

Submission to the review of NSW Government funding for early childhood education



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CONTENTS

<u>About UnitingCare Children’s Services</u>	<u>1</u>
<u>About UnitingCare Children Young People and Families</u>	<u>1</u>
<u>Executive Summary</u>	<u>2</u>
Summary of recommendations	4
<u>1. Introduction</u>	<u>8</u>
1.1 The State Plan <i>NSW 2021</i>	9
1.2 Increased investment is required	11
1.3 Addressing the legacies of past funding arrangements for community-based preschools	13
1.4 Immediate challenges: access and affordability	13
1.5 Medium to longer term priorities (the next five to ten years) – planning for growth and integration	15
<u>2. Common and consistent principles</u>	<u>18</u>
<u>3. Clearer priorities for funding</u>	<u>20</u>
3.1 Funding for community-based preschools	21
3.2 Developing integrated service models for new services	24
3.3 Addressing other barriers to access	26
<u>4. Better targeting of funding</u>	<u>28</u>
4.1 Resources to support inclusion of children with special needs	28
4.2 Closing the Gap for Aboriginal children	31
<u>5. Better integration of Commonwealth and State approaches</u>	<u>34</u>
<u>6. Accountability for funding</u>	<u>36</u>
<u>7. More effective delivery of early childhood education</u>	<u>37</u>
<u>8. Better support for rural and remote provision</u>	<u>42</u>

About UnitingCare Children's Services

UnitingCare Children's Services provides accessible children's services within a not-for-profit community service environment. It licenses, resources and oversees services operated by Management Committees of local congregations as well as providing support, guidance and direction to its own directly-provided services. Local Management Committees are comprised of Uniting Church, parent, and community representatives. Services work together to deliver quality early childhood education, care and support to more than 5,000 children in preschool, long day care, occasional care and out of school hours care services in NSW and the ACT. Currently, we have 11 directly provided services and 40 locally managed services, including:

- Preschools (21)
- Long day care (20)
- Out of School Hours Care (OOSH) (8)
- Occasional care (2)
- Aboriginal Child and Family Centre in Gunnedah currently being established in partnership with Relationships Australia (1).

About UnitingCare Children Young People and Families

UnitingCare Children's Services is a member of UnitingCare Children, Young People and Families, which is a service group of UnitingCare NSW.ACT and part of the Uniting Church in Australia. Our concerns for social justice and the needs of children, young people and families who are disadvantaged, inform the way we serve and represent people and communities. The Service Group also includes UnitingCare Burnside, UnitingCare Unifam Counselling and Mediation, UnitingCare Disability, and the Institute of Family Practice, a registered training organisation. Together these organisations form one of the largest providers of services to support children and families in NSW.

Executive Summary

UCCS welcomes the independent review of NSW Government funding for early childhood education. The review provides an important opportunity to plan for the development of the early childhood education sector in this State.

This submission primarily reflects the views and experience of UnitingCare Children's Services. It also draws on the experience of UnitingCare Burnside in providing a range of services for children and families in disadvantaged areas of NSW including integrated Indigenous child and family centres, Brighter Futures and supported playgroups.

Given Australia's low ranking within OECD countries on investment in early childhood education¹, achieving and sustaining the COAG goals of improved access and affordability of early childhood education and care (ECEC) services will require increased Government investment.

Achieving sustainable benefits for children requires the development of an early childhood education service system in NSW that supports children from at least three years of age. An early start in early education and care is particularly important to ameliorate the effects of social disadvantage and provides vulnerable children with a better start to school.

Cost and affordability

Cost and affordability is often the key factor impacting on a family's decision about whether to use formal ECEC services, particularly for families in low socio-economic areas. Research tells us that children from disadvantaged backgrounds benefit most from early childhood education and care. However, these children are most likely to miss out on access to early childhood education and care due to the high cost of preschool and long day care services in NSW. The NSW Government should give priority to funding an affordable preschool system in this State (while recognising that some children may participate in ECEC through the Commonwealth funded child care system).

¹ Urbis, 2010, *Evaluation of the National Partnership on Early Childhood Education, Annual Progress Report*, p95.

Funding linked to staffing costs

Community-based preschools play a key role in delivering early childhood education to children in NSW. UCCS supports a level of NSW Government funding that covers the day-to-day operating costs for state-funded not-for-profit community-based preschools. This should be based on the core costs to deliver the service in order to comply with minimum staffing requirements under the regulations. However, if this level of funding is not made available, priority should be given to removing affordability barriers to access for children from low-income and Aboriginal families. This requires appropriate funding for fee-relief and should be based on current attendance rather than retrospective funding and reporting.

Integrated child and family services

In developing new ECEC services, the Government should give priority to the development of integrated and co-located service models. The benefits of an integrated and co-located model lie in the seamless access for families, especially from disadvantaged communities, to additional support services such as family support in a single convenient location. Data from the AEDI should be used to identify areas of highest need (where there are gaps in the availability of existing ECEC services).

Inclusion support

UCCS supports the Productivity Commission's (draft) recommendation that Governments modify the operation of inclusion support programs and reassess funding levels so that such programs:

- provide sufficient funding to support the inclusion of all children with additional needs, and
- have a simple and streamlined application process, including multiple-year funding.²

Further, a national funding framework for inclusion support services should be developed, which rolls together all State and Commonwealth special needs/inclusion support funding into one pool of funding to enable effective use of resources and better support for children with additional needs.

² Productivity Commission, 2011, *Early Childhood Development Workforce*, Draft Report, p129.

Management and administration support

In order to better support ECEC providers to improve the quality of services, the funding framework must include funding for management and administration services. UCCS supports the establishment of a cluster management model provided that cluster managers are adequately funded to carry out this role effectively.

Reporting and accountability

Reporting and accountability requirements for the ECEC sector should be appropriate to the level of expenditure and should be linked to the outcomes in the National Quality Standards.

Summary of recommendations

Recommendation 1

The NSW Government develops an *Early Childhood Education Guarantee* that sets targets for participation levels and affordability.

The NSW Government develops a planning framework and access to funding to develop new services in communities that need them.

Recommendation 2

The NSW Government increase investment in early childhood education and care, and give priority to:

- funding an affordable preschool system, which ensures that all children have access to early education and care in the two years prior to school
- supporting the salaries of teachers in preschool and long day care to meet the National Quality Standard requirements for a degree-qualified early childhood teacher.

Recommendation 3

The new funding framework for early education and care includes incentives for community organisations to deliver community-based preschools in areas of unmet need, including rural and remote areas.

Recommendation 4

The funding model should cover core costs to deliver the service and comply with minimum staffing requirements under the Regulations. This should be based on the regulatory staffing level for the service's maximum licensing number. In addition, there should be a loading for the particular characteristics of children including children from low income families, CALD, Aboriginal children and services operating in rural/remote locations.

Recommendation 5

The fee relief application process should be based on current attendance rather than retrospective reporting and funding (if operational funding does not cover the full costs of service delivery).

Recommendation 6

The NSW Government should ensure that fee relief fully addresses affordability issues for low income and Aboriginal families. The review should draw on the soon to be released Australian Institute of Health and Welfare affordability indicators.

Recommendation 7

New ECEC services should be targeted to areas of entrenched disadvantage using the Australian Early Development Index (AEDI) data to identify the priority sites. In planning the development of new services, the NSW Government give priority to the establishment of integrated, co-located child and family centres (which include early education, family support and maternal and child health services) in areas of identified disadvantage.

