



# *Australian Education Union*

## *Federal Office*

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Committee Secretary  
Senate Education and Employment Committees  
PO Box 6100  
Parliament House  
Canberra ACT 2600

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Dear Sir/Madam,

**Re: AEU Submission to the Senate Inquiry into the Delivery of Quality and Affordable  
Early Childhood Education and Care Services**

Please find attached the Australian Education Union's submission to the Productivity Commission Inquiry into Child Care and Early Childhood Learning.

Our submission covers the AEU's position on key issues around the provision of early childhood education and care in Australia, including the issues contained in the terms of reference of the Senate Inquiry.

We request that the Committee accepts this as the AEU's submission to its inquiry into the delivery of early childhood education and care services.

We note that this inquiry is being held simultaneously with the Productivity Commission Inquiry and a second Senate Inquiry into the immediate future of the childcare sector in Australia, all with similar terms of reference. We share the concerns of other stakeholders about the potential impact on the sector if there are different outcomes and recommendations from each.

Please contact me if you any questions in relation to our submission.

Yours sincerely

Susan Hopgood  
Federal Secretary





**Australian Education Union**

**Submission to the**

**Productivity Commission Inquiry**  
**into Child Care and Early Childhood Learning**

**February 2014**

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The Australian Education Union (AEU) represents more than 190,000 educator members employed in the public primary, secondary, early childhood and TAFE sectors throughout Australia.

We welcome the opportunity to provide this submission to the Productivity Commission's inquiry into child care and early childhood learning.

## **Introduction**

We recognise that the primary focus of this Inquiry is on child care. This was made very clear in the Coalition's September 2013 '*Better Child Care and Early Learning*' election policy<sup>1</sup>. The policy signalled their intention of a Productivity Commission inquiry into how to make the child care system more "flexible, affordable and accessible", with a focus on reducing 'red tape' and the 'burden' of National Quality Framework [NQF] requirements, and 'relaxing' staff to child ratios and 'slowing down' qualification requirements for workers to cut costs. These intentions were subsequently reinforced by statements made by the Prime Minister, Tony Abbott, when announcing the Inquiry<sup>2</sup>, and in the Terms of Reference of the Inquiry<sup>3</sup>.

The terms of reference are specifically focused on child care<sup>4</sup> to the extent that one refers to "the capacity of the existing child care system to ensure children are transitioning from child care to school with a satisfactory level of school preparedness", with no reference whatsoever to preschool and wider ECEC. It also runs through much of the terminology of the Issues Paper with the wider issue of 'Early Childhood Learning' often appearing to be an 'add-on' to the Inquiry's primary focus.

The introductory section of the Issues Paper outlines what the Commission has been asked to examine. The discussion and five key dot points only refer to child care:

- its contribution to workforce participation, particularly for women, and in optimising children's learning and development;
- the needs of child care in Australia;
- affordability of child care;
- accessibility, flexibility and options for improving choice;
- regulatory changes in child care.

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<sup>1</sup>*The Coalition's Policy for Better Child Care and Early Learning*, September 2013. <http://lpaweb-static.s3.amazonaws.com/The%20Coalition%E2%80%99s%20Policy%20for%20Better%20Child%20Care%20-%20final.pdf>

<sup>2</sup> See for example, Daniel Hurst and Peter Martin, *Tony Abbott calls for responsive system as childcare inquiry launched*, SMH, 19 November 2013 <http://www.smh.com.au/federal-politics/political-news/tony-abbott-calls-for-responsive-system-as-childcare-inquiry-launched-20131117-2xp64.html>; Lauren Dubois, *Tony Abbott's Nanny Plan*, 27 March 2010 <http://www.mamamia.com.au/news/tony-abbotts-nanny-plan/>

<sup>3</sup> Productivity Commission Issues Paper, *Childcare and Early Childhood Learning*, December 2013

<sup>4</sup> The ToRs refer to child care as long day care, family day care, in home care including nannies and au pairs, mobile care, occasional care and outside school hours care.

The wider system of early childhood education and care [ECEC] is not referred to until it comes to considerations of regulation and funding, and the possibility of recommended changes which would lead to cost savings for parents, providers and/or government<sup>5</sup>.

While early childhood education occurs in a range of settings which span both education and care, we need to make it clear from the outset that our focus is on early childhood education, and its role as an integral part of Australia's public education system.

