



OFFICE OF THE MAYOR

5 March 2014

Committee Secretary  
Senate Education and Employment committees  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Senators

**Senate Inquiry into the Immediate Future of the Childcare Sector in Australia**

The City of Boroondara welcomes the *Senate Inquiry into the Immediate Future of the Childcare Sector in Australia*. Council officers note the obvious similarities and cross over in the terms of reference for this inquiry and the *Productivity Commission Inquiry into Childcare and Early Learning*.

Consequently, a copy of the City of Boroondara's response to the Productivity Commission Inquiry into Childcare and Early Learning is attached for consideration by the Senate Committee.

Should the Senate Committee require any further information please contact Kylie Mussared, Manager Family, Youth and Recreation on

Yours sincerely

Cr Coral Ross  
**MAYOR**

enc.





**BOROONDARA**  
*City of Harmony*

# City of Boroondara Response to:

## Productivity Commission Inquiry Childcare and Early Childhood Learning Issues Paper

February 2014

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**Date:** February 2014



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## 1. Executive summary

The City of Boroondara welcomes efforts to support a more flexible, affordable and accessible early childhood education and care sector that delivers high quality education and care for Australia's youngest children. Council's investment in and facilitation of services for families and children is significant and the City of Boroondara acknowledges the valuable role of all services and providers, regardless of service type and supports a "mixed-economy" of service provision for the critical role it plays in meeting and supporting the divergent needs and aspirations of families with young children living, working and studying in Boroondara. The City of Boroondara has had an ongoing commitment to supporting services work through the implementation of the COAG Quality Agenda in Early Childhood Education since 2009 and the National Quality Framework since its inception in 2012.

Further investment by the federal government in the early years is necessary to ensure that any changes arising from the Productivity Commission Inquiry to increase flexibility for some families does not mean an increase in fees and out of pocket expenses for others. Any reform or reallocation of the existing funding and support arrangements should be approached with due care in consultation with families and the ECEC sector. While childcare has specific and undeniable links to productivity and workforce participation, this is by no means the sole purpose of the sector's existence and any attempt to balance support for workforce participation should not impact on the quality of the educational and or care experience for young learners into the future. It is currently extremely difficult for families and service providers to navigate the large number of departments, programs and agencies administering ECEC subsidies and support and streamlining the funding arrangements is a worthy aspiration as long as stakeholders can be sure that they are not receiving less support as a result.

The timing of the announcement of the Productivity Commission Inquiry (PCI) and release of the issues paper for comment (over the summer holiday period) has reduced the capacity of families and the sector to respond and meant there has not been sufficient time for council to consult widely with local stakeholders about the questions raised. The City of Boroondara welcomes further consultation and opportunities for comment on the draft report come July 2014.

## 2. Introduction

### 2.1. Purpose of Productivity Commission Inquiry

The City of Boroondara understands that the purpose of commissioning the inquiry is to "examine and identify future options for a child care and early learning system" that:

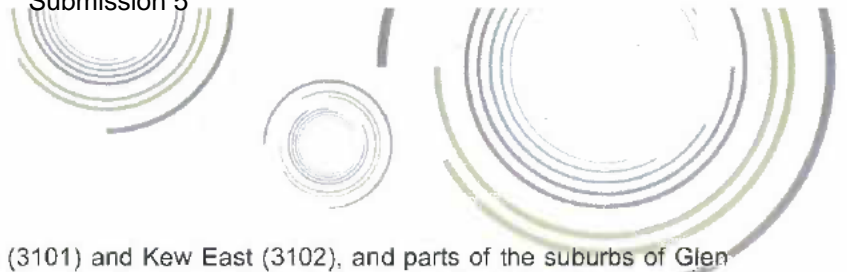
- supports workforce participation, particularly for women,
- addresses children's learning and developmental needs, including the transition to schooling
- is more flexible to suit the needs of families, including families with non-standard work hours, disadvantaged children and regional families
- is based on appropriate and fiscally sustainable funding arrangements that better support flexible, affordable and accessible quality child care and early childhood

The terms of reference state that the Australian government is committed to establishing a sustainable future for a more flexible, affordable and accessible child care and early learning *market* that helps underpin the national economy and supports the community, especially parent's choices to participate in work and learning and children's growth, learning and development.

Further to this the terms of reference state that the early learning system can be improved and indicates a number of reasons for this premise, citing issues such as affordability, flexibility and shortfalls in the current system.

### 2.2. City of Boroondara's Investment in Early Childhood Education and Care

The City of Boroondara is located in Metropolitan Melbourne, 8 Kilometres east of the City and includes the suburbs of Ashburton (3147), Balwyn (3103), Balwyn North (3104), Camberwell (3124), Canterbury (3126),



Hawthorn (3122), Hawthorn East (3123), Kew (3101) and Kew East (3102), and parts of the suburbs of Glen Iris (3146) and Surrey Hills (3127). Boroondara has an estimated residential population of 168,293 people and is the 8th most populous local government in Victoria (.id consulting, Boroondara community profile, 2012).

There are 10,543 couples and 1,141 single parents with young children in the City of Boroondara, comprising 20% of households (.id consulting, Boroondara community profile, 2012). Population forecasts indicated an under five population of 10,326 children for 2013 (.id Consulting, Population forecasts City of Boroondara, July 2011). This can be broken down into approximately 5,000 children under three years and 5,300 over three. There were 1,705 three year olds forecast for the 2013 year and 1,743 four year olds.

The 2011 Census revealed that 28% of the population was born overseas, with the majority born in non-English speaking countries. Between 2006 and 2011 there was a large increase in the number of residents born in China and India as compared to the preceding census data, but a decrease in the number of residents born in European countries over the same period (Census 2011).

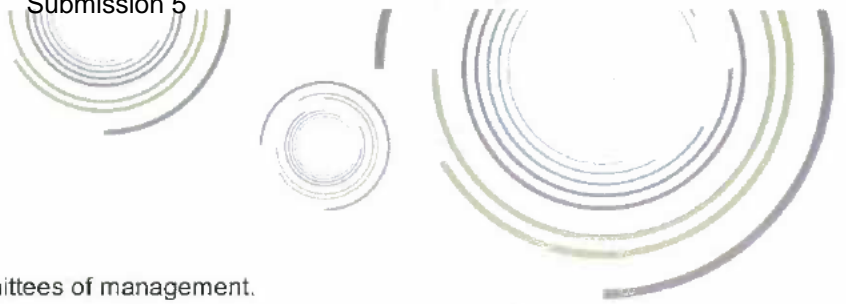
Indicators of community strengthening and measures of advantage show that Boroondara is a successful community relative to state and national averages. At the same time, there are areas of geographic and social disadvantage across the municipality.

