



**Early Childhood
Australia**
A voice for young children

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Pre-Budget Submission

Priorities for the 2013-14 Federal Budget from Early Childhood Australia

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About Early Childhood Australia

Early Childhood Australia (ECA) has been a voice for young children since 1938. We are the peak early childhood advocacy organisation, acting in the interests of young children, their families and those in the early childhood field.

ECA advocates to ensure quality, social justice and equity in all issues relating to the education and care of children from birth to eight years.

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Introduction

The following submission outlines three critical priorities of concern to Early Childhood Australia (ECA). Ongoing and increased Australian Government funding in these areas is needed to ensure that the Early Childhood Education and Care (ECEC) sector can continue to deliver outcomes against the National Early Childhood Development Strategy—*Investing in the Early Years*.

Australian families expect early childhood services to be available when they need them at an affordable cost. At the same time, families expect services to be of high quality and competent in providing education that gives young children the very best start in life. In a survey commissioned by ECA in 2012, 87 per cent of parents with children under the age of 8 years agreed with the statement *'We can't cut corners on early childhood education and care if we want our children to thrive later on'*¹. Families also understand the importance of quality standards, the need for government regulation and the case for professional wages to be paid to educators in the ECEC sector.

ECA recognises that 2013 is a year of fiscal restraint. In this context we have focused only on issues that pose a direct threat to the capacity of the sector to serve Australian families and we have identified practical recommendations that offer good value for money.

Current situation

There is now a breadth of evidence demonstrating that the care and education of young children (0–8 years) greatly impacts on their health, wellbeing and resilience throughout their lives. The early years are a time of rapid brain development and a secure, nurturing environment provides a solid base for learning. A child's learning and development is a critical foundation for success in schooling and later life².

Attendance at early childhood education programs has been found to have beneficial effects on a child's readiness for future learning and their ability to make a successful transition to full-time schooling, particularly among disadvantaged children. Children who attend quality early childhood education programs show better performance and progress in their early school years in intellectual, cognitive and social domains³.

¹ Essential Report Special Edition Early Childhood Australia (2012) available on request.

² Oberklaid, F, Director of the Centre for Community Child Health, Early childhood is everybody's business, *The Melbourne Review*, (3),2, November 2007.

³ Barnett M, Clinical Child and Family Psychology Review, Economic disadvantage in complex family systems: expansion of family stress models, 2008, 11(3):145–61.

While a high-quality education program can provide an important head start for children as they make the transition to school, poor-quality education programs can provide no benefit or even cause children to perform less well⁴.

In Australia, the number of children participating in formal ECEC has been growing consistently over several years, demonstrated by a 20 per cent increase between June 2009 and June 2011⁵. The delivery of early childhood services now impacts over one million Australian children.

The Council of Australian Governments (COAG) has responded to requirements from the early childhood sector to have improved standards through the introduction of the *National Quality Framework* (NQF). This framework sets a national benchmark for quality of education and care services across Australia. These Federal Government major reforms ushered in a new era of early childhood education and care that focuses on what is best for children, helping them to grow and learn.

The reforms have been a win-win. Families are much better informed about the quality of their child's early education and care, and children benefit in terms of social and intellectual growth, and learning from higher quality interactions with staff members. This is a long-term process that will benefit children, families and the Australian economy and should not be slowed down to appease interest groups.

The Federal Government's commitment to provide additional funding to JETCCFA (Jobs and Education Training Child Care Fee Assistance) and to assist in attracting early childhood teachers into remote/regional areas are important steps towards implementing the *National Quality Framework*, and will provide growth in ECEC services. Further, ECA welcomed the broadened eligibility criteria for the HECS HELP Benefit for early childhood education teachers by doubling the number of postcode areas that teachers can be in, in order to access the assistance.

Amongst the other Federal Government initiatives announced in last year's budget, ECA supports the establishment of a National Children's Commissioner to promote and protect the rights, wellbeing and development of children at a systemic national level. ECA applauds this next step by the Commonwealth Government towards establishing such a position to ensure that children's needs and rights are considered in all political and administrative decisions.

ECA strongly believes that the NQF will improve the standards of education and care, ensuring that all children receive the best start in life. We also believe that this can be done while keeping early childhood services affordable for families and streamlining regulation on service providers so that

⁴ Elliott, A, Australian Council for Educational Research Early childhood education: pathways to quality and equity for all children, Australian Education Review no. 50, Melbourne 2006.

⁵ Standing Council on School Education and Early Childhood, Early Years Workforce Strategy 2012–2016, 2012, p 4.

compliance and reporting obligations are not unnecessarily onerous. ECA is working with the Department of Education, Employment, and Workplace Relations (DEEWR), Australian Children's Education and Care Quality Authority (ACECQA) and State/Territory Regulatory Authorities to achieve this. The primary challenges to the implementation of the *National Quality Framework* are in the domain of workforce issues. There are some significant challenges in this area that warrant further Federal Government investment.