Recommendation 8

The review of early childhood education make recommendations to the NSW Government on strategies to address access barriers to ECEC.

Recommendation 9

The NSW Government, as a first step in streamlining the funding framework for inclusion support, pool all existing state funds for inclusion support and review the adequacy of current funding levels.

The NSW Government promotes the creation of a national approach to inclusion support that is consistent with recommendations from the Productivity Commission's (draft) report on the Early Childhood Development Workforce.

Recommendation 10

The NSW Government provide free or minimal cost access for at least 15 hours of preschool for all three and four year old Aboriginal children.

Recommendation 11

The NSW Government works with the Commonwealth Government to meet the goals of the National Quality Framework, including addressing barriers to participation through extension of the Commonwealth Child Care Benefit and/or the Commonwealth Child Care Rebate Scheme to state-funded early childhood education and care services.

Recommendation 12

The reporting and accountability requirements in funding agreements link to outcomes in the National Quality Standards, and include a focus on strategies used by services to increase engagement by vulnerable and disadvantaged families.

Recommendation 13

That the NSW Government consult widely with the early education and care sector on any proposal to develop a cluster management model for NSW. If the NSW Government proceeds with the introduction of cluster management, the model must ensure that cluster managers are adequately funded to provide effective support to services.

Where NSW cluster management models currently exist, these should be adequately funded to provide governance and management support.

Recommendation 14

The NSW Government implement strategies to increase recruitment and retention of staff in ECEC in rural and remote areas in line with the (draft) recommendation of the Productivity Commission on the Early Childhood Development Workforce.

1. Introduction

UnitingCare Children's Services (UCCS) welcomes the opportunity to contribute to the independent review of NSW Government funding for early childhood education.

Together UCCS and its sister agency UnitingCare Burnside have a long history of advocating on the importance of early childhood education and care to support children's development and wellbeing. We have, for example, previously made joint submissions to:

- the Productivity Commission's current study on the Early Childhood Development Workforce (2011)
- the NSW Standing Committee on Social Issues current inquiry on transition support for children with additional or complex needs (2011)
- the Productivity Agenda Working Group: Education, Skills, Training and Early Childhood Development on the National Quality Framework for early education and care (2008).

We recognise that the NSW Government's review has a primary and specific focus on the delivery of early childhood education and care (ECEC). In this submission, we use the term ECE to refer to children's participation in preschool education in the context of the NSW State Government. We use the term early education and care (ECEC) to describe the full service system. We recognise that children may receive ECE in a variety of settings. The states, which have constitutional responsibility for the delivery of education, have traditionally funded preschools. In the 1970s and 1980s the Commonwealth developed policies to fund and expand child care services as part of 'labour market' strategies to assist with women with workforce participation.

This funding review builds on the broad consensus amongst researchers, practitioners, policy-makers and politicians that quality early childhood education and care delivers significant positive benefits for children. These benefits span children's social, emotional, physical and cognitive development. ECEC can help children's transition to formal school as well as improving their life chances at school and later in life. Economists have shown that investment in early childhood education and care delivers economic benefits to society by creating savings on more costly intensive down-stream interventions and services. It is also clear that the benefits of quality early

childhood education are most significant for vulnerable and disadvantaged children.³

Other OECD countries, such as New Zealand, already have well advanced policy responses to the growing evidence on the benefits of ECEC. In contrast, Australia has only recently begun to lay the groundwork through its *National Early Childhood Development Strategy*. This strategy places young children's participation in quality early childhood education and care at the centre.

1.1 The State Plan *NSW 2021*

The current state-based *Review of NSW Government Funding for Early Childhood Education* represents a significant opportunity to plan for the long-term development of the early childhood education sector. We welcome the NSW Government's state plan *NSW 2021* and the Government's commitment to increasing access to quality early childhood education.

Goal 15 of the state plan recognises the important role of education in supporting children and young people *"to reach their full potential at all stages of their education from early childhood to post-school learning and employment"*. A key target is that *"all children have access to quality early childhood education"*.⁴

We support the NSW Government commitment to meet this target under the National Partnership Agreement and the National Quality Agenda by ensuring:

- *"all children in NSW have access to a quality early childhood education program in the 12 months prior to formal schooling by 2013.*
- *improving educator to child ratios and increasing the number of qualified early childhood educators"*.

However, we know that NSW will find it challenging to meet these goals in full without further investment. In 2009, one in five children in NSW were not

³ Heckman, J. (2006), The economics of investing in early childhood, *Prevention: Invest Now or Pay Later*, NIFTeY National Conference, Sydney 8 – 9 February 2006; Press, F., What about the kids? *Policy directions for improving the experiences of infants and young children in a changing world*, NSW Commission for Children and Young People, Commission for children and young people and child guardian, and NIFTeY.

⁴ NSW Government, *NSW 2021: A plan to make NSW number one*, http://2021.nsw.gov.au/sites/default/files/NSW2021_WEB%20VERSION.pdf

attending an early childhood service in the year before school.⁵ There was only marginal improvement in participation rates in 2010, by 5.1 percentage points to 86.2%. This was well below the 2010 performance benchmark target (94.6%).⁶

This review provides an opportunity to inform the development of further NSW-specific targets and actions to enable more children to participate in early childhood education. NSW also has potential to show leadership in this area by extending the goals for universal access to both three and four year-olds (see further discussion in section 1.2).

This review should focus on the steps that are required over the next 10 years to build a robust, accessible and affordable early childhood service system in NSW that can lead the way for other states. This means building on the existing strengths of the service system; learning from innovative programs with local solutions; and looking for opportunities to build on and increase integration of services.

NSW can also learn from other jurisdictions. Other states are demonstrating the benefits of investing in early education. For example, results from Queensland's Year 3 NAPLAN test showed significantly improved results from its first cohort students who attended its (free) prep year. This points to the benefits of funding Queensland's prep year as a universal free service.⁷

In NSW, until recently the funding approach used for the 100 DEC preschools provided a benchmark for the way NSW's 750 not-for-profit community-based preschools should be funded. The NSW Government's recent introduction of fees in DEC preschools appears to run counter to the objectives of increasing children's access to early childhood education prior to starting school.

The Urbis 2010 progress report on the evaluation of the National Partnership on Early Childhood Education identified the following key enablers for building universal access:

⁵ NSW Department of Community Services, NSW Department of Education and Training, 2010, *Annual Report 2009, Universal Access to Early Childhood Education (UAECE) New South Wales*, submitted to Council of Australian Government's National Early Childhood Development Agenda.

⁶ *National Partnership for Early Childhood Education: 2010 Annual Reports, NSW*, www.deewr.gov.au/Earlychildhood/Policy_Agenda/ECUA/Documents/NSW-2010-Annual-Report-National-Partnership-EC-Ed.pdf (accessed 16/11/2011)

⁷ <http://www.couriermail.com.au/news/queensland/queensland-set-to-pass-the-test/story-e6freoof-1226132605304>

- the existence of adequate physical infrastructure
- a pool of qualified early childhood teachers and/or cooperative tertiary institutions
- a well-developed curriculum in line with the National Early Years Learning Framework
- strong jurisdictional support in terms of operational and capital works funding
- an affordable structure of fees (if preschool is not free for all children)
- good data systems.⁸

1.2 Increased investment is required

In the context of this review and the progressive implementation of the goals under the National Partnership on Early Childhood Education, Australia has lagged behind other OECD countries in its investment in early childhood education and care. The recently released 2010 progress report on evaluation of the National Partnership on Early Childhood Education, states:

Until the National Partnership on Early Childhood Education came into effect, Australia's investment in ECE has been 'abysmally low,' 30th out of 32 countries on the OECD ranked expenditure on ECE as a percentage of GDP in 2005.⁹

Given Australia's low ranking within OECD countries on investment in early childhood education, achieving and sustaining the goals of improved access and affordability of early childhood services will require increased Government investment.