Currently operating within the municipal boundaries of the City of Boroondara there are:

- 29 Long Day Care centres, including 3 integrated services (10 Community Managed, 18 Private Long Day Care Services and 1 independent school) providing 1,742 equivalent full-time childcare places for children aged between 0-6 years.
- In total 67 services provide 4-year-old and 3-year-old kindergarten programs through a range of service management models including private and community managed long day care, community managed stand-alone kindergarten services and independent schools. In total there were 2,276 4-year-old kindergarten places offered throughout Boroondara (in independent schools, LDC and community managed kindergarten) and approximately 1,371 3-year-old kindergarten places on offer in 2013.
- 19 occasional care services, provided by neighbourhood houses, leisure centres (not for profit and privately managed) and stand-alone services (one of which is provided directly by the City of Boroondara) providing a total of 2,109 places (based on per child, per session).
- 49 out of school hours care and vacation care programs
- 2 Family Day Care Schemes. (Note: one of these is currently operated by the City of Boroondara but all educators will transition to different licensees in June 2014).

Council further supports the provision of high quality early years services for its community through:

- The provision of land and maintained buildings that house 9 community-managed LDC, 22 kindergarten and 12 occasional care services to voluntary committees of management for a peppercorn rent
- Professional Support for the inclusion of children with Additional Needs into State and Commonwealth funded early years programs through the Commonwealth Funded Inclusion Support and State Funded Preschool Field Officer programs.
- Administration of a kindergarten central enrolment scheme for community-managed kindergartens
- Information provision, professional development, policy and strategic advice to all service providers operating within the City of Boroondara regardless of their management model
- Facilitation of sector networks, resources and support for long day care centres, stand-alone kindergartens, OCC, OSHC and vacation care services.
- Information, support and referral for families.



- Support and advice for voluntary committees of management.
- Provision of the Victorian Maternal and Child Health program.
- Contribution of funding to support the operation of occasional care in 6 neighbourhood houses as part of the neighbourhood house service agreements.
- Direct management of Kew Occasional Care Childcare Centre

The City of Boroondara cannot guarantee that the figures current in 2013 presented here will remain the same over time, meaning the impact of any changes to existing regulations, planning and funding is extremely difficult to anticipate at this point in time.

The City of Boroondara acknowledges the valuable role of all services and providers, regardless of their management model and supports a "mixed-economy" of service provision for the critical role it plays in meeting and supporting the divergent needs and aspirations of families with young children living, working and studying in Boroondara.

Response to the issues paper has been provided by the City of Boroondara within the context of Council's investment in supporting and facilitating early childhood education and care (ECEC)

### 3. Methodology

It should be noted that given the timing of the announcement of the PCI and the subsequent release of the issues paper which occurred while many families are on holiday and some services are closed (particularly Kindergarten services) has meant forums/consultation sessions were not able to be facilitated by the City of Boroondara in preparation of this response. In addition, many kindergarten services are run by a voluntary committee of parents elected in November each year. The timing of the release of the PCI issues paper and initial submission deadline means many of these committees have not yet had their inaugural meeting—meaning their ability to respond to the PCI is limited. Where possible we have utilised existing data to capture responses that reflect this part of the sector.

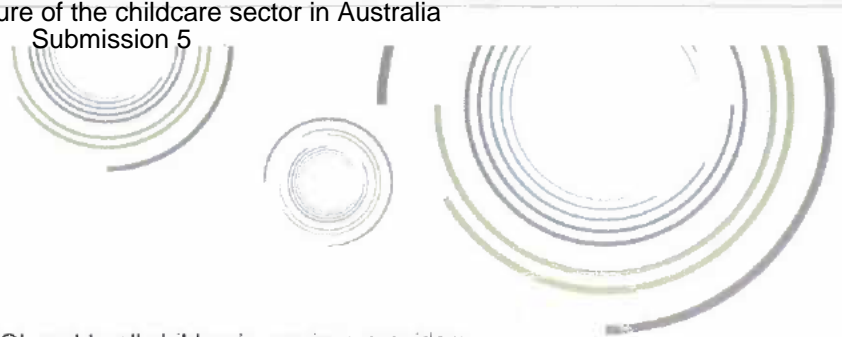
In order to respond to the issues paper, Council Officers have consulted with stakeholders and collected data and evidence from sources including:

- families and services within the municipality who utilise a range of ECEC services (long day care, preschool, occasional care, family day care, maternal and child health)
- Council's Early Years Advisory Committee
- Council Officers
- early childhood education and care service utilisation and family survey data

The City of Boroondara undertakes an annual survey of ECEC services and families. The views and opinions collected in the 2013 survey have been utilised to inform our response. Specific responses to the issues paper were collected by the City of Boroondara via online submissions from children's services providers and families, through phone conversations and internal analysis of existing data.

In line with Council's engagement framework and commitment to support the provision of high quality early years services for the community the views and feedback of service providers other than Council have been sought and incorporated, where possible into this submission. While every attempt has been made by Council officers to accurately capture the reflections of external providers and families, in instances where there has been divergent views an attempt has been made to clearly identify the representation in the preparation of this submission. Council does not guarantee that the information provided by other services and individuals in this report is complete or accurate. If further information in relation to the feedback provided by an external stakeholder(s) is needed, queries may be directed to the respective stakeholder(s).

Council officers have actively promoted the release of the Productivity Commission Inquiry's (PCI) Issues Paper to services and families and encouraged them to make independent submissions to the commission representing their individual issues and views.



This was promoted via:

- Online requests for responses to the PCI sent to all children's services providers
- Online request for responses to the PCI sent to all families on the family services database.
- Email and telephone conversations with service providers and families in the municipality

## 4. Response

### 4.1. General Comments Regarding the Issues Paper

The PCI's terms of reference are clearly prefaced with an assumption that the current system and arrangements need improvement. A culture of continuous improvement is supported by the City of Boroondara, however, equally it is important to acknowledge and retain the numerous positive aspects of existing arrangements.

The City of Boroondara has had an ongoing commitment to support improvements to the quality of ECEC for the Boroondara Community. As a result of the current reforms the ECEC sector has undergone a period of intense and significant change over a period of several years. Our interactions with services and families indicate that while these changes may have been experienced as challenges, a commitment to facilitating high quality in service provision endures. It will be important that future changes to existing arrangements which seek to balance the needs of different stakeholders continue to deliver worthy and tangible outcomes, which ultimately benefit children and families.