There is also affordability and access issues for some families experiencing difficulties with the transition back to paid work. We support the Australian Government's increases to the Child Care Rebate to 50 per cent of out-of-pocket expenses to ensure that those families who use child care receive the support they deserve. To ensure that families do not have to cover fees upfront before receiving reimbursement and that early childhood education and care centres receive the payments they require to operate, we are recommending that government pay the rebate directly to services.

Three priorities have been included in this submission, as outlined below.

PRIORITY ONE:

National Quality Framework

We cannot afford to cut corners on early childhood education and care if we want Australian children to thrive later in life. While improving the standards of early education and care will increase the cost of service delivery, it is an investment that will yield both social and economic returns over the long-term. The implementation of the *National Quality Framework* for Early Childhood Education and Care (NQF) demonstrates to parents and caregivers that their child's educational needs are being taken seriously by all levels of government and society more broadly.

ECA is confident that the NQF is based on sound research and that any evaluation or review will reaffirm the core elements of each of the standards contained in the Framework. ECA concurs with the statement by Minister for Early Childhood and Child Care the Hon. Kate Ellis MP, '*in its first year of operation the NQF is already providing children with better care, more highly qualified carers, and more one on one time with their educator*'⁶.

Recommendation 1: ECA believes that it is important to maintain the implementation timeframes for the NQF as they are. Delay on these timeframes will mean that some children receive lower

⁶ Office of the Minister of Early Childhood and Child Care 2013, *1.3 million Australian children now getting better quality child care*, media release, accessed 14 January 2013, <<http://ministers.deewr.gov.au/ellis/13-million-australian-children-now-getting-better-quality-child-care>>.

quality care than we have committed to providing, based on sound research and extensive consultation.

Rather than delay the implementation of key components of the NQF, more support could be provided to the sector to help those services that may be struggling. There is a disparity in the starting point across services—some have to make minimal changes to meet NQF standards while others have to make very significant changes. The NQS Professional Learning Program has been operating for 18 months, providing support and learning resources to the sector. It has a very broad reach with a newsletter that has over 26,855 subscribers and online video resources that are very well utilised (for example there have been over 252,529 discreet views of video content on the NQS PLP website). This program is currently funded from efficiency savings from previous years; a proposal for continuing and expanding the program has been submitted to DEEWR (\$2.1 million over three years 2013–2016).

Recommendation 2: Increase support to ECEC services to help those experiencing difficulties with the implementation of the NQF.

Just as the timeframes of the NQF are important to address, so are the genuine challenges facing the workforce. The ECEC is experiencing high staff turnover and the loss of qualified staff to other employment options offering better wages and conditions⁷. The sector faces instability for its workers, children and their families if nothing changes.

PRIORITY TWO:

Professionalism and wages

Although a stable, skilled and professional labour force is widely acknowledged as vital to ensuring high quality ECEC, educators continue to be poorly paid for the significant work they do in educating and caring for our children. While some employers are able to offer above award wages and conditions, as outlined by United Voice, some qualified educators earn as little as \$18.58 per hour, suffer low status in the broader community, lack fulfilling career paths and have inadequate training opportunities⁸. Addressing educators' low wages is key to completing the NQF process and essential to ensuring the future viability of the sector which supports Australian families and children.

Families and service providers are not in a position to fund the disparity in wages, and as a sector we are calling on the government to fund the gap to ensure that children can gain from having

⁷ Big Steps 2013, available at: <<http://bigsteps.org.au/about>> (20 January 2013).

⁸ United Voice 2013 ECEC Federal Budget Submission, Professional Wages Proposal for Early Childhood Education and Care, 2013, p. 4.

consistency with educators and that staff are properly remunerated for their duties as qualified professionals.

ECA agrees with other peak and representative bodies that the next step in providing a stable and sustainable ECEC sector is the introduction of professional wages so the sector can attract and retain qualified and professional educators, which is the backbone of quality education and care.

The pay rates throughout the sector, including centre directors is unequal to their counterparts in other sectors. These pay rates result in high turnover which leads to inconsistency in the care of children, staff and skills shortages which are a high cost for employer, families and taxpayers.

The sector's ability to attract and retain staff is dependent upon being able to fairly pay them for the essential work that they do, so we call on the Australian Government to find a solution.

In addition to pay rates, the ECEC sector needs more assistance to increase the supply of qualified practitioners and create satisfying careers to retain talent. Promotion of the sector and training opportunities is outlined in the *Early Years Workforce Strategy*, which is welcomed by ECA. We recommend also considering increasing the assistance provided to students undertaking training in early childhood education—such as the recent proposal put forward by the Australian Greens to reduce HELP debt for each year new graduates work in long day care (est. cost \$2.1 million in 2013–14). There is also the potential to extend subsidies currently available to Diploma students to Certificate III students. There is a diversity of scholarships offered in the health workforce arena that might help to inform new scholarship options for the ECEC sector.

