



**INQUIRY INTO A STATE BASED REFORM AGENDA
KPV SUBMISSION – DECEMBER 2011**

About KPV

KPV is the champion for excellence in early years education and care for Victorian children. Our membership represents over 1,200 early education and care providers including independent kindergartens, kindergarten cluster management, long day care services, schools, integrated services and local governments. We are passionate about the importance of high quality, affordable and accessible services that are sustainable into the future and accountable to the community.

Over the past 20 years, KPV has worked collaboratively with members, peak bodies, government and other key stakeholders to ensure that Victoria is leading the way in the provision of quality early childhood services to children and that these services are accessible and affordable for families. KPV's strong relationship with Government, at both Federal and State level, ensures that we are an effective voice for the sector and enables us to engage proactively with government to ensure that services are funded realistically to deliver high quality early childhood education to Victorian children.

Our collaborative approach has ensured that KPV is working alongside organisations such as the Victorian Council of Social Services (VCOSS), Gowrie Victoria, FKA Children's Services, Municipal Association of Victoria (MAV), Australian Education Union, Early Childhood Intervention Association, Noah's Ark, Playgroup Victoria, Community Childcare Victoria, WorkSafe Victoria, Monash University and Berry Street to provide a unified voice for change and development in the early childhood sector. KPV is a well-respected organisation within the early childhood education and care sector, ranked highly for its commitment, professionalism and expertise on all matters relating to early childhood services.

Executive Summary

KPV recommends that the Victorian Government:

- commit to fully funding 15 hours of kindergarten for four year old children and a minimum of 5 hours of kindergarten for three year old children
- invest to ensure that the strategies and actions outlined in the Bi-Lateral Agreement with the Commonwealth to implement Universal Access are achieved
- fund the employment of experts to assist services to understand and meet their obligations under the NQF
- meet the full costs involved in implementing the National Quality Framework from 2012, including meeting associated staffing expenses
- fund identifiable infrastructure requirements to provide places for two years of kindergarten for all Victorian children.

Introduction

KPV welcomes the opportunity to provide comment on the draft report *Securing Victoria's Future Prosperity: A Reform Agenda* and in particular to address section 3.6 *A stronger focus on early childhood development* including Draft Recommendation 9.

KPV believes that investment in accessible high quality early childhood education and care is key to securing Victoria's future productivity, workforce participation and overall economic competitiveness. The international research evidence is compelling – investment in preschool education improves school performance and opens pathways to further education and employment. It sets the basis for the life trajectory of the child. Research shows that investment in high quality early childhood education provides measureable social and economic benefits to the individual child, their family and to the wider community.

The recently released Productivity Research Report into the Early Childhood Development Workforce states that “Governments...consider that while ECD [Early Childhood Development] services have direct benefits for children and families, services also provide wider economic and social benefits, including productivity-enhancing human capital improvements and assistance in overcoming disadvantage” (Productivity Commission 2011, p. xxvi). The Baillieu Government in its Victorian Families Statement acknowledges that “Nothing is more important for the future prosperity of families than a good education, starting in early childhood” (2011 Victorian Families Statement, p. 15).

The VECCI submission to this Inquiry highlights business concerns with poor literacy and numeracy skills in the workplace and considers “an even stronger investment in early childhood development is crucial to underpin core competency development for students as they progress through secondary school” (VECCI, SB 80, p. 4). The research also demonstrates that high quality, accessible and integrated early childhood education and care can successfully break inter-generational cycles of disadvantage, as well as build community capacity (VCOSS website). The VCOSS submission to this Inquiry reinforces the importance of early childhood education and care as “critical to reducing the gap in education outcomes between the children of parents with high and low levels of education” (VCOSS, SB 74, p. 6).