The significance of an integrated early childhood education and care sector acknowledges that care and education, while not synonymous, are symbiotic - one does not occur without the presence of the other. While childcare has specific and undeniable links to productivity and workforce participation, this is by no means the sole purpose of the sector's existence and any attempt to balance support for workforce participation should not impact on the quality of the educational and care experience for young learners. A significant focus of the issues paper appears to be the flexibility of services to meet the needs of working families. While this is important, the determination that any change proposed by the productivity commission will be funded from within the existing funding envelope may mean that changes intended to increase flexibility for some families may in fact limit flexibility and affordability for those families already accessing ECEC. Workforce participation and the needs of parents always need to be balanced with the best interests of children. Short term productivity gains should not adversely affect social and educational outcomes for children into the future.

There is a considerable and enduring body of evidence demonstrating the long term social, educational and economic dividends delivered by investment in early childhood education (Schonkoff and Phillips, 2000; Schonkoff 2009; Sylva et al, 2004; Yoshikawa et al, 2013). Australia's public investment in ECEC is less than 0.1% of GDP while the OECD average is closer to 0.5% (OECD, 2013). An increase investment by the Australian Government in the early years could support the delivery of conditions for a quality start to life for every Australian child.

The National Quality Standards (NQS) are at the heart of the NQF and have provided a national system of quality assurance for the first time in Australia. The move to the NQS has been experienced by the sector as both challenging and empowering. There are some aspects of the NQS (like attracting qualified staff and meeting higher ratios) that are genuinely challenging for the sector to implement, not least because of a shortage of diploma and degree qualified staff. However research evidence from Australia and overseas (Warren and Haisken De-New, 2013; Sylva et al, 2004) confirms that high quality Early Childhood experiences that have ongoing educational benefits are predicated on access to qualified staff in high numbers. Any aspiration for the ECEC sector must include the aspiration of high quality across all service types and locations beyond a minimum standard. High quality needs to be determined by staffing and include improvements to qualifications and staff: child ratios. A federal funding framework to support the sector to implement these changes whilst minimising the economic impact on families is needed.

Over recent years, as the significance of the early years have gained greater attention around the world, research and discussion papers have resulted in a valuable body of literature that must be referenced and





applied to any on-going discussions regarding the future of ECEC in Australia. We draw the commission's attention to two significant reports not listed in the inquiry references.

- Early Childhood Australia (2011) *Early childhood education and care in Australia A DISCUSSION PAPER* – prepared for the European Union-Australia Policy Dialogue April 2011
- *A practical vision for early childhood education and care - what would you like to grow?* Pwc (March 2011)

Mention is made within the terms of reference to a “more flexible, affordable and accessible early childhood learning market”. The use of the term “market” is not typical language applied to ECEC - the word “sector” is more commonly used as it reflects the dual purposes of education and care. Notably reference to “High quality” was not used in this section (although it is later included) - any aspiration for the ECEC sector must include high quality, with quality determined by staffing – including qualifications and ratios. In the article *Evidence Brief on Staff to Child Ratios and Educator Qualification Requirements* of the NQF (2013) ECA highlights the solid evidence base for higher staff to child ratios and improved educator qualifications suggesting these are “critical to achieving quality education outcomes for young children”.

The Productivity Commission Issues Paper raises a significant number of questions regarding demand, availability, regulation, support, accessibility, affordability and flexibility in the ECEC sector. The questions and areas that the City of Boroondara is best placed to respond to include:

- Role of government in child care
- Demand for and expectations of ECEC
- Availability and access to ECEC
- The needs of families and children with additional needs
- Government Regulation and the National Quality Framework (NQF)
- Options for reform of childcare funding and support

These matters and specific questions form the basis of our response.

#### 4.2. Role of Government in Child care

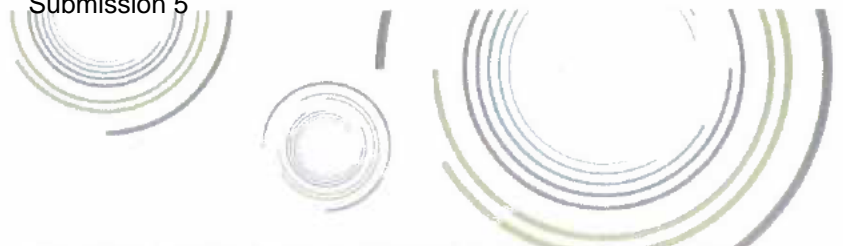
1. What role if any, should different levels of government play in childcare and early childhood education?
2. What outcomes from ECEC are desirable and should be made achievable over the next decade?

The benefits of early childhood education and care are shared between all levels of government and as such each has a role to play in the facilitation of ECEC in Australia. The Australian government has a clear mandate in the universal provision of funding for childcare and early childhood learning. The Victorian State Government has a clear role in the funding and provision of kindergarten education. Each local government area's role in relation to the provision and or facilitation of early years services varies and is developed within the context of their respective community, key priorities and resources.

Council's Early Years Strategy, *Our Children Growing In Boroondara, 2008-13* clearly articulates Council's role and investment in early education and care services and the ways in which it supports the health and wellbeing of children and their families through strategic planning, facilitation and or advocacy.

The involvement of all levels of government does at times pose challenges to a consistent and cohesive national system. In much the same way that the COAG agreement and partnership between the commonwealth, states and territories has worked toward a national law and regulations, it would be ideal if the same could be pursued in regard to more streamlined and cohesive federal and state funding systems.

Service providers are required to undertake substantial reporting and administration as a response to accountability for funding. This is enormously time consuming and where providers are voluntary parent Committees of Management, challenging to navigate. Families often find the funding options and differences between different service types confusing. A worthy aspiration for the government is to consider and work toward a more streamlined and efficient funding system for the ECEC sector.



The outcomes of early childhood education are undeniably hard to measure, not least because the "return on investment" in young children may not be observed for many years (Warren & Haisken De-New, 2013). The Early Years Learning Frameworks and National Quality Standards outline achievable standards for children and children's services developed through extensive research and consultative engagement, by a team of experts in the field. These have been embraced by the sector to a varying degree however they do provide a comprehensive vision for those concerned with early childhood development and the quality of early years care and learning.

