September 5th, 2014


Email: childcare@pc.gov.au
Childcare Inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2600


The W+FPR has had a long interest in Early Childhood Education and Care (ECEC). ECEC is a key work and family policy. It is important for the wellbeing of women, men and especially children and essential to labour supply and the productivity of our workplaces and economy.

Roundtable members have consulted since the release of the Draft Report on July 22nd. The attached submission reflects on the Draft Report in light of current research evidence as well as our previous deliberations on ECEC.

Yours Sincerely,

Dr Elizabeth Hill, Associate Professor Sara Charlesworth, Professor Barbara Pocock
(Co-convenors W+FPR)

Contacts:
Dr Elizabeth Hill (elizabeth.hill@sydney.edu.au)
Associate Professor Sara Charlesworth (sara.charlesworth@unisa.edu.au)
Professor Barbara Pocock (barbara.pocock@gmail.com)
1. What is the Australian Work + Family Policy Roundtable?

The Roundtable is made up of researchers with expertise on work and family policy. Its goal is to propose, comment upon, collect and disseminate research to inform good evidence-based public policy in Australia.

The W+FPR held its first meeting in 2004. Since then the W+FPR has actively participated in public debate about work and family policy in Australia providing research-based submissions to relevant public inquiries, disseminating current research through publications for public commentary and through the media.

The Roundtable is a network of 31 academics from 17 universities and research institutions with expertise on work, care and family policy.

A/Prof Siobhan Austen, Curtin University
Prof Marian Baird, University of Sydney
Prof Rowena Barrett, Queensland University of Technology
Dr Dina Bowman, Brotherhood of St Laurence & University of Melbourne
Dr Wendy Boyd, Southern Cross University
Prof Deborah Brennan, University of NSW
Prof John Buchanan, University of Sydney
Prof Bettina Cass, University of NSW
A/Prof Sara Charlesworth, University of South Australia (co-convenor)
Prof Fellow Eva Cox, Jumbunna Indigenous House of Learning (UTS)
A/Prof Lyn Craig, University of NSW
Dr Marianne Fenech, Macquarie University
Prof Michele Ford, University of Sydney
Prof Suzanne Franzway, University of South Australia
Alexandra Heron, University of Sydney
Dr Elizabeth Hill, University of Sydney (co-convenor)
Dr Jacquie Hutchison, University of Western Australia
A/Prof Therese Jefferson, Curtin University
A/Prof Debra King, Flinders University
Prof Paula McDonald, Queensland University of Technology
Dr Virginia Mapedzahama, University of New England
A/Prof Jill Murray, La Trobe University
Prof Barbara Pocock, University of South Australia (co-convenor)
A/Prof Frances Press, Charles Sturt University
Prof Alison Preston, University of Western Australia
Dr Leah Ruppanner, University of Melbourne
A/Prof Belinda Smith, University of Sydney
A/Prof Lyndall Strazdins, Australian National University
Prof Trish Todd, University of Western Australia
Dr Brigid Van Wanrooy, University of Melbourne
Prof Gillian Whitehouse, University of Queensland
2. **Key Principles of the W+FPR**

The aim of the Australian Work + Family Policy Roundtable is to propose, comment upon, collect and disseminate relevant policy research in order to inform good, evidence-based public policy in Australia. In undertaking this task, the Roundtable is guided by the following principles:

