

The impact of delivering ECEC once the proposed 2016 change in ratios are in place are that costs are likely to increase as a direct reflection of the increased quality of the ECEC professionals working in the sector and the fewer number of children with whom they will be working directly with.

Planning for the supply of qualified educators for 2016 is currently being undertaken by councils. It is anticipated there will be intense competition for the number of additional educators that will be required to meet the 2016 ratio requirements and already recruitment and retention of educators in rural and remote areas is difficult. The MAV continues to support the 2016 ratio changes in principle, but suggests that timelines for change need to be carefully aligned to maximise positive outcomes with regard to the ECEC workforce.



The MAV continues to support a co-ordinated Commonwealth and State funded strategy for the ECD workforce to ensure that current and future workforce strategies adequately address the impacts of reforms at both the state and national level, management of industrial issues, the diversity of the workforce, and expected costs of staffing for local government. A lead strategy of modelling and then linking to workforce targets is needed to ensure an adequate number of qualified staff is available in Victoria.

4.10 Government support for childcare and early childhood learning and option for reform

Government levels of investment need to recognise the value of ECEC services. Public investment into high quality ECEC has been proven to provide a higher return on investment than the same spending on schooling^{vi}

Whilst Australia is faring better with regard to overall GDP investment in education it still lags behind its OECD counterparts in ECEC investment. Given the irrefutable evidence that investment in the early years reaps substantial economic, human and social capital the MAV supports continued and greater investment by Governments in ECEC nationally.

However, the complexities presented by the range of jurisdictionally based funding along with separate program based funding and differing eligibility requirements need to be addressed. There is confusion and gaps, which often result in the most vulnerable children missing out such as CCB/CCR for very low income/vulnerable families does not always result in affordable fees. Another example is the current arrangements for Special Child Care Benefit (SCCB). Families that rely on the receipt of the SCCB for their children to attend long day care are presented with an unnecessarily complex system. Evidence from councils in Victoria is that often they are funding the gaps in fees and costs in order to ensure that vulnerable children have a continuity of attendance at long day care.

In its *Submission into Child Care Support Broadband Redevelopment: April 2003*, the MAV proposed a three-tiered funding model in which the existing component services are supported. This model aimed to achieve the primary goal of accessible, affordable and high-quality child care, which remains the goals of today. To some degree this innovative model is still relevant as it proposed:

1. Program core/programmatic funding which build in escalators for adequate funding around disadvantage – this would now extend to the 15 hours of Universal Access to Education and Care
2. Infrastructure support including workforce development, resource and advisory agencies and capital infrastructure
3. Innovation funding for flexible ECEC models that respond to emerging needs.

The MAV supports a clear, comprehensive, coordinated system of Commonwealth/State/Local government planning and investment in ECEC services, which results in equity of access and affordability for families whether they are attending childcare, preschool and/or integrated ECEC services.

5. Conclusion

In Australia there is a history of well-coordinated, flexible ECEC service delivery models that should be built on, strengthened and expanded, to meet the childcare needs of working families and including those for vulnerable and/or rural and remote families.

The MAV appreciates the opportunity to make this submission and recommends the Commonwealth Government maintain the commitment to the continuation of the National Partnership across the three levels of government and builds on and refines the current service system and funding.

There is a critical and opportune planning role for all levels of government to collaboratively support the ECEC sector to deliver services that balance workforce participation with the provision of high quality ECEC services, particularly in disadvantaged areas.

Finally it is important that this Inquiry looks to the wealth of evidence on the long-term social and economic benefits of public investment in early childhood education and care to improve a child's outcomes and life trajectories as detailed in a recent paper: *Acting Early, Changing Lives: How prevention and early action saves money and improves wellbeing (The Benevolent Society, 2013)*.

ⁱ Productivity Commission Report on Government Services 2014

ⁱⁱ MAV Submission to the 2013-2014 Victorian Budget

ⁱⁱⁱ PWC Report – A practical vision for early childhood education and care: March 2011

^{iv} PWC Report – A practical vision for early childhood education and care: March 2011

^v ACECQA – Report on the National Quality Framework and Regulatory Burden: 2013 pgs. 43 -64

^{vi} OECD – Investing in high-quality early childhood education and care (ECEC) – Education and Training Policy 2013