

# **Victorian Government Submission**

## **Senate Standing Committee on Education, Employment and Workplace Relations**

### **Inquiry into Child Care Provision**

January 2009

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## Executive Summary

With approximately one in three Victorian long day care places operated by ABC Learning, the collapse of ABC Learning has had significant impacts in Victoria over the past three months, affecting children, parents, Child Care practitioners and the broader community.

The Victorian Government is committed to working with the Commonwealth Government through the Council of Australian Governments (COAG), local authorities and service providers to minimise the disruption caused by the ABC Learning collapse in Victoria. This has commenced through the Department of Education, Employment and Workplace Relation Child Care Industry Taskforce and through collaboration with local government. The Victorian Government undertakes to continue to work collaboratively.

The Victorian Government believes that the collapse of ABC Learning also strengthens the case for re-assessing the provision of Child Care and charting a new course in which quality is a key focus, while ensuring access and affordability to meet both the workforce needs of parents and the outcomes we want for Australian children.

This new course will depend on a sustainable partnership, in which Commonwealth, State and Local Governments all have an important role. On this basis, the Victorian Government welcomes the Senate's Inquiry into Child Care Provision as an important step in early childhood reform in Australia.

In addressing the Inquiry Terms of Reference, the Victorian Government makes the following recommendations:

### **Term of reference (a) The financial, social and industry impact of the ABC Learning collapse on the provision of Child Care in Australia**

International evidence confirms that investing in children and their families provides direct benefits for individuals and many returns for society and the economy. Victoria believes in a mixed market in early childhood education and care (ECEC)<sup>1</sup> supported by the Commonwealth Government and affording parents choices between high-quality, viable alternatives delivering priority access for the most disadvantaged. Victoria is committed to working with the Commonwealth Government through COAG, and local governments and service providers to achieve these goals.

*Recommendation 1* - Ensure future planning for early childhood education and care (ECEC) reflects the evidence on early childhood development and its contribution to the human and social capital of communities and societies.

*Recommendation 2* - Shape a mixed market that achieves a consistent standard of quality provision, while ensuring accessible and affordable ECEC by employing regulatory, funding and policy levers.

*Recommendation 3* - The Commonwealth Government should continue to ensure the affordability of Child Care for Australian families, particularly for low income working families and parents receiving Commonwealth Government employment assistance.

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<sup>1</sup> Throughout this document, the term 'early childhood education and care' (ECEC) describes an early childhood service that provides both Child Care and Kindergarten/ early childhood education delivered by a qualified teacher.

*Recommendation 4* - Consider incentives, including increasing the rate of Child Care Benefit, for services that provide places to children who are Indigenous, recently arrived refugees, have a disability or are in the protection of a State or Territory Child Protection Service.

*Recommendation 5* - Recognise the COAG national agenda for early childhood development and discussions regarding quality improvements. Discussions on future ECEC planning should continue, initially through COAG national quality framework forums.

*Recommendation 6* - The Commonwealth Government should provide greater capital support in areas of high unmet demand for ECEC and ensure new services effectively integrate ECEC.

*Recommendation 7* - Strengthen the capacity of parents to make decisions about the appropriate services for their child through improved information and include additional supports where necessary.

### **Term of reference (b) Alternative options and models for the provision of Child Care**

Victoria proposes a vision for integrated ECEC that will drive access and quality. Efforts to address the education-care divide must look at new models of service delivery, as well as increased flexibility of current policy settings. Amendments to the Child Care Benefit scheme are required to create a more flexible system that responds to the needs of children and parents.

*Recommendation 8* - Undertake structural reform to the Child Care Benefit scheme to enable service integration, including:

- i. allowing kindergarten services to provide long day Child Care flexibly and qualify for the Child Care Benefit subsidy, especially in rural and remote areas; and
- ii. further supporting short hours occasional care and outside school hours care services to qualify for the Child Care Benefit subsidy in offering wrap around Child Care for kindergarten services.

### **Term of reference (c) The role of governments at all levels, with specific reference to funding, regulation, licensing and qualification requirements, as well as the collection and evaluation of data on Child Care vacancies**

Australia's federal structure has delivered a range of children's services and innovations that respond to the needs of the population. A mix of community, not-for-profit and independent service providers has largely served Australia well. While Australia's federal structure has delivered benefits, it has also resulted in variability between regulatory, quality and funding arrangements across jurisdictions. Through COAG, significant progress in ECEC reform is being achieved right now. National collaboration through COAG recognises that a federal system operating toward common goals and under a consistent framework represents an important prospect for high-quality, accessible services for all Australian children and families whatever jurisdiction, setting or individual service is involved. Victoria supports ongoing collaboration between States, Territories and the Commonwealth Government through COAG forums with the goal of maintaining the benefits of Australia's diversity while pursuing a consistent agenda for children and families.

*Recommendation 9* - Child Care to continue to be funded on a mixed market basis, with particular attention paid to achieving a consistent standard of quality, while ensuring accessible and affordable ECEC.

*Recommendation 10* - Continue discussions between the Commonwealth, State and Territory governments regarding nationally consistent regulation of ECEC, with the aim of ensuring quality education and care is provided to all children in ECEC settings.

*Recommendation 11* - Continue discussions between the Commonwealth, State and Territory governments regarding incentive and recognition schemes to promote service provision above minimum standards. Initially these discussions should continue through COAG national quality framework forums.

*Recommendation 12* - Maintain States' and Territories' role in licensing and regulating the operation of ECEC services.

*Recommendation 13* - Continue discussions between the Commonwealth, State and Territory governments regarding nationally-consistent training and qualification requirements for ECEC staff. Initially these discussions should continue through COAG early years workforce forums.

*Recommendation 14* - Improve the collection, evaluation and publication of reliable, up-to-date data on casual and permanent Child Care vacancies.

*Recommendation 15* - Improve planning processes at all levels to support market responsiveness including:

- i. improving joint planning with the potential to stimulate Child Care supply in areas where there is known sustained demand growth. Such planning could be extended to ensure no net reduction in Child Care places in Victoria due to the ABC Learning collapse; and
- ii. supporting local government planning and provision of children's services in their local area, drawing on current practice such as Municipal Early Years Plans in Victoria.

*Recommendation 16* - Investigate mechanisms to use Child Care data to ensure priority access to children's services for children in disadvantaged and vulnerable circumstances.

*Recommendation 17* - Support the development of a consistent data and evidence base that supports planning at the local, state and commonwealth level, and includes participation and workforce data.

### **Term of reference (d) The feasibility for establishing a national authority to oversee the Child Care industry in Australia**

A national process to streamline and make regulation more flexible and responsive to local needs has the potential to further support ECEC provision to meet the needs of children and parents. Such an authority would be a joint initiative of the Commonwealth and State and Territory Governments. As a first step towards a more integrated, national approach, COAG represents the key forum through which States and Territories can work with the Commonwealth Government to streamline current arrangements. Victoria supports ongoing collaboration through COAG forums and the current trial to examine ways for the National Child Care Accreditation Council and States to more effectively share information and work together.

*Recommendation 18* - Continue discussions between the Commonwealth, State and Territory governments regarding a national body to oversee the ECEC industry. Initially these discussions should continue through COAG national quality framework forums.

### **Term of reference (e) Other related matters**

Partnerships between early childhood service providers, families and other services for young children promote coherence for children and parents. Child-friendly communities provide the environments, opportunities, respect, resources and services that allow children to safely grow and learn, and parents to care for them successfully.

Local government plays a vital role in supporting local area planning and community strengthening. Parents contribute in shaping local communities and services, and have the central role in children's development. Victoria supports efforts to further engage parents as the first and most enduring educators of children and efforts to strengthen partnerships between parents, services and communities.

*Recommendation 19* - Strengthen partnerships between parents, services and communities, and further support the role of parents in their child's development.

## **Inquiry Terms of Reference**

- a. the financial, social and industry impact of the ABC Learning collapse on the provision of Child Care in Australia;
- b. alternative options and models for the provision of Child Care;
- c. the role of governments at all levels in:
  - i. funding for community, not-for-profit and independent service providers,
  - ii. consistent regulatory frameworks for Child Care across the country,
  - iii. licensing requirements to operate Child Care centres,
  - iv. nationally-consistent training and qualification requirements for Child Care workers, and
  - v. the collection, evaluation and publishing of reliable, up-to-date data on casual and permanent Child Care vacancies;
- d. the feasibility for establishing a national authority to oversee the Child Care industry in Australia; and
- e. other related matters.

## 1 – Background and Context

The early years are arguably the most important time of development in our lives. Having the best start in life is recognised as a critical foundation for future learning, health and wellbeing.<sup>2</sup>

Investing in children and their families not only provides direct benefits for individuals, it provides many returns for society and the economy.<sup>3</sup> International research demonstrates that with the right learning, health and wellbeing foundations early in life, people have a greater opportunity to become active and engaged members of society and have fulfilling and productive lives.<sup>4</sup>

We also know that negative experiences in the early years have long-lasting effects on children's learning, health and wellbeing that can be difficult to overcome later in life.<sup>5</sup> Such effects include behavioural and learning problems, substance abuse, involvement in crime, low earning capacity, poor physical health and subsequent poor parenting. The evidence shows the most effective time to intervene is early childhood.

Recognising such findings, in February 2006 the Commonwealth, State and Territory Governments, through the Council of Australian Governments (COAG), identified improving early childhood outcomes and workforce participation as central to its agenda for human capital reform.<sup>6</sup>

COAG highlights that the positive impact of improving the health, wellbeing and productivity of an individual child accumulates over a lifetime, with clear flow-on benefits for individuals, families and the broader community. The COAG communiqué from its February 2006 meeting acknowledged the critical importance of developing “high quality and integrated early childhood education and care services” to equip children with the “basic skills for life and learning”.

National collaboration through COAG recognises that a federal system operating toward common goals and under a consistent framework provides the prospect of realising high-quality, accessible services for all Australian children and families whatever jurisdiction, setting or individual service is involved. Victoria highlights that significant progress is now being achieved through COAG. The ongoing collaboration between States, Territories and the Commonwealth, through national agreements maintains the benefits of Australia's diversity while pursuing a consistent agenda for children and families.

The number of Victorian families needing to access high quality affordable childcare has increased significantly in recent years. A Victorian investigation into the substantial increase in birth notifications in Victoria found that the number of births per year now exceeds 70,000.<sup>7</sup> This is an increase from 60,000 births in 2002.

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<sup>2</sup> Heckman, J.J. (2000) *Invest in the Very Young*. Chicago, Illinois: Ounce of Prevention Fund and the University of Chicago Harris School of Public Policy Analysis.

<sup>3</sup> Shonkoff, J.P. and Phillips, D.A. (Eds) (2000) *From Neurons to Neighborhoods: The Science of Early Childhood Development*. Committee on Integrating the Science of Early Childhood Development, National Research Council and Institute of Medicine. Washington, DC: National Academy Press.

<sup>4</sup> Organisation for Economic Co-operation and Development. (2007) *Policy Brief: Lifelong Learning and Human Capital*. France: OECD. <http://www.oecd.org/dataoecd/43/50/38982210.pdf>

<sup>5</sup> Meisels, S., & Shonkoff, J. (2000) Early childhood intervention: A continuing evolution. In J. Shonkoff & S. Meisels (Eds.), *Handbook of Early Childhood Intervention (2nd edition)*. New York: Cambridge University Press.

