



Response to the draft report of the Productivity Commission's inquiry into child care and early childhood learning

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1. Introduction

Thank you for the opportunity to respond to your draft report on child care and early childhood learning. As your report outlines, the benefits of high quality early childhood education and care, both to the individual and society more broadly, have been consistently demonstrated.ⁱ

Developing good foundations for learning is crucially important for ensuring children are ready for school. Children who aren't 'school ready' tend to do less well in school and are more likely to become teenage parents, and as adults be unemployed and welfare dependent, engage in criminal activities and have mental health problems.

For the benefits of quality early childhood education and care (ECEC) to be fully realised, it must have a strong and equal partnership with the education system. Just as with public schooling, investment in ECEC needs to be regarded as a public good.ⁱⁱ Inadequate investment often leads to tensions between quality, affordability and accessibility. Recognising the role of early childhood education and care in the broader education system also helps to create a seamless transition to school between the two.

Access to affordable, high quality early childhood education and care is also critical to workforce participation. This is a particularly important issue as Australia has one of the highest rates of family joblessness compared to other OECD countries.ⁱⁱⁱ We also know that family joblessness significantly increases the risk of children living in poverty and a range of poor outcomes.

The Benevolent Society commends the Productivity Commission on acknowledging the important role that early childhood education and care plays in the development of children, their preparation for school and in enabling parents to work.

We welcome the proposed means-testing and simplification of the subsidy system as well as the recommendation to maintain the National Partnership Agreement on Universal Access to Early Childhood Education.

While we support the retention of the National Quality Framework and its extension to include all early childhood education and care services that receive Australian Government subsidies or funding, we do not support the exclusion of dedicated preschools.

We are also concerned about the impact of a number of proposed recommendations. We do not support the recommendation to reduce the qualification requirements for people working with children under three years and are particularly concerned about the impact the work-study test will have on many very low income families.

2. About The Benevolent Society

The Benevolent Society is Australia's first charity. We're a not-for-profit and non-religious organisation and we've helped people, families and communities achieve positive change for 200 years.

We help people change their lives through support and education, and we speak out for a just society where everyone thrives.

The Benevolent Society helps the most vulnerable people in society, and supports people from all backgrounds including Aboriginal and Torres Strait Islanders and people from culturally and linguistically diverse communities. We believe that building stronger communities will lead to a fairer Australia.

Our focus is to foster wellbeing throughout life – from infancy to older age – with services that:

- prevent problems or reduce their negative impact
- tackle problems early before they become entrenched
- help people use their strengths to solve their own problems
- give priority to people experiencing social and financial disadvantage.

Snapshot

- The Benevolent Society is a secular non-profit organisation with 992 staff and 722 volunteers who, in 2013, supported more than 76,800 children and adults primarily in New South Wales and Queensland.
- We deliver services from 64 locations with support from local, state and federal governments, businesses, community partners, trusts and foundations.
- We support people across the lifespan, delivering services for children and families, older people, women and people with mental illness, and through community development and social leadership programs.
- Our revenue in 2012/13 was \$92 million.
- In 2012/13, 83% of our income came from government sources. Private fundraising, trust and foundation grants provided another 4%, client fees generated 7% and investment income contributed 6.5%.
- The Benevolent Society is a company limited by guarantee with an independent Board.

3. Childhood learning and development

We strongly support **draft recommendation 5.2**: *Governments should plan for greater use of integrated ECEC and childhood services in disadvantaged communities to help identify children with additional needs (particularly at risk and developmentally vulnerable children) and ensure that the necessary support services, such as health, family support and any additional learning and development programs, are available.*

The Benevolent Society believes that one of the best ways to support disadvantaged families is to embed high quality early childhood education and care in integrated child and family centres where emerging issues within families can be identified early and a range of wraparound supports provided such as family support, speech therapy, occupational therapy, child and maternal health services.

Child and family centres offer families ‘soft’ entry points and seamless access to universal and targeted services. Getting support in a single location is not only more convenient for families, it also produces better outcomes for children. Integration allows individuals and families to receive the help they need, when they need it, without having to go to several services and undergo multiple assessments.