All levels of government have a distinct interest in ensuring that all children receive the best possible start in life. Extensive research evidence indicates that the provision of high quality early childhood education and care is one of the best processes through which to ensure holistic and continuous child development. Local governments, particularly in Victoria make a significant contribution to the sector. The City of Boroondara's substantial investment in and contribution to the early years sector is detailed in section 2.2 above. The provision of infrastructure, a subsidised central enrolment scheme, support and resource provision to service providers are just some examples.. Feedback from and engagement with providers, which includes parent committees of management and educators indicates the value and appreciation of the support experienced at the local/community level. Parents and educators will often seek assistance from council officers as they navigate commonwealth and state funding and policy.

Early Childhood Australia (ECA) has, in its recently released discussion paper, outlined 4 outcomes for the sector as a whole that strive for equity amongst different stakeholders. These are supported by City of Boroondara Council Officers:

Outcome 1: All children have access to high quality early learning programs from infancy through to commencement of school education, regardless of location or economic means.

Outcome 2: School age children have access to high quality programs before and after school and during vacation periods.

Outcome 3: Children's spaces and services provide rich environments for learning and play, healthy living and social and emotional wellbeing as well as being welcoming spaces for families and cross-disciplinary teams.

Outcome 4: Families are able to participate in the workforce to the extent that they decide is best for them and their children, with support to balance their work commitments with their parenting responsibilities.

### **4.3. Demands For and Expectations of ECEC**

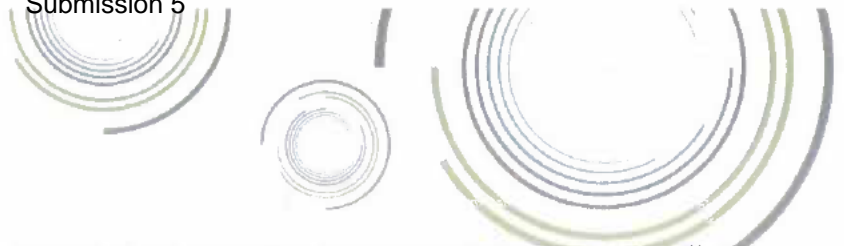
#### **4.3.1. Children's Developmental Needs**

The Commission is seeking evidence on;

1. The effect of the different types of ECEC, including separate preschool programs, on children's learning and development and preparedness for school.
2. How does the amount of time spent in ECEC and the age at which a child first enters childcare impact on learning and development outcomes?
3. Would extending the length of the school day have a significant impact on children's learning and development outcomes or parents' workforce participation decisions? What other impacts would such changes have?

There is a mixed economy of ECEC services supporting children's developmental needs in Boroondara as indicated in section 2.2 above.

Feedback from families consistently indicates a value distinction between Kindergarten offered within a childcare setting (Early Learning Centre) and separate (stand-alone) kindergarten environment. Stand-alone kindergarten services are highly valued by the Boroondara community and many families continue to equate



kindergarten with the formal education system, pointing to the challenges of attracting degree qualified staff in childcare settings as a basis for this distinction. Despite this, there are a growing number of families who have embraced the flexibility of having kindergarten offered in the childcare or longer day setting as this negates the challenge of dropping off and picking up in the middle of the work day (ECEC Survey 2013). Long day care providers who offer kindergarten programs continue to indicate that they still find it challenging to get parents to take up their funded kindergarten place in the long day care setting. The introduction of professional wages and assistance to childcare services to attract and retain diploma and degree qualified staff, rather than a relaxation of the standards would maximise the flexibility available to families and reduce the perception of a tiered ECEC sector. However, it is recognised that the cost burden for families will increase and therefore further consideration in relation to adequate levels of subsidy, so as not to restrict access, would be required.

Irrespective of the setting, the City of Boroondara supports Universal Access to formal preschool with a degree qualified early childhood teacher in the year prior to school entry. All services operating within the municipality already comply with the requirement that all children have access to 15 hours of preschool in the year prior to school entry. The City of Boroondara does not support any reduction in the existing funding that supports universal access to Kindergarten in the year prior to school entry.

Whilst there is a valuable body of research that makes reference to the value and benefits of different types of ECEC services and the length of the day/program, the findings are not always consistent. The City of Boroondara has no specific position on the length of the formal school day for school age children. There is not a collective agreement amongst stakeholders regarding the effect of different services and settings and their impact or influence on children's development, learning and "preparedness for school". What is clear, however, is that the educator's qualifications and ratios of staff to children are key determinants of quality and learning outcomes for children. As such, further exploration of a federal and state funding model to support the implementation of these quality improvements is welcomed.

In regard to how the length of the day might influence parent's participation in the workforce, it is without doubt that the present system presents challenges for working families as they try and find solutions to care before and after school or kindergarten as well as the challenges presented more generally in the drop off and collection of children. Greater federal investment in the co-location and integration of early childhood education and care infrastructure with formal education would be well placed.

#### **4.4. Availability of and Access to ECEC**

##### **4.4.1. Accessibility of Child care and Early Learning**

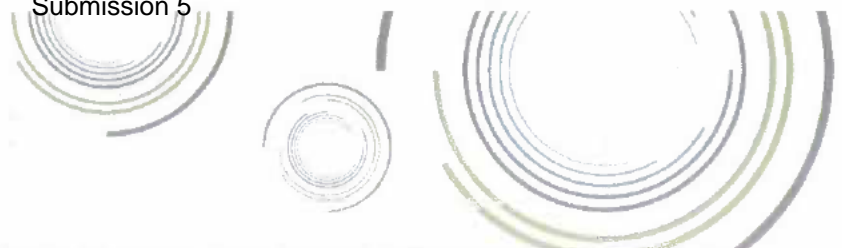
The Commission is seeking evidence on:

1. The extent to which parents are experiencing difficulties accessing ECEC that meets their needs/preferences and whether there are particular categories of care, times, locations or circumstances for which accessing ECEC is more difficult — for example, regional areas, certain days or part days each week, or for children with additional needs?

The City of Boroondara is aware that despite vacancies across all service types (FDC, OCC, LDC, and Kindergarten) many families still find it difficult to find places that suit their needs - this is likely to be due to the location of vacancies, days available, hours or sessions available, desire to attend a certain service etc.

Long Day Care services report that places for children under three years are consistently in highest demand. Specific and reliable waiting list information can be difficult to obtain as families can place their child on more than one waiting list, however indicative figures obtained from services suggest that children under three make up around 70% of the children on waiting lists.