Our submission will highlight key areas being considered by the Inquiry as they relate to the AEU's concerns for the public provision of education across the sectors, our commitment to quality for all children irrespective of the setting, and to our educator members working in the ECEC sector as pre-school/early childhood education teachers and assistants/support staff.

Our over-riding concern is that, while the inquiry is predominantly focussed on child care, it must be underpinned by an understanding of the need to ensure high quality sustainable services focussed on the well-being, learning and developmental needs of all children in the ECEC sector, across the diversity of all settings in the sector.

It is imperative that a short-term politically driven focus specifically on child care does not have a detrimental impact on the wider ECEC sector.

### ***The AEU's Position***

It is a foundation principle of the AEU that a high quality properly resourced public education system is the key to a more equitable and democratic society and a fundamental entitlement of all Australian children, regardless of their background, family income, circumstances or where they live.

High quality early childhood education is a vital component of the public education system and a foundation entitlement of all Australian children. It is integral to the educational, social, physical, moral and emotional development of children, consistent with the International Convention on the Rights of the Child, and associated resolutions and statements made by the UN Committee on the Rights of the Child and/or adopted by the UN General Assembly<sup>6</sup>.

In addition to the significant long term individual benefits for children, investment in high quality early childhood education also has significant benefits for families, and for the social and economic fabric of our community. The importance of the link with school education cannot be overstated.

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<sup>5</sup> Issues Paper, pp2-3

<sup>6</sup> AEU Submission to the Productivity Commission Early Childhood Development Workforce Study, February 2011, p2

We have an unequivocal commitment to a universal, affordable and equitable ECEC system focussed predominantly on children and their needs, with access to at least one year of preschool education for all Australian children. We believe this is most effectively achieved through quality public provision as an integral part of the early childhood education offered by a high quality, properly resourced system of public education.

These understandings are the basis for our general support for:

- The ‘Universal Access’ reforms made under the National Partnership Agreement on Early Childhood Education, and the rolling out of universal access to 15 hours a week of preschool education in the twelve months prior to full-time schooling for 40 weeks a year, delivered by a degree qualified early childhood teacher.
- The national system of regulation of the early childhood sector through the Early Years Learning Framework, with regulated child to staff ratios and a commitment to provision by trained educators, and the National Quality Framework. Together they provide a consistent national approach to curriculum, minimum standards and a regulatory framework focussed on quality, developed in consultation with ECEC professionals, governments and parents.

We have a fundamental belief that it is the responsibility of government to ensure sufficient funding and support to meet the full requirements of the NQF; that the profit motive is incompatible with governments’ primary obligations to deliver quality education for all children, including early childhood education.

While not without problems, we consider that improving quality requires standards, a qualified workforce to ensure the quality of development and learning for all children, and mandated child to staff ratios.

These factors make a huge difference to the quality of ECEC but it is, unfortunately, no surprise that private operators and for-profit centres have been pushing for ‘watering-down’ of qualifications and ‘relaxing’ staff to child ratios as reflected in the policy the Coalition took to the election and statements made by the Prime Minister.

### ***The evidence base for high quality ECEC***

There is a substantial evidence base from national and international research about the benefits of high quality ECEC and best practice delivery and funding of integrated ECEC services, including the role of public funding and provision.

This has been widely and extensively referenced, including in:

- our submission to the Productivity Commission Early Childhood Development Workforce Study<sup>7</sup>;
- COAG *Investing in the Early Years – a National Early Childhood Development Strategy* (see in particular *Appendix One: The Evidence Base*)<sup>8</sup>;
- Closing the Gap Clearinghouse, *Early learning programs that promote children’s developmental and educational outcomes*, Australian Institute of Health and Welfare/Australian Institute of Family Studies<sup>9</sup>.

