



1st April 2014

Ms Julia Agostino
Committee Secretary
Senate Education and Employment References Committee
Parliament House
CANBERRA ACT 2600
Email: Eec.sen@aph.gov.au

Dear Ms Agostino

Please find attached the submission from Goodstart Early Learning on the Inquiry into the Delivery of Quality and Affordable Early Childhood Education and Care Services. Our apologies for the late submission.

Goodstart is a not for profit social enterprise that is Australia's largest provider of early learning and care, with 641 centres across Australia, caring for 73,000 children from 61,000 families and employing 13,000 staff.

Goodstart welcomes this Inquiry by the Senate as a timely opportunity for the Senate to consider the current challenges and future opportunities for the early learning and care sector as the Productivity Commission conducts its own inquiry into the sector.

Please find attached a detailed submission to this inquiry that draws upon the material we have provided to the Productivity Commission.

We also provide the following broader comments on the terms of references, and are willing to provide any further information that the Committee may require.

Yours sincerely,

John Cherry
Advocacy Manager

Broad comments on the Terms of References:

- (a) *outcomes for children in early childhood education and care services, including:*
- (i) *workforce factors such as stability, qualifications and wage rates,*
 - (ii) *quality regulation (including staff-to-child ratios),*
 - (iii) *participation and access to services, and*
 - (iv) *environments for learning;*

Research has consistently shown that children who have access to early learning are better prepared when they start school, and demonstrate higher levels of literacy and numeracy, than those who do not. The attached submission summaries this research.

Central to quality in early learning is the interaction between the educator and the child. Qualifications better equip educators to provide a deeper interaction with children. A recent study found that children who attended preschool with a Degree or Diploma qualified teacher score 20-30 points higher in Year 3 NAPLAN tests on reading, numeracy and science than those who did not.¹ A long running study of 3000 English schoolchildren has found that these effects last well into high school, and that access to quality early learning (even for 18 months) is a better predictor of a child's literacy and numeracy performance at age 14 than their entire six years of primary schooling.² Australia's poor performance in recent international rankings on literacy and numeracy in Year 4, and PISA results at age 15 can also be partly explained by our poor participation rate in early learning prior to the preschool year.³

Stability of care is also vitally important in building the relationship between educators and children. The low wage rates paid in the early childhood sector have made it somewhat difficult to retain quality staff, particularly in remote areas. This is particularly the case with early childhood teachers, where long day care centres often lose staff to the better paid, public funded schools system. Section 11 deals with the workforce issues in more detail.

The impact on children of the NQF regulatory system is overwhelmingly positive. Children are the main beneficiaries of improved quality in early learning, with the benefits (e.g. better preparation for school, improved communication, cognitive and social skills) well demonstrated in many studies (see Section 3). Importantly, children with access to quality early learning perform much better in later schooling than children who do not.

Goodstart, along with the overwhelming majority of providers in the sector, support the NQF and its objectives. The NQF is a major reform of our sector and will take a decade to fully implement. Watering down the NQF would compromise the Government's regulatory objective of ensuring a consistent minimum standard in ECEC.

The report on NQF regulatory burden commissioned by ACEQA in July 2013 found that overall, providers, nominated supervisors and FDC educators are highly supportive of the NQF, despite perceiving a significant level of burden associated with ongoing administrative requirements of the National Law and Regulations.⁴ For example, 78 per cent of providers were either very supportive (42 per cent) or supportive (36 per cent) of the NQF. Providers whose services have been quality rated are among the groups most supportive of the NQF, and also perceived a much lower level of administrative burden.