Specific information regarding the accessibility of ECEC services that meets the needs and preferences of families obviously needs to come from families themselves. Responses to our requests for feedback indicate that finding childcare places for young babies to support a return to work remains difficult for families in Boroondara.



As a general comment we are aware that demand for care is often greatest in the middle of the week i.e. Tuesday, Wednesday and Thursday. Long day care centres often advise that Mondays and Fridays are less sought after days which we believe is likely to reflect parents part-time work arrangements. In FDC Mondays, Wednesdays and Thursdays are the most utilised days.

Whilst occasional care serves numerous purposes, it is not always seen by families to adequately support the needs of workforce participation. A parent who contacted us in response to our request for submissions advised that occasional care did not support the longer hours required and according to this parent goes some way to unpacking why vacancies and waiting lists continue to co-exist. Occasional Care is not always seen as a viable option for working families, though it may assist other parental needs for care which are just as valid. Information from the 2013 survey suggests that families are able to access occasional care places however work force participation is not at the top of the list for reasons for using these services. Services are asked to indicate the main purpose for which families utilised their service and this was most obviously tied to "recreation", with 88% of services indicating that this is why families use their service. With many services located within health and fitness clubs this is unsurprising. "Socialisation for the child" was the second most popular reason for service use (70%) followed by "work" (59%), "respite" (47%) and "study" (41%). (Note: multiple responses were possible, so the total does not add to 100%). The "rules" that limit access to occasional care i.e. 5 hours per day and/or 15 hours per week, being registered rather than approved care and therefore not CCR eligible, can be a deterrent to greater use of this service. Occasional Care is often used in conjunction with another service to meet the families care needs (3 yr old kindergarten, LDC) and families often need to rely on other types of informal care- from family or grandparents to assist with drop off and collection etc.

In regard to preschool, while most parents are able to access a place in their preferred preschool, the timetable or group arrangements is not always what they ideally want but is often accepted. Working parent's ability to use preschool is often supported by care arrangements through family or friends who can collect children from sessions that conclude earlier in the day.

#### 4.4.2. Affordability of Childcare and Early Learning

The Commission is seeking information and where possible quantitative evidence on:

1. Costs of childcare and early learning

Ensuring a range of affordable ECEC services are available for children and families is important. The unique mix of independent schools, community managed kindergartens and private and community managed long day care and occasional care services represent a range of options for families in Boroondara.

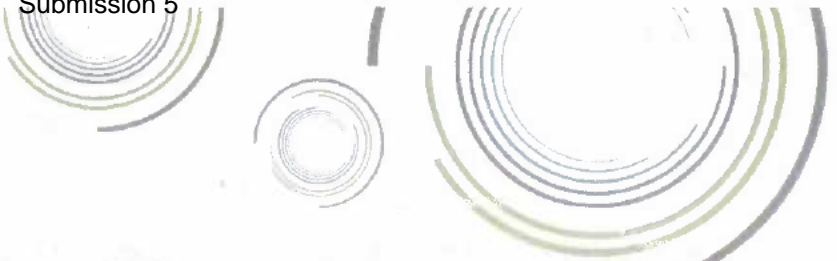
National or even state fee averages for childcare and early learning are not useful as they cannot adequately reflect the incredible variability between the different costs to families in different areas (metro and rural etc) and therefore do not provide Council basis for reasonable analysis. For example, the current average daily out of pocket fee before subsidy for childcare in LDC in Boroondara was \$101.80/day or \$8.40p/hr, 20% higher than the average hourly fee (\$7 p/hr) reported in the PCI issues paper (p.20). The average hourly fee for FDC is currently \$8.78p/hr. This is 25% higher than the national average presented in the PCI issues paper (\$7p/hr). The City of Boroondara does not have access to the levels of subsidy obtained by families using the services listed and so cannot comment on the affordability of out of pocket expenses after subsidies. Further information regarding the affordability of ECEC needs to come from families and the sector themselves.

Key barriers to ensuring affordability for families in future, as identified by community managed and private providers in the 2013 survey include;

- Cost of more qualified staff
- Cost of additional staff
- Potential loss of revenue if the change in ratio leads to a reduction in places

However it is important to note that services have not provided costed information or evidence to indicate what this cost may be or what the impact to families would be should the costs be passed on.

#### Additional Needs Funding and Support



The number of families enrolled in three and four year old kindergarten with a concession card (Health Care Card or Pensioner Concession Card) was 128 (4% of all children attending) in 2013. This has increased from the number (97) reported in 2012 (3% of all children attending). However, this difference does not reflect a sharp increase in disadvantage but might be more closely connected to the number of people who completed the survey in full this year. This information was not collected from LDC services.

There was only 1 child eligible for Early Start Funding in Boroondara in 2013.

There were 104 children supported by the City of Boroondara Inclusion and Professional Support Program in commonwealth supported childcare services in 2013 and 44 children receiving ISS funding.

There were 42 children referred to the Preschool Field Officer Program (PSFO) in State funded kindergartens as at June 2013 and 18 Children receiving KISS funding. The number of children for whom PSFO support was sought in 2013 increased markedly from the number indicated (13) at the same time in 2012. The number of children with KISS funding (12) was slightly lower in 2012 than in 2013.

#### 4.4.3. Flexibility of Childcare and Early Learning

The Commission is seeking information on:

1. The extent and nature of unmet demand for more flexible ECEC
2. The reasons why current providers are not offering more flexible care options
3. The experiences of providers who offer flexible care options and their management strategies to maintain financial viability
4. The outcomes of the Child Care Flexibility Trials and circumstances under which successful approaches can be replicated

Demand for ECEC places in Kindergarten and Long Day Care has historically outstripped supply in Boroondara. While there are vacancies that do exist, many families still find it difficult to find places that suit their particular needs. This includes a range of factors including the location of vacancies, days available, hours or sessions available, desire to attend a certain service etc. Over recent years Council officers have supported service providers to plan for and maximise the supply of places within the constraints of the National Quality Agenda.

It is important to note that flexibility will be defined differently by different families - to some it may mean longer hours and overnight care to others it may be the ability to change the days care is utilised on a week by week basis to accommodate shifts or the ability to switch days and hours at very short notice. It is important that the PCI draft report makes efforts to clearly define how flexibility is being determined to ensure that all stakeholders are defining flexibility the same way.