<sup>6</sup> Council of Australian Governments (2006), *10 February 2006 Communiqué*, Council of Australian Governments' Meeting, [http://www.coag.gov.au/coag\\_meeting\\_outcomes/2006-02-10/index.cfm](http://www.coag.gov.au/coag_meeting_outcomes/2006-02-10/index.cfm)

<sup>7</sup> Department of Education and Early Childhood Development (2007) *A preliminary investigation into the recent increase in birth notifications in Victoria*;

<http://www.eduweb.vic.gov.au/edulibrary/public/govrel/Policy/children/birthnotifications-report.pdf>

While the collapse of ABC Learning has been devastating for many families and presents challenges for governments, it also represents a further catalyst for reform. In particular the collapse of ABC Learning has:

- a) brought the importance of collaboration between governments and with the community into sharper focus;
- b) reinforced the importance of maintaining and supporting a diverse and mixed market; and
- c) highlighted the need to better support parents to access quality services, including the effect of an open market on the supply and location of services.

The Victorian Government is committed to working with the Commonwealth Government through the Council of Australian Governments (COAG), local authorities and service providers to minimise the disruption caused by the ABC Learning collapse in Victoria. This has commenced through the Department of Education, Employment and Workplace Relation Child Care Industry Taskforce and through collaboration with local government.

The following section provides an overview of the context in which Victoria's response to the specific terms of reference is made.

## 1.1 Evidence supporting Government intervention

International evidence shows that participation in a high-quality children's service is closely linked to the human capital of individuals and society. This view is based on evidence from the differing perspectives of neuroscience and human capital literature, and evidence from studies of the benefits and costs of early childhood interventions. Key evidence is summarised below.

### 1. *The highest rate of brain growth occurs in the first years of life and this brain growth is susceptible to stressful conditions*

Developments in neuroscience in the last fifteen years have changed the evidence base regarding quality children's service provision.<sup>8</sup> Rapid brain growth in the first three years of life is particularly critical in shaping sensing (hearing, vision) ability, sets the foundation for language function and influences higher cognitive functioning. Brain development is shaped by the physical and emotional environment established through the quality of the relationship a carer or teacher develops with an infant or young child. Strong relationships support healthy brain development and maximise human capital formation.<sup>9</sup> Adverse or under-stimulating experiences hinder brain development and, unless remediation steps are in place, this effect is repeated each year across the lifespan.<sup>10</sup>

### 2. *Quality early childhood education and care is demonstrated to deliver improved outcomes sustained through to later life*

This is a finding from the substantial and internationally regarded Effective Provision of Pre-School Education (EPPE) study in the United Kingdom.<sup>11</sup> The finding holds regardless of socioeconomic disadvantage, but only for high-quality provision. Centres where managers had a teaching qualification recorded the highest measures of quality.

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<sup>8</sup> McCain, M. N. & Mustard, J. F. (1999) *Reversing the real brain drain: Early years study final report*. Ontario: Publications Ontario.

<sup>9</sup> Meisels, S., & Shonkoff, J. (2000) Early childhood intervention: A continuing evolution. In J. Shonkoff & S. Meisels (Eds.), *Handbook of Early Childhood Intervention (2nd edition)*. New York: Cambridge University Press.

<sup>9</sup> Center on the Developing Child at Harvard University (2007) *A Science-Based Framework for Early Childhood Policy: Using Evidence to Improve Outcomes in Learning, Behavior, and Health for Vulnerable Children*.

<sup>10</sup> Center on the Developing Child at Harvard University (2007) *A Science-Based Framework for Early Childhood Policy: Using Evidence to Improve Outcomes in Learning, Behavior, and Health for Vulnerable Children*.

<sup>11</sup> Sammons P., Sylva K., Melhuish E., Siraj-Blatchford I.; Taggart B., & Hunt S. (2008) *The Effective Pre-School and Primary Education 3-11 Project (EPPE 3-11): Influences on Children's Attainment and Progress in Key Stage 2: Cognitive Outcomes in Year 6*; DCSF/Institute of Education, University of London.

Low quality services provide less benefit at all ages of follow up. Findings indicate the importance of early childhood teaching qualifications in the creation of quality environments and the positive impact of early childhood centre managers' qualifications on a centre's quality. Improved educational gains are a marker of human capital development, influencing individuals' later learning and GDP per capita growth. The EPPE study has followed 3000 children from 141 preschool centres from age three to age 11 to date.

3. *There is a lot at stake for the most vulnerable and disadvantaged children*

Nobel Laureate economist James Heckman argues that support for children in the early years of life is a 'best buy' for Government, particularly in supporting the most disadvantaged.<sup>12</sup> Studies demonstrate that children who live in families with lower income and less parent education begin to score lower on standardised developmental tests as early as 18 months, and the differences typically increase into the school-age years. In the absence of intervention, early social class disparities in language and social-emotional development can become increasingly apparent during this period and grow with age. In general, the earlier the intervention, the more effective it will be in remedying the effects of disadvantage. An early intervention investment at this time is returned in multiples to the individual and society through: reduction in the need for later more costly remediation; maximising human capital formation and productivity; and facilitating social cohesion.

In addition we also have good models of best practice to draw on. In particular, the substantial *Sure Start* investment in the UK that, through community programs and the goal of 3,500 children's centres at the local level, brings together universal, free, early education and care, with further support where the need is greatest.

High quality early childhood programs impact positively on children, their families, communities and society more broadly. Quality children's services can support all children to get the best start in life, and children from disadvantaged circumstances benefit most.

It is therefore imperative that the future directions of Child Care are considered within the context of this evidence.

## 1.2 Victoria's Early Childhood Policy Agenda

The Victorian Government's substantial investment in ECEC<sup>13</sup> services in recent years shows that Victoria is directly responding to the evidence base confirming the importance of investing in the early years. At the heart of this investment, and guiding future directions, is Victoria's strong and ambitious policy agenda for early childhood development.

### *Blueprint for Education and Early Childhood Development (2008)*

The Victorian Government released the *Blueprint for Education and Early Childhood Development*. The *Blueprint* sets the Victorian Government's five-year agenda for children and young people's learning and development from birth to adulthood. The *Blueprint* vision is that, every young Victorian thrives, learns and grows to enjoy a productive, rewarding and fulfilling life, while contributing to their local and global communities.

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<sup>12</sup> Heckman, J., & Masterov, D. (2005) *The Productivity Argument for Investing In Young Children*, Working Paper 5, Invest in Kids Working Group, Committee for Economic Development, University of Chicago

<sup>13</sup> Throughout this document, the term 'early childhood education and care' (ECEC) describes an early childhood service that provides both Child Care and Kindergarten/ early childhood education delivered by a qualified teacher.

The *Blueprint* identifies shared goals for all Victoria's children and young people, as a basis for collaboration between families, schools, early childhood services and the broader community. The goals are to ensure that:

- All Victorian children will have the best start in life to achieve optimal health, development and well-being
- By the time Victorian children start school, they will be ready to learn at school and schools will be ready for them.

In support of these goals, the *Blueprint* articulates three priority action areas with associated actions, in relation to early childhood development:

1. *Integrate services for children and families* – The Victorian Government will create a more integrated system that will be more convenient for families, will smooth the major transition points in the system, and will allow families to get the support they need. This includes promoting co-location and integration of services in new and existing facilities where this meets local needs
2. *Improve outcomes for disadvantaged young Victorians* – The Victorian Government will embark on further reform to ensure our schools and children's services are equipped to respond effectively to the needs of all children
3. *Increase access to high-quality early childhood health, education and care services* – The Victorian Government will improve the quality of early childhood services by emphasising the importance of learning and increasing the qualifications of staff.

In addition, the *Blueprint* sets out the Victorian Government commitment to work with families, communities and business to build the capacity of parents and carers in the home and community. It also articulates a commitment to workforce reform in ECEC services, including that of ensuring that early childhood working arrangements offer clear, rewarding and flexible career pathways.

Further information and a copy of the *Blueprint* are available at:

<http://www.education.vic.gov.au/blueprint>.

#### *Victoria's Plan to Improve Outcomes in Early Childhood (2007)*

In March 2007 the Victorian Government released *Victoria's Plan to Improve Outcomes in Early Childhood*, setting out a reform package for integrated Victorian and Commonwealth activity to improve outcomes in early childhood development. The plan outlines a comprehensive and coordinated approach to the provision of high quality and accessible early childhood services from pregnancy through to primary school transition, identifying four key policy directions:

- Improving antenatal care
- Strengthening the health, development and learning of 0-5 year olds
- Enhancing provision of early childhood education and care services
- Improving the early years workforce.

### **1.3 The current early childhood system in Victoria**

Victoria has a well developed and diverse system of children's services, with strong overall participation rates. The Victorian system offers both universal services available to all children and families, as well as targeted services that provide support to children and families with additional needs. There are approximately 400,000 children in Victoria aged five years and younger.

Victorian children have strong participation rates in a range of early years services, including ECEC services. In Victoria, the participation rate of four year old children in Kindergarten is consistently above 90 per cent. Over 20 per cent of children aged one to four years also attend a Long Day Care service, including approximately 40 per cent of three year old children.

Appendix 1 outlines Victorian services and participation, and further outlines some of the key Victorian innovations to better meet the needs of children, families and the community.

An important element of the Victorian children's services is the prominent role played by local governments and community organisations. Local governments undertake a key role in planning for the early years and in supporting local partnerships. In this capacity, they manage, fund and deliver many ECEC and other children's services. Local government also plans and supports new facilities for children and families.

## **1.4 Children's Services Regulations**

On 21 January 2009 the Victorian Government released for consultation the Regulatory Impact Statement (RIS) for proposed *Children's Services Regulations* to replace sunseting regulations. The purpose of the RIS is to assess the costs and benefits of proposed regulations before any changes are implemented.

In developing the regulations, the Victorian Government acknowledged the need to achieve quality outcomes for children, while ensuring affordable and accessible services for families, and ensuring the sustainability of services. Key features of the proposed regulations include:

- bringing Family Day Care and Outside School Hours Care under the *Children's Service Regulations* for the first time
- requiring all children's services staff to hold a minimum of a Certificate III qualification by 2014
- requiring all long day care centres to have a teacher delivering a quality Kindergarten program and contributing to planning by 2014 (this is considered essential for the implementation of the COAG commitment to universal access to 15 hours of kindergarten for all four year olds)
- improving staff: child ratios for children from birth to three years of age by 2011 in line with international evidence pointing to conditions required to support a foundation of healthy brain development for birth to three year olds
- raising quality standards in ECEC, strengthening the role of Children's Services Advisers and reducing administrative red tape for operators.

While the new regulations will not alter current staff: child ratios for children from three to six years of age, the Victorian Government will consider recommendations expected to arise through COAG or a relevant Ministerial Council later in 2009.

