



Inquiry into Childcare and Early Childhood Learning: Response to Draft Report

YWCA Australia would like to thank the Commission for the work they have done to date and for the opportunity to comment on the draft inquiry report. The YWCA of Canberra is also grateful for the opportunity to address the Commission at the public hearing in Canberra on Monday 25 August 2014.

This submission draws heavily on the experience of the YWCA of Canberra as a childcare provider. It also draws on the experience of YWCAs in delivering other early childhood services, parenting programs and community development programs.

Introduction

We welcome the Commission's recognition of the enormous social and economic benefits of investing in early childhood education and learning. We welcome many aspects of the draft report including recommendations for:

- A new single means tested payment to services covering up to 90% of childcare costs, with an additional subsidy for lower income families.
- Paying the assessed subsidy directly to the service provider of the parents' choice on receipt of the record of care provided.
- Establishing three capped programs to support access of children with additional needs to ECEC services.
- Continuing to provide support for children who are assessed as 'at risk' to access ECEC services.

Scope of submission

This submission will comment specifically on the following issues:

- Proposal to lower qualification requirements for childcare workers working with children aged 0-3.
- Support for vulnerable children/children with additional needs.
- Deemed cost of service provision.

- Defunding of the family day care model.
- Nanny (In home care) regulation within the NQS.
- Removal of the fringe benefit and payroll tax exemptions for not-for-profit child care providers.
- Outside School Hours Care.

Recommendations

- Recognise that early childhood is a critical period for the realisation of children's rights.
- Maintain current educator qualification requirements for children aged 0-3.
- Maintain current educator-child ratio requirements.
- Ensure that a lack of 'official' diagnosis for children with additional needs does not prevent access to the proposed 'top up' funding.
- Reinstate Community Support Program funding for family day care schemes.
- Ensure that extra funding for nannies is not at the expense of reducing assistance for families using other services.
- Utilise the existing family day care framework to oversee the provision of nanny services.
- Consider risk management issues related to the provision of nanny services.
- Set the initial deemed cost of provision at \$11.00 per hour.
- Remove the requirement to report against an education plan on an individual child basis in relation to Outside Hours School Care (OHSC), shifting the focus of any documentation to respite and recreation.
- Maintain the current 1-11 educator-staff ratio in OHSC services.
- Retain the current NFP tax arrangements for NFP childcare providers, recognising their wider community benefit, unique challenges and ability to provide services where they are unviable for for-profit services.

Children's development

YWCA Australia believes every child in Australia has right to high quality early childhood experiences.

The UN Committee on the Rights of the Child has outlined developmental reasons why early childhood is a critical period for the realisation of children's rights. During this period:

- Young children experience the most rapid period of growth and change during the human lifespan, in terms of their maturing bodies and nervous systems, increasing mobility, communication skills and intellectual capacities, and rapid shifts in their interests and abilities.
- Young children actively make sense of the physical, social and cultural dimensions of the world they inhabit, learning progressively from their activities and their interactions with others, children as well as adults.
- Young children’s earliest years are the foundation for their physical and mental health, emotional security, cultural and personal identity and developing competencies.
- Young children’s experiences of growth and development vary according to their individual nature as well as the gender, living conditions, family organisation, care arrangements and education systems.¹

Evidence shows that quality education and care can make a real difference to the educational, health and well-being outcomes of children. In contrast, poor quality care can be detrimental.²

Unlike other countries, such as Denmark and Norway, that have a legal right to public early childhood education and services, Australia has no formal right to an early childhood and care place. Australia ranks 30/34 of OECD countries for the percentage of 3-5 year olds in early learning or preschool.³

The draft report observes that in general, “children are developing well in Australia” and yet in a 2014 worldwide report titled “The Learning Curve” which completed research and analysis on the cognitive skills and educational attainment of countries around the world, **Australia was placed 15th.**⁴

Government investment in high quality ECEC

Any decision to recommend changes to the structure of Australian Government investment in the early childhood services sector needs to consider the impact of the quality of those services to the children of Australia.

As the draft report notes, the current contribution from the Federal Government in subsidising care for families is upwards of seven billion dollars per year.

The draft report also notes that despite this level of funding, the needs of some families, particularly the most vulnerable in accessing high quality education and care services, are

¹ UN Committee on the Rights of the Child, General Comment No 7, para 6. UNICEF Innocenti Research Centre.

² M Sims, A Guilfoyle & T Parry, ‘What cortisol levels tell us about quality in childcare centres’ (2005) 30(2) *Australian Journal of Early Childhood*, p 29–39; COAG, *Investing on the Early Years*, p 35.