We note that the outcomes of the Flexibility Trials, which will further inform the flexibility debate have not yet been finalized. Past professional experience of our officer's in the ECEC sector indicates that extended hours options and/or 24 hour care when offered in hospitals and other workplaces that have a high shift work base, has not been supported by or readily taken up by families. Most families do not want to drop off or collect their children early in the morning, late at night or at irregular hours from childcare. The exception however to this is likely to be Family Day Care where parents feel that the home environment is more conducive to meeting in particular the sleeping needs of young children. One of the main hurdles to long day care centres operating for extended hours is cost. The employment of staff outside standard award/agreement hours attracts overtime rates. This combined with the likely small uptake of longer hours i.e. before 7am and after 7pm is the reason why most long day care providers do not offer longer operational hours.



## 4.5. Government Regulation and the National Quality Framework

### 4.5.1. Government regulation of Child care and Early Learning

The Commission is seeking up-to-date evidence, specific examples and case studies that will inform an assessment of both the benefits and costs of current regulations impacting on ECEC services.

Services in the City of Boroondara (not for profit and for profit) have obtained consistent high quality ratings since the introduction of the NQS. Feedback from services during the 2013 survey suggested that while the NQS has increased the administrative burden on staff and voluntary committees, the rating and assessment process has a number of associated benefits that has lifted the quality of the services offered. The costs associated with the NQS may ultimately be financial (associated with higher staff: child ratios, increased qualifications loss of revenue) but are currently being experienced by the sector as greater unpaid workloads for educators, service operators and committees of management. There is anecdotal evidence to suggest that this is adversely impacting on staff satisfaction and ultimately staff retention. However, better ratios and more highly qualified teams of educators are associated with greater staff satisfaction and retention in the long term as well as better outcomes for children, so the greatest benefits of the NQS for staff and children are yet to be realized (Burchinal et al., 2002, De Schipper et al., 2006; Huntsman, 2008; Torquati et al., 2007).

As part of the 2013 ECEC survey all service providers were asked "What are the most pressing issues affecting your service in the coming months and/or years?" The most often cited issues in order of prevalence included: Finding quality staff (32%), Funding (14%), Difficulty with program timetabling to meet community needs (13%), Administrative burden (8%), NQF (8%), Space (7%), Training (7%), Enrolments (5%), and Finances (2%). (Services could identify more than one issue so the percentages do not add to 100%).

While many services expressed a commitment and desire to implement the NQS, many (in particular kindergarten services) found the administrative burden of the meeting the National Quality Standard was adversely contributing to the workloads of staff and committees of management. This was reflected less often in the responses from Childcare services that are more familiar with and accustomed to the quality assurance process of rating and assessment.

A recent discussion at a childcare coordinators network meeting highlighted the different experience of each service depending on the assessor (some coordinators expressed disappointment in the way that the rating and assessment visit was approached without the expected emphasis on discussion and citation of documents). It is important to note that these services still obtained a high quality rating. More work needs to be undertaken to ensure that due emphasis on *discussion* with services during rating and assessment is undertaken and a consistent approach is applied by assessors.

### 4.5.2. The National Quality Framework

The Commission is seeking views and evidence on:

1. The effect of increased staff ratios and qualification requirements on outcomes for children
2. How ECEC providers are handling the pace of implementation of new staffing ratios under the NQF
3. The impact of changes to staff ratios and qualification requirements on the cost of employing ECEC workers
4. Whether any increased staffing costs have been, or will be, passed on in higher fees charged to families.

The Commission is seeking information on:

1. Initiatives of governments to address workforce shortages and qualifications, including the cost and effectiveness of these initiatives
2. Initiatives of providers to address their workforce shortages and skill needs, including the cost and effectiveness of these initiatives
3. particular locations and areas of skill for which it is hard to find qualified workers
4. the extent to which training/childcare courses enable workers to meet the requirements of the NQF and how training could be improved

5. Other workforce and workplace issues, including any aspect of government regulation that affects the attractiveness of childcare or early learning as a vocation.

Qualifications are one of the strongest predictors of staff quality (OECD, 2013). Research demonstrates that enriching and stimulating environments and high quality pedagogy are fostered by better qualified educators (OECD, 2012).

In 2013 Council engaged an external consultant to undertake research into the impact of the NQF on the accessibility, affordability and quality of ECEC across the municipality. The consultants undertook an online survey with service providers and completed a desktop analysis of existing utilisation data. The consultant's report concluded that, while the announcement of possible changes to the NQF roll out and the timing of the survey may have compromised participation, kindergartens and long day care centre's operating in the City of Boroondara appeared "relatively well placed to meet the proposed NQF requirements, particularly as they relate to the staffing qualification requirements".

Services in Boroondara appear to have effectively planned for the qualification requirements of the NQF, which come into effect in 2014, with many services already meeting the standards. Of those services that responded to the survey, 100% indicated they are either already compliant or will be compliant by the commencement of 2014.

However feedback from the sector has indicated that attracting high quality staff to childcare settings is no easy task and many services have had teaching positions vacant for significant periods. University courses that qualify graduates to work in childcare, kindergarten or primary school have been rolled out as one possible solution, however attracting new graduates to childcare is an issue. Council officers who deliver tertiary programs in Primary and Early Childhood Education observe that almost all of their tertiary students are undertaking further study to move out of childcare settings and do not see Childcare as their preferred place of employment post graduation. Significant research and policy development needs to occur around the workforce issues associated with attracting and retaining qualified staff in ECEC to ensure the sustainability of the sector's workforce going forward. Addressing educator's low wages is key to driving the Quality Agenda. Relaxation of the existing standards would be a step away from high quality ECEC.

Feedback from the sector indicates that the quality of graduates exiting tertiary and TAFE, VET and registered training organisations (RTO) has been steadily declining over the last decade. With a number of services and our own professional development support staff (Inclusion Support Facilitators, Preschool Field Officers) observing that staff are entering the job without the knowledge and skills necessary to implement the learning frameworks and include children with additional needs (including children from CALD backgrounds, children with additional needs and children from Aboriginal and Torres Strait Islander Backgrounds). This is important as these are the children who benefit most from participating in Early Childhood programs. Significant research and policy development needs to occur around the development of a workforce strategy that lifts the quality of graduates and recognises them with a professional wage. Investment in greater quality control in the content and arrangements of courses and training is needed, ensuring that students must have field experience before they can graduate with a qualification (Cert III, Diploma or Degree). The last few years has seen a significant growth in the number of fast tracked course options including on-line courses.