Securing Victoria's Future Prosperity: A Reform Agenda also makes the link between increasing the educational participation and attainment of Victorians, ***including in early childhood education***, and increasing productivity and labour force participation (VCEC, 2011, p. 23). However, the draft report provides only a very brief discussion of what is in fact a very complex area. Given the importance of early childhood education to longer term outcomes for individuals and for the community as a whole, KPV believes that there needs to be a greater emphasis given to this in the VCEC final report. Appropriate investment in early childhood education and care will optimise educational, social, health and well-being outcomes for children and produce longer term economic benefits for the wider Victorian community.

Economic Rationale for Investment in the Early Years

There is an increasing body of international research from the US, the OECD and from within Australia demonstrating the clear economic benefits from investment in the early childhood education and care sector on longer term workforce productivity and in a reduction in Government spending on health and welfare.

Professor Jack Shonkoff and associates at the National Scientific Council on the Developing Child in the US argue that investment in early childhood development is “both a fundamental moral responsibility and a critical investment in our nation’s social and economic future.” Their research indicates that “when we invest wisely in children and families, the next generation will pay that back through a lifetime of productivity and responsible citizenship” (*The Science of Early Childhood Development*, 2007, pp. 1&2). It is clear too that while all children gain from access to high quality preschool education, disadvantaged children gain more (Barnett 2002). The research indicates that for the children in greatest need, very early exposure to quality preschool education is essential for later success in the education system (Sparling 2011).

This early investment will also translate into health and welfare savings over the longer term. Longitudinal research studies in the US demonstrate the long term economic benefits of investing in the early years can be up to 16 times the cost of initial investment and can halve welfare dependency over time (High/Scope program: Barnett 1996 & 2002). Work undertaken by US economist Robert Lynch in 2004 indicated that investment in early years education would create much larger budget savings over time.

There is also a growing body of Australian research that provides compelling evidence for investment in early childhood education, including the AIFS Longitudinal Study of Australian Children which has been following the development of 10,000 children since 2004. The Australian Early Development Index (AEDI) will also generate more data over time, providing a sound evidentiary basis for analysis of early childhood development outcomes. The assessment and rating process required under the National Quality Standards will provide opportunities to fill gaps in the data available on the quality of early childhood services. And the National Early Childhood Education and Care Workforce Census 2010 was designed to improve the quality of information used in developing and measuring early childhood policy and programs and to assess the capacity of the workforce to meet future demand.

KPV believes that there is value in developing an evidence-based framework for early childhood development in Victoria as suggested in section 3.6 Draft Recommendation 9 of VCEC’s draft report. However this should not be undertaken at the expense of investing in the essentials needed to support the sector as it works to implement the National Quality Framework and Universal Access.

Recommendation

KPV recommends that the Victorian Government commit to fully funding 15 hours of kindergarten for four year old children and a minimum of 5 hours of kindergarten for three year old children.

Delivery of Early Childhood Education in Victoria

In Victoria in 2011 kindergarten programs for three and four year old children are offered in many different settings including:

- independent kindergartens
- cluster managed kindergartens
- local government kindergartens
- long day care incorporating kindergarten programs
- schools
- family and children's centres and
- community hubs

The providers of early childhood education services are also diverse. While government plays a primary role in the provision of formal schooling, this is not the case in the early childhood sector. Early childhood education service providers fall within the following general categories:

- services run on a not for profit basis that incorporate volunteer governance and management structures (including cluster managed services)
- services managed by local government
- services that are delivered by private providers on a for profit basis.

The integration or co-location of kindergarten with other services remains in the spotlight. Current figures show that close to 50% of previously parent managed independent kindergartens are now managed under cluster management arrangements (DEECD 2009). Models of Kindergarten Cluster Management are also diverse and include but are not limited to:

- community based organisation – including church agencies and other non-government organisations
- amalgamated model – kindergartens merged to create one incorporated association
- local government – Council manages the day to day operations of the kindergarten including employment of staff, licensee responsibilities and finances.