- People's lives involve differing mixes of paid work and unpaid work as carers. The Roundtable is committed to promoting public policy initiatives that engage with and creatively manage the intersections between the spheres of paid work, workers’ responsibilities for the care of others, and community well-being.
- We support and will work towards policies that improve the quality of life for working people and those they care for: to reduce the tensions for working people; increase the well-being of both carers and those who rely on their care; and ensure productive and sustainable workplaces and labour markets.
- We recognise that the quality of Australian workplaces and employment practices affect family formation. To ensure workers have access to both quality of life and productive work, we will investigate employment practices that support family formation.
- Women perform the majority of unpaid household and caring work. They also bear a disproportionate burden of the cost of work and family tension. Secure families and productive workplaces require that women and men are equally able to manage their work and caring responsibilities.
- Wages, welfare and family policies should not discriminate on the basis of gender, and should recognise the particular disadvantages affecting women.
- We recognise that an effective work and family regime should promote gender equality in the workplace and counter informal and formal modes of discrimination against women and carers.
- An equitable work and care regime should be available to all Australians, not just the well off or those on higher incomes. This includes access to good quality and affordable childcare and elder care services.
- The Roundtable will focus in particular on how policies affect low paid workers and those who are disadvantaged in the labour market or under welfare arrangements to ensure that policies enhance life chances and do not add to discrimination or other forms of disadvantage.
- An effective work and family regime will promote social equity and enhance people’s capacities to be both good family members and productive workers.
3. Submission in Response to the Draft Report

The Work and Family Policy Roundtable welcomes the government’s request for the Productivity Commission Inquiry into Childcare and Early Childhood Learning. The current system is broken and in many cases does not deliver affordable, accessible and flexible ECEC services that meet the needs of Australian families and their children. A better system of ECEC that reflects the current research evidence around quality is an essential plank of a fair and equitable Australia.

The provision of high quality children’s services is fundamental to good social and economic outcomes in Australia. While much has been made of the economic benefits of such services, such as improved female workforce participation and children’s educational outcomes, it is vital to remember that good societies are created by good care systems and economic benefits are a means not an end in this context.

We support the Commission’s view that improved ECEC services by themselves will not improve workforce participation of Australian women with preschool age children and their households. Employers also need to promote quality and non-discriminatory employment and support existing regulations such as the ‘right to request flexible working arrangements’ and the Dad and Partner Pay component of the existing Paid Parental Leave scheme. Serious consideration also needs to be given to strengthening regulation to better facilitate employee access to flexible working arrangements as the AHRC has recently recommended (AHRC, 2014). These provisions assist households with caring responsibilities.

The W+FPR will provide responses to the Draft Report under five headings:

1. Funding a Better Australian ECEC System
2. Quality Education and Care for 0-3 year olds
3. In-home care
4. High Quality Provision of ECEC: Ratios & Teacher Training
5. Lack of attention to workforce issue

1. Funding a Better Australian ECEC System

Children, their wellbeing and development should be the central concern of Australia’s early childhood education and care system. To build a high quality, sustainable system that is child focussed will be costly. But there are many social and economic benefits to be gained from such investment. International research demonstrates that (1) ECEC is an effective tool to redress disadvantage and promote social inclusion (Heckman 2006; Heckman et al 2013); and, (2) affordable childcare has a positive impact on women’s workforce participation (Tsounta 2006). This evidence must be taken into account when assessing the funding model and parameters.

We therefore support the Commission’s view that the current funding envelope for ECEC services is not adequate and more public funding is required to build an ECEC sector that can meet the goals of social inclusion, equity and economic productivity. Australia currently spends 0.4% of GDP on ECEC. We advocate that the OECD benchmark of 1% of GDP expenditure on ECEC is a reasonable and necessary aspiration for Australia (Bennett 2008:18; UNICEF 2008).

The W+FPR is disappointed, however, that the Commission’s Draft Report does not consider the possibility of building a universal public system of ECEC for all Australian
families. A publicly funded universal system of ECEC services is the most efficient way for Australia to proceed and would best meet the terms of reference of this Inquiry. In particular, a universal public system of ECEC would fundamentally redress the very high effective marginal tax rates currently imposed on Australian women who wish to increase their labour market attachment. A universal public system of ECEC would do away with this work disincentive and promote women’s labour market participation (Apps 2007, Apps et al 2012). A universal public system of ECEC is the most efficient way to deliver a service that is affordable and accessible for all Australian families, promoting social inclusion and equity. We call on the PC to include in their final report a roadmap for developing such a system.