³ UNICEF Innocenti Research Centre, *The child care transition: A league table of early childhood education and care in economically advanced countries*, Report Card 8 (2008).

not adequately addressed. The draft report also considers accessibility challenges including waiting lists, increasing fees and physical access to services.

It is our view that where government investment in subsidised early childhood is reduced, these funds should be redirected to improve accessibility for all children to high quality education and care.

It has been noted in recent research projects outlined in the Australian Early Development Census (**AEDC**)⁵ that:

- Service systems do not maintain continuous contact with families of young children during the early years.
- Family units are becoming more complex, with less extended networks and little exposure to 'parenting' prior to adults becoming parents themselves, representing significant skills gaps.

If the seven billion dollars currently allocated is not sustainable to tax payers, and the current subsidy programs do not meet the needs of some families in accessing care that is of a high quality, alternative recommendations will need to consider the following:

- 14435 services currently operate in Australia – which is an increase of 9% in the 3 months prior to August 2014.
- Australia invests less in early childhood learning and care than most other developed countries, despite the greater developmental importance of the early years and the greater likelihood of young children living in poverty.
- When considering accessibility concerns that include rising fees, it's important to consider that profit margins for ECEC services are often lower than 5 per cent.

Single child-based subsidy

YWCA Australia supports the creation of a single child-based subsidy, the Early Care and Learning Subsidy (**ECLS**) that streamlines support subsidies. We agree with the observations in the draft report that families often do not understand subsidy arrangements - what they can access and how. We also support the targeting of extra assistance to lower income families.

National Quality Framework

Australian children have the right to an early childhood that adequately prepares them, not only for formalised schooling, but for life. Comprehensive and holistic services from birth to school age yield benefits that are as great or greater than preschool services alone.⁶ **YWCA Australia strongly supports the National Quality Framework (NQF)**, which provides consistent, minimum standards across centre-based services nationally. We welcome the

⁵ See www.aedc.gov.au

⁶T Morrissey and M Warner, 'Why Early Care and Education Deserves as Much Attention, or More, than Prekindergarten Alone', *Applied Development Science*, 2007, Vol. 11, No. 2, 57–70, <http://s3.amazonaws.com/mildredwarner.org/attachments/000/000/055/original/106-6ea94867.pdf>

Commission's recommendation to extend the coverage of the NQF to include all ECEC services which receive Australian Government subsidies or funding (p.34).

In our view, it is critical to the future of Australian children – including their cognitive skills, resilience, overall health and wellbeing - that we do not roll back any of the regulatory standards that currently apply to centre-based care.

As a service provider, the YWCA of Canberra believes strongly that early childhood centre - based services are not over-regulated. The YWCA of Canberra is committed to ensuring minimum standards of care and education within centre based services are maintained across the country.

As the YWCA of Canberra stated at the public hearing:

Effective delivery and quality of these services not only impacts children's ability to transition to school comfortably, but presents opportunities for trained, experienced, passionate, expert educators to respond to and increase the capacity and capability of vulnerable families.

Whilst practitioners do not always maintain consistent relationships with families, we do.

We build rapport, we build trust and we advocate each day for better early childhood experiences for all children who attend our services.

We, as educators, as early childhood experts and as organisations do not support the watering down, rolling back or compromise of any regulation or standard that impacts the quality of education and care for Australian children.

Maintaining qualifications and ratios

YWCA Australia has serious concerns about the proposal to dilute qualifications and ratio requirements for teachers of children under three years of age. To ensure interactions of high quality in early childhood, the right number of staff with the right qualifications is critical.

Maintaining staff qualifications

YWCA Australia is very concerned about the recommendation that educators working with children under three years old only be required to have a certificate-level qualification. In our view, the existing requirements under the NQF, which require staff with an equal mix of certificate three and diplomas in early childhood education and care, are necessary for children's safety as well as their learning and development. The Commission's recommendation seems to be at odds with evidence of the importance of early childhood experiences for children's wellbeing and development.

We note that Certificate III is designed to provide training for an assistant working with a more qualified and skilled group leader, which in practice means that children under the age of three receive early learning and care from a highly skilled Diploma qualified staff member supported by an assistant. The suggestion that educators who work within the 0-3 years age group need only have a Certificate III qualification opens up the possibility that an

educator with one week's practical experience and as low as 85 hours of training is responsible for the education and care of the youngest children in childcare services.