Marilyn Harrington’s Parliamentary Library briefing note on the key research informing government reform of ECEC cites the comment from the Australian Institute of Family Studies that:

*There is hardly a better-researched and documented aspect of education than these significant early childhood years, including the long-term cost-benefits of quality childcare/preschool programs and the long-term disadvantage for children without access to quality early childhood programs.*<sup>10</sup>

The evidence largely focuses on the structural indicators which determine the extent to which ECEC systems have the capacity to (1) provide maximum benefit to children, families and strong social and economic returns on investment, (2) address socio-economic disadvantage by ensuring equitable access, and (3) create more inclusive, stable and higher achieving societies, notably:

- Staff training and qualifications;
- Child to staff ratios;
- Regulation, monitoring and data collection;
- Government strategy and investment; and
- National preschool curriculum requirements.<sup>11</sup>

### ***Recent evidence***

A major research study and review of international data, *A Comparison of International Childcare Systems*, (released July 2013) was commissioned by the UK Department of Education, following Prime Minister David Cameron’s June 2012 announcement of a

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<sup>7</sup> AEU Submission to the Productivity Commission Early Childhood Development Workforce Study, February 2011; pp3-4

<sup>8</sup> [https://www.coag.gov.au/sites/default/files/national\\_ECD\\_strategy.pdf](https://www.coag.gov.au/sites/default/files/national_ECD_strategy.pdf) July 2009,

<sup>9</sup> Australian Institute of Health and Welfare/Australian Institute of Family Studies, Closing the Gap Clearinghouse, ‘Early learning programs that promote children’s developmental and educational outcomes’, August 2012. [www.aihw.gov.au/closingthe-gap](http://www.aihw.gov.au/closingthe-gap)

<sup>10</sup> Marilyn Harrington, Parliamentary Library, *Preschool education in Australia*, May 2008 [http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BN/0708/PreschoolEdAustralia](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/0708/PreschoolEdAustralia)

<sup>11</sup> UK Department of Education, Centre for Research in Early Childhood (CREC), *A Comparison of International Child Systems. Research Report* July 2013; p8

commission on childcare to investigate how to reduce the costs of childcare for working families and ‘burdens’ on childcare providers.

The study undertook a review of comparative international data, including structural indicators data and PISA 2009 school outcome results, to identify patterns and associations between different structural and systemic approaches to early education provision and later educational outcomes<sup>12</sup>. Looking at European countries in particular, analysis of the data shows that better outcomes for both individuals and systems associated with high performing countries, in terms of benefits to children and later school outcomes, appear to have:

- higher staff to child ratios (higher number of staff to the number of children);
- higher levels of staff qualification and training;
- a strong regulatory framework with relatively higher levels of regulation and better use of data evidence than other European countries; and
- stronger government strategy and investment in ECEC.<sup>13</sup>

It notes that:

*The most common improvement in these indicators is the development of a national early years’ strategy with significantly increased investment at government level ... [aimed at] ensuring greater access to early education, especially to socio-economically disadvantaged children, and to improve the quality of provision for all.<sup>14</sup>*

It further emphasises:

- increased regulation and data collection, with a focus on the development of quality assurance systems; regulations to ensure agreed standards are met, and closer monitoring of provision and access;<sup>15</sup>
- improvements to staff training and qualifications; and
- greater consistency of pedagogic practice and a focus on the quality of the educational program.<sup>16</sup>

The OECD *Starting Strong (A Quality Toolbox for Early Childhood Education and Care)* series (2001, 2006, 2012) takes the growing body of extensively referenced evidence across OECD countries on the value and importance of early learning as the starting point for their considerations of the best policy approaches to ECEC to ensure expanded access and equity and enhance the quality of early interventions:

*A growing body of research recognises that early childhood education and care [ECEC] brings a wide range of benefits, for example better child well-being and learning outcomes as a foundation for lifelong learning; more equitable child outcomes*

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<sup>12</sup> *ibid*; p7

<sup>13</sup> *ibid*, p5

<sup>14</sup> *ibid*, pp15-16

<sup>15</sup> See also OECD (2012), *Encouraging Quality in Early Childhood Education and Care: Lessons learned from setting out quality goals and regulations*. <http://www1.oecd.org/edu/school/48483544.pdf>

<sup>16</sup> CREC, July 2013, p16



*and reduction of poverty; increased intergenerational social mobility; more female labour market participation; increased fertility rates; and better social and economic development for the society at large.*<sup>17</sup>

The research clearly reinforces that:

- ECEC has significant economic/productivity and social pay-offs.
- ECEC supports parents and boosts female employment.
- ECEC is part of society's responsibility to educate children, and a measure against child poverty and educational disadvantage.<sup>18</sup>

The OECD strongly emphasises that the research shows the benefits are conditional on quality; that there is general agreement that the significant economic and social pay-offs are dependent on quality indicators like staff-child ratios, duration and starting age:

*Expanding access to services without attention to quality will not deliver good outcomes for children or the long-term productivity benefits for society. Furthermore, research has shown that if quality is low, it can have long-lasting detrimental effects on child development, instead of bringing positive effects.*<sup>19</sup>

Using the findings from the international evidence base the OECD suggests that the most effective policy approaches to deliver quality outcomes are framed around 5 key levers:

Policy Lever 1: Setting out quality goals and regulations.