We support **draft recommendation 5.4**: *Early intervention programs to address the development needs of children from disadvantaged backgrounds should be underpinned by research. Their impact on the development outcomes of the children attending should be subject to ongoing monitoring and evaluation, including through the use of longitudinal studies.*

Evidence clearly shows that it is far better to intervene early to prevent problems from occurring, or escalating, than to try to address them once they have become entrenched. Early interventions not only lead to more positive outcomes for individuals and society, they are also cost effective.

Intervening during the prenatal and early childhood periods offers a unique window of opportunity to shift children's life trajectories. The benefits of intervening early are far-reaching and range from reduced contact with juvenile and adult justice systems, reduced notifications of child abuse and neglect, through to improved school performance and better employment outcomes.

There is considerable international research demonstrating the benefits of early intervention such as the High/Scope Perry Preschool program in the United States and the Effective Provision of Preschool Education (EPPE) study in the UK. To continue to build the evidence base in Australia around what works for whom, governments need to commit to ongoing investment in research and evaluation.

4. Regulation of ECEC providers

We do not support **draft recommendation 7.2**: *Requirements for educators in centre-based services should be amended by governments such that:*

- *all educators working with children aged birth to 36 months are only required to hold at least a certificate III, or equivalent*
- *the number of children for which an early childhood teacher must be employed is assessed on the basis of the number of children in a service aged over 36 months.*

Information request 7.1: *The Commission seeks participants' views on the expected impacts on the development of children under 36 months of focusing required teachers in centre-based care on children over 36 months.*

It is now widely acknowledged that the early years of a child's life are crucial in laying the foundation for later learning and development as it's during this period that critical brain development takes place.

We now know that learning starts from birth and that learning and development are cumulative, with later development building upon earlier development. Healthy development depends on the quality and reliability of a young child's relationships with the important people in their lives, both within and outside the family - relationships are the medium through which young children learn the skills that enable them to become fully participating members of society.^{iv}

We also know that chronic, unrelenting stress in early childhood damages the developing brain and can lead to lifetime problems. We must therefore provide services and supports early in life when there is the greatest potential to prevent health and wellbeing problems from emerging in adulthood.

Research by James Heckman shows that the most economically efficient way to remediate the disadvantage caused by adverse family environments is to invest in children when they are young.^v

Research shows that quality early childhood education and care leads to a wide range of positive outcomes, particularly for vulnerable children. The benefits of early childhood education and care are, however, conditional on 'quality'. The quality of ECEC is a critical issue because it can serve to either mitigate or exacerbate the impact of disadvantage. While good quality early childhood programs have positive benefits for children and families, poor quality environments can pose a risk to children's development.

The quality of the care and education in formal ECEC is intrinsically linked to staff qualifications. Specialist training in early childhood learning and development, and early childhood teacher training, have a significant and positive impact on quality, giving staff the important skills and knowledge they need to work with children and families positively and effectively. Highly qualified staff are able to offer learning

opportunities for babies and toddlers which positively impact on the developing brain, that less qualified (Certificate III) people aren't trained to consider.

With nearly a quarter of Australia's children being vulnerable in one or more areas of child development when they start school, according to the Australian Early Development Census (AEDC), there should be an increased emphasis on quality service provision during the early years. Downgrading the qualification requirements for people working with children under 36 months is very likely to compromise the quality of care and early education and potentially lead to adverse outcomes.

What happens in the first months and years of life matters a lot, not because this period of development provides an indelible blueprint for adult well-being, but because it sets either a sturdy or fragile stage for what follows. (Shonkoff & Philips)^{vi}

We support **draft recommendation 7.8**: *Governments should extend the scope of the National Quality Framework to include all centre and home based services that receive Australian Government assistance. National Quality Framework requirements should be tailored towards each care type, as far as is feasible, and minimise the burden imposed on services.*

We do not support **draft recommendation 7.9**: *Dedicated preschools should be removed from the scope of the National Quality Framework and regulated by state and territory governments under the relevant education legislation. The quality standards in state and territory education legislation should broadly align with those in the National Quality Framework. Long day care services that deliver preschool programs should remain within the National Quality Framework.*

For the reasons discussed already, The Benevolent Society supports the continued implementation of the National Quality Framework (NQF) and its role in raising quality and driving continuous improvement and consistency in Australian education and care services.