Fulfilling sustainable benefits for preschool children will entail widening the current policy focus on access for all four-year-olds. It will involve looking at how we, as a community, maximise benefits for disadvantaged and vulnerable children. This requires the development of a service system in NSW that supports children from at least three years of age to participate in early childhood education and care. A major study in the United Kingdom examined the impacts of duration of early education on child development. The study found that high quality preschool provision combined with longer duration had the strongest effect on child development. An early start at preschool

⁸ Urbis 2010, *Evaluation of the National Partnership on Early Childhood Education, Annual Progress Report*, p95.

⁹ Op cit, Urbis p.85.

(between 2 and 3 years) was associated with better intellectual attainment and being more sociable with other children.¹⁰

We recognise that two years of ECE prior to starting school is a long-term goal. However, there is scope within the current COAG agenda to target ECE services to children who are likely to receive the most benefit from these services. Priority should be given to ensuring that high-quality, low-cost ECE is universally available for children from the age of three within communities where there is identified and greatest need. This should include Aboriginal communities as well as low-socio-economic communities.

An early start for vulnerable children in ECE is particularly important to ameliorate the effects of social disadvantage and can provide these children with a better start to school. A world-leading researcher in early childhood education has recently questioned the COAG policy of providing a year of preschool, saying it is too late to close the gap for disadvantaged children. Professor Joseph Sparling says that those children at greatest risk need to start preschool much earlier than the standard of 4-years-old in Australia. Professor Sparling has spent the past three years running the Abecedarian project in the United States, which focuses on finding ways to help children from disadvantaged background to succeed in school.¹¹

Dr Frances Press from Charles Sturt University, who was co-author of the Australian background report for the OECD Thematic Review of Early Childhood Education and Care Policy in 2000, supported Professor Sparling's calls for preschool to be made available for disadvantaged children at an earlier age. In response she stated that one year of preschool for the year before starting school is not in keeping with international benchmarks, nor research which indicates that two years of preschool before school is better for children.¹²

It is notable that New Zealand delivers a universal access program that targets children from three years old until the time they enrol in school. The program is delivered to all children, regardless of their parents' income,

¹⁰ Sylva, K., Melhuish, E., Sammons, P., Blatchford, I S. and Taggart, B., 2004, *The Effective Provision of Pre-School Education (EPPE) Project: Findings from Pre-school to the end of Key Stage 1, SureStart*, United Kingdom.

¹¹ Edwards, M., 2011, 'Expert urges early preschool for disadvantaged children', *The World Today, ABC News*, www.abc.net.au/worldtoday/content/2011/s3353027.htm, 1 November 2011.

¹² Ibid.

residency status or employment status at no charge to parents.¹³ Similarly, the United Kingdom provides two years of free early childhood education in the years before school, which is also integrated with other support services for children and families.¹⁴

1.3 Addressing the legacies of past funding arrangements for community-based preschools

In 2006, the then NSW Government announced new funding of \$80 million over four years under the Preschool Investment and Reform Plan (PIRP). While this funding was welcome, it was widely viewed as a band-aid measure to prop up services that were at risk of closing because of viability issues. The PIRP in its various phases also attempted to address the enduring legacies of historical funding arrangements which were driven by an ad hoc, submission based approach. From 1989 to 2006 apart from CPI increases, there had been no significant new State Government funding into the community-based sector even though costs had continued to grow. As costs had increased, for example, wage rises, insurance, building repairs, and playground renewals, these had often been passed onto families. Alternatively, where management committees felt their community had limited capacity to pay (for example, due to the drought or high levels of unemployment), they looked at other ways of addressing the shortfall (such as using limited reserves) before putting up fees. Some services also faced growing competition from the Commonwealth long day care sector which was expanding and able to offer more affordable fee-relief through the Commonwealth Child Care Benefit.

The funding reforms introduced around 2008-2009, including the Resource Allocation Model, were an attempt to redistribute the pool of funding over time, but were not sufficient to address the growing affordability issues that existed for the community-based preschool sector.

1.4 Immediate challenges: access and affordability

We agree with the Urbis report that: “*The key questions relating to immediate outcomes have to do with increasing capacity and ensuring affordability*”.¹⁵

¹³ Urbis, op cit., p 34.

¹⁴ Kronemann, M., 2008, *Aboriginal and Torres Strait Islander children and the national early childhood agenda*, For Dusseldorp Skills Forum.

¹⁵ Urbis, op cit., p 93.

Based on even average fee structures, NSW has some of the highest fees in the nation. The Urbis report states:

the reported average fee for community preschools in NSW is \$27.93 per day on average for all families, \$10.40 for Indigenous children and \$16.62 for children from low income families as reported in NSW's NP ECE Annual Report for 2009; in Queensland daily fees range from \$13 to \$20 and in Victoria, the average fees are about \$140 per term.¹⁶

The Urbis report average is not a good indicator of fees. UCCS charges daily fees in the vicinity of \$40 to \$50 per week. This is due to UCCS commitment to quality services and support for the employment of early childhood teachers in our services. We understand that other organisations do likewise.

Cost and affordability is often the key factor impacting on a family's decision about whether to use formal ECEC services, particularly for families in low socio-economic areas. Research tells us that children from disadvantaged backgrounds benefit most from early childhood education where qualified staff develop and deliver the educational program.¹⁷ However, these children are most likely to miss out on access to early childhood education due to the high cost of preschool and long day care services in NSW.

UCCS has extensive waiting lists for our services located in affluent areas, whereas our services in low socio-economic areas tend not to have waiting lists (except for young babies). This is illustrated by the table below, which includes waiting list information for three services, two of which are located in low socio-economic areas, while the third is located in an affluent area in the inner west of Sydney.

¹⁶ Ibid, p 92.

¹⁷ The longitudinal study conducted for SureStart on the *Effective Provision of Pre-school Education*, for example, found that disadvantaged children benefit significantly from good quality pre-school experiences but make more progress in settings that have staff with higher qualifications. Sylva, K., Melhuish, E., Sammons, P., Blatchford, I S., Taggart, B. and Elliot, K., 2003, *The Effective Provision of Pre-School Education (EPPE) Project: Findings from the Pre-school Period*, Institute of Education, University of London.

Age of children	Service in Bankstown area	Service in St Mary's area	Service in Inner West Sydney
0-2 years	12- 13 children on waiting list	2 children on waiting list	About 3 years
Over 2 years	No waiting list	No waiting list	2 years
3-5 years	No waiting list	No waiting list	1 year

The impact of affordability on service access is also illustrated by the immediate slump in enrolments that has occurred following the NSW Government's decision to begin charging fees of up to \$40 a day in public preschools from next year. For example, according to the president of the Darlington School and Community Association, only 15 students have been enrolled at the inner city Darlington preschool for next year, whereas normally 30 to 40 students would be enrolled at this time.¹⁸ The impact on access by fees is immediately apparent and directly proportional to the level of fees that are set.