Policy Lever 2: Designing and implementing curriculum and learning standards/structural indicators (ratios, space, staff qualification levels etc).

Policy Lever 3: Improving qualifications, training and working conditions.

Policy Lever 4: Engaging families and communities.

Policy Lever 5: Advancing data collection, research and monitoring.<sup>20</sup>

Explicit quality goals and standards for ECEC are critical and play a crucial role in, among other things, promoting:

- more consistent, co-coordinated and child-centred services with shared social and pedagogical goals;
- ensuring the conditions for better child development;
- supporting transparent regulation of the private sector;
- levelling the playing field for providers; and
- helping parents make informed choices.<sup>21</sup>

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<sup>17</sup> OECD (2012), *Starting Strong III: A Quality Toolbox for Early Childhood Education and Care*, OECD Publishing. Executive Summary p9. <http://dx.doi.org/10.1787/9789264123564-en>

<sup>18</sup> p18

<sup>19</sup> *ibid*; p18

<sup>20</sup> *ibid* pp9-10

The OECD also stresses the strong association between higher qualifications and better child outcomes in all ECEC settings to maximise educational benefits and long term learning and life opportunities for children. It notes that the most common challenges associated with developing and maintaining a high quality ECEC workforce are:

- raising staff qualifications levels across ECEC;
- recruiting, retaining and diversifying a qualified workforce;
- continuously upskilling the workforce; and
- ensuring the quality of the workforce in the private sector.<sup>22</sup>

The OECD is unequivocal about the importance of data, monitoring and regulation compliance in delivering quality ECEC:

*Data and monitoring can help establish facts, trends and evidence about whether children have equitable access to high-quality ECEC and are benefitting from it. They are essential for accountability and/or programme improvement. They can also help parents make informed decisions about their choice of services. Research suggests that better data systems and monitoring can improve child outcomes if they are developed and aligned with quality goals and if there are links between child-level data, practitioner-level data and programme-level data.*<sup>23</sup>

The OECD acknowledges the tension between ‘political considerations’ and what the evidence demonstrates, noting that there are significant challenges to justifying more public spending on ECEC, even though there is such a well-substantiated body of “hard evidence” on its benefits:

*Children do not have votes or lobbying groups to voice their interest. Certainly, research has played a key role in making a case for them; but, oftentimes it is not enough. Other factors are also at play.*

*First, political considerations get factored in. Although a growing body of research consolidates the knowledge base on the economic and social returns on investment in ECEC, such research is not often rigorously exploited by politicians in their agenda setting. ... policy making is a highly complex process and a policy decision is often made not so much on the evidence base but influenced by election cycles, which appeal to voters, i.e. highlighting short-term visible gains. It takes decades to get gains from ECEC, and the short-term pay-offs are often to be smaller.*

*Second, budgetary aspects play in. All ECEC costs are incurred up front, and providing high-quality ECEC can be expensive. Research has shown that structural indicators, such as staff-child ratios, qualified workforce and duration of the programme, are likely to influence child outcomes. Ensuring such quality indicators is not cheap. But school failure and its social costs later in life are far more expensive.*<sup>24</sup>

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<sup>21</sup> OECD *Starting Strong* 2012 p10

<sup>22</sup> p12

<sup>23</sup> p15

<sup>24</sup> p18

The research highlights the dangers of the current Government's narrow approach to ECEC rather than a considered integrated approach to education and care genuinely informed by evidence.

### ***The role of government in child care and early childhood education***

It is noteworthy that the term 'equity' does not appear in the Issues Paper.<sup>25</sup> By contrast, the framing of ECEC as a 'market' runs throughout the entire issues paper from the opening paragraphs:

*The Australian Government is committed to establishing a sustainable future for a more flexible, affordable and accessible child care and early childhood learning market.*<sup>26</sup>

*The market for child care and early childhood learning services is large, diverse and growing.*<sup>27</sup>

This ideological disposition comes to the fore in the Issues Paper's consideration of the role of government, including the possibility of no role at all for government<sup>28</sup>. The paper casts the role of government in the sector as 'providing considerable support to the operation of the market' through its policy making, funding and regulatory functions. It acknowledges, rightly, that Australia has quite a high reliance on market provision compared to some other OECD countries.