We therefore don't believe that dedicated preschools should be removed from the scope of the NQF as this could potentially undermine consistent, high quality preschool provision.

5. Accessibility and flexibility

Information request 8.2: *The Commission is seeking feedback on the role that integrated services can play in making ECEC more accessible for families. In particular, the Commission is interested in:*

- *the extent to which integrating ECEC services with other family services and schools will deliver benefits to families and/or ECEC providers and, in particular, Indigenous and potentially other disadvantaged communities*
- *views on the best way to fund integrated services that provide ECEC, including whether child-based funding would be an appropriate funding model*
- *how funding could be apportioned across activities operating within an integrated service, including for the coordination of services, the management of administrative data and an evaluation of outcomes.*

The Benevolent Society runs three integrated Early Years Centres (EYCs) in Queensland, covering nine sites plus mobile outreach services to support children into approved early education in the year before they start school. The Centres are one-stop shops supporting the health, wellbeing and safety of families who have young children from conception to eight years.

Each EYC is located in a socio-economically disadvantaged area (according to the SEIFA index) with high numbers of children who are developmentally vulnerable on one or more domains according to the

Australia Early Development Census (AEDC). The centres are staffed by a multidisciplinary team through partnerships between The Benevolent Society, Queensland Health, Aboriginal and Torres Strait Island social service providers, the Crèche and Kindergarten Association (C&K), and other local service providers.

The EYC model was deliberately designed to provide seamless access to a range of services to address families' needs, including:

- quality early childhood education and care services, such as long day care and approved kindergarten (preschool) programs
- parenting information, workshops and groups
- family support programs including home visiting
- counselling and other psychological services/therapies
- playgroups and supported playgroups
- advice on child health and development
- health screening, assessments and immunisations
- pre- and post-natal support
- pathways to education and employment initiatives
- referrals to other programs and specialist services, such as speech therapy and other allied health services.

In January 2013, the Queensland Department of Education, Training and Employment published the results of an evaluation of the Early Years Centre initiative.^{vii} The results of the evaluation indicated that developmental, social and behavioural outcomes for children had improved, parenting skills and families had been strengthened, and outcomes for vulnerable families enhanced.

Our own internal evaluation of two of the EYCs we run found that they are successfully targeting vulnerable families. It also found that Aboriginal and Torres Strait Islander families, culturally and linguistically diverse families, and families who reside in the most disadvantaged local areas tended to use the EYCs more often and/or over longer periods of time than other families.

The evaluation found that families showed improvements in knowledge of child development and parenting confidence and enjoyment. Parents also demonstrated increased nurturing and attachment feelings and behaviours. Parents were significantly more likely to agree that they enjoyed being a parent and that they spent time with their child doing things that children like to do. They also reported spending more time talking to their children, playing outdoors, reading and visiting friends who have children.^{viii}

Integrated services like EYCs are unique in that they are able to provide seamless access to a range of services including early child education and care, which is particularly important when targeting hard-to-reach families. The use of mobile playgroups and preschool is also a very effective way of engaging with vulnerable families.

In relation to the best way to fund integrated services that provide ECEC, we support the child-based funding model. The current system requires services to continually apply for funding and children become ineligible when they reach preschool/kindergarten (QLD) age. This adversely impacts on a centre's ability to pay an educator's salary and provide individual support to children. It also runs the risk that children with additional needs either fall through the cracks or use a disproportionate amount of a teacher's time, thereby compromising overall quality.

Child-based funding would reduce red tape and make it easier for children to move between services, including into formal schooling.

Funding could potentially be calculated according to how many children attending the service have diagnosed additional needs, or are in the process of being diagnosed. For example, a service could receive \$100 per day for a child with additional needs, \$150 for two children, \$200 for three etc.

Each child should have a formal case plan which is regularly monitored by all professionals working with the child and their family. Meanwhile, the Centre Director or equivalent should take on responsibility for applying for funding and managing data requirements for government.