1.5 Medium to longer term priorities (the next five to ten years) – planning for growth and integration

UCCS and Burnside have a strong commitment to improving the life chances of vulnerable and disadvantaged children. We support the application of a 'public health model approach' to supporting children. Within a public-health model, universal interventions are strategies that target whole communities or all families to promote child wellbeing and prevent child abuse and neglect.

In this approach, early childhood education and care is a universal service, which should be accessible to all children regardless of where they live (as opposed to a service which only targets vulnerable families). Universal services are well accepted by families as they are non-stigmatising and non-threatening, and they provide an opportunity to work with families who may not seek help from a statutory child protection agency and even avoid more

¹⁸ Stevenson, A., 2011, 'Child's play no more – preschool enrolments tumble with new fees', *SMH*, October 28 2011, www.smh.com.au/nsw/childs-play-no-more--preschool-enrolments-tumble-with-new-fees-20111027-1mm7p.html

targeted child protection services.¹⁹ The National Evaluation Report of the Sure Start program in the UK found that targeted programs are less effective in supporting positive outcomes for children in disadvantaged communities than integrated, universal strategies providing active outreach to families experiencing disadvantage.²⁰

Joanne Schroeder, Provincial Community Development Manager, University of British Columbia reflected on the British Columbian experience in Canada of the use of the Early Development Index at the recent NIFTeY conference. She referred to the importance of ‘proportionate universality’, where universal access has an intensity and character that addresses barriers at every level. Schroeder notes that highly targeted programs may not reach all children who are vulnerable.²¹ She notes that barriers to access to early childhood programs can be multiple and include:

- lack of availability
- cost
- transport
- time offered
- language spoken
- fragmentation of services
- lack of information for families.

Within a public health model approach, where ECEC services are provided as a universal service, they must have a strong focus on ensuring inclusion of all children, including Aboriginal children, children from culturally and linguistically diverse backgrounds, and children with additional needs.

The *Special Commission of Inquiry into Child Protection in NSW* recommended shifting the child protection system in NSW to a prevention approach. Commissioner Wood also comments on the importance of universal access to quality early education and care:

¹⁹ Allen Consulting Group, 2008, *Inverting the pyramid: Enhancing systems for child protection*, Australian Research Alliance for Children and Youth.

²⁰ Anning, A., Stuart, J., Nicholls, M., Goldthorpe, J., and Morley, A., 2007, *Understanding Variations in Effectiveness amongst Sure Start Local Programmes*, SureStart Report 024, www.ness.bbk.ac.uk/impact/documents/40.pdf

²¹ Schroeder, J. 2011, “Engaging Communities: A Province Wide Approach to Community Mobilisation for Children Using the Early Development Instrument (EDI): 10 Years on What Have We Learned in British Columbia” NIFTeY Conference, Sydney, <http://conferenceonthenet.com/clients/niftey/docs/Schroeder.pdf>

Research evidence suggests that of all single strategy interventions, high quality child care is the most effective in improving child outcomes and providing children with a chance to start school on a more equal footing²².

The report states: “*child protection systems should comprise integrated universal, secondary and tertiary services, with universal services comprising the greater proportion.*”²³ Commissioner Wood recommends that the service system should include high quality, centre-based ECEC.²⁴

The ECEC system should be developed in a way that plans for expansion to address unmet need, particularly in growth areas of metropolitan Sydney as well as regional communities.

Traditionally preschools were established in better resourced, more affluent areas where community skills for accessing funding and establishing services were strong. In order to provide preschools in areas of socio-economic and cultural disadvantage, funding is required to develop new services. Funding may also be required for older services needing repairs and maintenance to meet the new National Quality Standard.

Recommendation 1

The NSW Government develops an *Early Childhood Education Guarantee* that sets targets for participation levels and affordability.

The NSW Government develops a planning framework and access to funding to develop new services in communities that need them.

²² Ibid, p 210.

²³ Wood, J., 2008, *Report of the Special Commission of Inquiry into Child Protection Services in NSW*, State of NSW through the Special Commission of Inquiry into Child Protection Services in NSW, Sydney, p 5.

²⁴ Wood, J., op cit, recommendation 10.4a, p xviii.

2. Common and consistent principles

Are these principles adequate for the design and administration of funding programs for early childhood education?

What other principles might inform funding arrangements?

Which principles are most important?

UCCS endorses the statement of funding principles developed by the NSW Children's Services Forum which is chaired by the New South Wales Council of Social Services (NCOSS). The principles identified by the Forum are:

- *Universal Access (Inclusiveness)* – all children have equitable access to ECEC services.
- *Value for Money* – making sure there is the best mix of services that meets the needs of the early childhood and education care sector by selecting the best mix of resources that delivers the best possible outcomes for clients.
- *Fairness, Integrity and Transparency* – the funding system is, and is seen to be, accessible, appropriate and fair.
- *Cooperation* – The relationship between the Department of Education and Communities (DEC) and ECEC providers is based on reciprocity.
- *Diversity* – recognising the diversity of the ECEC sector.
- *Consistency* – grants administration procedures should be consistent within programs and across agencies.
- *Co-ordination* – outcomes for children and the ECEC sector are improved through better alignment of planning, program design and service delivery within and across government, non-government and the private sector.
- *Probity* – grants administration is conducted in an environment of integrity, honesty and scrutiny
- *Evidence Based* – policy and program development should be based on reliable evidence but this should not prevent innovative programs from being supported
- *Outcomes* – decisions should be based on a focus of achieving real outcomes for children
- *Accountability* – government agencies and the ECEC sector must be accountable and transparent in the way they spend public funds, in a

manner that is appropriate to the level of expenditure

- *Respect* – DEC and the ECEC sector must respect each other's roles and recognise that this may lead to a difference of opinion
- *Communication* – DEC and the ECEC sector must have open communication and consultation, especially where changes to policies, programs or services are being considered.

The funding framework should have a strong emphasis on achieving quality outcomes for children that are measurable. The focus should be on how many children are accessing and benefiting from quality ECEC services. The outcome is not a more streamlined system as the discussion paper suggests.

UCCS agrees with the discussion paper that simplicity should be a central aim in program design, along with stability and predictability of funding arrangements. As the paper suggests, reporting requirements should be proportionate to the level of funding. This should not be onerous or add administrative burden for ECEC services.

In accordance with the principles of *respect* and *communication*, consultation with the sector must continue as the review progresses and on any proposed changes to the funding policy. Proposed funding models will need to be piloted with major providers to ensure that they are viable and will lead to improved outcomes.

3. Clearer priorities for funding

How can funding best encourage quality delivery of early childhood education across as many early childhood education and care settings as possible?

How should funding encourage more widespread delivery of early childhood education in disadvantaged areas and for disadvantaged families?

UCCS considers that the NSW Government should give its first priority to funding an affordable preschool system in this State, while recognising that some children may participate in ECEC through the Commonwealth funded child care system (approved long day care). The NSW Government's responsibility is to ensure that all children have access to ECE in the two years prior to school. NSW should have a planning and funding system that ensures that there are incentives for organisations to deliver community-based preschools in areas of unmet need.

The second priority should be to support the salaries of early childhood teachers in preschool and long day care to meet the National Quality Standard requirements for a degree-qualified early childhood teacher. Funding from the Commonwealth Government under the National Partnership Agreement should be directed to supporting employment of early childhood teachers in services to maintain and improve the quality of early childhood education.