The most significant change proposed under the NQF for services operating in the City of Boroondara is the 1:11 ratio for 3-5 year olds. At this time, this change is scheduled to be implemented from 2016. Analysis of the current number of kindergarten places available within the municipality, compared with the projected number of places after the new ratios are introduced, shows that there is likely to be a loss of 160 places. This figure, however, needs to also be considered in relation to vacancies, which vary year to year. Any net drop in kindergarten places will be felt by the community, as demand historically outstrips supply in three year old kindergarten and occasionally in four year old kindergarten.

Should the 1:11 ratio be implemented, this has the potential to impact on the cost of service delivery, which if not supported by additional federal or state funding, will be passed onto parents through increased fees. In essence this is due to reduced fee revenue and funding and/or increased staffing costs and the limitations within existing infrastructure. Whilst services are concerned about the potential of increased cost to parents, most services have not yet prepared budgets or undertaken forecasting for 2016. As such the potential fee



increases are as yet unknown. This of course will not be an issue only for Boroondara. All service users will likely experience the same potential fee increases unless additional funding is provided.

One of the key issues that impact on the attractiveness of childcare or early learning as a vocation are wages and working conditions. The ECEC sector has long had a reputation for low wages and relatively poor working conditions. As highlighted earlier there is substantial evidence that supports the importance of the educator and his/her relationship with children. Poor quality educators combined with feelings of lack of worth and high turnover all impact on quality outcomes for children. The matter of wages and the employment of educators must form a critical part of any inquiry into child care and early learning.

#### 4.6. Government support for childcare and early learning

Some general questions about government support:

1. Is the level of overall government support for ECEC appropriate?

Some specific questions for families claiming government support:

2. Is it difficult to apply for or receive financial assistance for childcare?
3. Is it straightforward to determine how much financial assistance you will receive?

Some questions specifically for service providers:

4. Is it confusing and/or costly to deal with the large number of programs and agencies administering ECEC support? Is there overlap, duplication, inconsistency or other inefficiencies created by the interaction of programs?
5. Which government support schemes do you consider are warranted, well designed, and efficiently implemented and administered and which are not? Which schemes do you consider offer the most assistance to your operations?
6. Is there scope to rationalise and streamline the many types of funding provided by the Commonwealth or state/local governments?

Australia's public spending on ECEC is below the OECD average. Additional investment in ECEC to address any changes proposed by the Productivity Commission is necessary. Reallocating or redirecting funds away from existing subsidies and rebates will only exacerbate the pressure on working families currently using early childhood education and care. A high quality service system is characterised by qualified staff in higher numbers providing care and education that is flexible and affordable for families.

In Victoria a per capita funding arrangement for four year old kindergarten exists, this is administered through the Victorian Government Department of Education and Early Childhood Development. The City of Boroondara would not like to see funded limited or re-allocated on the basis of the PCIs report. Feedback from parents supports this position with families expressing the desire to ensure that Kindergarten funding is not negatively impacted by changes to allocations or support for childcare.

Families report that information about and the forms required to access CCR and CCB are difficult to understand, one family provided this by way of example;

"I am a lawyer and I found the forms for CCR and CCB extremely confusing. My husband is a lawyer and dad is a tax accountant, we're all intelligent people and we all found the forms and criteria for eligibility unnecessarily confusing. We actually had to go into Centrelink to apply for the benefit as the forms and information provided by the government just aren't intuitive at all. If English was not my first language, it would be very difficult to understand the forms and eligibility. For disadvantaged people is must be even harder.

The forms also asked for information that was extremely irrelevant such as specifying our travel in the last three years. This didn't seem relevant and it wasn't explained why anyone needed to know. We travel a lot but we are Australian.





A friend with a four year old said it is like the government is testing you to see whether you have the patience to get the rebate, they won't just give it to you"

(Suzanne, 2014)

What's more families indicate that CCB and CCR only provide limited incentive to return to work;

"Given the CCB is means tested and CCR is capped, the amount of money that you have to earn before it becomes financially worthwhile returning to work is impracticably high"

It is extremely difficult for service providers to navigate the large number of programs and agencies administering ECEC support. One example is the inclusion support funding for children with additional needs. The City of Boroondara is funded by the Australian Government to provide Inclusion Support Facilitators (facilitating the inclusion of children in federally funded early years/childcare programs) and by the Victorian State Government to provide Preschool Field Officers (facilitating the inclusion of children in to Victorian Government funded early years services). In 2013 these officers supported the inclusion of over 146 children with a range of support needs and assisted services to obtain the Inclusion Support Subsidy (Commonwealth funded ISS) and Kindergarten Inclusion Support Subsidy (state funded KISS), for 62 children.

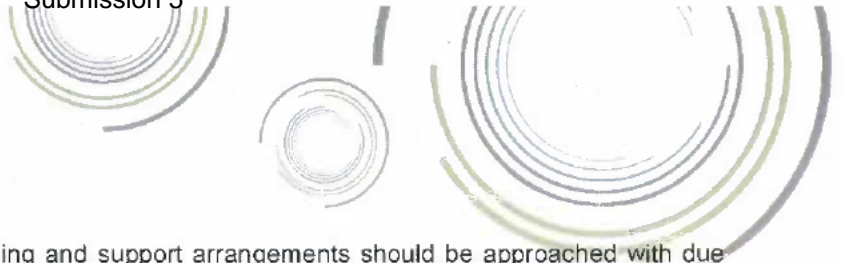
Currently, a three year old child with additional needs accessing kindergarten in a stand-alone setting cannot access KISS but the same child in a childcare centre could receive ISS. If a four year old child attends childcare there are different criteria for ISS than if the same child attended Kindergarten and received KISS, though their needs within either service are often the same. If the child attended a funded four year old kindergarten program in a childcare setting their eligibility for ISS changes, meaning that in the same room with the same teacher and same number of children they have to fit more stringent criteria (i.e. be a danger to themselves or someone else) to qualify for support (under the KISS criteria) because they are considered to be accessing a state funded kindergarten place. This inequity may impact on the willingness of parents to take up a funded kindergarten place and skew the participation rates of children with additional needs in funded kindergarten programs.

This leads to what we define as a contrary scenario in which children are eligible for KISS when the teacher is present but ISS when the teacher is not present. In theory, this seems to support the setting to access more staff when the most qualified person is not available, but in practice the administrative burden of applying for and claiming the subsidies for which they are eligible negates the benefits. Families are usually unaware of the different levels of support offered in each setting and are unlikely to make choices for their children based on knowledge of the system. The support system is often complicated, with multiple forms, government departments and agencies; each with differing processes and protocols to follow. Families and service providers struggle to understand exactly what they are entitled to.