With regard to the funding model that the Commission recommends in the Draft Report the W+FPR provides the following responses.

a) We support the Commission’s efforts to focus public subsidies on the essential costs of high quality ECEC and to limit opportunities for excessive profit-taking in the sector. In principle, the introduction of a single subsidy is a positive step. However the level at which the ‘deemed cost’ of each service type is set will be critical in determining affordability for families. ‘Deemed costs’ based on current median prices (as recommended by the Commission) are not the same as ‘reasonable costs’. (Brennan & Adamson 2014). Setting ‘deemed costs’ too low could result in families withdrawing their children from approved care and forcing services to close.

b) We support the Commission’s view that all families should be eligible for some level of public subsidy to support workforce participation (draft recommendation 12.4). This sends an important signal about the inclusiveness of Australia’s approach to ECEC and would create a sense of ownership and ‘buy-in’ to mainstream services by households across the income range. International research supports a national system of ECEC that provides services for all families, rather than a targeted program of provision which particularly services the disadvantaged (UNICEF 2008; Siraj-Blatchford et al 2002).

c) We reject the stringent work/training test embedded in the Commission’s Draft Report and argue for broad-based accessibility to ECEC services for all Australian families and their children. There is a very strong case for a good social mix in childcare services, not the least of which is the effectiveness of universal ECEC in promoting social inclusion and ameliorating social and economic inequality.

d) We support extra funding to support access for children with additional needs and those deemed ‘at risk’ (draft recommendation 12.6, 12.7, 12.8).

e) We support the recommendations for funding non-standard service types under the Block Funding for Disadvantaged Communities Program. This recommendation supports the Australian and international research (see above) on the positive social and economic impact of universal service provision compared with a targeted ‘paid-worker-parent model’. The W+FPR suggests that the budget-based approach to funding be adopted more broadly, allowing for innovative options to be explored for meeting needs that may not fit the market model eg. in high demand areas, to ensure quality, price and profit can be delivered or where the collective needs of the target groups are seen as a public priority and the required services are not generated by the market. This funding stream fits with the evidence offered in the report of the advantages of supply side funding for non-mainstream services (Productivity Commission 2014: 805)

f) The W+FPR endorses concerns raised by the Secretariat of National Aboriginal and Islander Childcare (SNAICC) that the Commission’s focus on disadvantage as the main criteria for service eligibility will displace the need to fund culturally-
appropriate, Aboriginal and Torres Strait Islander specific care. The Commission’s assumption that ‘culturally competent’ services will provide vital cultural nurturing and connections for Aboriginal and Torres Strait Islander children ignores the important role that community-controlled and directed early years services play for children in many Aboriginal and Torres Strait Islander communities. SNAICC are also concerned that funding for Aboriginal and Torres Strait Islander services is capped while mainstream funding remains uncapped.

2. Quality Education and Care for 0-3 year olds

The W+FPR disagrees strongly with the Commission’s draft recommendation 7.2 to reduce the minimum qualification levels for staff working with 0-3 year olds to certificate three level. This recommendation does not reflect the extensive research on the importance of the early years, the benefits of high quality care and education for 0-3 year olds, and our growing understanding of the complex social, emotional and cognitive developments for infants in group settings (Dalli et al 2011; Degotardi 2010; Harrison & Sumsion 2014; OECD 2006 & 2012; Sims 2007).

Brain science research in recent years has demonstrated that the early years are critical because this is the time that brain synapses are connecting (Center on the Developing Child 2007). The quality of care received by young children therefore matters a great deal. Research shows that the provision of high quality ECEC that enables children to thrive is more complex for infants and requires staff with a high level of training, appropriate ratios and in-centre support. In these high quality environments positive developmental outcomes for young children are achieved. The design and funding of Australia’s ECEC system must reflect the research evidence to avoid adverse outcomes. For example, children experiencing lower quality care have been found to exhibit poor cognitive-linguistic functioning at two, three, four and five years of age (Love et al 2002; NICHD Early Childcare Research Network 2002). The assumption that a low level of qualification (certificate three) is adequate training for staff working with 0-3 year olds is challenged by Canadian research on family day care where the quality of care delivered by staff with low level qualifications was found to be poor (Doherty et al 2000). A high quality framework of ECEC is fundamental for children’s early cognitive, social, and emotional development.

