

Senate Inquiry into the Provision of Childcare

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INTRODUCTION

Early childhood education and care (ECEC) services are an important part of Australian society and the value of high quality programs has been widely researched, with the results demonstrating the importance of such programs. In 2005, nearly 35% of Australian children aged 0 – 4 were enrolled in formal care services (excluding preschool), with a corresponding reduction in informal care (Pocock & Hill, 2007). The majority of Australian children will use some form of non-parental child care before entering school (Qu and Wise, 2004), indicating that ECEC services have become an important and valued part of Australian society.

Australia has a complex landscape of ECEC provision, with all three levels of government involved in funding, service provision, regulation, and quality assurance. To add further complexity, early education and early child care have been nurtured separately, with separate objectives and often the responsibility of different government portfolios (Cass, 2007). All of these factors influence either directly, or indirectly, the quality of the experiences of children whilst participating in an ECEC program. Press (2007) cautions against being constrained by these historical constructs and policies when focusing on services to support children's learning and development and moving forward in policy development.

Research now demonstrates that a child's early life experiences impact on a child's short and long-term outcomes (Pocock & Hill, 2007). Whilst their attachments to their parents remain primary and central, young children can benefit significantly from secure relationships with other nurturing and reliable adults whom they trust (National Scientific Council on the Developing Child, 2004, 2005). The issue of quality needs to be central to the debate around ECEC service provision since it has been demonstrated that high quality programs are related to improved outcomes for children, and consequently, poor quality programs are related to adverse outcomes for children (CCCH, 2006).

The collapse of the ABC Learning Group, in combination with state / territory and federal level initiatives in ECEC, presents a unique opportunity to seriously review the provision of ECEC in Australia. Currently, a range of ECEC services are available in Australia, ranging in service-type such as family-day care, long day care, and preschool; as well as a mix of for-profit and non-profit service provision. There is, however, increasing evidence that demonstrates the quality of the programs provided in for-profit services is poorer than the quality found in community-based services (Penn, 2009, Rush & Downie, 2006).

In consideration of recent research that demonstrates the impact that the quality of ECEC services has on children's outcomes, and that quality is likely to be lower in for-profit services, the Centre for Community Child Health (CCCH) offers the following points for consideration:

- Quality ECEC provision, with the child placed at the centre of policy, with a secondary consideration of supporting parental workforce participation.
- Funding – the link between the current parent-fee subsidy model, the rise in the number of for-profit services, and poorer quality.
- National planning for service provision.

QUALITY EARLY CHILDHOOD EDUCATION & CARE

Factors that affect the quality of child care include process variables and structural variables (Kagan and Kauerz, 2006). Process variables relate to the nature of children's interactions with adult caregivers, while structural variables are those characteristics that can be regulated by policy and that create beneficial conditions for children's development. The latter include group size (number of children in a class), staff-child ratio and caregiver qualifications (years of education, child-related training, and years of experience in child care). In addition, staff turnover or caregiver stability, caregiver wage levels, non-profit status of the providing organisation, sensitivity to cultural and physical differences, space and materials, licensing status, and age mix of children all play a part.

Contemporary research adds to these quality indicators, by highlighting the holistic nature of child development and the need for ECEC programs to be responsive to this. Learning and care are interdependent in early childhood, with emotional well-being supporting cognitive development (Pocock & Hill, 2007), demonstrating the need to bridge the historical gap between the traditional domains of education and care in the early years.

...care and education cannot be thought of as separate entities in dealing with young children. Adequate care involves providing quality cognitive stimulation, rich language environments, and the facilitation of social, emotional, and motor development. Likewise, adequate education for young children can occur only in the context of good physical care and of warm affective relationships. Indeed, research suggests that secure attachment improves social and intellectual competence and the ability to exploit learning opportunities. Neither loving children nor teaching them is, in and of itself, sufficient for optimal development; thinking and feeling work in tandem.

(Bowman, Donovan, & Burns, 2000, p.2)

Research demonstrates that participation in high quality early child care and education programs contributes positively to all children's development during the early years and to their school readiness (Elliott, 2006; Shonkoff & Phillips, 2000), challenging the historical view that preparation for school is predominantly the responsibility of early education or preschool services. Contemporary research also demonstrates that in particular, children from disadvantaged backgrounds benefit from high quality compensatory early education and care programs during the preschool years (Shonkoff and Phillips, 2000). Thus, it is the **experiences** during a child's early years that shape their future, but also impact on their day to day life during childhood,

and therefore holistic early childhood development programs are required that have both an 'educational' and 'care' component.