Streamlining the application and claim processes to access support and additional funding- be it capital grants, per capita funding, early start funding, take a break funding, CCB, CCR, ISS or KISS etc would be a welcome outcome of the PCI as long as services and families can see that they are not receiving less assistance as a result. Aligning the criteria and level of support provided to Kindergartens for inclusion with the levels and criteria for childcare services would ensure greater equity and reduce the perception of a two tiered education and care sector.

#### 4.7. Options for reform of childcare funding and support

1. How could government support programs be reformed to better meet government objectives for ECEC?
2. Is the distinction between approved care and registered care necessary?
3. Should support be extended to cover certain types of childcare not currently funded or to increase funding for specific types of childcare — for example nannies/in-home care?
4. To what extent should governments subsidise use of childcare and early learning? Is support appropriately targeted? If not how could it be better targeted (including less targeted)?
5. Should families reasonably expect to receive childcare support in addition to paid parental leave and family tax benefits?



Any reform or reallocation of the existing funding and support arrangements should be approached with due care and consultation with families and the ECEC sector so as to limit the impact of any unintended consequences. More investment in the early years is needed to ensure that flexibility for some does not mean an increase in fees and out of pocket expenses for others. The timing of the announcement of the PCI and release of the issues paper for comment (over the summer holiday period) has meant there has not been sufficient time to consult widely with families and the sector about the questions raised in the issues paper - this is particularly relevant in this section. Further consultation and input from these stakeholders is needed before such significant questions (about the effects of redirection of family tax benefit, tax deductible childcare costs, appropriate ways to target funding and administer payments etc) can be answered.

There is considerable difference in opinion between industry, peak bodies, service providers and families about the appropriateness of removing the distinction between registered and approved care and the reallocation of funding currently available to families through family tax benefit to childcare in a way that is tied to productivity gains (work, study and training). While the City of Boroondara supports a range of care types and choices for families and acknowledges that care within the home is a preferable choice for some families, there has not been a demonstrated demand for this type of care over other types of care in existing services. The lack of input from families and services due to the timing of the issues paper and the stipulation that the funding envelope will not be increased means we cannot advocate for the extension of these subsidies to some families to use informal care if it will increase the cost burden to others. There needs to be a demonstrated demand for this type of care to warrant such changes. The evidence that high quality early childhood settings with qualified staff have a positive impact on developmental outcomes for children should inform further consultation with families and the sector.

## 5. Conclusion

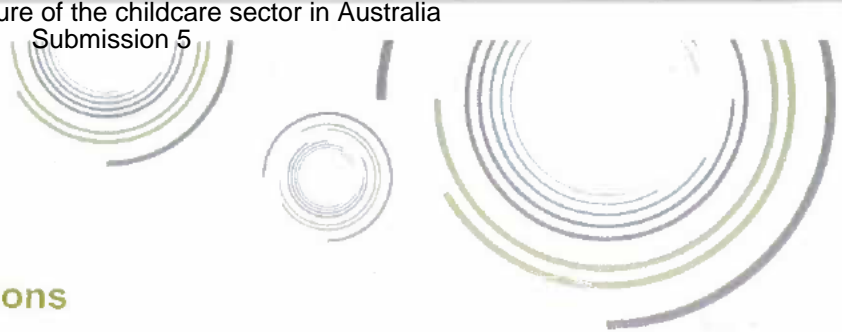
The City of Boroondara welcomes efforts to support a more flexible, affordable and accessible early childhood education and care sector that delivers high quality education and care for Australia's youngest children and has had an ongoing commitment to supporting the sector to implement the COAG Quality Agenda since 2009 despite the fact that the implementation has at times challenged the capacity of the sector.

Council's investment in the provision and facilitation of services for families and children is significant and the City of Boroondara acknowledges the valuable role of all services and providers, regardless of service type and supports a "mixed-economy" of service provision for the critical role it plays in meeting and supporting the divergent needs and aspirations of families with young children living, working and studying in Boroondara.

Further federal investment in the early years is needed to ensure that flexibility for some does not result in an increase in fees and out of pocket expenses for others. Any reform or reallocation of the existing funding and support arrangements should be approached with due care in consultation with families and the ECEC sector to ensure that negative unintended consequences are minimised. While Childcare has specific and undeniable links to productivity and workforce participation, this is by no means the sole purpose of the sector's existence and any attempt to balance support for workforce participation should not impact on the quality of the educational and or care experience for young learners into the future. Consideration for the quality of education and care on offer and the associated outcomes for children need to be at the forefront of any proposed changes. The cost of any changes should not adversely impact on service viability.

It is currently extremely difficult for families and service providers to navigate the large number of departments, programs and agencies administering ECEC subsidies and support. Streamlining funding arrangements is a worthy aspiration as long as stakeholders can be sure that they are not receiving less support as a result.

The timing of the announcement of the PCI and release of the issues paper for comment has reduced the capacity of families and the sector to respond and meant there has not been sufficient time for council to consult widely with local stakeholders about the questions raised. The City of Boroondara welcomes further consultation and engagement including opportunities for discussion and comment on the draft report come July 2014.



## 6. References and Abbreviations

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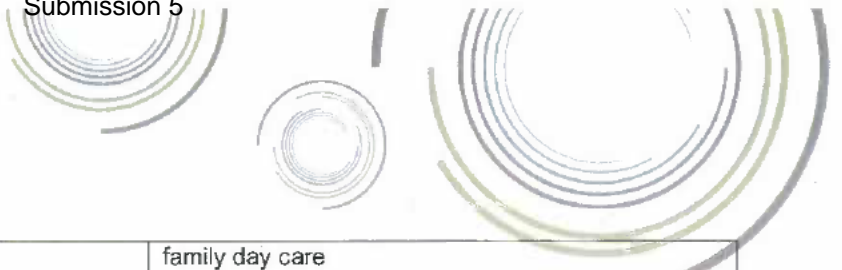
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### 6.2. Abbreviations

CCB	Child Care Benefit
CCR	Child Care Rebate
COAG	Council of Australian Governments
ECA	Early Childhood Australia
ECEC	early childhood education and care
EPPE	Effective Provision of Pre-School Education (Project)
EYLF	Early Years Learning Framework



FDC	family day care
LDC	long day care
NQA	National Quality Agenda
NQF	National Quality Framework
NQS	National Quality Standard
OECD	Organisation for Economic Co-operation and Development
TAFE	Technical and Further Education
VET	vocational education and training
RTO	registered training organisation