## 1.5 Outline of this submission

Victoria is taking steps toward a cohesive approach to services from birth to eight years of age, bringing them together in a more coordinated system for families.<sup>14 15</sup> There are substantial benefits from an integrated approach to supporting children and families. There are benefits where families can quickly engage with, and move between, early childhood services and programs.<sup>16</sup> An integrated approach has wide ranging implications including the need to build multi-purpose infrastructure, ensure that career pathways support a multidisciplinary workforce that can work between service types, and the need for a common and practical framework to support practitioners in children's development.<sup>17</sup>

Children's Services also have a key role in communities, with these services often being the first point of community engagement for new parents and a key mechanism by which parents understand how to support their children's development.

Critically, unless we work in partnership with parents and acknowledge the role played by communities and society, the support offered to the individual child and family can only ever be partially effective. Services must be integrated and connected in a way that supports parents and the choices they make for their children.

The integration of Kindergarten and Child Care services as part of a coordinated continuum of early childhood education and care is a specific priority for Victoria as it is internationally, such as through the OECD.<sup>18</sup>

It is within the frame of an integrated 0-8 years of age early childhood development system, which sets Child Care in the context of a broader range of children's services, that Victoria bases its comments to the Senate Inquiry into Child Care Provision.

In line with the Inquiry's Terms of Reference, this submission makes a number of recommendations to shape a system of services that will meet the needs of contemporary Australian families.

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<sup>14</sup> Victorian Department of Education and Early Childhood Development (2008) *Blueprint for Education and Early Childhood Development*, <http://www.education.vic.gov.au/blueprint>

<sup>15</sup> Council of Australian Governments' National Reform Agenda (2007) *Victoria's Plan to Improve Outcomes in Early Childhood*; Melbourne, VIC: Department of Premier and Cabinet

<sup>16</sup> Centre for Community Child Health. (2006) *Services for young children and families: an integrated approach; Policy Brief No 4*. Melbourne, VIC: Centre for Community Child Health.  
[http://www.rch.org.au/emplibrary/ccch/PB4\\_Children-family\\_services.pdf](http://www.rch.org.au/emplibrary/ccch/PB4_Children-family_services.pdf)

<sup>17</sup> Ibid

<sup>18</sup> Organisation for Economic Co-operation and Development (2001) *Starting Strong: Early Childhood Education and Care*. Paris: OECD.

## **2 - Term of Reference a) Financial, Social, and Industry impact on the provision of Child Care in Victoria due to the collapse of the ABC Developmental Learning Centres**

ABC Learning Centres Limited (ABC Learning) has operated licensed children's services in Victoria for over ten years and expanded rapidly during that time. This expansion has been achieved through ongoing acquisition of other corporate Child Care providers, the establishment of new Child Care services and through the transfer of already existing long day care services to ABC Learning.

Up until its collapse, ABC Learning operated approximately one in three long day care places in Victoria. ABC Learning operated services in 29 of the 49 rural municipalities in Victoria and in all metropolitan municipalities, and provided 70 per cent or more of the long day care places in 60 towns/ suburbs (30 of these are rural regions and 30 metropolitan regions).

Prior to the ABC Learning collapse, there were a total of 1,095 long day care services in Victoria, with a licence capacity of 72,558 places. ABC Learning operated around 34 per cent of Victoria's total long day care capacity.

In addition, ABC Learning's entry into the Victorian Child Care market provided additional Child Care infrastructure, including more purpose built Child Care facilities in Victoria.

The key question of the extent to which the collapse of ABC Learning is a reflection of issues within the broader Child Care services or was driven by the business model and practices of an individual provider against the backdrop of the global financial condition, is subject to debate and discussion.

Regardless, the collapse of this major provider of Child Care has, and continues to have, a profound and regrettable impact on children and their families and presents challenges to government. It is incumbent on governments to consider the conditions under which this has occurred. This is ever more pressing given ABC Learning is the single largest provider of Child Care in Australia.

With the closure of 27 ABC Learning centres on 31 December 2008 in Victoria, there is now a licensed capacity of 71,674 places, with 31 per cent of long day care capacity continuing to be operated by ABC Learning's receivers.

ABC Learning will continue to operate many services in Victoria; however, the Commonwealth Government is currently supporting 75 services, along with 5 Defence Force services until 31 March 2009. The fate of these services and associated capacity could put Child Care in Victoria under further strain.

Measures have already been taken to contain the impacts of the ABC Learning collapse. For the 27 services that have been closed in Victoria, all children in these services have been offered alternative Child Care places in services close by and many licenses have been taken up by other operators. It is likely that only six services will remain permanently closed. In the short term, this will increase the viability of existing Child Care services in the area. In the majority of cases newer purpose built services and services with greater licence capacity have been chosen for continued operation. In the long term however, and with many of the closed or Commonwealth supported services in growth areas - there may need to be new centres established in these locations.

## **2.1 Financial, Industry and Social Impacts of the ABC Learning Collapse**

### *2.1.1 Financial*

Preceding its collapse, ABC Learning dominated the Victorian Child Care sector covering 31 per cent of long day care capacity. It is expected that the financial flow-on effects will be significant. There is already evidence to suggest that Child Care operators with corporate or financial links to ABC Learning have been affected. Companies providing services to ABC Learning such as maintenance and equipment will also suffer a loss of business. Further, building owners, developers and investors have been impacted and confidence in the sector has been reduced. The collapse has also threatened the employment security of many Child Care workers in Victoria with the direct loss of jobs and a transferral of positions.

Although exact information is difficult to ascertain, the collapse will also likely affect workforce participation in Victoria, with earning capacity of some parents affected, and correspondent financial impacts borne by employers. The actual financial impact for these parents and their employers is an important consideration for the Inquiry.

### *2.1.2 Industry*

ABC Learning's expansion contributed to the provision of new services, particularly in growth areas in Victoria, leading to a strong concentration of provision particularly where ABC Learning centres were located in close proximity to each other. The subsequent collapse of ABC Learning has therefore resulted in a potentially widening gap in the Child Care sector in Victoria.

This means that the sector's capacity to meet demand has been further compromised. In some areas, this may simply reduce the number of vacancies in near-by centres. However, particularly vulnerable areas may include growth corridors where there is little, if any, established community provision to supplement the demand. Further, new entrants may be reluctant to invest start up costs to meet the emerging demand in these areas, wherein ABC Learning's failure may be viewed as indicative of the lack of commercial viability of the sector.

In terms of workforce implications, the ABC Learning collapse has caused a regrettable impact on the job security of current Child Care workers. It is reasonable to assume that the instability demonstrated will likely have a negative impact on the industry's ability to attract and retain staff in the future.

### *2.1.3 Social*

As outlined above, the ABC Learning collapse is likely to lead to a reduction in an unknown number of Child Care services and the availability of Child Care places in Victoria. For those children that have been displaced, it has caused an unfortunate disruption to their learning and care experience, including the disruption of important relationships with their respective carers. In this sense it has caused regrettable stress and anxiety for Australian families.

There are also implications that the ABC Learning collapse has on parental choice in relation to Child Care options in Victoria. Any reduction in available places further decreases parents' choice between viable alternatives in Child Care. Parents need access to care that is convenient to where they live or work and meets the needs of their children. Parents need to be able to make the choices they believe are in the best interests of their families, confident in the knowledge that they will have access to the support they need.

As mentioned above, communities in growth areas are particularly vulnerable to the impacts of the ABC Learning collapse, but so too are rural and remote communities. Often these communities can not access a flexible range of Child Care options, and the ABC Learning collapse will work to intensify this problem.

#### *2.1.4 Conclusion*

There is no doubt that the collapse of ABC Learning has had significant financial, social and industry impacts in Victoria over the past three months. Managing and containing the impact of ABC Learning in this context is a substantial challenge for all governments to ensure the provision of services meets the needs of children and families.

While the stress caused to many Australian families cannot be underestimated and the challenges for Child Care provision planning in Victoria are substantial, the ABC Learning collapse does present a significant opportunity for governments to work together to reframe the ECEC system in order to improve outcomes for children and their families. It is apparent that a more proactive role by the Commonwealth Government is needed in terms of employing regulatory, funding and policy levers to help shape a mixed market that supports accessible, affordable and quality early education and care.

It is also Victoria's position that the broader policy implications of the ABC Learning experience, and the rapid growth of the Child Care sector over recent years, need to be explored. In this sense, Commonwealth, State and Territory Governments are presented with an opportunity to re-assess the policy settings of Child Care in Australia.

## **2.2 Rationale for government intervention in Child Care – supporting workforce choices and meeting children's needs**

Over the last ten years or so, the principal rationale for Commonwealth Government intervention in the provision of Child Care has been to support parents' and carers' workforce participation.<sup>19</sup> Treating Child Care as a labour force support mechanism is a legitimate and important economic policy objective that should be the subject of continued government focus. This is consistent with the COAG Human Capital Reform Agenda and the Productivity Reform Agenda, of which Victoria, along with other States and Territories and the Commonwealth, is a strong proponent.

Currently, the majority of Commonwealth funding to Child Care is devoted to demand side funding through the Child Care Benefit and Child Care Tax Rebate. The aim is to support the provision of Child Care so that parents are encouraged and supported to participate in the workforce thereby enhancing our nation's human capital and strengthening the economy.

Through the COAG process, the Commonwealth, together with States and Territories have demonstrated an emerging focus on the benefits of the early years to bring about positive outcomes for children and build the nation's human capital. It is Victoria's contention that this Inquiry provides an opportunity to apply the evidence around children's development more keenly to Child Care to ensure that policy is further focussed according to the twin aims of both:

1. ensuring the operation of a sector that will bring about the best outcomes for children; and
2. maintaining a labour market support mechanism.

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<sup>19</sup> Brennan, D. (2008) *Child Care: Families That Work*, Australian Policy Online, p. 1, found at [http://www.apo.org.au/webboard/print-version.chtml?filename\\_num=200391](http://www.apo.org.au/webboard/print-version.chtml?filename_num=200391)

Within this ‘child-centred’ perspective, and deserving increased prominence in the Child Care debate, is the proposition (strongly supported by evidence) that quality Child Care is particularly beneficial for all children and especially so for children from disadvantaged backgrounds. Attending high-quality care appears to lift a child’s development trajectory and sets them up for success later in life.<sup>20</sup>

Accordingly, Victoria is advocating for Child Care policy at the national level to be re-framed in line with these policy objectives in terms of providing additional support and setting incentives to support both labour force participation and the best possible outcomes for children, in particular, children from disadvantaged groups.

#### **Recommendation**

Ensure future planning for early childhood education and care (ECEC) reflects the evidence on early childhood development and its contribution to the human and social capital of communities and societies.

### **2.3 Mixed Market Provision of Child Care**

The mixed market is a central feature of the Australian Child Care sector and can offer many advantages. The theory of mixed market provision is to support choice and promote service delivery efficiency, whereby providers compete according to affordability and drive prices down across the sector.<sup>21</sup>

A well-balanced and appropriately regulated mixed market that is the subject of strategic government financial and/ or non-financial recognition can promote the provision of a quality service that is efficient and affordable. It can also ensure greater diversity of provision<sup>22</sup> affording parents choices between attractive and viable alternatives provided that care is taken to ensure that market concentration by a single or small number of service providers is avoided.

#### **Recommendation**

Shape a mixed market that achieves a consistent standard of quality provision, while ensuring accessible and affordable ECEC by employing regulatory, funding and policy levers.