Recommendation 2

The NSW Government increase investment in early childhood education and care, and give priority to:

- funding an affordable preschool system (free or minimal cost), which ensures that all children have access to early education and care in the two years prior to school
- supporting the salaries of teachers in preschool and long day care to meet the National Quality Standard requirements for a degree-qualified early childhood teacher.

Recommendation 3

The new funding framework for early education and care includes incentives for community organisations to deliver community-based preschools in areas of unmet need, including rural and remote areas.

3.1 Funding for community-based preschools

The current funding system for community-based preschools is complex for services and families to understand. The Resource Allocation Model (RAM) comprises a base rate as well as a complex system of loadings.

- A base rate which is based on a capped number of enrolled children. The base rate is calculated on the average income of families with children aged 0-5 in the service's Local Government Area (LGA). Services receive a higher rate for each Indigenous child enrolled and each child from a low income family (people eligible for a low-income Health Card).
- A loading for children from culturally and linguistically diverse (CALD) backgrounds
- A loading to account for the extra costs of operating remote services (per child per year)
- An allocation of money for fee-relief and additional funds for children of Aboriginal and Torres Strait Islander backgrounds. This is administered after the general daily fee is set by the service's budget process (the fee is determined by the gap between the base funding and the total operating costs). These allocations are then applied to reduce the daily fee for an individual family with a low income health care card and/or who identify as Aboriginal. The amounts of the reduction differ from service to service.
- There is money that services can apply for children with additional needs (see section 4.2).

The funding formula for community-based preschools needs to be simplified with a functional relationship between the cost of service delivery and the level of funding. The current 'per child' payment is not financially viable or sustainable and it constrains services from operating to capacity. Enrolment levels fluctuate from year to year – if a service has a year where there are not many enrolments, their funding for the next year is based on that, but this can

leave a significant shortfall if enrolments increase. Funding needs to be predictable and not retrospective.

A funding model which covers core costs to deliver the service and comply with minimum staffing requirements under the Regulations would give greater certainty. This should be based on the regulatory staffing level for the service's maximum licensed number. This is especially significant for services in rural and remote areas where utilisation rates may be lower than the licensed number.

Not all services operate at their historic licensing capacity. Where a service provider cannot demonstrate capacity to increase participation to the historic licensing level, arrangements should be made to gradually adjust funding to reflect current staffing levels.

There also needs to be a loading for the particular characteristics of children and/or service including, low income, CALD, Aboriginal and rural/remote locations. The current LGA based per child calculation is not well targeted as many LGAs will have a mix of affluent and less affluent areas. The funding review should consider how the Australian Early Development Index (AEDI) might be used to better target the loadings based on children's needs. The AEDI contains sub-LGA (suburb) level data.

In relation to fee relief, the current system is based on retrospective reporting of the attendance numbers of children from low income families. A service may have a larger number of children attending from low income families in the current year due to changes in the demographic profile of the area. For example, if one year a service reports that 10 children attended from low income families, the following year the funding will be adjusted for 10 children, even though it may be 12 children that enrol that year. The retrospective funding arrangement is also counter-productive to encouraging increased participation from children who are currently not attending an ECEC service. For example, a successful outreach program to encourage more enrolments from low-income families may result in fee-relief subsidies being spread more thinly. The fee relief application process should be based on current attendance rather than retrospective reporting and funding.

There are also issues in relation to eligibility for fee relief. Currently, eligibility is based on the Low Income Health Care Card. This means that low to middle income families who have little disposable income are not able to access fee

relief. We suggest that the ability to access special fee relief would assist such families who are experiencing financial hardship to maintain participation in ECE. The Australian Institute of Health and Welfare is working on the development of affordability indicators. While this is yet to be finalised, it should be incorporated into any future funding models. We also note that the need for fee relief would be reduced if overall funding for the operation of services were increased to reflect operating costs.

Community-based preschools also need the ability to apply for capital grants and refurbishment, especially where they cannot meet National Quality Standards.

Clarification of options for how services can meet the '15 hours universal access for all for all four-year-olds in the year prior to starting school' is needed for NSW services. A variety of operating models should be accepted. Services should not be penalised where enrolment uptake does not meet the NPA projected participation targets. Families may not access ECEC for various reasons including affordability, isolation, lack of information or by choice. Addressing these barriers is required to enable overall participation rates to be increased. It should also be noted that extending operating hours to meet the minimum 15 hours requirement has industrial implications and may necessitate renegotiation of employment conditions and agreements, leading to increased staff costs. Services negotiating such change should be able to receive financial support to make such change, if necessitated under the NPA.

Recommendation 4

The funding model should cover core costs to deliver the service and comply with minimum staffing requirements under the Regulations. This should be based on the regulatory staffing level for the service's maximum licensing number. In addition, there should be a loading for the particular characteristics of children including children from low income families, CALD, Aboriginal children and services operating in rural/remote locations.

Recommendation 5

The fee relief application process should be based on current attendance rather than retrospective reporting and funding (if operational funding does not cover the full costs of service delivery).

Recommendation 6

The NSW Government should ensure that fee relief fully addresses affordability issues for low income and Aboriginal families. The review should draw on the soon to be released Australian Institute of Health and Welfare affordability indicators.

3.2 Developing integrated service models for new services

Children living in the most socio-economically disadvantaged communities are more likely to be developmentally vulnerable on each of the Australian Early Developmental Index (AEDI) domains.²⁵ Data from the AEDI should be used to identify areas of high need (where there are gaps in the availability of existing ECE services).

Leading international researchers concur that integrated programs which combine child-focused educational activities with explicit attention to parent-child interactions have the greatest impact²⁶ and that integrated models are best positioned to engage disadvantaged families and communities.²⁷

The benefits of an integrated and co-located model lie in the seamless access it provides to a variety of expertise and opportunities in a single convenient location. Delivering a range of services in a universal early childhood education venue reduces the potential for stigma because these venues are not associated with a specific type of 'problem'.²⁸ Co-location of services

²⁵ Centre for Community Child Health and Telethon Institute for Child Health Research 2009. *A Snapshot of Early Childhood Development in Australia – AEDI National Report 2009*, Australian Government, Canberra.

²⁶ Shonkoff, J. and Phillips, D.A., 2000, *From Neurons to Neighbourhoods: The Science of Early Childhood Development*, National Academy Press, Washington.

²⁷ Sylva, K., Melhuish, E., Sammons, P., Blatchford, I S., Taggart, B. and Elliot, K., 2003, *The Effective Provision of Pre-School Education (EPPE) Project: Findings from the Pre-school Period*, Institute of Education, University of London.

²⁸ McDonald, M., 2010, *Are disadvantaged families “hard to reach”? Engaging disadvantaged families in child and family services*, Communities and Families Clearinghouse Australia. www.aifs.gov.au/cafca/pubs/sheets/ps/ps1.html

provides opportunities for families to become familiar with other staff and makes transition to other programs within the service much easier.

There are now many examples of high-quality integrated service models across Australia. However, at the state and territory level, there have been significant differences in the extent to which governments have recognised the benefits of integrated, co-located child and family services, with the greatest investment in these services in South Australia, Queensland, the Australian Capital Territory, Victoria and Tasmania.²⁹ Conversely, NSW has lagged behind these States and Territories in the development of integrated, co-located models.