It does so however without any consideration of the fact that by contrast with a number of other OECD countries, Australia's provision has been relatively poor historically, particularly for the most disadvantaged.<sup>29</sup>

The Paper's acknowledgement that the main rationale for government involvement in ECEC is to enhance learning and development outcomes for children, and to generate broader social and economic benefits, sits oddly with its construction of the role of government; particularly with the acknowledgements that:

1. *"in the absence of some government involvement, the market may not deliver ECEC in a manner and to standards that meet the community's needs."*<sup>30</sup>
2. changes over time in ECEC policies towards a stronger emphasis on achieving early learning and education objectives reflect changing community expectations about quality ECEC access and provision, which has led to increasing government funding

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<sup>25</sup> The term appears only in the title of one of the references; p40

<sup>26</sup> Issues Paper Background, Paragraph 1, p.iii

<sup>27</sup> Issues Paper Background, Paragraph 2

<sup>28</sup> Issues Paper, pp5-6

<sup>29</sup> See for example, Andrew Dowling and Kate O'Malley, *Preschool education in Australia*, ACER December 2009, on Australia's historically low levels of investment

[http://research.acer.edu.au/cqi/viewcontent.cqi?article=1000&context=policy\\_briefs](http://research.acer.edu.au/cqi/viewcontent.cqi?article=1000&context=policy_briefs)

<sup>30</sup> Issues Paper p6

and a greater role for government in the regulation of ECEC services, such as the NQF, *to raise the quality of services and enhance consistency across jurisdictions.*<sup>31</sup>

The Paper's failure to adequately recognise these acknowledgements as a reflection of failure of 'the market' to provide the level of quality expected by the community is more reflective of an ideological disposition towards 'the market' than an evidence-based assessment of the operation of 'the market' in ECEC.

The AEU rejects 'the market' orientation to the provision of ECEC and the construction of the role of government as an enabler of 'the market' rather than as the primary 'driver' of ECEC provision. As in the provision of schooling and vocational education and training, we believe it is the responsibility of governments at all levels to ensure the provision of high quality services which are accessible to all.

Quality services and programs focussed on the educational needs and rights of every child and the factors that contribute to quality, are the paramount consideration, not the profit motive which drives private provision.

There is a growing body of national and international research which questions the notions that 'opening up' ECEC to the market has led to improved quality, and that quality ECEC and the pursuit of profits are compatible. This has been documented in other AEU submissions, such as our submission to the Productivity Commission's Early Childhood Development Workforce Study.

*Marketisation of the industry in Australia has not lead to higher quality or greater affordability. It has not led to higher standards, better qualified staff, or improved working conditions. Evidence suggests the opposite is the case.*<sup>32</sup>

The Productivity Commission's Workforce Study itself found that:

*Market pressures alone are unlikely to lead to the provision of quality early childhood development services. An appropriate regulatory system aimed at quality improvement and assurance is required. (Workforce Study Report Finding 3.1)*<sup>33</sup>

In a policy environment which advocates the importance of evidence-based reform, it is noteworthy that the 2009 Senate Inquiry into the provision of child care in Australia was precipitated by the market collapse of ABC Learning, which pursued a strategy of lowering

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<sup>31</sup> Issues Paper p6

<sup>32</sup> AEU Submission to the Productivity Commission Early Childhood Development Workforce Study, February 2011 p22

<sup>33</sup> Productivity Commission 2011, Early Childhood Development Workforce, Research Report, Melbourne. p.XLII

costs and maximising profits through high child to staff ratios and employing the least expensive staff.