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<sup>20</sup> Loeb, S., Bridges, M., Bassok, D., Fuller, B. and Rumberger, R.W (2005) *How Much Is Too Much? The Influence of Preschool Centres on Children’s Social and Cognitive Development*, NBER Working Paper, No. 11812, p.2

<sup>21</sup> Brennan, D., Blaxland, M., and Tannous, K. (2008) *A Strategic Assessment of the Children’s Services Industry*, A paper prepared for the Children’s Services Subcommittee of the Community Services and Disability Services Ministerial Advisory Council, Social Policy Research Centre, p. 34

<sup>22</sup> Ibid, p. 35

## 2.4 Government Intervention in the Mixed Market – Affordability

Although the barriers to workforce participation are multiple and often inter-dependent, Australian and international research indicates that the cost of Child Care is a major influence on the decision of parents to work. For example, research commissioned by the Commonwealth Department of Family and Community Services shows that increasing the cost of care reduced labour force participation, especially of sole parents and those on low incomes.<sup>23</sup> The research suggests that any increase in the real price of Child Care is likely to have the effect of reducing labour force participation. Inversely, a key enabler of workforce participation is the availability of affordable Child Care that meets the needs of families.

The price of Child Care may mean that a parent has a relatively negligible financial gain from returning to work in the short term; however this does not accurately reflect the potential longer term gains from continued attachment to the labour market,<sup>24</sup> and the productivity gains inherent in continued labour force engagement.

The Commonwealth Government provides significant support to families through its Child Care Benefit and Child Care Tax Rebate schemes. However, since 2001, the value of these subsidies has largely been offset by the rising cost of care.<sup>25</sup>

From 1991 to 2004, evidence indicates that Child Care in Australia became less affordable, particularly for disadvantaged groups.<sup>26</sup> This is particularly concerning given that parental labour market participation can be critical in helping families and children break cycles of disadvantage.<sup>27</sup> As the UK Government contends, “access to Child Care is critical in supporting social mobility and equality of opportunity.”<sup>28</sup>

Further, international research overwhelmingly indicates that disadvantage, or social exclusion, in early childhood is an indicator of lower rates of school achievement and unfavourable outcomes in later years.<sup>29</sup> The evidence also indicates that good quality early years provision can help redress the impact of growing up in poverty and disadvantage and provide children with the opportunity to break the cycle of disadvantage.<sup>30</sup>

Despite this compelling evidence, vulnerable or disadvantaged groups are consistently less likely to participate in ECEC, and often, affordability is a key determinant. Low family income, Indigeneity, culturally and linguistically diverse (CALD) status, geographic location and disability all affect the likelihood of children attending early childhood services.<sup>31</sup>

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<sup>23</sup> Ibid, pp 1-2

<sup>24</sup> UK Government (2004) *Choice for Parents, the Best Start for Children: a Ten Year Strategy for Child Care*, p. 6

<sup>25</sup> Australian Bureau of Statistics (March 2006) 6401.0, Consumer Price Index, Australia, Tables 7a to 7l. Note: the child care index is the net cost after the Child Care Benefit subsidy paid to families, but does not take account of the Child Care Tax Rebate.

<sup>26</sup> Australian Institute of Health and Welfare, *Trends in the Affordability of Child Care Services 1991- 2004*, Bulletin, Issue 35, Commonwealth Government, Canberra, 2006

<sup>27</sup> UK Government (2004) *Choice for Parents, the Best Start for Children: a Ten Year Strategy for Child Care*, p. 6 & 68

<sup>28</sup> UK Government (2004) *Choice for Parents, the Best Start for Children: a Ten Year Strategy for Child Care*, p. 18

<sup>29</sup> Including, low rates of employment, social welfare dependency, and higher rates of crime: Heckman, James. J., *The Economics of Investing in Early Childhood*, Seminar of Government Officials and Business Leaders, Sydney, 2006

<sup>30</sup> UK Government (2004) *Choice for Parents, the Best Start for Children: a Ten Year Strategy for Child Care*, p. 8

<sup>31</sup> Brennan, D., Blaxland, M., and Tannous, K. (2008) *A Strategic Assessment of the Children's Services Industry*, A paper prepared for the Children's Services Subcommittee of the Community Services and Disability Services Ministerial Advisory Council, Social Policy Research Centre, p. 41

In moving to improve affordability, the Commonwealth has increased the Child Care Benefit in recent years. To improve affordability for vulnerable or disadvantaged groups, the Victorian Government in 2007-08 invested \$28.9 million over four years to increase the kindergarten subsidy for Concession Card Holders to ensure that kindergarten is effectively free for eligible low income families.

It is also recognised that ensuring that ECEC is affordable requires a broader discussion of the role that governments can play. For instance, governments can implement measures to remove structural barriers (both financial and non-financial) to the supply of diverse providers in the industry. This could include the provision of accurate information to parents conveying readily comparable affordability and quality performance data, encouraging providers to compete on the basis of both. Such interventions can encourage greater efficiency in delivery of services and drive down overall costs in the mixed market thereby improving affordability.

#### **Recommendation**

The Commonwealth Government should continue to ensure the affordability of Child Care for Australian families, particularly for low income working families and parents receiving Commonwealth Government employment assistance.

## **2.5 Government Intervention in the Mixed Market – Access**

It is not only the cost that affects the use of ECEC. Parents also need to access care that is convenient to where they live or work. Many Australian parents experience long waiting periods to obtain a place in formal care or find that they are unable to access care on the days or hours they need.<sup>32</sup>

At present, the Commonwealth Government's *Child Care Service Handbook* sets out guidelines designed to ensure that priority access is afforded to:

1. A child at risk of serious abuse or neglect
2. A child of a single parent who satisfies, or of parents who both satisfy, the work/training/study test under section 14 of the *A New Tax System (Family Assistance) Act 1999*
3. Any other child.

*Within these main categories, priority should also be given to the following children:*

- children in Aboriginal and Torres Strait Islander families
- children in families which include a person with a disability
- children in families on low incomes
- children in families from culturally and linguistically diverse backgrounds
- children in socially isolated families; and
- children of single parents.

The Victorian Government supports these Priority Guideline settings but believes that more can be done to ensure greater access for the above groups.

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<sup>32</sup> Victorian Department of Human Services (2006) *Report of the Child Care Taskforce*, Melbourne, p.5

While recognising the existing Commonwealth Government funding to support greater access by children with additional needs (for example, Inclusion and Professional Support Programs), the Commonwealth Government should set greater incentives for services to provide priority access for children with a disability and children in disadvantaged circumstances. This would support social inclusion, equality of opportunity and support greater workforce participation.

Some Indigenous families would prefer to send their children to Indigenous early childhood services, which can perform the dual role of strengthening children in their culture, and preparing them for school. The Commonwealth-funded Multifunctional Aboriginal Children's Service (MACS) provides a starting model of community owned, integrated services provision. MACS are designed to help Indigenous communities with access to a range of children's services attending specifically to social, cultural and developmental needs. At present there are only a small number of MACS in Victoria mostly focussing on Child Care. More work can be done to ensure that Indigenous families can access a broad range of children and family services through these centres.

Evidence shows that quality ECEC is able to ameliorate the affects of disadvantage. This should be a priority for governments.

In the 2008-09 State Budget the Victorian Government committed \$5.2 million over four years to provide free access to three year old Kindergarten for children known to child protection. Through the *Blueprint for Education and Early Childhood Development* this was extended to children from migrant or refugee families. These initiatives follow a previous commitment to support free access to three year old Kindergarten for Indigenous children who are, or whose parents are, concession card holders.

The Victoria Government has also made successive boosts to support for children with a disability or developmental delay. In 2008-09 this included an extra \$29 million over four years to improve Early Childhood Intervention Services and cut waiting lists.

#### **Recommendation**

Consider incentives, including increasing the rate of Child Care Benefit, for services that provide places to children who are Indigenous, recently arrived refugees, have a disability or are in the protection of a State or Territory Child Protection Service.

Accessing ECEC is a serious challenge for families in some locations. The *Report of the Childcare Taskforce* in 2006<sup>33</sup> identified unmet demand for long day care as reported by Local Government areas:

Location	
Inner City Melbourne	11,561
Outer metropolitan Melbourne	1,274
Regional Centres	168
Rural Victoria	1,299
<b>Total</b>	<b>14,302</b>

Planning is critical to actively support market responsiveness in service shortage areas. The market should be efficient in responding quickly to parental need. Planning for Child Care services is vital to ensuring there is enough supply to allow families to have adequate choice in which Child Care service best meets their needs and the needs of their child.

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<sup>33</sup> Victorian Department of Human Services (2006) *Report of the Child Care Taskforce*, Melbourne

Licensing information has indicated that in the growth corridors of Victoria new child care services have been provided largely by the private sector. The recent ABC Learning collapse has highlighted that there have around 40 per cent of ABC Learning services in Victoria operating with vacancies and in some cases occupancy rates have been at less than 60 per cent.

It is understood that some of the issues in terms of waiting lists, particularly in areas where there are other centres with vacancies, relates to parents wishing to access community based child care services or other child care services of their choice.

Victoria further supports consideration on how to increase the range of flexible options in parts of Victoria where access is limited. In acknowledging incentives already provided by the Commonwealth to promote the provision of care in rural and remote areas, Victoria supports further consideration of options to improve access to quality Child Care for families in rural and remote areas.

Governments have a role to intervene in a mixed market to ensure that service shortages, that arise naturally pursuant to market forces, are addressed. The collapse of ABC Learning provides an opportunity for governments to assess where service gaps exist, and implement effective policy settings to provide incentives for providers, and potential providers, to address those gaps.

The Commonwealth Government already provides ‘Set-Up Assistance’ to eligible providers in order to improve access to Child Care in areas of need as determined by the Department of Families, Community Services and Indigenous Affairs (FaCSIA).<sup>34</sup> Capital funding is made available to upgrade existing Long Day Care infrastructure pursuant to a number of conditions, to meet the needs of the community.<sup>35</sup>

However, there continue to be areas of high unmet demand in Child Care. A typical barrier for providers to meet this demand is the high capital costs associated with establishing a service in the area. This is particularly the case in inner-city areas where property costs are high and green-field sites are almost non-existent. As such, consideration should be given to options that provide incentives to address gaps in service, for example Commonwealth Government capital expenditure incentives. These should be linked to increased service co-location and integration.

For example, the Victorian Government in 2007-08 invested \$20 million over four years for grants towards 40 new children’s centres which bring together a range of children’s services, including ECEC, at a single site. This builds on the 55 children’s centres already operating or under construction. In addition, local governments in Victoria continue to make substantial investments in children’s services infrastructure projects.

In the first instance, the Commonwealth Government should invest beyond the first 38 centres toward its election commitment to build 260 new long day care centres on school, TAFE, University and community sites. These centres should be located where there are demonstrated shortages of places for children.

#### **Recommendation**

The Commonwealth Government should provide greater capital support in areas of high unmet demand for ECEC and ensure new services effectively integrate ECEC.