Low quality ECEC is negative for young children and can affect labour supply as parents will be unwilling to put their children into care which they recognise as deficient. Australia is a wealthy nation and is well placed to invest adequate public money to deliver high quality ECEC services for 0-3 year old children and their families.

3. In-home care

The W+FPR does not support the Commission’s recommendation that in-home care be mainstreamed and normalised (Productivity Commission 2014: 375-379). Draft recommendations for the extension of public subsidies for appropriately trained nannies (draft recommendation 8.5), and simplification of the working holiday visa regulations (draft recommendation 8.7) used by au pairs would extend the use of in-home care and in doing so fundamentally reshape the Australian ECEC landscape. The recommended increase of in-home care is not supported by extensive international research that highlights the risks for children and workers associated with in-home care.
The W+FPR acknowledge that some families will require in-home care for a period of time. This may be because of parent’s non-standard working hours such as shift work, the special care needs of children or inaccessibility of ECEC services. Australia has provided public support for in-home care under limited conditions for many years. In-home care can be expected to be one component of the ECEC sector.

The Draft Report recommends the extension of public subsidies for ECEC services provided by nannies with a certificate three level qualification. As outlined above, ECEC research suggests that this minimum qualification is not adequate to support high quality service provision. The negative impact of minimal qualifications and training would be more marked in a private home-based setting where a nanny would work alone and without additional resources. Nannies must receive adequate supervision and support to deliver quality care. A better outcome for workers and children receiving in-home care would be achieved if in-home carers were employed by established childcare centres that would provide the necessary supervision, training, coordination, support and regulation of nannies (Brennan & Adamson 2014:40-42). This would meet the key principle of ‘no public support without public accountability’ for quality and outcomes. It will also minimise the risks associated with the expenditure of public funds in private settings and ensure appropriate insurances.

While paying some attention to nanny training, the Commission is silent on the issue of nanny working conditions and wages. This is a serious omission. International research on the working conditions and wages of privately employed nannies shows that female nannies are amongst the most exploited workers in the world (Romero 2002; Ehrenreich & Hochschild 2002; Hochschild 2003). Children cared for by nannies need to be protected through regulation, and so do workers. It is important that workers who provide in-home care can access decent pay and conditions.

The extension of in-home care provided by au pairs (draft recommendation 8.7) is of particular concern to the W+FPR. Expanding and normalising the au pair system will raise expectations amongst Australian households that they should be able to access vulnerable, young female labour to care for their children for low wages. Again, international research raises significant concerns about the vulnerability of these workers to exploitation, unpredictable work hours, and physical, emotional and, in some cases, sexual abuse (Cox 2007; Hess & Puckhaber 2004). Very cheap, live-in, highly flexible childcare would of course be attractive to some families but these attributes do not make au pairs an appropriate form of mainstream ECEC provision. The Commission’s Draft Report itself argues that au pairs ‘typically do not have any formal training or qualifications in childcare… Most au pairs also do not hold a current first aid qualification and few have undergone a working with children check from either overseas or Australia’ (Productivity Commission 2014: 376) and that au pair services are ‘essentially unregulated’ (Productivity Commission 2014:377). Given the research evidence on the importance of high quality care provision, it is inexplicable that the Commission would advocate an extension of the au pair system as a solution to the ECEC crisis in Australia. Furthermore, any public policy reliance on expanding an informal sector of care work may well undercut hard-won improvements to the wages and conditions of childcare workers in the formal sector. Au pairs provide a ‘low road’ approach to building a sustainable ECEC sector, and one that the international research evidence suggests will produce a number of extremely negative outcomes for children and the au pairs themselves.
4. High Quality Provision – Ratios & Teacher Training

The W+FPR supports the Commission’s view that the NQF be extended to regulate all forms of subsidised care (draft recommendation 12.4 & 8.5). ECEC research strongly supports the six principles underpinning the NQF and we believe that the long process of careful consideration and ultimate design of this system must be maintained.