In recent years the capacity of early childhood providers to deliver services in their respective communities has been influenced by a range of factors including:

- increasing birth rates, particularly in the growth corridors in Victoria
- increased participation in 4 year old kindergarten in Victoria which is now over 95%
- difficulties in attracting and retaining appropriately qualified staff.

These factors combined with the imminent introduction of the NQF and Universal Access have major implications for the early childhood education workforce and for infrastructure provision.

Government Commitment to Funding Early Childhood Education

Since 2007 early childhood education has received increased priority at both State and Federal levels in Australia. In December 2009 the Council of Australian Governments

(COAG) agreed to a National Partnership between the Commonwealth and State and Territory Governments and developed the National Quality Framework (NQF) for Early Childhood Education and Care. Governments are to be congratulated for the introduction of new legislation and quality standards including measures to increase staff qualifications in order to improve outcomes for all children.

Under the National Partnership Agreement on Early Childhood Education, each State and Territory signed Bi-lateral Agreements, with the Commonwealth specifying actions and strategies to be undertaken to achieve Universal Access by 2013. As an active member of this partnership the Victorian Government acknowledged the importance of early childhood education and care and accepted responsibility for a range of actions. Victoria's commitment included:

- maintaining the level of participation overall, while increasing hours of attendance that are available for children from ten to 15 hours
- increasing the level of participation for disadvantaged and Indigenous children
- developing programs to support delivery of 15 hours of kindergarten and ensuring they align with the Commonwealth and Victorian Governments focus on quality and integration
- attracting or developing new and existing early childhood teachers, and ensuring teachers are four-year trained
- investing in new and/or improved infrastructure to meet the additional demand for services.

(DEEWR, National Partnership Agreement on Early Childhood Development)

The introduction of the National Quality Framework will streamline early childhood education and care and improve accountability across the sector nationally and within Victoria. With the establishment of a new national body, the Australian Children's Education and Care Quality Authority (ACECQA), quality standards will be improved as quality assurance systems are put in place and monitored by state and territory regulatory authorities to provide consistency of approach across the sector at a national level. As the Regulatory Authority for the NQF in Victoria, the Department of Education and Early Childhood Development (DEECD) will be well placed to advocate for greater clarity, coherence and accountability in funding, providing and regulating early childhood development at the national, state and local levels as outlined in Draft Recommendation 9 of VCEC's draft report.

Recommendation

KPV recommends that the Victorian Government invest to ensure that the strategies and actions outlined in the Bi-Lateral Agreement with the Commonwealth to implement Universal Access are achieved.

Early Childhood Education Workforce

It is *high quality* services that produce the best educational outcomes for children and these outcomes improve when early childhood teachers have higher educational qualifications that enable them to drive significant pedagogical outcomes. “Quality outcomes for children are more likely when competent, qualified staff interact with small groups of children in enriched environments” (ACER 2006). This was also emphasised in the *Effective Provision of Pre-School Education* (EPPE) research which considered whether higher quality preschool provision makes a difference to the intellectual and social/behavioural development of young children. Significantly EPPE found that “*Having qualified trained teachers in pre-school settings (for a substantial proportion of time, and most importantly as the pedagogical leader) had the greatest impact on quality and was linked specifically with better outcomes in pre-reading and social development*” (Sylva et al., 2003, p. 3).

The introduction of new qualifications requirements under the National Quality Framework will assist services to deliver higher quality programs but this will also have workforce capacity and funding implications that will need to be addressed. In a submission to the Productivity Commission’s *Early Childhood Development Workforce Issues Paper*, KPV raised concerns about the supply of early childhood education and care professionals and about their pay and conditions. Issues that were identified and need to be resolved include:

Supply Issues:

- low numbers of available diploma or above qualified staff
- perceived poor quality of training provided by some RTOs delivering Certificate III qualifications
- a need for staff to retrain to meet the new qualifications standards
- the impact of new staff/child ratios may reduce available places if additional staffing costs cannot be afforded
- additional cost of employing staff with higher level qualifications
- dual degree qualified staff are attracted to the school system rather than early childhood education for reasons including: increased salary over time, professional development opportunities, career structure, working with peers in a supported environment.