The Inquiry found considerable evidence of a fundamental incompatibility between market priorities and the needs of children:

*Market priorities include ‘cost minimisation and profit maximisation’, neither of which plays a role in increasing quality of service nor leads to better development outcomes for children. Similarly, children’s needs cannot be viewed in terms of ‘revenue production’. Quality care is not inexpensive. So, when the sector is opened up to the market, strong regulatory processes are required to prevent standards slipping in favour of profits.<sup>34</sup>*

The Senate Inquiry also noted that the claim that market forces would expand the range of choice available to families is not true across the board.<sup>35</sup> Further that “allowing the market to rule as to where services are established is risky” given the reluctance of private providers to establish their services in areas of need which may be less profitable.<sup>36</sup>

#### **Public good or industry?**

*1.42 A range of witnesses indicated to the committee that the childcare sector has come to be seen as an industry and childcare as a commodity, where parents are consumers and the market controls price and distribution. This approach takes little heed of children’s needs and in fact views children as products or units of revenue production. ABC Learning’s business model has been described as ‘care is a commodity rather than a community service’. In contrast, school education has long been regarded as a ‘public good’. Knowledge and skills are basic to the building and maintenance of any society. It follows that as scientific research has established the crucial role of early childhood learning in social and cognitive development, provision of appropriate learning opportunities for children from the earliest age is also a public good.*

*1.43 ... There is now widespread acceptance that childcare involves a learning and socialising process that provides the vital first step to life-long learning.<sup>37</sup>*

The Inquiry Report details the lessons to be learnt from market dominance at the expense of quality, standards and regulation, which had flourished as a result of government policy. Professor Deborah Brennan told the Inquiry:

*... we have really entered into a vast national experiment with our children in Australia. My concern ... is not about individual private for-profit centres but the system-level consequences of market concentration.<sup>38</sup>*

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<sup>34</sup> Senate Education, Employment and Workplace Relations References Committee, *Provision of Childcare Inquiry Report*, November 2009 pp56-57

<sup>35</sup> Senate Inquiry Report p57

<sup>36</sup> Senate Inquiry Report p58

<sup>37</sup> Senate Inquiry Report p17

<sup>38</sup> Senate Inquiry Report p20

While recognising the differing ways in which ECEC is operated across Australia and the entrenchment of private provision in ECEC delivery in Australia, there is an equity obligation on Australian governments to recognise their shared responsibility for delivery of universal access to high quality ECEC focussed on the educational needs and rights of every child across Australia. This is firmly in line with community perceptions that all children should be able to attend quality services, where background, location and personal circumstances are not a barrier.

Every Australian child has an equal right to high quality ECEC, regardless of the ‘market viability’ of delivery in particular settings. By its very nature, ‘the market’ is driven by the profit motive, rather than by considerations of equity of access and quality. Rather than being determined by the market, provision should be a responsibility of governments at all levels and underpinned by a commitment to universal provision in a manner aimed at supporting equality of outcomes.

The Issues Paper poses the question of whether certain ‘types of families’ are likely to require significantly more or less use of ECEC in the future.<sup>39</sup>

Our submission has made our position on universal access to high quality ECEC irrespective of ‘household structures, socioeconomic groups or geographic areas’ clear. This is not to say however that there are not groups in need of greater support and access to services, for children with additional needs, in rural and remote areas, and for Indigenous and low SES children.

Whilst supporting adequate financial support for disadvantaged families and communities, the AEU believes the goals of ensuring equity of access to ECEC are best achieved by resourcing ECEC itself. This should include funding to improve the public provision of ECEC including seamless transitions to school.

Additional support is required for children with special needs, including access to specialised integrated professional services; professional support staff; appropriately trained teachers, teachers aides/assistants; and ongoing professional development. Specific strategies must be included in all workforce education and training programs (pre-service and in-service) to ensure the training of specialist teachers and assistants/aides. In addition to the training of specialist workers, all workers in the sector must have appropriate training and support to meet the requirements of children with special needs.

Evidence presented to the 2009 Senate Inquiry showed that successive federal government policies, designed to reduce the costs of using approved child care, whether public, community or private, have in fact had the opposite effect – a steady rise in costs.

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<sup>39</sup> Issues Paper, p11

*Increasing the level of user subsidies has a short-term effect on reducing parents' out of pocket expenses. However, it seems clear that such subsidies are also implicated in a cost spiral where greater government assistance is quickly absorbed into service price rises.*<sup>40</sup>

Further, that a shortcoming of demand-side subsidy funding is that it tends to result in fluctuating enrolments and, therefore, fluctuating funding for childcare centres. They also note that there is evidence that demand-side subsidy funding may pose a threat to the quality of services delivered:

*Research associates demand side policies with less efficacious external regulation and monitoring of ECEC. With parents unable to see for themselves the services provided, corporate providers focused on increasing returns to shareholders, have incentives to claim high quality services rather than actually to provide high quality.*<sup>41</sup>

### ***Desirable Outcomes from ECEC over the Next Decade***

The evidence base on ECEC makes it clear that ongoing expansion of high quality sustainable, equitable, affordable ECEC to support child development and education in the interests of children, families, society and the economy must be a central priority.