We disagree, however, with the Commission’s recommendation that the framework be ‘modified’ in a number of ways in order to reduce the cost of compliance with the current NQF framework. The real cost of meeting the NQF by providers should be considered alongside an evaluation of the very large costs of failing to implement a high quality system that will accrue to the public purse in terms of higher social service provisions down the track. These costs will be incurred not only through the failure to detect the need for and provide appropriate early interventions for children in need of additional support, but also the exacerbation of risk though children’s participation in poorer quality ECEC (Peisner-Feinberg et al. 1999; Siraj-Blatchford et. al 2002).

In particular we disagree with Draft Recommendations 7.2, 7.3 and 7.5. Under current NQF arrangements the required number of university-trained early childhood education and care teaching staff employed in a centre is determined according to the total number of children attending a service. Draft Recommendation 7.2 recommends relaxing this provision, basing the calculation instead on the number of children above three years old. This will reduce the total quantum of highly trained staff employed in any one centre to the overall detriment of all children. Draft Recommendations 7.3 & 7.5 will lower child-staff ratios and the averaging of staff and qualification ratios on a weekly basis rather than in real time will further dilute the quality provisions provided in the NQF.

These three draft recommendations will reduce the required minimum staff-child ratio and the numbers of highly trained ECEC teaching staff employed in centres thereby reducing the quality of the service provided for children and the quality of the work environment for staff. This does not align with research that staff-child ratios are “generally the most consistent predictor of high-quality learning environments” (OECD 2012: 35). Robust staff-child ratios promote high quality ECEC by supporting safe environments for children, promoting regular and meaningful interactions between children and staff and, importantly, mitigating workplace stress and staff turnover.

Research on the impact of highly qualified teaching staff on child well-being and learning also suggests that a reduction in the ratio of highly trained teaching staff to children would reduce the quality of the ECEC service provided. The available research evidence shows that staff with early childhood teacher qualifications engage in teaching and learning practices that lesser qualified or unqualified staff do not and that these practices lead to higher levels of classroom quality and better developmental outcomes for children (Whitebook 2003). Of course not all staff need to have the highest level of qualifications, but the international evidence shows that the quality of ECEC provided by lesser qualified staff improves when they work alongside and are mentored by more highly qualified colleagues (Siraj-Blatchford et al. 2002; OECD 2012: 149).

5. Lack of Attention to Workforce Issues

The W+FPR is disappointed the Commission has been largely silent on the very significant issues facing the ECEC workforce. Professional wages for educators and teachers are critical for the development and sustainability of a high quality early childhood education and care sector. They will also assist in reducing the persistent
gender-based undervaluation of caring work and make visible the considerable complex skills needed to deliver care. The low wages that are endemic in the sector must rise to attract and retain a skilled workforce and facilitate optimal outcomes for children, families and the nation (United Voice 2011). Currently the sector faces labour shortages, unfilled vacancies and difficulties in recruitment, with turnover across all levels of staff qualification at approximately 30% per annum and around 180 educators leaving the sector each week (DEEWR 2011; Productivity Commission 2011). Employees move within the sector, seeking improved pay and conditions, or they leave the sector entirely (Whitebook & Sakai 2003; Rolfe 2005). For example, jobs in retail may attract better wages and are often free of the demands for qualifications (Rolfe 2005). Further, while affordability, flexibility and quality are the cornerstones of broader debates about the provision of early years care, for ECEC educators, affordability and flexibility are issues of pay and working conditions. Yet the voices of those employed in the early years workforce are rarely heard. Early childhood qualified teachers should be paid at parity with their colleagues in the school system and other childcare workers’ wages increased in recognition of the value of the work performed. We acknowledge the Productivity Commission’s research report on the Early Childhood Development Workforce, November 2011 and recommend the findings to this Inquiry for consideration.

References