In comparison, educators holding a diploma often have years of experience, have often been identified by the organisation as passionate leaders and have dedicated anywhere upwards of two years training to become an expert in the field of early childhood development. In the YWCA of Canberra's experience, the combination of diploma-qualified leaders and bachelor-qualified teachers allows a pedagogical workforce to continue, with on the job training and flexibility.

We also note the recent research by advocacy group The Parenthood, presented at an inquiry public hearing, which found that of 600 parents polled so far in a national survey, 95 per cent did not want qualification levels reduced.⁷

Maintaining regulatory ratios

YWCA Australia is also concerned about the proposal to allow childcare services to temporarily operate with staffing levels below required educator-to-child ratios by maintaining levels on average, rather than at all times.

We believe that the current educator-to-child ratios requirements should be maintained at all times to ensure safety and an optimum learning and care environment.

Deemed cost of service provision

YWCA Australia supports Goodstart Early Learning's submission at the Canberra public hearing on 25 August that the initial deemed cost of providing childcare should be set at \$11.00 per hour.

Vulnerable children/children with additional needs

As Goodstart Early Learning have noted:

Economic studies show quality early childhood learning and care for vulnerable children delivers the biggest bang for buck by ensuring children get the best start, because children who start school behind their peers tend to stay behind.⁸

As noted in the draft report, vulnerable children, particularly those with additional needs in early childhood settings, are not adequately supported. We therefore welcome the Commission's proposals that would provide more support for children with a diagnosed disability (Draft Recommendation 12.6). However we are concerned about the position of children currently eligible for some support who would miss out, especially young children who don't yet have a diagnosis.

⁷ See also Judith Ireland 'Parents want childcare workers to be highly qualified, says group The Parenthood', *The Age*, 25 August 2014, www.smh.com.au/federal-politics/political-news/parents-want-childcare-workers-to-be-highly-qualified-says-group-the-parenthood-20140825-108670.html#ixzz3C9cC10os

⁸ Goodstart early learning, *Key recommendations made by the Productivity Commission*, p.2,

www.goodstart.org.au/GoodStart/media/GoodStart/PDFs/Media%20releases/190821_Productivity-Comm.pdf

While many families have children with additional needs attending services, a significant barrier to accessing support can be obtaining a 'proper diagnosis. The Australian Bureau of Statistics' 2012 *Survey of Disability, Ageing and Carers* (SDAC) showed an estimated 115,400 Australians (0.5%) had autism. This was a 79 per cent increase on the 64,400 people estimated to have the condition in 2009. The peak of this diagnosis by age was five years old, corresponding in many cases with the age that formal schooling begins.⁹

It is critical that a lack of diagnosis does not prevent access to the suggested 'top up' funding to support and access resources and training at an early childhood service. Many of the most vulnerable families do not have access to the multidisciplinary team often necessary to diagnose Autism Spectrum Disorder, Pervasive Development Disorder or other developmental concerns. Many parents choose not to invest in such an extensive, stressful process at such a young age, considering the consequences of having 'a label' attached to their child. Anecdotally we know that many physicians are reluctant to diagnose a child at a very young age, particularly using the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM-5).

Defunding of support for family day care schemes

YWCA of Canberra Family Day Care Model

The Family Day Care Model at YWCA Canberra is an employer-based scheme where all our family day care educators are employed on full terms and conditions of employment, as distinct from the more usual self employed/contractor model. We are one of four such schemes operating in the Australian Capital Territory (ACT). We currently employ 50 educators in our scheme.

Cuts to Community Support Program funding for family day care schemes

In the May 2014 Budget, the Australian Government announced changes to the eligibility criteria in relation to family day care schemes applying to receive Community Support Program Funding. The new criteria will result in the majority of schemes no longer being eligible to receive this much-needed funding. The operational funding pays for quality support unit staff (also known as coordination units), who monitor compliance and support home-based educators. Without this funding, schemes will have the choice of raising fees, downsizing their quality support staffing, or closing their doors. Schemes have worked hard to meet the requirements under the national quality standards, and the level of quality assurance in the family day care sector could be significantly compromised when the funding ceases.

YWCA Australia is very concerned about these cuts to Community Support Program funding and urges the Commission to include a recommendation in its final report that the funding be reinstated.

YWCA Australia urges the commission to form recommendations that acknowledge the current Family Day Care scheme as one of the longest standing flexible care arrangements for families.