UCCS has recent expertise in working within an integrated delivery model, in our work in the Gunnedah Aboriginal Child and Family Centre where we are providing the ECEC component with Relationship Australia providing centre management. This service is funded under the *National Partnership Agreement on Indigenous Early Childhood Development*. UnitingCare Burnside is also part of the consortiums that are delivering Aboriginal Child and Family Centres in Blacktown and Campbelltown.

With UnitingCare Burnside, UCCS has done significant work over the last five years in identifying and addressing the key elements of an integrated model. We acknowledge the historical tensions between children's services, with their focus on the child, and social welfare and health professionals, who tend to focus more on adult needs. We bring our expertise of child-centred, family-focused practice to a view of the whole family and the whole community, connected with other services (ideally operating from the shared building). Our service model also has a focus on supporting positive transitions for children starting school.

Effective interdisciplinary teams require the development of shared understandings and respectful collaborative relationships. We therefore advocate for shared training experiences (e.g. in service philosophy, teamwork, community engagement or use of inclusive language) so that common understandings of our work in an integrated service inform our decision making and service delivery. Different professions can hold

²⁹ CSDMAC (Community and Disability Services Ministers' Advisory Council) 2009, *A strategic assessment of the children's services industry*, Adelaide.

stereotypic views of other professions, and common training is an effective tool to break down these assumptions.

Recommendation 7

New ECEC services should be targeted to areas of entrenched disadvantage using the Australian Early Development Index (AEDI) data to identify the priority sites. In planning the development of new services, the NSW Government give priority to the establishment of integrated, co-located child and family centres (which include early education, family support and maternal and child health services) in areas of identified disadvantage.

3.3 Addressing other barriers to access

From our experience in working with disadvantaged families, we have identified that apart from issues of affordability, disadvantaged families may be reluctant to send their children to ECEC services for a number of reasons including:

- limited parental educational experiences that make early childhood education unfamiliar and/or intimidating
- a belief that children are better cared for by them or family members
- parents may consider that their child does not need care as they are not working and there is often no family history of attending preschool prior to starting school
- parents fear that they will be judged as a parent by services that are perceived as 'middle class'
- rules and complicated enrolment processes that are alienating for families in crisis and daunting for parents with low levels of literacy
- centres that are not culturally inclusive or welcoming to families from Indigenous or CALD backgrounds
- transport issues.

Many people are not aware of the child development and educative role of ECEC services and see it as essentially a child minding service. Strategies are needed to improve community awareness and understanding of the role and value of children's services within the context of the importance of the early years of life.

Supports are also needed to address practical barriers to access for disadvantaged families including, for example, a simple and affordable fee structure across the state, clear information on enrolment and assistance with this process.

Recommendation 8

That the current review of funding for early childhood education makes recommendations to the NSW Government on strategies to address access barriers to ECE.

4. Better targeting of funding

How can funding be better targeted to the needs of each child?

What are the factors that should be taken into account in determining the needs of the child?

What other factors should be used to target funding?

The funding framework needs to target additional funding to ensure that services are able to provide high quality services that meet the needs of:

- children with disabilities
- children at risk of abuse and neglect
- Aboriginal children
- culturally and linguistically diverse (CALD) families.

As outlined in section 3, a funding mechanism should be created to increase funding to preschools where there are characteristics of the child that mean that the service incurs additional costs in providing a quality service which meets the child's needs. For example, services that work with children with English as a second language or Indigenous backgrounds incur extra costs in ensuring their service is culturally appropriate, including costs relating to interpreting and translating.

As discussed in section 4.3, it is also important to employ and train staff who can build and sustain relationships with Aboriginal and CALD families.

4.1 Resources to support inclusion of children with special needs

There are several issues relating to how ECEC services are resourced to support the inclusion of children with additional needs. Currently, provision of NSW government funding to support inclusion of children with additional needs is both fragmented and inadequate.

For example, UCCS receives funding from DEC under the Intervention Support Program (ISP). This allows for employment of a part-time Inclusion Support Worker four days a week who currently provides consultancy and support across 28 services.

Children's services are also eligible to receive small amounts of funding to employ additional staff, based on the number of children they have with additional needs:

- Children's services previously funded by the Department of Communities Services can apply for *Supporting Children with Additional Needs (SCAN)*.
- Non-profit state-funded services can receive small amounts of additional funding from DEC under the *Intervention Support Program* for children with disabilities.
- It should be noted that Australian Government 'approved' child care services are eligible to apply for the *Inclusion Support Subsidy* as a contribution towards the costs associated with including a child with ongoing high support needs.

The small pools of money and the differences in eligibility between state and federal funding mean that the system is complex for services to administer and families to access.

SCAN funding generally does not cover the cost of an additional early education and care worker to work directly with a child. More generally, programs to support the inclusion of children with disabilities and other special needs do not provide ongoing operational support and are of limited duration. Funding should cover the full cost of employing an inclusion support worker for the days and hours that the children attend. Additional resources are also required to allow inclusion support workers to liaise with parents, attend case planning meetings and work collaboratively with other service providers.

Workers employed in community-based preschools under the SCAN program are employed on short term contracts. Generally, they are employed as Child Care Workers to provide additional primary contact staff in the room to support inclusion, while the permanent teacher or director is responsible for program design and delivery to support the child. Lack of job security and uncertainty often leads educators to look for alternative employment (often before the contract is finished) and results in lack of staffing continuity. This can impact on the outcomes of children who need additional support.

It is also worth noting that different regions have had different amounts of SCAN funding depending on historical funding arrangements. This has created anomalies and inequity in access to inclusion support funding.

As the Productivity Commission's Draft Report on the Early Childhood Development Workforce observes, inclusion of children with additional needs is also affected by the onerous nature of the application process. Services are required to prepare a service support plan even where children have unchanging diagnosed additional needs.³⁰

In its draft report on the Early Childhood Development Workforce, the Productivity Commission has recommended that governments modify the structure and operation of inclusion programs and reassess funding levels so that such programs:

- provide sufficient funding to support the inclusion of all children with additional needs
- cover the full cost of employing inclusion support workers at market wages
- have simple and streamlined application processes, which do not place an undue burden on ECEC services
- make funding available to ECEC services in a timely and regular manner
- provide multiple-year funding, requiring re-application or adjustment only when there is a significant change in the level of need of a particular child or cohort of children.³¹

UCCS strongly supports this recommendation. Further, we suggest that a national funding framework for inclusion support services should be developed. The framework should roll together all state and Commonwealth Government additional needs/inclusion support funding into one pool of funding. This would save on costs associated with program administration and reduce the regulatory burden on services. It would also promote greater equity in access to funding by service providers.

The funding system should also ensure continuity of support as children with additional needs transition into formal schooling, so that the gains made in early education and care are maintained. Our experience is that some children who receive additional support in community-based preschool services, under programs such as SCAN, do not qualify for such assistance when they start school (due to variations in eligibility criteria and funding

³⁰ Productivity Commission, 2011, *Early Childhood Development Workforce*, Draft Report, p129.

³¹ Productivity Commission, op cit, draft recommendation 8.1, p 130.

arrangements). The establishment of the Department of Education and Communities provides an opportunity to review the operation of support programs for children with additional needs to ensure continuity of support across early childhood and school environments.

Recommendation 9

The NSW Government, as a first step in streamlining the funding framework for inclusion support, pool all existing state funds for inclusion support and review the adequacy of current funding levels.