Rather than the market, the AEU believes that the shared vision for Early Childhood Education, endorsed by COAG in 2009, namely, *that by 2020 all children have the best start in life to create a better future for themselves and for the nation*,<sup>42</sup> must be central to all aspects of ECEC reform. Universal provision of ECE should continue to be seen as a long term investment in Australia's future, recognising that the interests of children are not best determined by the application of market forces.

We also have concerns around the government's enthusiasm for the expansion of ECEC to 'in-home care' and models such as New Zealand's model of home-based care and the payment of subsidies for 'nannies' as flagged by the Prime Minister. It is difficult to see where such proposals 'fit' within a national ECEC system consistent with the priorities outlined in our submission and supported by an extensive evidence base, not least of which is the need for equity of access and provision for all children. Any proposed extension of ECEC services which fails to comply with the NQF is a threat to the provision of quality ECEC.

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<sup>40</sup> Professor Deborah Brennan and Assoc Professor Sue Newberry Submission to 2009 Senate Inquiry into Childcare, Submission Number 64, Attachment 3: Newberry, S and Brennan, D (2008). *Economic and Social Policy Tensions: Early Childhood Education and Care in a Marketised Environment*, p.5.  
[http://www.apf.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_Employment\\_and\\_Workplace\\_Relations/Completed\\_inquiries/2008-10/child\\_care/submissions](http://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Education_Employment_and_Workplace_Relations/Completed_inquiries/2008-10/child_care/submissions)

<sup>41</sup> Newberry and Brennan, op cit, p.13.

<sup>42</sup> [http://www.coag.gov.au/coag\\_meeting\\_outcomes/2009-07-02/docs/national\\_ECD\\_strategy.pdf](http://www.coag.gov.au/coag_meeting_outcomes/2009-07-02/docs/national_ECD_strategy.pdf)

We have significant concerns about aspects of the New Zealand scheme whereby only one educator is required to be qualified and registered to coordinate services delivered by up to as many as 20 non-qualified or registered self-employed contractors, as outlined in the ACTU's submission to this Inquiry.<sup>43</sup>

Significant gains towards a better quality, more equitable, accessible and affordable integrated ECEC system have been made through the reforms of recent years. As outlined earlier, these reforms were informed by an evidence base that demonstrates the importance of quality ECEC in giving children the best possible foundation for their development and future, with flow-on benefits to better health, education and employment outcomes later in life.<sup>44</sup>

2013 COAG data on the progress of the National Partnership Agreement on Early Childhood Education shows improved levels of enrolment and attendance in pre-school programs across the country from 2008.<sup>45</sup> Professor Greg Craven, deputy chairman of the COAG Reform Council, is on record as saying that progress to date indicates that Australian education is heading for 'structural improvement' through greater access to quality early childhood education and that we can expect to see benefits of the early childhood reforms flowing on to better primary and high school results 'down the track'.<sup>46</sup>

However there remains substantial evidence that ECEC investment and provision in Australia does not rank highly in comparisons of OECD countries,<sup>47</sup> with significant consequences for access and equity, particularly for disadvantaged children and significant numbers of Indigenous children.<sup>48</sup>

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<sup>43</sup> ACTU Submission to Productivity Inquiry into Child Care and Early Learning, February 2014, p6

<sup>44</sup> 'Introducing the National Quality Framework', ACECQA website

<sup>45</sup> DEEWR, *Universal Access to Early Childhood Education National Partnership*, data released August 2013

<sup>46</sup> Bella Counihan, *COAG Education reports show early childhood and Year 12 are key*, *The Conversation*, 30 October 2013

<sup>47</sup> OECD Annual *Education at a Glance* data shows that Australia's expenditure on ECEC is low by OECD standard, while a report by *The Economist* ranks Australia as 28 out of 45 OECD countries in terms of availability, accessibility and quality of ECEC. See Professor Susan Kreig, *'In the public good. Standards are key to improving quality*, *Australian Educator*, Summer 2013, p80.