Although identified as "costly" from the standard cost model (SCM) used in the ACECQA *Report on the National Quality Framework & Regulatory Burden*, documenting educational programs and assessing children's learning are essential to increasing the quality of education and care for children. Goodstart

¹ Warren D and Haisken-DeNew (2013) *Early Bird catches the Worm: The causal impact of pre-school participation and teacher qualifications on Year 3 National NAPLAN cognitive tests*, Melbourne Institute Working Paper 34/13 p. 36

² "Effective Preschool, Primary and Secondary Education Project" Research Brief March 2012 http://www.ioe.ac.uk/KS3_final_report_RB.pdf

³ COAG Reform Council "Education in Australia 2012" October 2013

⁴ ACECQA *Report on the National Quality Framework and Regulatory Burden* July 2013

concur with the view that “*these activities generate at least an equivalent increase in the quality of education and care*”⁵, and does not consider the investment associated with documenting children’s learning, maintaining educational programs, and Quality Improvement Plans to be examples of regulatory burden and ‘red tape’. They are an integral part of delivering quality early learning and care, and are providing the information parents are seeking about their children’s learning.

Goodstart believes that, as with any change, it takes time for individuals to become competent with new processes and requirements, such as documenting children’s learning. As individuals become competent, and processes are streamlined, we fully expect the administrative burden associated with the NQF will reduce.

The report also highlights the strong support in the sector for staying the course on the reforms, while removing some of the minor regulatory provisions which detract from quality, such as the requirements around certified and nominated supervisors and the administration of waivers. Goodstart’s views on changes that could be made are discussed in Section 6.

In terms of qualifications and ratios, Section 4 outlines the evidence demonstrating the benefits of quality ECEC including age-appropriate ratios and staff qualifications, which helped inform the requirements in the NQF. Delaying or removing these NQF requirements will not make the sector sustainable. Analysis in Section 8 demonstrates labour costs will continue to increase above CPI regardless of the NQF ratio and qualification requirements. But, without the NQF, the benefits delivered by improving the quality of early learning will be lost and the risk of harm to children due to poor-quality care will be increased.

Additional public investment is needed to realise minimum-quality standards for early learning and care while maintaining affordability for families, and this is an investment worth making. New investment should be directed where it will have the greatest impact on female workforce participation and on learning and development outcomes for children. Additional support should be provided to low-income families and vulnerable children, who research shows will benefit most from access to early learning.

Goodstart’s recommendations are:

1. *The National Quality Framework must be supported and maintained.*
2. *The overall level of government investment in ECEC should increase, commensurate with the enormous potential social and economic benefits of investing in early childhood.*
3. *Government investment should be redesigned to ensure it is directed where it will have the greatest possible impact: Workforce participation, particularly among mothers of young children; and learning and development outcomes for children, particularly for low-income families and vulnerable children.*
4. *Government investment must ensure the long-term affordability, accessibility, and sustainability of high-quality ECEC for Australian families.*
5. *Targeted assistance to support vulnerable children should be enhanced.*
6. *A new single streamlined universal payment should be implemented. Assistance should be simpler and should continue to be universally available to all families but with more assistance provided for low and middle-income families*
7. *Operational and administrative regulation should be streamlined.*

(b) a progress report into the implementation of the National Quality Framework (NQF), including targets met and those working toward;

Goodstart is committed to the implementation of the NQF. Goodstart met the new NQF requirement on January 1 2014 that all educators hold or be working towards a Certificate III, and that at least 50% of educators hold or be working towards a Diploma. Goodstart has increased the number of early childhood teachers employed from less than 200 in 2009 to over 700 in 2014. However, we have had great difficulty placing early childhood teachers in certain centres (particularly in rural and remote areas), but continue recruitment activities both in Australia and overseas. Currently, around 2500 Goodstart educators are studying towards a higher qualification.

⁵ ACECQA. (2013) Report on the National Quality Framework and Regulatory Burden: Part 1. Research Findings Overview

Goodstart supports the move towards outcome-based assessment. We support the assessment and ratings process and Quality Improvement Plans as a way to monitor the quality of a centre and provide robust, comparable, and transparent information to parents. Providing parents with such information about the quality of ECEC services allows them to make informed decisions about which service best meet their child's needs.

Goodstart's experience of the NQF and the NQS assessment and rating process to date has been very positive. Around 40% of Goodstart centres have now been assessed under the NQS. Recently, five out of six centres originally assessed in Western Australia at a 'working towards' level have improved their ratings and outcomes for children and families at their second assessment. It appears centre staff have been empowered by the process to build robust Quality Improvement Plans, and these have guided the ongoing strategic and practical improvement of the services.