The NSW Government promotes the creation of a national approach to inclusion support that is consistent with recommendations from the Productivity Commission's (draft) report on the Early Childhood Development Workforce.

4.2 Closing the Gap for Aboriginal children

The *National Partnership Agreement for Indigenous Early Childhood Development* aims to ensure that by 2014, all Indigenous four-year olds have access to quality ECEC, including in remote areas.³²

A report by the Department of Families, Housing, Community Services and Indigenous Affairs on *Closing the Gap on Indigenous disadvantage*, comments that without preschool learning opportunities, Indigenous students are likely to be behind from their first year of formal schooling.³³ However, in 2009, nationally, 75% of Indigenous children between 3.5 and 4.5 years of age did not attend any formal ECEC service.³⁴

The Productivity Commission's draft report on the Early Childhood Development Workforce recommends that:

³² Council of Australian Governments, *National Partnership Agreement for Indigenous Early Childhood Development* www.coag.gov.au/coag_meeting_outcomes/2008-10-02/docs/indigenous_early_childhood_NPA.pdf

³³ Department of Families, Housing, Community Services and Indigenous Affairs, 2008, *Closing the Gap on Indigenous Disadvantage: the challenge for Australia*, www.fahcsia.gov.au/sa/indigenous/pubs/general/documents/closing_the_gap/p2.htm

³⁴ FaHCSIA, 2009, cited in Sims, M., 2011, *Early Childhood and education services for Indigenous children prior to starting school*, Resource Sheet no. 7 for the Closing the Gap Clearinghouse.

To support service-level workforce planning and to provide for greater certainty to facilitate more effective attraction, retention and training of staff in Indigenous-focused services, governments should:

- give priority to the provision of quality ECEC services for Indigenous children, without passing on extra costs to parents
- provide multiple-year funding for Indigenous-focused ECEC services.

UCCS strongly supports the Productivity Commission's recommendation, and we urge the NSW Government to give priority to provision of minimal cost ECEC to all Aboriginal children from the age of three.

Notably, in Victoria, all three and four year old Aboriginal children have access to up to ten hours free kindergarten. Under the Indigenous Kindergarten Program, the Victorian Government also employs Koorie Engagement Support Officers and Koorie Preschool Assistants. The role of the Koorie Engagement Support Officers focuses on:

- promoting the values of kindergarten programs within Koorie families and communities to increase participation
- promoting cultural awareness and provide access to resources for all kindergarten programs
- liaising between Koorie families and kindergarten programs
- supporting the Koorie Preschool Assistants' program.

The Koorie Preschool Assistants work with kindergartens to:

- assist in the delivery of Koorie inclusive programs
- provide information and support to Koorie families and communities
- support the attendance of Koorie children in kindergarten programs
- encourage the involvement and participation of Koorie parents, families and carers in the development of kindergarten programs.

In relation to Aboriginal-specific service models, UCCS supports the continued expansion of the Aboriginal Child and Family Centre model to other areas of NSW. Through the *National Partnership Agreement on Indigenous Early Childhood Development*, the Australian Government has provided funding for the establishment of 38 Children and Family Centres across Australia by June 2014. The Children and Family Centres are targeted at addressing the needs of Indigenous families and their young children and also provide services to all families in the community.

Recommendation 10

The NSW Government provide access for at least 15 hours of preschool for all three and four year old Aboriginal children at free or minimal cost.

5. Better integration of Commonwealth and State approaches

How can Commonwealth and State funding programs for early childhood education complement each other better?

How can reporting by services to Commonwealth and State governments be better managed?

The policy frameworks in Australia for the funding and delivery of early childhood education and care are complex, reflecting the evolution of social policy in this area and the differences between State and Commonwealth responsibilities.

NSW should continue to support and implement the key elements of the National Quality Framework including:

- universal access
- National Quality Standards
- Early Years Learning Framework, and
- the recommendations of the Productivity Commission's current inquiry into the Early Childhood Development Workforce.

In the interests of national consistency for quality early education and care, UCCS considers that there are opportunities to strengthen Commonwealth and State collaboration in meeting the goals of the National Quality Framework. There is a demonstrated need for increased Commonwealth funding to NSW to increase participation and affordability. This may also be achieved through access to the Commonwealth Child Care Benefit and/or the Commonwealth Child Care Rebate Scheme.

As outlined in section 4.1, UCCS also supports the establishment of a national funding framework for inclusion support services which brings together all state and commonwealth special needs/inclusion support funding into one pool of funding.

In relation to data collection, it is important that governments only collect data that is analysed, used for planning and evaluation purposes and reported back to the ECEC sector. Governments should also avoid duplication in collection of data. For example, as noted in section 6, reporting on education

outcomes is dealt with through the assessment process in the National Quality Standards and should not be duplicated in the NSW reporting requirements.

Recommendation 11

The NSW Government works with the Commonwealth Government to meet the goals of the National Quality Framework, including addressing barriers to participation through extension of the Commonwealth Child Care Benefit and/or the Commonwealth Child Care Rebate Scheme to state-funded early childhood education and care services.

6. Accountability for funding

How might service providers best account for the early childhood education outcomes they achieve?

What types of performance information should service providers be reasonably expected to provide?

What kind of links should be made between the New South Wales early childhood education funding model and the new National Quality Framework regulatory scheme?

What other factors should form the basis of accountability?

As outlined in section 2, reporting and accountability requirements for the ECE sector should be appropriate to the level of expenditure.

The reporting and accountability requirements within funding agreements should be linked to the outcomes in the National Quality Standards.

This should include reporting on the extent of service use by vulnerable and disadvantaged families who have greater difficulty in accessing services, for example, Aboriginal children and children with additional needs. Notably, the Australian Government's Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) is building the Australian Early Development Index (AEDI) into both service planning and accountability requirements on funding agreements for all its funded programs. Services will need to demonstrate what strategies they have put in place to increase engagement by families who find services 'hard to reach'.

As reporting on education outcomes is dealt with through the assessment and ratings process in the National Quality Standards this should not be duplicated in the NSW reporting requirements.

Recommendation 12

The reporting and accountability requirements in funding agreements link to outcomes in the National Quality Standards, and include a focus on strategies used by services to increase engagement by vulnerable and disadvantaged families.

7. More effective delivery of early childhood education

How can early childhood education providers be better supported to manage and improve the quality of their services?

Is the cluster management approach viable for New South Wales, or are there other models that will allow providers to concentrate more of their resources on providing quality early childhood education?

In order to better support ECEC providers to improve the quality of services, the funding framework must include funding for management, quality improvement and administration services.

UCCS supports the establishment of a cluster management model provided that cluster managers are adequately funded to carry out this role. This approach can reduce the pressures on voluntary committees of stand-alone services and provide greater stability and consistency in management, which can lead to improved outcomes in service delivery for children and families.

However, as outlined below, the Victorian experience of cluster management highlights the importance of ensuring that cluster managers are adequately funded to meet their obligations and provide effective support to services. There may be small savings in administration by coming under the cluster model; however, apart from this, any costs of providing cluster management that are not funded by the Government must be passed on to parents in fees. Clearly, any increase in fees to parents will impact on affordability and this is of particular concern in disadvantaged communities.