Regulations for ECEC services are a way in which the government can influence the quality of service provision, and an important part of national planning. The existing regulations require review since they do not reflect recommendations from ECEC experts for ratios, qualifications, and group sizes that support quality provision (Press, 2006, as cited in Pocock & Hill, 2007). It is the responsibility of governments to support quality provision in ECEC services through regulations since the benefits of quality ECEC extend beyond the personal or family domain, and extend to the nation's health; future educational achievement, workforce participation, and social connectedness (OECD, 2006).

One function of child care has been as a form of support to enable parents with dependant children to participate in the workforce. Whilst this has been the primary focus with the previous Coalition government (COAG, 2006), the National Quality Framework Discussion Paper (DEEWR, 2008) reframes the core business of ECEC programs as concerning the outcomes of children. Now is the time to reconsider the nature and purpose of ECEC. Goodfellow's (2007) review of the literature suggests that the provision of ECEC needs to support both the needs of children and adults, but without compromising quality for the child. High quality service provision is dependant upon high quality staff, and this needs appropriate funding. There is a positive relationship between parent satisfaction with formal early learning and development arrangements and productivity in the workplace (Kagan & Cohen, 1997; Kammerman & Kahn, 1981). Parents with a higher level of satisfaction with their formal care choice and associated reliability of the place demonstrate higher productivity levels and less anxiety.

Quality & Profit

Penn's (2009) analysis of international evidence concludes that whilst there is variability in private-for-profit ECEC services, they "tend to offer the lowest quality services in all countries where they have been investigated" (p.57). The indicators of quality, (such as staff stability; staff:child ratios; and staff qualifications) are less evident in for-profit services (Stout Sosinsky, Lord, & Zigler, 2007). Private-for-profit long day care services dominate Australia's formal ECEC provision (Pocock & Hill, 2007) and it is concerning that the majority of children may be participating in programs with questionable quality. Statistics demonstrate that younger children are more likely to participate in child care (Pocock & Hill, 2007). Due to this being a period of critical brain development (Shonkoff & Phillips, 2000; McCain & Mustard, 1999), investment in these early years provides greater returns from high quality programs than investing in any other stage of education, at least in economic terms (Penn, 2009).

Rush & Downie (2006) carried out a survey seeking child care centre employees' perceptions of quality regarding their place of employment. They concluded that, within the Australian context, the quality of independent for-

profit ECEC services is comparable to that of not-for-profit services, and it is the corporatised for-profit services that have lower quality. It is important to differentiate between large chain providers and independent services if this is the case. A number of researchers have reported on the tension that exists between corporate for-profit service provision and the principles of high quality ECEC, including obligations to shareholders that compete with obligations and responsibilities to children (Rush, 2006; Brennan, 2007). Obligations to shareholders are perhaps the point of difference between independent for-profit services and corporate for-profit services. The CCCH encourages the Senate Inquiry to seriously consider the impact for-profit services' obligations to shareholders may have had on outcomes for children through a reduction in service quality.

The survey undertaken by Rush & Downie (2006) has highlighted that the approaches to reducing costs used in corporate organisations, are predominantly in the areas of high expense that are also indicators of quality. ABC Learning reportedly minimised spending in the critical areas of staff qualifications; staff:child ratios; and professional development.

Additionally, for-profit services have lower levels of enrolments of children with additional needs, from culturally and linguistically diverse backgrounds, and from marginalised groups (Pocock & Hill, 2007), resulting in a risk of inequity in service provision towards these families (Bennett, 2008). There is a potential for profit-driven services to provide less expensive services, such as those for children over 3 years and children who do not require specialist equipment or assistance (Brennan, 2007; Pocock & Hill, 2007). Lack of sensitivity to cultural and physical differences is an indicator of lower quality service provision, providing further evidence that the quality in ABC centres was questionable.

The Senate is encouraged to carefully consider how taxpayer funding of ECEC can be used in the future to support the development of a high quality system that effectively meets community demand to participate in the service. This includes considering affordability, availability, and offering an inclusive service where all children and families are welcome regardless of their circumstances.