⁹ Australian Bureau of Statistics, 4428.0 - Autism in Australia, 2012 , June 2014, <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/4428.0Main%20Features22012?opendocument&tabname=Summary&prodno=4428.0&issue=2012&num=&view=>

Flexible Care Arrangements that include a Nanny scheme

YWCA Australia notes Draft Recommendation 8.5 which proposes allowing approved nannies (which satisfy the appropriate National Quality Standards and hold a Certificate III qualification) to become an eligible service for which families can receive ECEC subsidy support and assistance.

YWCA Australia believes it is important that additional funding for nannies should not be prioritised at the expense of reducing assistance for families using other services.

We note the Commission's suggestion that assessments of regulatory compliance should be based on both random and targeted inspections by regulatory authorities. Based on our experience working in family day care, which already provides flexible, affordable childcare, we believe that the existing family day care framework is perfectly situated to oversee nannies.

The current In-Home Care system, which has strict eligibility criteria limiting the number of families who can access this type of care, can potentially be replaced with a nanny service, monitored and supported by family day care schemes. Drawing on this existing framework has many benefits: staff are already trained in the National Quality Framework and regulations and have extensive experience in supporting educators working independently.

If family day care schemes oversaw nannies they could also be responsible for administering Child Care Benefit or the proposed ECLS.

Liability issues

Regardless of whether or not nannies are overseen by an existing family day care scheme or operate independently, there are several risk assessments that need to be considered in relation to maintaining appropriate resources and safety standards etc.

If the difference between family day care and nannies is that a nanny provides an 'in home care' option, questions regarding who is responsible for maintaining levels of safety in that home are critical.

Issues include:

- Are the families responsible for providing a safe environment? Is the family then 'regulated' rather than the nanny?
- If nannies were to be rolled out in a similar way to family day care and be provided through an organisation, how can an organisation maintain responsibility for the safety and resources of a private home?
- How many children would a nanny be able to have? Could a nanny take care of other family's children in one family's home?
- If nannies are to be regulated, the burden on regulatory authorities to monitor, regulate and quality-assure the nannies would increase, therefore slowing the quality

assurance process down for school aged care, family day care and centre based services.

- If nannies are to be provided, employed and regulated by organisations such as the YWCA, how can we ensure the safety and wellbeing of children when the family's home, contents and insurance are liabilities?

Scenario

A family over the weekend notice a beeping sound from a smoke alarm in their home. A parent removes the battery in order to replace the flat one and forgets to replace it. The nanny arrives on Monday morning for her shift, a small fire starts in the kitchen and the smoke alarm does not go off.

Who is responsible to ensure the safety of the environment?

YWCA Australia is committed to offering flexible care models for families that encourage active workforce participation, particularly for young women.

We agree that in order for parents to access subsidies to such services, they need to be regulated under the National Quality Standards, Laws and Framework.

YWCA Australia recommends:

- Nannies are only provided within an organisational context, in order to support the administrative burden of ECLS and increase direct participation within early childhood education – particularly Preschool.
- Nannies are regulated under the National Laws and Regulations with specific mention of the unique conditions of in home care. This needs to outline at a legislative level who is liable for maintaining the environment.

Not-for-profit providers

YWCA Australia is deeply concerned about the Draft Recommendation 10.1 which suggests:

- The Australian Government remove the eligibility of not-for-profit ECEC providers to Fringe Benefit Tax exemptions and rebates.
- State and territory governments should remove eligibility of all not-for-profit childcare providers to payroll tax exemptions.

We do not support the removal of these exemptions and rebates due to the potential impact on service viability. Not-for-profit services often cross-subsidise their programs, making it possible to provide ECEC services in areas that may be 'non-viable' on a for-profit basis. This is often in areas of disadvantage where carers have unstable employment arrangements and need for occasional care is high. If these services were to become non-viable, the burden of providing services would fall on government, or families would miss out on critical ECEC services.

In our view, the competitive neutrality principle that the Commission is applying is inappropriate in this context. The considerable social and economic benefits of providing tax concessions to not-for-profit ECEC services do not appear to be taken into consideration. We endorse the position of the Melbourne University Not for Profit Group that the competitive neutrality argument is problematic when applied to not-for-profits:

- Comparing not-for-profit with government and private providers is inherently difficult, because of **the need to compare the different objectives of the organisations and to include in the balance the public benefit provided by NFPs.**
- **Comparisons need to take into account disadvantages suffered by NFPs including limited access to equity capital.** Other disadvantages include the inability to retract and retain specialist staff unless the fringe benefit component is available to make salaries more competitive, and the challenge of reinvesting operating surpluses into sinking funds where there is a growing and unfunded need for community services.¹⁰

We note that the average profit margin for services is around 5 per cent. Not-for-profit services reinvest this back into the communities they operate in, rather than distributing it to owners/shareholders. This reinvestment can be used to provide other vital services in the communities in which the not-for-profit service operates.