Recommendation 3: Increase pay rates in ECEC through increased Australian Government investment.

Recommendation 4: Underpin the *Early Years Workforce Strategy* with national schemes such as HELP debt waivers and professional training scholarships.

PRIORITY THREE:

Improvement in affordability and access

It is important to have accessible and affordable services. Every child deserves to have access to early childhood education and care, but not just any care—families should have absolute confidence that their children are receiving quality education delivered by suitably qualified educators and teachers.

There is good evidence to suggest that early intervention and prevention programs in the areas of maternal, child and family health; early childhood education and care; and family support programs can improve outcomes for children, particularly those from disadvantaged backgrounds⁹.

Current government priorities are focused on ensuring that all four-year-old children have access to early childhood education programs in the year before they begin school. These education programs have been found to have positive outcomes on a child's learning and development in all areas and their ability to make a successful transition to full-time schooling, particularly for disadvantaged children.

The introduction of the NQF has increased operating costs for some services where higher staff-to-child ratios, professional development and minimum qualifications are required. To minimise the impact on affordability ECA recommends that the Child Care Rebate (CCR) be paid directly to services rather than as a reimbursement to families. This is a small change that has minimal impact on the Federal Budget but the potential to make a significant difference to families and potentially improve debt management and cash flow for services. Families that currently receive CCR on a quarterly basis often don't recognize how this reduces the fees they are paying for ECEC, directing payments to services will demonstrate what a significant difference the rebate makes.

This would also strengthen the financial position of services by guaranteeing income for services provided and would also reduce administration over time, the rebate could better reflect the cost of service delivery rather than the price set by the market and when combined with the Child Care Benefit, more generous levels of support can be targeted to low income or disadvantaged families.

The payment of CCR directly to services is a relatively easy change that would not incur additional costs to service providers or to the Australian Government. Over the longer term there is the potential to use the direct payment of Child Care Rebate to service providers as a mechanism for strengthening data collection in areas such as accessibility and workforce mapping. Enhanced data in these areas could be used by State and Local Governments to inform urban planning.

Recommendation 5: Redirect the Child Care Rebate directly to early childhood services to improve cash flow and reduce out-of-pocket expenses to parents.

The shortage of care in some areas is due to the increase in demand—nationally demand is growing at over 8 per cent per annum¹⁰, which is a major challenge and in some areas this statistic is even higher. Clearly, more needs to be done to enhance the capacity of the sector and improve access in these areas but this must not be at the cost of ensuring quality outcomes for children.

⁹ COAG, Protecting children is everyone's business: national framework for protecting Australia's children 2009–2020.

¹⁰ Department of Education, Employment and Workplace Relations, Office of Early Childhood Education and Child Care, *State of Child Care in Australia*, April 2010, p. 3.

Some localities across Australia are experiencing, or are expected to experience, rapid growth while other communities are experiencing stable population which is insufficient to support quality ECEC services without additional government support. This is resulting in pockets of market failure where families are finding it very difficult to access early childhood education and care. These ‘hot spots’ are particularly prevalent in areas where operating premises are difficult to secure either because of a scarcity of land or space suitable for ECEC or because there is a lack of infrastructure.

The decision to build an early childhood education and care centre, as with any business decision, requires careful planning and research. ECA recommends that the government consider establishing a capital investment scheme that provides interest-free or low-interest loans to experienced service providers (not-for-profit, public and private) to establish or expand facilities in areas of need due to market failure. This could be a cross-government initiative in which local government establish which areas have unmet need and commit to fast tracking planning approvals when State and Federal Government can provide investment resources to build sector capacity in the form of low interest or no interest loans for capital investment to build new facilities or expand existing services. In metropolitan areas this could be combined with support to work with large employers who may be able to make space available for the development of service settings. In rural and remote areas the scheme might also support the expansion of mobile services or other flexible delivery models.

Recommendation 6: Identify areas of market failure where demand outstrips the supply of ECEC causing access issues for families and offer no-interest or low-interest capital loans to experienced services providers willing to establish new services (or expand existing services) in these areas.

Conclusion

The ability of services to meet the needs of families, particularly in relation to availability and affordability are important and must be examined. We should never lose sight of the fact that the main aim of early childhood education and care is to prepare children to lead healthy, happy and productive lives—they are the future leaders of our society. This is achieved through ongoing investment in staff and facilities, alongside quality standards. ECA can provide more detail on any of these recommendations and would welcome an opportunity to discuss the submission with government representatives.