While we support **draft recommendation 8.5**: *Governments should allow approved nannies to become an eligible service for which families can receive ECEC assistance. Those families who do not wish their nanny to meet the National Quality Standards would not be eligible for assistance toward the costs of their nanny it is unclear how a compliance and inspection regime would operate in practice.*

In addition, the use of nannies is likely to be favoured by higher socio-economic families. As there are finite funds available, the majority of the expenditure should be directed at children who will benefit the most from high quality early childhood education and care and for whom cost is likely to be a barrier to attendance, that is disadvantaged or low income families.

6. ECEC workforce

We support **draft recommendation 11.1**: *Governments should ensure, through regulatory oversight and regular audits by the Australian Skills Quality Authority, that Registered Training Organisations maintain consistently high quality standards in their delivery of ECEC-related training.*

We support this recommendation as it is our experience that there's considerable disparity in the quality of training provided by some private Registered Training Organisations, resulting in some staff obtaining a formal qualification without having acquired the skills to do the job.

7. Funding options

We support **draft recommendation 12.2**: *The Australian Government should combine the current Child Care Rebate, Child Care Benefit and the Jobs, Education and Training Child Care Fee Assistance funding streams to support a single child-based subsidy, to be known as the Early Care and Learning Subsidy (ECLS). ECLS would be available for children attending all mainstream approved ECEC services, whether they are centre-based or home-based.*

We support **draft recommendation 12.3**: *The Australian Government should exempt non-parent primary carers of children, and jobless families where the parents are receiving a Disability Support Pension or a Carer Payment from the activity test.*

Information request 12.3: *The Commission seeks information on who is using ECEC services on a regular basis but working below the current activity test of 15 hours per week, or not actively looking for working or undertaking work, study or training. Views are sought on the activity test that should be applied, how it could be implemented simply, and whether some means tested access to subsidised care that is not subject to an activity test should be retained. If some subsidised care without an activity test is desirable, for how many hours a week should it be available, what should the eligibility criteria be, and what are the benefits to the community?*

There are very few fully funded public early childhood and care services. The vast majority of long day care centres and preschools are operated by non-profit organisations or commercial businesses that charge fees. These fees, even with subsidies from government, remain expensive for people on low and modest incomes.

The Benevolent Society works with disadvantaged children and families, many of whom cannot afford to pay ECEC fees. Ideally preschool education should be seen as part of the broader education system and funded in full for all children aged three years and up. At a minimum it should be free to disadvantaged and low income families.

Subsidies for families up to the age of three years should be weighted to support disadvantaged or low income families so that cost is not a barrier to access and workforce participation.

We are concerned that parents receiving Parenting Payment Single are not exempt from the activity test. As recipients of Parenting Payment Single are not required to seek employment until their child is eight years of age most will be unable to satisfy the work-study test. As they are on very low incomes it is reasonable to assume that they won't be in a position to pay the full cost of early childhood education and care and that their children will miss out on opportunities quality early childhood education and care provides.

High quality early childhood education and care is the single most effective and cost beneficial early intervention strategy to enhance child developmental outcomes, in particular language and cognitive development. It also helps to prepare children for school and is particularly effective for children from disadvantaged families.^{ix} Extending ECEC subsidies to this group of families therefore makes sense from both a child development and economic perspective.

We recommend that children of Health Care Card or Pensioner Concession Card holders be eligible for a minimum of 24 hours free early childhood education and care.

We support **draft recommendation 12.4**: *The Australian Government should fund the Early Care and Learning Subsidy to assist families with the cost of approved centre-based care and home-based care. The program should:*

- *assist with the cost of ECEC services that satisfy requirements of the National Quality Framework*
- *provide a means tested subsidy rate between 90 per cent and 30 per cent of the deemed cost of care for hours of care for which the provider charges*
- *determine annually the hourly deemed cost of care (initially using a cost model, moving to a benchmark price within three years) that allows for differences in the cost of supply by age of child and type of care*
- *support up to 100 hours of care per fortnight for children of families that meet an activity test of 24 hours of work, study or training per fortnight, or are explicitly exempt from the criteria*
- *pay the assessed subsidy directly to the service provider of the parents' choice on receipt of the record of care provided.*

It is important that deemed costs are set for the full spectrum of services and reflect the real costs associated with delivering the service.