A universal ECEC system where everyone has equal access is recommended by Penn (2009), as she believes targeted ECEC services are problematic since they require maintenance of boundaries around who is eligible, as well as being stigmatising.

ECEC Provision & Parental Leave Policies

ECEC service provision exists within a wider context of family and social policies, including parental leave policies. As discussed earlier, workforce participation is often perceived as the main motivation for the provision of child care in Australia; however, Penn (2009) outlines the importance of a *combination* of high quality ECEC services, parental leave, and flexible working arrangements, to encourage high workforce participation.

Australia is due to offer Government-funded paid parental leave of 18 weeks, and whilst it is acknowledged as an important first step, it is also important to consider how it fits into the wider policy and social context, and its relationship with centre-based ECEC provision. In the case of Sweden, it has been decided that they value at-home, parental care for at least the first 12 months of a child's life. This is supported by government-funded parental leave for over 12 months, however, Swedish citizens still have a choice about family and work with some ECEC service provision available for children from birth¹. Penn (2009) recommends careful consideration of a country's preferred alternative for the care of infants (ie. centre-based care, or parental care) in the first year of life, stating that supporting a year of parental leave may be in the best interests of both parent and child. Around double the number of infants are still breastfed at 6 months in Sweden, than in Australia, possibly influenced by the provision of parental leave to support breastfeeding.

In consideration of the evidence concerning the conditions and experiences that optimise children's development, it may be time for Australia to make a similar decision. Lots of time in non-maternal care in the first year of life poses risks for children that are not entirely attributable to the quality of the care they receive (Belsky, 2001, Cleveland, Corter, Pelletier, Colley, Bertrand and Jamieson, 2006; Melhuish, 2003; Waldfogel, 2006). Children fare better on average if their mothers do not work full-time in the first year of life, although the effects vary by context (Melhuish, 2003; Waldfogel, 2006). Part-time work in the first year does not have adverse effects on most outcomes, and work after the first year has neutral or positive effects (Waldfogel, 2006).

FUNDING – ARE PARENT-FEE SUBSIDIES SUPPORTIVE OF QUALITY?

According to Bennett (2008), the early years are “a privileged period for investment” (p.46) as this is the time when the most positive impact can be made on children's learning and development. This is true for both cognitive and social development in the early years, resulting in intervention at a later stage to remedy ‘problems’, being less effective and more costly. The OECD (2006) recommends that governments view ECEC as a public good since the arguments to support this are similar to those which support public education. It is also stated that “early childhood services in market situations are subject to critical shortages and low quality – all of which indicated that government intervention is appropriate” (OECD, 2006, p.37). Further government intervention is required in Australia to review the place of ECEC in the market and to develop a funding model that will support children's learning and development.

There was a significant shift in federal funding for child care services after the 1996 election. Operational subsidies for non-profit services were eliminated and subsidies were made available to the users of both private for-profit and

¹ Refer to Bennett (2008, p.39) for a summary of Sweden's approach to parenting and child rearing. The 3 components of the strategy are generous parental leave, universal ECEC from age of 1 year, and ensure women have access to full-time work.

non-profit services in the first budget after the election. In 2001, ABC Learning was listed on the stock exchange (Brennan, 2007). The combination of these events is significant because much of ABC Learning's \$81 million profit in 2005/2006 was subsidised by government in the absence of any planning restrictions (Press, 2007). As discussed earlier, under this funding model ABC Learning reportedly cut costs in critical areas of quality (Rush & Downie, 2006). Profit should not be permitted when generating profit comes before the quality of the service and supporting children's outcomes.

The shift to fund services based on demand has seen an increase in for-profit ECEC services and a decrease in community or non-profit services (Brennan, 2007). In consideration of the reported poorer quality in for-profit services (Rush & Downie, 2006), and the dominance of this service type, an alternative model is required to support high quality service provision to improve the outcomes for children. The OECD (Bennett, 2008) has identified Australia as one of the countries contributing less than 1% of GDP to early childhood services – 1% is the minimum recommended for public expenditure (OECD, 2006). An increase in public funding is required to meet this recommendation as well as a review of how the funding is allocated and what it is permitted to be used for. High quality ECEC programs offer crucial early learning and development opportunities that will support outcomes in school, justifying a need for public investment per child in the early years to be *at least* equivalent to the public investment per child in primary schooling (OECD, 2006).