UCCS has demonstrated experience, capacity and infrastructure for the provision and governance of different management models, currently operating directly provided and locally managed services. Directly provided services are fully managed by the UCCS management team. Locally managed services are actively managed by a committee comprised of elected members from the local congregation and parents of children attending the service. UCCS provides ongoing support, policies and advice to management committees to ensure regulatory compliance, legislative accountability and strategic planning. A Memorandum of Understanding provides a framework for each party's agreed roles and responsibilities and a levy arrangement

contributes to the operational cost of the management team. Under our management model, all services (directly managed and locally managed) work within the same guidelines, policies and principles and are responsive to their local needs.

UCCS would benefit from funding for its cluster management model, which currently relies on a levy from the locally managed UCCS services. This would reduce the level of financial support required from the services to support cluster management, thereby reducing fees and improving affordability.

NSW is in a good position to draw on Victoria's experience of cluster management. In Victoria, the kindergarten cluster model was established in 2003. Cluster management is seen as a key strategy to build a more responsive and effective kindergarten system across Victoria. Cluster managers are responsible for the employment of staff, management of the administration of the service, and maintenance of licensing and regulatory responsibilities. Cluster managers may be local councils, community-based organisations, or federated and amalgamated kindergarten organisations. To be approved as a cluster manager, organisations must meet eligibility requirements and demonstrate a capacity to meet service delivery specifications.

As at August 2009, there were 51 kindergarten cluster managers throughout Victoria with 591 funded kindergarten programs participating in cluster management. This equated to 47 per cent of the 1254 community managed funded kindergarten programs in Victoria.³⁵

A review of the Victorian kindergarten cluster management policy was undertaken in 2007. The review found that:

- parents are benefiting as a result of the reduced governance and administrative workloads and responsibilities; increased capacity to focus on community development aspects; and improved support in undertaking their roles

³⁵ State Government Victoria, 2009, Department of Education and Communities, *Kindergarten Cluster Management Policy Framework*, East Melbourne, www.eduweb.vic.gov.au/edulibrary/public/earlychildhood/childrenservices/kcmframework.pdf (accessed 2/011/2011)

- kindergarten staff are benefiting through a more stable management; increased availability of professional support and opportunities for professional development; and increased management and administrative support
- the broader community is benefiting through more sustainable kindergartens; improved attention to access and participation; and increased consistency and single point of contact for kindergarten services in the community.³⁶

The review found that these benefits were most evident for kindergarten clusters that had strong arrangements in place for governance. Conversely, some cluster managers experienced significant challenges in relation to governance and sustainability. As well, some had limited experience in early childhood service delivery, experienced difficulty in managing change, and had limited engagement in local planning processes.³⁷

The review found that the greatest challenge of cluster management cited by cluster managers was the funding provided for the role. The funding level limited the cluster manager's ability to recruit staff with the appropriate mix of skills and expertise. It also limited the number of paid hours for cluster management staff that could be supported, resulting in difficulties in properly resourcing the activities required to deliver on their obligations as a cluster manager. Cluster managers identified that the time and resources required to implement cluster management arrangements was significantly underestimated, particularly in the establishment phase and when transitioning new kindergartens into the cluster management arrangement. It was also identified that the funding model did not provide for size differentials of kindergartens, and the range of programs.³⁸

These funding issues either resulted in absorption of management costs in other parts of the organisation, transfer of costs to kindergartens through increased kindergarten fees, or reduced capacity to deliver on cluster management service requirements. A number of cluster managers indicated

³⁶ KPMG, Department of Education and Early Childhood Development, 2007, *Review of Kindergarten Cluster Management*, www.eduweb.vic.gov.au/edulibrary/public/earlychildhood/childrensservices/kcm-reviewreport (accessed 2/11/2011)

³⁷ State Government Victoria, op cit., p3.

³⁸ KPMG, op cit., p86.

that the costs absorbed by their organisation were significant, and may mitigate their continuing ability to deliver kindergarten management services.

The review made a range of recommendations to reduce the challenges encountered by cluster managers and kindergartens in implementing cluster management and promote more consistent delivery of benefits across cluster management arrangements. It recommended that the Department review the funding model for cluster management to determine its adequacy relative to the expectations of the cluster management role.

The recommendations also included a focus on strengthening the selection and approval process for cluster managers; improved support in the establishment of new cluster arrangements; and strengthening quality assurance and monitoring arrangements.

The review also identified opportunities for improvement of the cluster management model to address barriers to participation in cluster management including: improved consistency of promotion of cluster management and availability of departmental advice and support structures for cluster managers.

In May 2008, as part of the Government Response, the Victorian Minister for Children and Early Childhood Development announced a \$2.83 million package of funded initiatives to assist kindergarten cluster management organisations to strengthen governance arrangements within their organisation and to promote innovation and good practice.

If a cluster management model is introduced in NSW, there needs to be a strong focus on supporting quality service delivery; promoting an inclusive approach to children and families with diverse needs; and integration of delivery of early education and care services (rather than just supporting administration and governance).

Also, if a cluster model is introduced, it is important that peak bodies receive continued funding to maintain their important advocacy and resourcing functions.

Recommendation 13

That the NSW Government consult widely with the early education and care sector on any proposal to develop a cluster management model for NSW. If the NSW Government proceeds with the introduction of cluster management, the model must ensure that cluster managers are adequately funded to provide effective support to services.

Where NSW cluster management models currently exist, these should be adequately funded to provide governance and management support.

8. Better support for rural and remote provision

How should the State government best support early childhood education in rural and remote areas?

How should government best address providers' capital and infrastructure needs in rural and remote areas?

Are there other areas where capital and infrastructure needs are also of concern?

What opportunities are there for government and non-government services to work more closely together in rural and remote areas to improve accessibility and participation?

As discussed in sections 2 and 3, UCCS supports a funding model based on the regulatory staffing level for the service's maximum licensing number, together with a loading that takes account of child or service characteristics, including rural or remote location. The funding loading will help to ensure that the additional cost of delivering a quality service in rural and remote areas is taken into account in funding allocations.

The Productivity Commission's draft report on the Early Childhood Development Workforce highlights the particular challenges associated with recruitment and retention of ECEC staff in rural and remote locations. The Commission recommends that governments consider a range of policy strategies to increase recruitment and retention of staff in rural and remote areas including:

- targeted recruitment of workers from rural and remote areas – the Commission identifies that there is greater success in retaining early childhood development staff when they are recruited from the local area
- delivery of training in rural and remote locations – the Commission cites evidence that training workers in rural locations increases the likelihood of those workers choosing employment in rural locations
- support for pre-service teachers to experience working life in rural and remote locations
- financial and non-financial incentives.³⁹

³⁹ Productivity Commission, 2011, *Early Childhood Development Workforce*, Draft Report, draft rec. 9.1, p 160.

As discussed in section 1.5, the service system needs to be planned in a way that ensures that all children can access an early education and care service. In rural and remote locations, it will be important to identify where there is unmet need and to develop integrated and co-located services either by building on existing child and family services or in partnership with schools.

There are higher proportions of children living in remote areas who are developmentally vulnerable on all of the AEDI domains.⁴⁰ This highlights the importance of ensuring that children in remote locations have access to quality ECEC.

Recommendation 14

The NSW Government implement strategies to increase recruitment and retention of staff in ECEC in rural and remote areas in line with the (draft) recommendation of the Productivity Commission on the Early Childhood Development Workforce.

⁴⁰ Centre for Community Child Health and Telethon Institute for Child Health Research, op cit, p iv.