We support **draft recommendation 12.5**: *The Australian Government should establish a capped 'viability assistance' program to assist ECEC providers in rural, regional and remote areas to continue to operate under child-based funding arrangements (the Early Care and Learning Subsidy and the Special Early Care and Learning Subsidy), should demand temporarily fall below that needed to be financially viable. This funding would be:*

- *accessed for a maximum of 3 in every 7 years, with services assessed for viability once they have received 2 years of support*

- *prioritised to centre-based and mobile services.*

We support **draft recommendation 12.6:** *The Australian Government should establish three capped programs to support access of children with additional needs to ECEC services.*

- *The Special Early Care and Learning Subsidy would fund the deemed cost of meeting additional needs for those children who are assessed as eligible for the subsidy. This includes funding a means tested proportion of the deemed cost of mainstream services and the 'top-up' deemed cost of delivering services to specific groups of children based on their needs, notably children assessed as at risk, and children with a diagnosed disability.*
- *The Disadvantaged Communities Program would block fund providers, in full or in part, to deliver services to specific highly disadvantaged community groups, most notably Indigenous children. This program is to be designed to transition recipients to child-based funding arrangements wherever possible. This program would also fund coordination activities in integrated services where ECEC is the major element.*
- *The Inclusion Support Program would provide once-off grants to ECEC providers to build the capacity to provide services to additional needs children. This can include modifications to facilities and equipment and training for staff to meet the needs of children with a disability, Indigenous children, and other children from culturally and linguistically diverse backgrounds.*

We support **draft recommendation 12.7:** *The Australian Government should continue to provide support for children who are assessed as 'at risk' to access ECEC services, providing:*

- *a 100 per cent subsidy for the deemed cost of ECEC services, which includes any additional 'special' services at their deemed cost, funded from the Special Early Care and Learning Subsidy program*
- *up to 100 hours a fortnight, regardless of whether the families meet an activity test*
- *support for initially 13 weeks then, after assessment by the relevant state or territory department and approval by the Department of Human Services, for up to 26 weeks.*

While we support draft recommendation 12.7 we are concerned that labelling children as being 'at risk' may act as a barrier to accessing early childhood education and care.

It is unclear from the draft report if children will only be supported for a maximum of 26 weeks or if they must be assessed on a six monthly basis to continue to be supported. It would seem preferable that children be eligible for support for a full year so that they get maximum benefit from participation in quality early childhood and care. The current application process is very time consuming and it's very difficult to secure more than 13 weeks funding.

The report also explains that children determined to be 'at risk' should be referred immediately to a social worker who would remain involved with the child until the child is determined to no longer be 'at risk'. Given the high volume of reports being received by agencies and the need for them to prioritise assessments, this recommendation may not be viable.

We support **draft recommendation 12.9:** *The Australian Government should continue to provide per child payments to the states and territories for universal access to a preschool program of 15 hours per week for 40 weeks per year. This support should be based on the number of children enrolled in state and territory government funded preschool services, including where these are delivered in a long day care service.*

The Australian Government should negotiate with the state and territory governments to incorporate their funding for preschool into the funding for schools, and encourage extension of school services to include preschool.

We strongly support the proposed continuation of the National Partnership Agreement on Universal Access to Early Childhood Education and Care. Ideally, it should be extended to three year olds and provided at no cost to disadvantaged and low income families as is the case in the UK. New Zealand has a very successful model whereby four year olds attend preschool in the mornings and three year olds attend afternoon sessions.

Information request 12.9: *The Commission seeks information on whether there are other groups of children that are developmentally vulnerable, how they can be identified, and what the best way is to meet their additional needs.*

In addition to the groups identified as being developmentally vulnerable, that is:

- Indigenous children in rural and remote areas and those in urban areas who have cultural, language, and health needs and where the population may have higher rates of disadvantage
- children from refugee families, who have language and cultural needs and may also benefit from targeted services as a result of their refugee status
- children from other CALD backgrounds who may have language and cultural needs that mainstream ECEC providers cannot easily provide without some additional assistance
- children whose parent and/or siblings have a disability.

children living in poverty are also developmentally vulnerable and at significant risk of poor outcomes.