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<sup>34</sup> Department of Families, Community Services and Indigenous Affairs (2007) *Child Care Service Handbook: Policy and Funding 2007-2008*, p.23

<sup>35</sup> Department of Families, Community Services and Indigenous Affairs (2007) *Child Care Service Handbook: Policy and Funding 2007-2008*, p.23

## 2.6 Government Intervention in the Mixed Market – Quality

Quality ECEC environments foster children's development, enabling them to develop social, cognitive and early language skills that promote school readiness and that are necessary for achievement and success through the life cycle.<sup>36</sup> In economic terms, accumulated individual benefits translate to enhanced human capital capable of supporting a strong and growing economy.

Some commentators have warned that allowing Child Care provision to operate largely according to market forces can work to compromise high quality early childhood education and care.<sup>37</sup> The argument is that, because competing products in Child Care are not always readily available; that parents are not knowledgeable about the quality of the service they are accessing (given it is very difficult for parents to make an accurate assessment<sup>38</sup>); and an overall shortage of services,<sup>39</sup> 'consumer choice' or demand does not have the power to drive quality and affordability in the sector.

It is therefore important for Government to implement the appropriate settings to support the market through incentives or mandate quality standards. Governments need to set policies geared towards the enhancement and monitoring of service quality.<sup>40</sup> As outlined in Section 2 of this submission, the Victorian Government has undertaken to regulate for quality standards, including child: staff ratios and minimum level qualifications.

A Quality Framework to ensure nationally consistent quality standards in the delivery of ECEC is currently being developed through COAG. The Victorian Government is committed to working with other states and territories and the Commonwealth Government to develop a framework that will deliver the best outcomes for children.

More can be done to empower parents to be able to identify quality in a market characterised by significant information asymmetry between purchaser and provider. The Quality Framework should support this goal.

There may be an enhanced role for supply side subsidies in driving up quality and ensuring sustainability in the sector. Government has a role in providing strategic support to a variety of players to ensure a balanced mixed market, and ensuring parents have access to information, so that consumer demand can help drive quality and enable parents to benefit from a diversity of real choice in Child Care.<sup>41</sup>

### **Recommendation**

Recognise the COAG national agenda for early childhood development and discussions regarding quality improvements. Discussions on future ECEC planning should continue, initially through COAG national quality framework forums.

<sup>36</sup> Rush, E. (2006) *Child Care Quality in Australia*, The Australia Institute, p.7; and Elliott, A. (2006) *Early Childhood Education: Pathways to Quality and Equity for all Children*, Australian Council for Educational Research, pp.27-32

<sup>37</sup> Brennan, D. (2008) *Child Care: Families That Work*, Australian Policy Online pp. 7-8 found at [http://www.apo.org.au/webboard/print-version.shtml?filename\\_num=200391](http://www.apo.org.au/webboard/print-version.shtml?filename_num=200391)

<sup>38</sup> Canadian economist Gordon Cleveland, cited by Brennan, D. (2008) *Child Care: Families That Work*, Australian Policy Online p. 8 found at [http://www.apo.org.au/webboard/print-version.shtml?filename\\_num=200391](http://www.apo.org.au/webboard/print-version.shtml?filename_num=200391)

<sup>39</sup> Brennan, D. (2008) *Child Care: Families That Work*, Australian Policy Online p. 8 found at [http://www.apo.org.au/webboard/print-version.shtml?filename\\_num=200391](http://www.apo.org.au/webboard/print-version.shtml?filename_num=200391)

<sup>40</sup> Brennan, D., Blaxland, M., and Tannous, K. (2008) *A Strategic Assessment of the Children's Services Industry*, A paper prepared for the Children's Services Subcommittee of the Community Services and Disability Services Ministerial Advisory Council, Social Policy Research Centre, p. iv

<sup>41</sup> UK Government (2004) *Choice for Parents, the Best Start for Children: a Ten Year Strategy for Child Care*, p. 25

## 2.7 Government Intervention in the Mixed Market – Parental Choice

It is also important for governments to acknowledge the importance of empowering families with genuine choice in relation to ECEC options. Parents need to be able to make the choices they believe are in the best interests of their families, confident in the knowledge that they will have access to the support they need.<sup>42</sup> As opposed to a ‘trade-off’ between career and family, it is about ensuring that parents have real choices between legitimate and attractive alternatives.<sup>43</sup> That is, alternatives that respond to individual circumstances and support the best interests of the child at different times in their lives.

Families should be in control of the choices they make in balancing work and family life therefore Child Care reform should also be focused on offering families more control in relation to finding an effective balance between work and family life. As discussed above, parents need to be empowered with accurate and reliable information in order to make an informed choice in relation to Child Care.

### **Recommendation**

Strengthen the capacity of parents to make decisions about the appropriate services for their child through improved information and include additional supports where necessary.

## 2.8 Conclusion

Undoubtedly the ABC Learning collapse has led to significant consequences in Victoria, particularly, in terms of the disruption caused to families in the provision of care. The collapse also provides a further impetus for the Commonwealth Government to re-visit the policy settings associated with Child Care. The policy premise for government funding should achieve quality care that responds to children’s needs and supports their optimal development and ensures affordability and accessibility for parents.

To support these policy objectives, governments need to promote the provision of Child Care that is not only accessible and affordable but also of a quality standard that adequately supports disadvantaged or vulnerable families.

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<sup>42</sup> UK Government (2004) *Choice for Parents, the Best Start for Children: a Ten Year Strategy for Child Care*, p15

<sup>43</sup> UK Government (2004) *Choice for Parents, the Best Start for Children: a Ten Year Strategy for Child Care*, p, 15

### 3 - Term of Reference b) Alternative options and models for the provision of Child Care

The Victorian Government welcomes the opportunity that this Inquiry provides for governments and key stakeholders to consider alternative options and models for the provision of Child Care.

It is Victoria's position that, in response to the evidence and international and national expert recommendations<sup>44</sup>, the focus of government effort should be on options and models that more effectively integrate early childhood education and care.

Victoria recognises the benefits of a comprehensive integrated service system that is able to support children to get the best start to life and minimise the factors known to put children and families at immediate and later risk.<sup>45</sup> Supporting all children and families requires government effort to provide integrated, high quality services and this is particularly the case for more vulnerable children with complex needs that cannot be addressed by individual services on their own.

Child Care services need to become part of a comprehensive integrated set of services that are able to address the needs of Australian families.<sup>46</sup> Integrated service provision begins with those services that support all children and families, such as parenting services, Maternal and Child Health Services, playgroups, Child Care, kindergartens and schools. But these services must also be connected to more targeted and intensive services that support more vulnerable children and families. Integrated services link services for children, share information and support multidisciplinary working with the child and family as the central focus.

Victoria is taking steps toward a cohesive approach to services from birth to eight years of age, bringing them together in a more coordinated system for families. In particular, Victoria recognises that in calling for a systemic and integrated approach to early childhood services, the OECD advocates for a strong and equal partnership with the compulsory years education system.<sup>47</sup> In particular, attention should be given to transition challenges faced by young children as they enter school. Connections to more targeted services, such as those for children with additional needs, are also critical.

As outlined in the introductory section of this submission, a key area for action within an integration agenda in Victoria is bringing together Kindergarten and Child Care services into a single concept of ECEC. There must also be clear efforts to support services to move to a more integrated offering for families, such as through the co-location of services at a single site where appropriate.

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<sup>44</sup> See for example: Organisation for Economic Co-operation and Development (2001) *Starting Strong: Early Childhood Education and Care*. Paris: OECD; Elliott, A. (2006) *Early Childhood Education: Pathways to Quality and Equity for all Children*, Australian Council for Educational Research; Haddad, L. (2002) *An Integrated Approach to Early Childhood Education and Care*, Early Childhood and Family Policy Series no.3, United Nations Educational, Scientific and Cultural Organisation (UNESCO).

<sup>45</sup> Victorian Department of Education and Early Childhood Development (2008) *Blueprint for Education and Early Childhood Development*, <http://www.education.vic.gov.au/blueprint>

<sup>46</sup> Centre for Community Child Health. (2007) *Early years care and education; Policy Brief No 8*. Melbourne, VIC: Centre for Community Child Health.

<sup>47</sup> Organisation for Economic Co-operation and Development (2001) *Starting Strong: Early Childhood Education and Care*. Paris: OECD

### 3.1 Greater flexibility to deliver integrated ECEC that meets the needs of children and families

The separate histories and traditions of early childhood ‘care’ and ‘education’ programs have evolved as successive governments responded to the needs of the population. Kindergartens or early education are seen as an extension of constitutional state responsibilities to provide education, while Child Care provision accelerated to support women’s workforce participation<sup>48</sup>.

In Victoria this evolution has resulted in a substantial kindergarten sector that is largely separated from Child Care provision. At present, approximately 85 per cent of children attend a Victorian funded kindergarten in a stand-alone setting.

What this means in practice, is that parents considering care and education for their children need to consider separate and distinctive entities focused either on the provision of Child Care or Kindergarten<sup>49</sup>. However, needing to choose between care on one hand and education on the other is a distinction that reflects service evolution rather than the needs of parents and children.

The distinction between care and education is misleading – children are learning constantly, regardless of the setting.<sup>50</sup> That is, it is not the setting that influences children’s outcomes, but the quality of the care and education they experience. High quality environments are related to positive developmental outcomes, poor quality environments are related to adverse outcomes and pose a risk to children’s development. The OECD highlights the success of the Nordic system of children’s services which “take a holistic approach to children, closely integrating care with education and working to ensure that children enjoy a smooth transition to primary school”.<sup>51</sup> Further, where families can access only part-time early education but not care, this is a barrier to workforce participation.

Action is required to ensure access to a quality, integrated ECEC experience for children and families. The question for governments, as identified by Centre for Community Child Health, is:

“What can be done to ensure that all children and families have the opportunity to access high quality care and education in order to achieve best outcomes for all children and meet the contemporary and diverse needs of families?”<sup>52</sup>

There are two main focuses for this work:

1. Supporting access to quality early learning opportunities while participating in Child Care.
2. Supporting access to quality care in conjunction with stand-alone Kindergarten.

Victoria promotes the delivery of early education in Child Care by funding quality Kindergarten programs regardless of whether the setting is a school, stand-alone Kindergarten or long day care centre. Victoria is also now moving to make the provision of early education in long day Child Care available more broadly through the proposed regulations to require a teacher in each long day care centre.

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<sup>48</sup> Elliott, A. (2006) *Early Childhood Education: Pathways to Quality and Equity for all Children*, Australian Council for Educational Research

<sup>49</sup> Centre for Community Child Health (2007) *Early years care and education; Policy Brief No 8*. Melbourne, VIC: Centre for Community Child Health.

<sup>50</sup> Siraj-Blatchford (2007), *cited in* Centre for Community Child Health. (2007) *Early years care and education; Policy Brief No 8*. Melbourne, VIC: Centre for Community Child Health.

<sup>51</sup> Organisation for Economic Co-operation and Development. (2007) *Policy Brief: Lifelong Learning and Human Capital*. France: OECD. <http://www.oecd.org/dataoecd/43/50/38982210.pdf>

<sup>52</sup> Centre for Community Child Health (2007) *Early years care and education; Policy Brief No 8*. Melbourne, VIC: Centre for Community Child Health

The evidence for this reform is based in the UK Effective Provision of Pre-School Education longitudinal study involving an array of children's services, demonstrates children from all socio-economic groups can benefit from high quality children's services.<sup>53</sup> In particular, high quality services are supported by programs led by staff with early childhood teaching qualifications and reinforced by early childhood centre managers' qualifications.