<sup>48</sup> See for example, *Brennan review of ECE provision in NSW* (released March 2013)

<http://www.dec.nsw.gov.au/about-us/statistics-and-research/public-reviews-and-enquiries/review-of-nsw-government-funding-for-early-childhood-education>; Early Childhood Australia Budget media release (May 14)

[http://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/2448293/upload\\_binary/2448293.pdf;fileType=application%2Fpdf#search=%22media/pressrel/2448293%22](http://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/2448293/upload_binary/2448293.pdf;fileType=application%2Fpdf#search=%22media/pressrel/2448293%22)



## ***Conclusion***

Consistent with the evidence outlined earlier in our submission, Australia requires a higher level of investment in ECEC accompanied by a commitment to the structural indicators of high quality ECEC provision in order to build on the progress which has been made and address ongoing access and equity issues.

For these reasons, we have serious concerns about the thrust of the Issues paper section on government regulation of childcare and early learning; namely that NQF regulation and quality assurance standards are a “burden”<sup>49</sup> and staff qualifications and minimum educator-to-child ratios are too costly<sup>50</sup>.

Similarly, the Government’s imperative that any proposals for change, such as the expansion of ECEC to incorporate payment for nannies and au pairs, must be ‘within current funding parameters’. Such a move would, by necessity, involve taking funding from within existing services, and it is not difficult to see this being at the expense of wages and conditions for ECEC workers and/or threatening ratios and qualifications.

We cannot emphasize highly enough the role of staff qualifications and lower child to staff ratios in the pursuit of high quality ECEC, and our concerns that these areas have been singled out by the Coalition as areas of particular concern in relation to administration and staffing of centres, and their impact on the cost of provision.

We have similar concerns about the construction of ECEC standards and the NQF regulatory framework, one of the catalysts of which was the collapse of ABC Learning, as ‘red tape’ and a ‘burden’.

We acknowledge the workload implications and compliance costs, but reject what appears to be an almost foregone conclusion; that the Inquiry will find that there is considerable ‘scope’ to reduce or ‘streamline’ regulatory requirements and compliance costs. The evidence overwhelmingly supports the important role of standards and regulation and there is no legitimate evidence-based case for them to be undermined.

The thrust of the emphasis in the government’s statements about the burden of ‘red tape’ undermines recommendations and actions already underway by ACECQA. ACECQA’s *Report on the National Quality Framework and Regulatory Burden* was delivered in July 2013. It presents research-based findings on the administrative burden as experienced by education and care services, and details actions already in progress and recommendations on

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<sup>49</sup> Issues Paper, p23

<sup>50</sup> Issues Paper, pp24-25

further steps that might be taken, “*without compromising the quality objective*, to reduce or eliminate burden associated with the administration requirements of the NQF.”<sup>51</sup>

It shows that the vast majority of ECEC providers support the NQF because of its benefits to the quality and effective provision of ECEC. Further, that a significant proportion of the burden was found to be driven by the transition to the NQF and could be expected to decrease with improved familiarity, and that the administrative burden, *both cost-based and perceived*, could be driven down by greater support to the sector to increase its confidence and make it simpler to meet its obligations.<sup>52</sup>

It would be a retrograde step to ‘water down’ educator qualifications and raising child to staff ratios in any area of ECEC, a step which would be largely in the interests of private operators, rather than the development and learning needs of our children.

Taken together with the discussion on ‘tradeoffs’ between ‘costs’ and ‘quality’, and the government’s stated imperative that any changes to ECEC be ‘budget-neutral’, it is difficult to escape the conclusion that this is where we are heading.

*There are also inherent tradeoffs between different aspects of ECEC systems. For example, measures to improve the quality of childcare and the standard of learning and development outcomes could often be expected to put additional cost pressures on ECEC providers, therefore working against the achievement of the objective of improving affordability.*<sup>53</sup>

Equitable, quality outcomes for our children and for long term social and economic benefits to society come at a cost, and require resources and support. They cannot be ‘traded off’ for short term gain.

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<sup>51</sup> ACECQA, *Report on the National Quality Framework and Regulatory Burden Part 1: Research Findings Overview*, July 2013; *Part 2: Recommendations*, November 2013

<sup>52</sup> <http://www.acecqa.gov.au/report-on-cutting-nqf-red-tape-published>; Report on the NQF and Regulatory Burden Part 1 Research Findings Overview 2013

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