Experiencing sustained poverty can negatively impact children's development. The experience of sustained poverty during childhood has wide-ranging and long-lasting consequences. Socioeconomic disadvantage in childhood impacts on the psychological health and wellbeing of young adults, and it has enduring influences on health in mid and later life.^x

Children living in poverty tend to begin school well behind their more affluent peers, and lose ground during the school years. Children from low income families also go on to complete less schooling, work less and earn less than others.^{xi}

Three pathways appear to be involved in the relationship between childhood poverty and its pervasive life-long effects:

- children living in poverty tend to have less cognitively stimulating environments, and live in impoverished language environments;
- lower income parents tend to engage in harsher and less responsive interactions with their children; and
- disadvantaged children must contend with a wide array of stressors that strain and eventually impact negatively upon their brain development and damage their biological and psychological regulatory systems, with effects over the life course.^{xii}

As discussed elsewhere in this submission, high quality early childhood education and care has the potential to mitigate the impact of disadvantage. It is essential, therefore, that children from very low income families are encouraged to participate in early childhood education and care and that cost doesn't become a barrier.

We recommend that children of Health Care Card or Pensioner Concession Card holders be eligible for a minimum of 24 hours free early childhood education and care.

We support **draft recommendation 12.10:** *The Australian Government should provide per child preschool payments direct to long day care services for 15 hours per week and 40 weeks per year, where long day care services do not receive such funding from the states and territories.*

It is important to note, however, that preschool delivered through long day care may be offered for 50 weeks of the year with children often attending for 48 weeks if their parents are working, resulting in a funding shortfall. Consideration should be given to extending the eligibility to 48 weeks.

8. Potential impacts of proposed changes

We support **draft recommendation 13.2**: *The Australian Government should establish a program to link information for each child from the National ECEC Collection to information from the Child Care Management System, the Australian Early Development Index, and NAPLAN testing results to establish a longitudinal database.*

Subject to appropriate data protection methods, this information should be made available for research, policy analysis and policy development purposes. The ability of researchers to access unit record information should be permitted subject to stringent privacy and data protection requirements.

The Australian Government agency, which is the custodian of the Child Care Management System, should provide a de-confidentialised extract from the database each year that interested parties can use for research and planning purposes.

As discussed elsewhere there is strong international evidence as to the benefits of high quality early childhood education and care in the short and long term at both an individual and societal level. It's important that there is a similar commitment in Australia to research and evaluation in order to demonstrate the impact of early childhood education and care and drive policy reform.

ⁱ UK Department for children, schools and families. (2010). *Early intervention: Securing good outcomes for all children and young people*.

ⁱⁱ Brennan, D. (2008). *Building an international research collaboration in early childhood education and care*.

ⁱⁱⁱ The Benevolent Society. (2012). *Family joblessness and pathways to employment*.

^{iv} Moore, T. (2014). *Understanding the nature and significance of early childhood: new evidence and its implications*. Presentation.

^v The Heckman Equation – www.heckmanequation.org

^{vi} Shonkoff, J. and Phillips, D. (2000). *From Neurons to Neighbourhoods: The Science of Early Childhood Development*. National Research Council and Institute of Medicine Committee on Integrating the Science of Early Childhood Development.

^{vii} QLD Department of Education, Training and Employment (2013). *Evaluation of the Early Years Centre initiative: summary report*.

^{viii} The Benevolent Society website – www.benevolent.org.au

^{ix} UK Department for children, schools and families. (2010). *Early intervention: Securing good outcomes for all children and young people*.

^x Pavalko & Caputo. (2013). Cited in Moore, T. and McDonald, M. (2013). *Acting early, changing lives: how prevention and early action saves money and improves wellbeing*.

^{xi} Duncan & Magnuson. (2013). Cited in Moore, T. and McDonald, M. (2013). *Acting early, changing lives: how prevention and early action saves money and improves wellbeing*.

^{xii} Moore, T. and McDonald, M. (2013). *Acting early, changing lives: how prevention and early action saves money and improves wellbeing*.