The fact remains however, that many children and families cannot access quality care in conjunction with stand-alone kindergarten. While this is a deliberate choice for some Kindergartens, for many the key barrier to an integrated ECEC offering is the restrictions on different Child Care types.

In brief, there is a need for greater flexibility in the restrictions of the Child Care Benefit applying on two core fronts:

- i. Make the Long Day Care Child Care Benefit approved rate available in a Kindergarten context which does not operate 48 weeks a year and 8 hours per day.
- ii. Make the short hours provision of occasional care and outside of school hours care services more broadly available in supporting wrap around Child Care for Kindergarten services.

Without such assistance, the ability to access quality care in conjunction with stand-alone kindergarten will remain unviable for services and out of reach for families. Supporting an increased utilisation of services will relieve pressure on demand for other services and provide greater access to Child Care services in many areas. This reform has particular importance for services in rural and remote areas where access and service provision is often limited already. It will also have inevitable negative consequences, especially for the most vulnerable and disadvantaged communities.<sup>54</sup> Segregation of the provision of care and education into service 'types' has short and long term consequences for children, families and the economy at large.<sup>55</sup>

#### **Recommendation**

Undertake structural reform to the Child Care Benefit scheme to enable service integration, including:

- further support short hours occasional care and outside school hours care services to qualify for the Child Care Benefit subsidy in offering wrap around Child Care for kindergarten services; and
- allow kindergarten services to provide long day Child Care flexibly and qualify for the Child Care Benefit subsidy, especially in rural and remote areas.

### **3.2 Government action toward integrated children's services**

Moving to address the education and care divide, and delivering on a broader agenda to integrate children's services will require a collaborative effort between governments and working with families and service providers.

<sup>53</sup> Sammons P., Sylva K., Melhuish E., Siraj-Blatchford I.; Taggart B., & Hunt S. (2008) *The Effective Pre-School and Primary Education 3-11 Project (EPPE 3-11): Influences on Children's Attainment and Progress in Key Stage 2: Cognitive Outcomes in Year 6*; DCSF/Institute of Education, University of London.

<sup>54</sup> Elliott, A. (2006) *Early Childhood Education: Pathways to Quality and Equity for all Children*, Australian Council for Educational Research

<sup>55</sup> McCain, M., & Mustard, F. (1999) *Reversing the real brain-drain. The early years study. Final Report*, Toronto, Canada: Ontario's Children's Secretariat

A key national starting point occurred in 2006 with COAG acknowledging the critical importance of developing “high quality and integrated early childhood education and care services” to equip children with the “basic skills for life and learning”. The establishment of the *National Partnership on Early Childhood Education* provides a starting point to adopt a systematic, strategic approach to comprehensive, integrated, quality early childhood education and care services for all children.

In March 2008<sup>56</sup> COAG endorsed a comprehensive set of aspirations, outcomes, progress measures and future policy directions in the key areas of early childhood. Furthermore, COAG agreed in November 2008 to a National Partnership to achieving universal access to quality early childhood education for all children in the year before school by 2013. This represents an investment of \$970 million over five years.<sup>57</sup>

As various reports have argued, there is a need for a national vision and movement toward national agreement on the reform path forward.<sup>58 59 60</sup> Such an agreed vision would also represent a further achievement to improve Australia’s standing on key international reporting, such as the recent United Nations Children’s Fund (UNICEF) report on *The Child Care Transition: A League Table of Early Childhood Education and Care in Economically Advanced Countries*.<sup>61</sup> This report identifies a national plan for early childhood services with priority for disadvantaged children as one of ten key benchmarks for economically advanced nations.

COAG represents the ideal forum through which to pursue reform, including a comprehensive plan of work considering regulatory and funding roles, as well as supporting infrastructure and workforce development to make a national vision a reality.

### 3.3 Conclusion

Separating the different services that support children’s development, and specifically care and education, in the early years fails to acknowledge the evidence on supporting child development and misses the opportunity to better meet the workforce participation choices of parents. Greater flexibility in Child Care policy and funding is required if governments are to support parents in making choices for their children. The lack of accessible high quality care and education services has long term consequences for children and Australia - developmentally, socially and economically – and it is disadvantaged, marginalised and remote families who are most affected.

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<sup>56</sup> Council of Australian Governments (2008), 26 March 2008 Communiqué, Council of Australian Governments’ Meeting, <http://www.coag.gov.au/meetings/260308/index.htm>

<sup>57</sup> Ibid

<sup>58</sup> Organisation for Economic Co-operation and Development. (2007) *Policy Brief: Lifelong Learning and Human Capital*. France: OECD. <http://www.oecd.org/dataoecd/43/50/38982210.pdf>

<sup>59</sup> Elliott, A. (2006) *Early Childhood Education: Pathways to Quality and Equity for all Children*, Australian Council for Educational Research

<sup>60</sup> Australian Chamber of Commerce and Industry (2007) Early childhood, preschool and Primary school education. In ACCI, *Skills for a National: A Blueprint for improving education and training 2007-2017*. Australia: Leading Australian Business

<sup>61</sup> UNICEF (2008) *The Child Care Transition, Innocenti Report Card 8*, Innocenti Research Centre, United Nations Children’s Fund, Florence, Italy, p. 2

## 4 - Term of Reference c) The role of governments at all levels

Governments at all levels currently play a role in the provision of ECEC services. Within Australia's federal structure, governments have delivered a range of children's services and innovations that respond to the needs of the population. A mix of community, not-for-profit and independent service providers has largely served Australia well. While Australia's federal structure has delivered benefits, it has also resulted in variability between regulatory, quality and funding arrangements across jurisdictions.<sup>62</sup>

In the following sections, the Victorian Government proposes an approach designed to ensure that governments, in carrying out their respective responsibilities in relation to the provision of ECEC services, work together to provide greater national consistency and realign funding streams to promote the integration of care and education as well as support a balanced mixed market that offers parents greater choice in ECEC services. This activity must maintain the benefits of Australia's diversity while pursuing a consistent agenda for children and families.

### 4.1 Funding for community, not-for-profit and independent service providers

Commonwealth, state, territory and local governments all play significant roles in funding ECEC services. Of particular note in Victoria is the strong involvement of local governments, with 85 per cent providing family day care services, 72 per cent providing long day care and 91 per cent of all councils owning kindergarten infrastructure.<sup>63</sup> As such, local government engagement is a core element of the delivery of ECEC services in Victoria. The jurisdictional flexibility that this affords means that services can more effectively respond to the unique needs of their community, in the best interests of children and their families.

As outlined in Section 1, Victorian Government funding in ECEC is substantial, and has increased significantly in recent years. There is a strong focus on educational and development opportunities for children, with significant investment in kindergarten.<sup>64</sup> To ensure that kindergarten fees are not prohibitive to parents, the Victorian Government has lifted the kindergarten subsidy for Health Care Card Holders, effectively making kindergarten free for children of low income families.

In an effort to achieve greater integration of education and care, Victoria will continue to work to assist long day care centres to provide funded kindergarten programs. Private operators, local councils, community organisations, employers or non-profit organisations may run these services.

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<sup>62</sup> Elliott, A. (2006) *Early Childhood Education: Pathways to Quality and Equity for all Children*, Australian Council for Educational Research, p. 10

<sup>63</sup> Reference to a study undertaken by the Municipal Association of Victoria (MAV) in the MAV submission to the development of the *Blueprint for Education and Early Childhood Development*  
[http://www.mav.asn.au/CA256C320013CB4B/Lookup/blueprints submission08/\\$file/MAV%20Submission%20on%20Blueprint%20Reforms%20May%202008.pdf](http://www.mav.asn.au/CA256C320013CB4B/Lookup/blueprints submission08/$file/MAV%20Submission%20on%20Blueprint%20Reforms%20May%202008.pdf)

<sup>64</sup> Productivity Commission 2006, p.14.4, cited in Elliott, A. *Early Childhood Education: Pathways to Quality and Equity for all Children*, Australian Council for Educational Research, 2006, p. 10

Commonwealth government funding is predominately demand-side funding directed primarily to care for children 0-12 whose parents are in paid employment or are enrolled in study or training programs.<sup>65</sup> As mentioned earlier in this submission, the Commonwealth Government subsidises approved Child Care primarily through the Child Care Benefit and the Child Care Tax Rebate. This Inquiry presents an opportunity to explore other Commonwealth Government funding options, including capital funding that can work to strengthen the diversity in the mixed market.

Australian governments need to support a well-balanced, mixed market achieving a consistent standard of quality, while ensuring accessible and affordable ECEC.<sup>66</sup>

### **Recommendation**

Child Care to continue to be funded on a mixed market basis, with particular attention paid to achieving a consistent standard of quality, while ensuring accessible and affordable ECEC.

## **4.2 Consistent regulatory frameworks for Child Care across the country**

Licensing, regulation and accreditation arrangements for ECEC differ across jurisdictions. The current arrangements can be improved to support consistent quality of ECEC for all Australian children and service providers.

State and Territory Governments maintain responsibility for setting and monitoring minimum quality standards, most often through the licensing and regulation of prescribed ECEC services. Whilst regulations tend to address known structural determinants of quality ECEC, including staff qualifications, staff-child ratios, physical environment, and health and safety requirements, there are different approaches across jurisdictions in some of these areas.

State and Territory Governments are also responsible for ensuring the quality of most kindergarten programs. In Victoria, kindergarten is subject to the same licensing and regulatory provisions as other forms of ECEC. However in some other states, kindergartens and Child Care are subject to different regulatory system.<sup>67</sup>

The Commonwealth Government is responsible for quality accreditation of Child Care through the National Child Care Accreditation Council (NCAC). This accreditation covers the ‘quality’ of the service, with the aim of ensuring children have stimulating, positive experiences and interactions that nurture all aspects of their development. However, commentators have identified concerns on several fronts about the ability of the NCAC to fulfil its goals.<sup>68</sup>

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<sup>65</sup> Elliott, A. (2006) *Early Childhood Education: Pathways to Quality and Equity for all Children*, Australian Council for Educational Research, p. 10

<sup>66</sup> Brennan, D., Blaxland, M., and Tannous, K. (2008) *A Strategic Assessment of the Children’s Services Industry*, A paper prepared for the Children’s Services Subcommittee of the Community Services and Disability Services Ministerial Advisory Council, Social Policy Research Centre, p. 35

<sup>67</sup> Tayler C., Wills M., Hayden J. & Wilson C. (2006) ‘A review of the approach to setting national standards and assuring the quality of care in Australian Child Care services’, A project commissioned by the Children’s Services Sub-Committee of the Community Services Ministers’ Advisory Council., p. 24.