Equity of access is also an important consideration for developing funding models. Low-income families are not accessing child care services (Cass, 2007; Pocock & Hill, 2007), despite research demonstrating that for children from disadvantaged backgrounds, quality early learning and development services may be even more beneficial to children than staying at home (Clarke-Stewart & Allhusen, 2005). Yet, because they are not accessing services, they are missing out on the potential benefits of interacting with a range children and adults, as well as the social / emotional and cognitive benefits high quality child care offers (Cass, 2007).

NATIONAL PLANNING

The evolution of Australian ECEC services has occurred in an unplanned manner and the "system suffers because of the lack of clear national goals, systematic collection of evidence to guide action, planning to realise objectives, or evaluation of progress towards them" (Pocock & Hill, 2007, p.15-16). Future service provision should, therefore be informed by evidence of the best ways to improve outcomes for children (and support parental workforce participation), including a national plan with clear goals and objectives, data collection, and evaluation.

The stability and continuity of staff is a critical component in service quality (CCCH, 2006) since stable relationships with adults provide opportunities for secure attachments to support children's learning and development. The

children and families who were required to enrol in an alternative service due to the closure had these relationships interrupted, rather than supported.²

Private child care providers' long-term investment is in real estate. Government fee subsidies have made this possible. But if returns on the capital investment fall, private operators may turn to other forms of investment. If the for-profit sector collapses, or sells off land and buildings, the children's services system will require enormous rebuilding.

(Wannan, 2005, as cited in Pocock & Hill, p.28).

As Wannan predicted, and in view of the evidence presented, a fall in the market economy has impacted on service sustainability and the quality of children's early years experiences for a quarter of Australia's long day care centres. To prevent the future stability of ECEC programs for children being reliant upon the market, a national planning approach is required which considers issues such as provision in identified areas of need, with the most appropriate service type/s; fiscal transparency and accountability where public funds are concerned; and funding to support quality.

CONCLUSION

During an exciting time politically for early childhood education and care, we can be guided by the evidence to improve outcomes for children through high quality ECEC service provision. Child care, in its traditional form, does not have a neutral impact on children, necessitating high quality service provision to truly provide children with the best possible childhood, and the best possible start in life. The evidence also shows that high quality programs depend on significant funding for high quality staff, however, public investment provides returns through productive citizenship and workforce participation. Heckman describes funding quality early years programs as an *investment*, but describes funding quality programs for children over 8 years as *expenditure*, as the returns are significantly less.

Quality service provision is compromised in for-profit services, on average. However, in the Australian context the corporatised for-profit services (ABC Learning in particular) reportedly provided the lowest quality service. Based on the evidence that demonstrates poorer service quality is related to adverse child outcomes, services of this type should not be permitted to provide ECEC programs without more stringent financial transparency and quality monitoring.

The impact of the collapse of the ABC Learning Group, including the significant public funding provided to keep the centres open for a 6 month period, advances the argument for a nationally planned approach to ECEC provision in Australia. The volatile nature of the market economy presents a risk to high quality service provision as service viability is less certain, ultimately impacting on the continuity and stability of relationships ECEC

² The CCCH recognises the considerable effort the Federal Government made to reduce the impact of the ABC Learning collapse on children and families.

professionals can have with children. It is also important that areas of need are provided with the services they require, rather than rely upon the market to dictate this. Parental leave is an important component of ECEC provision and important lessons can be learnt from the initiatives in Sweden and other Scandinavian countries.

ECEC service provision is not a simple task, however, there is growing evidence to guide service provision in the early years as well as many international examples to draw upon. The future provision of ECEC in Australia should be an unhurried task and needs to be informed by what is in the best interest of children.

Main messages

- High quality ECEC service provision supports positive outcomes for children.
- High quality programs depend upon high quality and qualified staff.
- For-profit ECEC services have been found to be of lower quality than non-profit services internationally, and particularly corporatised for-profit services in Australia.
- Parental leave is an important component of ECEC provision.
- Unplanned growth and a reliance upon the market economy presents risks to high quality service provision.

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