We note Draft Recommendation 12.11 which proposes redirecting any additional tax revenue gained, or administrative savings from, removing ECEC related tax exemptions and concessions to expand the funding envelope for ECEC. We are concerned that the concessional arrangements would be removed but that additional direct funding would not be forthcoming, or would be constantly vulnerable to budget cuts.

YWCA Australia refers the Commission to the submission to this inquiry by the Communities Council for Australia (**CCA**), which we endorse. As the CCA submission states:

While CCA appreciates the range and complexity of local, State and Federal rulings relating to charity and not-for-profit regulations, concessions and exemptions, any reform of these concessions needs to be systemic and based on considered policy across the whole not-for-profit sector. To identify one sector (early childhood education) and raise the possibility of withdrawing concessions that will continue to apply across other not-for-profit sectors is, at best, a retrograde step. It will only

¹⁰ Not-For-Profit Project, University of Melbourne Law School, *Submission to the Treasury, Better Targeting of Tax Concessions*, 27 May 2011, p. 2.

exacerbate an already inconsistent set of rules, requirements and concessions while achieving no net benefit for early childhood education.

We therefore urge the Commission to remove these recommendations from its final report.

Outside School Hours Care

YWCA Australia agrees that some aspects of the NQF do not translate to well to Outside School Hours Care (**OSHC**) and that adjustments should be made. With over six hours of formal education during the school day, the focus in before and after-school care should be on care and recreation. We therefore welcome the Commission's proposal to remove the requirement to report against an education plan on an individual child basis. We agree that such detailed reporting does not contribute significantly to the quality of outcomes for children and is burdensome for providers (p.36).

If the regulatory burden is altered to reflect the respite style service that OSHC in reality often is for children, it will release educators, regulatory authorities and advisors to focus on and address building capabilities within the children who attend the services. In our view, documentation of the curriculum and program should reflect the unique opportunities OSHC provides to be respite, to be soft entry points to support services, to identify potential red flags with social and emotional wellbeing, and to provide young people with supportive, positive mentors within their community.

We are concerned about the reference to taking into account 'the staff ratios that are considered acceptable during school hours' in the proposed 'nationally consistent set of staff ratios and qualifications for those caring for school age children in outside school hours and vacation care services' (p.36). YWCA Australia is concerned that this may result in an increased educator-child ratio, which we would not support. OSHC is a very different environment to the classroom: children are often engaged in a range of different activities in different spaces rather than sitting at desks. We support the current 1-11 ratio being maintained.

YWCA Australia also has concerns about the reference to 'the contribution that can be made to OSHC services by less qualified older workers and university/TAFE students' (p.36).

YWCA Australia strongly believes in the value of qualifications across all children's services. Whilst TAFE and University students as well as older workers, contribute greatly to the holistic benefits of OSHC services, a minimum qualification adequately prepares those employees for work directly with children.

An example of this would be a TAFE student studying 'IT/Engineering'. Having never worked or spent time with children, the 'short course' style of a Certificate III adequately prepares them for the health and safety, sector specific needs of working directly with children.

Viability assistance

YWCA Australia would support viability assistance for Education and Care services on the condition that they are able to meet the minimum standard of 'Meeting the National Quality Standard'.

However, should the Commission recommend targeting support for services to meet minimum standards, viability support would have positive impacts on the learning outcomes for children.

Removing pre-schools from NQF

YWCA Australia advocates for a national approach to funding preschool. Research into participation in preschool across Australia varies, often due to the fact that each state controls the funding support for preschool services.

In our view, a National Plan to increase participation through funding flexible preschool services, (such as Centre Based Care) would increase work participation when children reach preschool years. Many families stop work to access low cost or free preschool. If more flexible options are funded nationally, parents can access lower cost preschool within the flexible centre -based care option.

Example

15 hours minimum preschool in government funded free preschools often offer sessions like:

Monday 8:30 – 12:30

Tuesday 12:30 – 4:00

Thursday 9:00 – 4:00

If preschool is offered in Centre Based Care parents have flexibility in that they can attend whenever it suits them with work – services are often open between 10 and 12 hours per day, 5 days per week.

The suggestion by the Commission is to remove only preschools that operate within primary schools, which currently have double the regulatory burden as they are regulated in a school system and regulated through NQS. YWCA Australia would support this recommendation.

More information

YWCA Australia would be pleased to provide further information to the Commission.

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