<sup>68</sup> Tayler C., Wills M., Hayden J. & Wilson C. (2006) ‘A review of the approach to setting national standards and assuring the quality of care in Australian Child Care services’, A project commissioned by the Children’s Services Sub-Committee of the Community Services Ministers’ Advisory Council., p. 110

The Allen Consulting Group identified three key reasons to develop a new regulatory model for ECEC in Australia.<sup>69</sup>

- *to help address problems of market failure* — it can be difficult for parents to obtain and assess information about the quality of care provided to their children, and some families have limited or no choice of provider and experience difficulty accessing ECEC that meets their needs;
- *to help achieve State, Territory and Commonwealth Government policy objectives* — such as the delivery of integrated ECEC services; and
- *to improve the effectiveness of the regulation of ECEC*, ensuring it complies with principles of good regulation, avoiding the overlaps, gaps and inconsistencies that exist in current arrangements.

The Allen Consulting Group found that a regulatory framework that supports high quality ECEC provision should:<sup>70</sup>

- address the *six aspects of quality* identified by the OECD: structural quality; educational concept and practice; interaction and process quality; operational quality; performance standards; and parent/community outreach and involvement;
- effectively *enforce* quality requirements, with a graduated hierarchy of sanctions in response to non-cooperation and non-compliance;
- provide for the *collection of information* on the quality of individual ECEC services, which would be readily available to parents and the community;
- take account of the relationship between the quality of ECEC services and the accessibility and affordability of those services; and
- support *effective market development* to ensure an adequate supply of ECEC services.

Victoria considers that a central aim of any new regulatory framework should be to ensure families can expect a consistent level of quality, integrated education and care across ECEC settings. National consistency will benefit families and ECEC staff who move interstate, and providers that operate across states.

Australia's ECEC industry is comprised of many entities with differing organisational purpose, capacity, location and ownership. Regulatory arrangements need to effectively guide and influence the behaviour of all providers of ECEC. A mix of prescriptive, performance-based and process regulation can be used for the different aspects of quality, with the overall objective of eliminating poor quality service delivery and promoting higher quality services.

### **Recommendation**

Continue discussions between the Commonwealth, State and Territory governments regarding nationally consistent regulation of ECEC, with the aim of ensuring quality education and care is provided to all children in ECEC settings.

<sup>69</sup> The Allen Consulting Group (2007) *Quality Time: Regulating for quality in early childhood education and care in Victoria*, Report to the Victorian Department of Premier and Cabinet and the Department of Human Services, p. 51.

<sup>70</sup> Ibid, p. 57.

Victoria supports the development of a regulatory approach that promotes the delivery of services that exceed minimum regulatory standards, whilst maintaining the jurisdictional flexibility to respond to local needs and requirements. This could be based on the integrated compliance and strengths-based regulatory model put forward by Braithwaite et al.<sup>71</sup> The Braithwaite model aims to promote better quality services by rewarding and building on recognised strengths. The intention is to avoid undue focus on achieving a minimum standard, and to instead ‘maximise quality by pulling standards up through a ceiling’.<sup>72</sup>

Initially, discussions regarding nationally consistent regulation should continue at COAG national quality framework forums. The National Quality Framework being developed through COAG will set out integrated quality standards for the provision of ECEC across settings. The national quality standards will play an important role in shaping a nationally consistent approach to licensing, accreditation and regulation. The potential exists for the standards to bring together current state-based licensing and national accreditation processes under an integrated set of national standards, covering the whole scope of ECEC operations.

Due to the diversity of State and Territory approaches and population needs, and the workforce pressures already existing in the sector, a nationally consistent regulatory approach will take some time to accomplish.

#### **Recommendation**

Continue discussions between the Commonwealth, State and Territory governments regarding incentive and recognition schemes to promote service provision above minimum standards. Initially these discussions should continue through COAG national quality framework forums.

### **4.3 Licensing requirements to operate Child Care centres**

States and Territories in Australia are responsible for licensing Child Care services. The purpose of licensing is to ensure a minimum standard of quality and safety is met for all children in the service. This includes assessing the operator’s fitness and propriety to operate a Child Care service. In Victoria, it also includes monitoring and assessing a service’s compliance with the State’s *Children’s Services Regulations*.

In Victoria, the number of inspections of children's services for 2007-08 year was over 4,000. In addition, Victoria influences service compliance through strategies such as meeting with management to address compliance issues and strengthening the provision of advice, information and support to services and their staff where there are serious or ongoing compliance issues.

In ensuring continuing consistency in supporting service providers, Victoria supports States and Territories in the first instance maintaining their role in licensing and regulating the operation of ECEC services.

#### **Recommendation**

Maintain States’ and Territories’ role in licensing and regulating the operation of ECEC services.

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<sup>71</sup> Braithwaite, J., Makkai, T. and Braithwaite, V. (2007) *Regulating Aged Care: Ritualism and the New Pyramid*. Cheltenham: Edward Elgar Publishing Limited.

<sup>72</sup> Ibid

#### 4.4 Nationally-consistent training and qualification requirements for Child Care workers

As identified in the *Blueprint*, the Victorian Government will develop an early childhood workforce strategy to focus on improved professionalism and sustainable capacity across early childhood services. This will be aligned with work at the national level currently being progressed through COAG.

Victoria recognises the potential benefit of national consistency in training and qualification requirements for ECEC workers where this is not at a lower standard than currently operates in Victoria. Improving national consistency of early childhood teacher registration standards could improve the portability of qualifications between the Child Care and education sectors, making ECEC a more attractive career option for early childhood teachers. Nationally consistent requirements would also make it easier for ECEC staff to move and work interstate.

##### **Recommendation**

Continue discussions between the Commonwealth, State and Territory governments regarding nationally-consistent training qualification requirements for ECEC staff. Initially these discussions should continue through COAG early years workforce forums.

#### 4.5 The collection, evaluation and publishing of reliable, up-to-date data on casual and permanent Child Care vacancies

Individual Child Care services use waiting lists to manage unmet demand for Child Care in their service. However, currently there is limited up-to-date information relating to supply and capacity at a local or state-wide level.<sup>73</sup> This means that local governments and other providers are forced to plan the operation of services in the absence of a clear picture of current or projected supply or demand.

Improved collection and publication of data would support families' understanding of what Child Care options are available. Collecting and publishing data will also assist families to make informed decisions about the most appropriate Child Care for their children. It will enable families to take a range of factors into account – location, availability and type of service offered simply and quickly.

Collecting, evaluating and publishing data will also improve planning at Commonwealth, State and local government levels in order to effectively streamline placements in Child Care. The sub-optimal levels of collection, evaluation and publication data on casual and permanent Child Care vacancies has, according to some commentators, compromised the investment decisions of governments so that Child Care has expanded rapidly in areas with little reference to pre-existing supply and the ability for new services to provide quality experiences for children.<sup>74</sup> This is particularly important in the context of growth corridors, rural and regional locations and the collapse of ABC Learning.

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<sup>73</sup> Brennan, D., Blaxland, M., and Tannous, K. (2008) *A Strategic Assessment of the Children's Services Industry*, A paper prepared for the Children's Services Subcommittee of the Community Services and Disability Services Ministerial Advisory Council, Social Policy Research Centre

<sup>74</sup> Press, F. (2006) *What about the kids?: Policy directions for improving the experiences of infants and young children in a changing world*. NSW Commission for Children & Young People, the Queensland Commission for Children and Young People and Child Guardian, and the National Investment for the Early Years (NIFTeY).

Planning is critical to actively support market responsiveness in service shortage areas. While the lack of available data makes such planning difficult, there is evidence from the *Report of the Childcare Taskforce* in 2006<sup>75</sup> (discussed in Section 2.5) and continuing anecdotal evidence that parents are unable to find the service they need in rural locations and inner city areas. The market should be able to be efficient in responding quickly to parental need. Planning for Child Care services is vital to ensuring there is enough supply to allow families to have adequate choice in which Child Care service best meets their needs and the needs of their child.

In Victoria, local government plays an important role in planning for early years services as they are key innovators, providers and funders of these services. Local government's plan for the services required as their local population changes. Early childhood service planning has an important focus and improved data would support this planning. Local government should continue to play this role with further data support, especially through their Municipal Early Years Plans, "so that all families can access the services they need."<sup>76</sup>

**Recommendation**

The Commonwealth Government to improve the collection, evaluation and publication of reliable, up-to-date data on casual and permanent Child Care vacancies.

**Recommendation**

Improve planning processes at all levels to support market responsiveness including:

- i. Improve joint planning with the potential to stimulate Child Care supply in areas where there is known sustained demand growth. Such planning could be extended to ensure no net reduction in Child Care places in Victoria due to the ABC Learning collapse.
- ii. Support local government planning and provision of children's services in their local area, drawing on current practice such as Municipal Early Years Plans in Victoria.

We know that early childhood education and care benefits vulnerable and disadvantaged children the most. Yet it is often these children who miss out of a Child Care place. This can be due to high rates of mobility amongst particular groups, uncertainty about the future and an associated reluctance for families to enrol their child in to a service. To ensure that the children who benefit from quality Child Care the most have access to it, Victoria also supports investigating mechanisms to use data to ensure that disadvantaged and vulnerable children receive priority access to Child Care.

**Recommendation**

Investigate mechanisms to use Child Care data to ensure priority access to children's services for children in disadvantaged and vulnerable circumstances

Victoria is also working collaboratively with other States, Territories and the Commonwealth Government through COAG to develop an improved approach for data sharing. Victoria supports the development of broader Child Care data, such as participation and workforce data to state and local governments to support planning work.

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<sup>75</sup> Victorian Department of Human Services (2006) *Report of the Child Care Taskforce*, Melbourne

<sup>76</sup> Council of Australian Governments' National Reform Agenda (2007) *Victoria's Plan to Improve Outcomes in Early Childhood*; Melbourne, VIC: Department of Premier and Cabinet

Further to this, the publishing of all forms of data relating to the provision of Child Care services in Australia afford parents accurate information about the quality of the services that are available to them enabling them to make informed choices about the provision of care to their child. Importantly, this will enhance their consumer power to influence quality and affordability as discussed in Section 2 of this submission.

**Recommendation**

Support the development of a consistent data and evidence base that supports planning at the local, state and commonwealth level, and includes participation and workforce data.

## **5 - Term of Reference d) The feasibility for establishing a national authority to oversee the Child Care industry in Australia**

Section 4 above outlined the system of regulation and accreditation in the Child Care industry in Australia. It noted that state and territory-based regulation and licensing ensures a minimum standard of safety and quality for children in Child Care is met; and that the National Child Care Accreditation Council (NCAC) encourages the enhancement of quality through its quality improvement and assurance system. The two layers of regulation and accreditation can mean there are sometimes inconsistent quality requirements at the state and national level, inconsistency between states and territories, and inconsistency between quality requirements in Child Care and educational settings.

In 2007, the Allen Consulting Group recommended the establishment of a new national authority with responsibility for the quality and regulatory framework for ECEC as part of a nationally integrated approach to Child Care and kindergarten.<sup>77</sup> The proposed authority would recommend national standards for ECEC, develop an enforcement framework and guidelines for implementation, collect and publish information for parents and the broader community, and promote best practice and innovation. The authority would be a joint initiative of the Commonwealth and State and Territory Governments and help to overcome the inconsistencies between State, Territory and National quality requirements and those required of care compared to educational settings.