As a national provider with daily interactions with each of the regulatory bodies, Goodstart has identified some opportunities to generate efficiencies where the existing regulatory requirements relate to genuine administrative activities and operational provisions. We would like to see much greater consistency between the states and territories on the implementation of the NQF. While some jurisdictions have adopted a practical, risk-based approach to regulation that seeks to build partnerships with providers, others have adopted a rigid, 'letter of the law' approach that adds to costs and to uncertainty as decisions are often pending.

The NQF will be subject of a comprehensive review under the auspices of the Education Ministers' Council over coming months. Goodstart will be an active participant in this review.

(c) parents' experiences of the outcomes of the NQF;

Parents have shown very strong support of the NQF which is evident in surveys of parental attitudes. Goodstart commissioned a survey of almost 3000 Goodstart families and 1500 non-Goodstart families in June 2013 to assess attitudes to quality in early learning. The survey found 75% of all families (90% of Goodstart families) rated learning in the first five years of life as very important. As part of the survey, respondents were asked if the changes to educator ratios in 2012 and qualification in 2014 were making a difference to the quality of care and early learning provided to children. The response was very positive, particularly given the early stage of the reform (see table below).

(d) impacts of the announced government amendments to the NQF, and the outcomes for children and early childhood education and care services; and

Goodstart is unable to comment on these matters as the Government is yet to announce amendments to the NQF. A number of changes have been foreshadowed at the December meeting of Education Ministers, but we are yet to see the detail. We would be happy to provide further comment to the Committee on any specific proposals that are announced.

Parents' perceived impact of NQF changes on quality of care – June 2013

Family type	Yes	No	Unsure	N=
Goodstart families	58%	9%	38%	2148
Non-Goodstart with children 0-5 years	44%	12%	45%	527
Non-Goodstart with children 6-18 years	39%	10%	51%	611
Non-Goodstart no children yet but plan to	37%	6%	57%	114
Non-Goodstart with children over 18 years	33%	13%	54%	226
Non-Goodstart none of these	23%	9%	68%	280

(e) any other related matters.

The Committee is encouraged to turn its attention to the imminent end of Federal funding for universal access to preschool, which is due to expire on 31/12/2014. Under the National Partnership Agreement on Early Childhood Education, the Commonwealth agreed to fund the expansion of access to 15 hours a week (for 40 weeks a year) in the year prior to school in partnership with the states. The program has been enormously successful. In Queensland, for example, enrolments of children in preschool rose from 29% in 2008 to 78% in 2012 to 97% in 2013.⁶ All states except New South Wales and the Northern Territory appear to have in excess of 95% of children now enrolled in preschool.⁷

Last year, the Australian Government agreed to provide \$660 million to extend funding of the program for 18 months to 31 December 2014. A review of the program is currently underway by the Ministerial Council and also as part of the Productivity Commission Inquiry.

Preschool providers and families need certainty about financial planning and pricing for 2015. The funding agreement should be extended for twelve months to allow governments and the sector to consider the outcomes of the review and the Productivity Commission report. If funding is not extended, costs to parents could increase by an average of \$1730 per child (or about \$17 a day) in 2015.

Goodstart's preschool program is offered in every one of our 641 centres to around 41,000 children, in most services led by an early childhood teacher. We received funding for these programs in only three states (Victoria, Queensland and South Australia) and the Northern Territory. There are some serious anomalies in the preschool funding model (for example, more than half of the children enrolled in preschool in New South Wales receive no benefit from the Federal universal access funding). Funding for the program should be extended until the review has been considered.

Goodstart's recommendations are:

8. *A nationally consistent approach to preschool financing and access should be implemented.*
9. *As an interim measure, Federal funding for universal access to preschool should be extended by 12 months until Governments and the sector have considered the outcomes of the Productivity Commission Inquiry and the review of the current partnership agreement.*

⁶ *Annual Report on the National Partnership Agreement on Early Childhood Education, ABS 4240.0 Preschool Education 2013*

⁷ ABS Preschool Education in Australia 2013 cat no 4240.0