We know that regulation which is flexible and responsive to local needs is a key success factor in generating a successful program and child and family outcomes.<sup>78</sup> This is why the Allen Consulting Group proposed model would have States and Territories responsible for enforcing an integrated set of regulatory requirements within the national framework and guidelines. States and Territories would then provide data about enforcement to the national authority.

As a first step towards a more integrated, national approach, there are potential benefits from States and Territories working with the NCAC to streamline current arrangements. The Victorian, South Australian and Commonwealth governments, along with the NCAC, are currently developing a trial in which joint assessments of services will be conducted for State regulatory and Commonwealth accreditation purposes. This trial will examine ways for NCAC and State Regulators to more effectively share information and work together to address issues in poor performing services.

In the longer term, a potential new national authority could succeed the NCAC. Under an integrated, nationally consistent regulatory approach, the States and Territories could adopt the NCAC's quality assurance functions alongside their existing licensing and regulatory responsibilities, acting under the oversight and direction of the national authority. This would help ensure that families can access education and care that is both responsive to local needs and of a consistent quality across all ECEC settings.

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<sup>77</sup> The Allen Consulting Group (2007) *Quality Time: Regulating for quality in early childhood education and care in Victoria*, Report to the Victorian Department of Premier and Cabinet and the Department of Human Services, p. 70.

<sup>78</sup> Tayler C., Wills M., Hayden J. & Wilson C. (2006) 'A review of the approach to setting national standards and assuring the quality of care in Australian Child Care services', A project commissioned by the Children's Services Sub-Committee of the Community Services Ministers' Advisory Council., p. 61.

Any new national authority should report to a relevant council of Ministers, and its governance arrangements should include State and Territory representation.

It should be noted that the establishment of a national authority should be in the context of minimising the number of bodies responsible for regulating the industry, as opposed to adding another layer.

**Recommendation**

Continue discussions between the Commonwealth, State and Territory governments regarding a national body to oversee the ECEC industry. Initially these discussions should continue through COAG national quality framework forums.

## 6 - Term of Reference e) Other related matters

### 6.1 A Partnership between Parents, Services and Government

Meaningful and comprehensive policy in early childhood development demands a consideration of the integral role that parents play in the early years of their children's lives in influencing their life outcomes. As the first and most enduring educators of children, parents play a crucial role in child development.<sup>79</sup> A positive family learning environment can promote social and intellectual development in children, regardless of socio-economic status, parental education or place of residence.<sup>80</sup> Improving health and developmental outcomes in early childhood requires support for parents to create stimulating and responsive family environments to ensure that each child develops the skills needed for life and learning.<sup>81</sup>

Improving outcomes for children is a joint responsibility of parents, carers and government. Whilst parents have primary responsibility of ensuring a quality home environment in the early years, the role of governments and carers is to provide a comprehensive service system that responds effectively to the needs of parents and contributes to building stronger families.

In this sense, ensuring the best outcomes for children is about establishing and maintaining strong partnerships between governments at all levels, carers and parents that is centred on the child. Critical to this relationship is effective communication about the child's specific needs and progress,<sup>82</sup> and the ability to work together to provide a seamless and high quality package of ECEC for the child.

Finland is one of the leading OECD countries in the provision of early childhood education and care, and according to the OECD's *Programme for International Student Assessment (PISA)*, Finland leads other OECD countries in mathematics, science, reading and problem solving results for 15 year olds. The Finnish ECEC system makes explicit the need to prioritise parental engagement in its *National Curriculum Guidelines on Early Childhood Education and Care in Finland*. The ECEC partnership is built on the child's needs, combining the knowledge and experience of parents and ECEC staff, and highlighting the importance of in-home learning.<sup>83</sup>

According to the Centre for Community Child Health at the Royal Children's Hospital in Melbourne, partnerships between ECEC services and families benefit children because there can be more continuity and consistency between their home and care environments and potential or actual problems and concerns can be identified sooner – making it more likely that meaningful and timely supports and interventions can occur.<sup>84</sup> For example, in Victoria, the enhanced Maternal and Child Health service provides intensive services for families experiencing significant early parenting difficulties. This service assists vulnerable parents in their parenting role, manage difficult and challenging infant and child behaviour, and help with referrals to other specialist service providers.

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<sup>79</sup> Alexander, T. (1997) *Family Learning: the Foundation of Effective Education, Arguments, Demos 15*, London, 1997

<sup>80</sup> Organisation of Economic Cooperation and Development, *Starting Strong II: Early Childhood Education and Care*, Paris

<sup>81</sup> Heckman, J., & Masterov, D. (2005) *The Productivity Argument for Investing In Young Children*, Working Paper 5, Invest in Kids Working Group, Committee for Economic Development, University of Chicago

<sup>82</sup> Centre for Community Child Health (2008) *Child Care and Children's Health*, A program developed by the Centre for Community Child Health at the Royal Children's Hospital in Melbourne, Vol 11, No. 4, December, 2008, p.1

<sup>83</sup> Finland Government (2004) *National Curriculum Guidelines on Early Childhood Education and Care in Finland*, p. 28

<sup>84</sup> Centre for Community Child Health (2008) *Child Care and Children's Health*, A program developed by the Centre for Community Child Health at the Royal Children's Hospital in Melbourne, Vol 11, No. 4, December, 2008, p. 2

Parents need to be more directly engaged in all decisions affecting their children, including the Child Care service they access. Establishing strong relationships early on between health, education and family services and parents will ensure the best possible outcomes for children.

**Recommendation**

Strengthen partnerships between parents, services and communities, and further support the role of parents in their child's development.

## 7 - Conclusion

The ABC Learning collapse reinforces the case for Australian governments to work together more effectively to improve outcomes for children and families. Parents have the central role in a young child's life and it is clear that services and practitioners support children to get the best start. However, governments have a responsibility to support families and practitioners by putting in place the necessary conditions for quality, accessible and affordable services. Where the needs of families are not being met, Governments should also take an active role.

In this submission, Victoria has argued that the collapse of ABC Learning and this Inquiry represent a further catalyst to re-assess the policy settings associated with the provision of Child Care and more closely align these settings with the evidence on the returns for individuals and society through early years investment. Child Care should be seen as both a service that both supports learning and well being outcomes for children, and facilitates parental workforce participation.

The Victorian Government is committed to working with the Commonwealth Government through the Council of Australian Governments (COAG), local authorities and service providers to minimise the disruption caused by the ABC Learning collapse in Victoria. The Victorian Government undertakes to continue to work collaboratively.

Victoria has proposed that, in the interests of achieving the optimal outcomes for children and their parents, government effort needs to focus on bridging the 'education/care' divide, through exploring policy alternatives that support integrated models of service delivery.

Victoria argues that a well-balanced and appropriately regulated mixed market can afford parents choices between attractive and viable quality alternatives provided that care is taken to ensure that market concentration by a single or small number of service providers is avoided. Action must be designed to achieve a consistent standard of quality provision, while ensuring accessible and affordable services. Further action should be undertaken to ensure greater access for children and families in disadvantaged circumstances.

This submission also highlights the significant progress being achieved through COAG forums and that these forums should continue to be the focus for productive joint effort. This collaboration recognises that a federal system operating toward common goals and under a consistent framework provides the prospect of realising high-quality, accessible services for all Australian children and families whatever jurisdiction, setting or individual service is involved. These efforts maintain the benefits of Australia's diversity while pursuing a consistent agenda for children and families.

The Victorian Government welcomes the Senate Inquiry into Child Care Provision as an important step in early childhood reform in Australia.

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## Appendix 1

Victorian services and participation, and innovations to better meet the needs of children, families and the community.

Service Type	Description	Ages	Approx. % of children who attend
Maternal and Child Health	Infant nurses - a universal program jointly funded by local government and the Victorian Government, and delivered by local government. The Victorian Government mandates core service requirements and support offered through the program. The MCH Line provides 24 hour telephone advice. Other child health information is provided through the 'Better Health Channel'.	0-5	100 % at birth, use falls from 3-5 years
Long Day Care (LDC) centres	Child Care - care for children less than six years of age in the absence of their parents/guardians. Child Care includes long day care, occasional care and family day care. Child Care is funded by parents and the Commonwealth Government and regulated by the Victorian Government which also provides some capital grants.	Weeks old – 5 years	5 % of 0 year-olds 21 % of 1 year-olds 30 % of 2 year-olds 38 % of 3 year-olds 28 % of 4 year-olds 6 % of 5 year-olds
Family day care	Family day care - Family Day Carers provide flexible care and developmental activities in their own homes for other people's children. A Family Day Care network service receives operational support funding from the Australian Government.	Weeks old – 5 years	2 % of 0 year-olds 7 % of 1 year-olds 11 % of 2 year-olds 11 % of 3 year-olds 6 % of 4 year-olds 2 % of 5 year-olds
Kindergarten	Kindergarten - a one-year educational program (10 hours per week) in the year prior to school entry. The Commonwealth provides some funding to Indigenous kindergartens through the Indigenous Education Strategic Initiatives Program. In accordance with the commitment set out in the <i>COAG National Partnership on Early Education</i> , Victoria is currently working towards achieving universal access for all 4 year olds to 15 hours of quality kindergarten by 2013.	3-4	30 % of 3 year-olds 94 % of 4 year-olds  (81 % in sessional kindergarten, 13 % in LDC)

(Source, Victoria's Plan to Improve Outcomes in Early Childhood, 2007)

**Note:** A number of four-year-olds attend both long day care and kindergarten.

As well as the core offerings identified above, the Victorian system also offers the following services:

***Services for the broader population***

*Parenting Support Services* – a range of programs delivered by the Victorian Parenting Centre, Regional Parenting Services and Parentline. Services include research and resource development, and the provision of parent information, counselling and education. Parenting Services also provide information on parenting to professionals who work with children.

*Children's Centres* – integrated centres that provide kindergarten programs and Child Care together with a range of services such as maternal and child health, early childhood intervention, counselling, and family and parenting services. The Victorian Government provides grants to local governments or local partnerships for setting up centres.

*Best Start* – a whole of Victorian Government project that aims to improve the health, development, learning and wellbeing of all Victorian children from pregnancy through transition to school. Best Start supports partnerships of communities, parents and service providers to improve the responsiveness of universal early years services to local needs.

***Targeted services***

*Kindergarten for 3 year olds* – a targeted program of funding for 3 year old kindergarten for Koori children and children known to Victorian Child Protection Services.

*Koori Maternity Services and in Home Support* – culturally appropriate care and support of Indigenous women and their babies in pregnancy through to the early postnatal period.

*Enhanced Maternal and Child Health* - intensive services for families experiencing significant early parenting difficulties and children identified at risk of harm. It assists vulnerable parents to gain the skills and knowledge necessary to establish a healthy developmental path for their child and reduce the risk of harm to the child. Assistance can be given to support parents in their parenting role, manage difficult and challenging infant and child behaviour, and help with referrals to other specialist service providers.

*Early Childhood Intervention Services* – specialist support services funded by the Victorian Government for children with a disability or developmental delay from birth to school entry.

*Family Intervention Services* – a state-wide population-based prevention and early intervention initiative that assists eligible parents (disadvantaged families with children aged up to 10 years) to acquire skills and behaviour associated with the development of positive, protective parent/child relationships.