Pay and Conditions:

- generally lower pay rates for educators working in long day care centres compared to those in standalone kindergartens
- differing conditions for staff working in long day care centres and those in standalone kindergartens, for example, hours of work, preparation time
- perceived difference in status by educators between long day care centres, standalone kindergartens and school settings
- lack of portability of long service leave entitlements
- professional isolation and working with voluntary committees of management can impact on those working in standalone kindergartens.

There is already a crisis in the capacity of the early childhood education workforce to meet demand. High workforce turnover and the requirement for higher level qualifications necessary to provide pedagogical leadership will further exacerbate this crisis. A skills

shortage is predicted as the NQF requirements begin to take effect. A significant number of early childhood staff have indicated that they will leave the sector as a consequence of the need to upgrade qualifications, changes to curriculum and the impact of other legislative changes (KPV 2011).

It is clear that further investment needs to occur to attract and retain high quality staff in the early childhood education and care sector. This investment needs to focus on improving pay and conditions for staff, security of employment, providing professional development and support and mentoring and leadership opportunities to enable staff to lead the critical quality reforms in the sector.

Organisations such as KPV have a critical role to play in providing professional support to the sector. The Productivity Commission's Research Report *Early Childhood Development Workforce* recommends that "Where voluntary committees currently manage ECEC services, governments should ensure that professional management support (such as shared management services) is readily available to assist with management and leadership" (Productivity Commission, 2011, p. XLII). KPV currently provides management support and training, including advice and resources on issues of governance, finance, budgets, committee roles, policy development, industrial relations and human resources.

Recommendation:

KPV recommends that the Victorian Government fund the employment of experts to assist services to understand and meet their obligations under the NQF.

The Productivity Commission also acknowledges the impact on the workforce of the national reforms. The Commission suggests measures to address these including that "wages for the more highly qualified childhood education and care employment categories will need to rise" (Productivity Commission, 2011, p. XXII). However, in its modelling of the cost of reforms, the Productivity Commission assumed that there would be no additional out of pocket expenses for families using preschools because governments would meet the extra costs involved, including wages. This commitment has not been given by either the Victorian Government or the Federal Government. Without a commitment by government to fully fund the cost of implementing the National Quality Framework, the additional costs of improving the quality of early childhood education will be borne by families.

Recommendation:

KPV recommends that the Victorian Government meet the full costs involved in implementing the National Quality Framework from 2012, including meeting associated staffing expenses.

Infrastructure

The extra hours of program delivery required under Universal Access combined with the recent rapid population growth in Victoria, will also have significant repercussions for infrastructure requirements across Victoria.

There is a concern that these combined pressures will displace kindergarten programs for 3 year old children and play groups. Early childhood experts believe that children, and in particular children from disadvantaged backgrounds, benefit from two years of preschool before they commence school. Victoria is currently the only state delivering an effective program for 3 year old children and this may be jeopardised as an unintended consequence of the Universal Access policy. Recent media reports suggest that this has already begun to happen in Victoria (Johnston 2011).

The Municipal Association of Victoria (MAV) estimates that an additional \$602 million will be required for additional buildings to accommodate kindergarten programs in Victoria, particularly in the growth corridors. In a recent policy paper MAV advise that “617 funded locations in Victoria require infrastructure investment to provide 15 hours of preschool and retain current participation rates” (MAV, 2011, p. 3). Funding needs to be provided where there is an identifiable infrastructure requirement.

Recommendation

KPV recommends that the Victorian Government fund identifiable infrastructure requirements to provide places for two years of kindergarten for all Victorian children.

Conclusion

KPV believes that early childhood education is integral to a Victorian state-based reform agenda. National reform in the sector is already underway and Victoria’s commitment to this is well known and long standing. There is enormous potential to realise both short and longer term social and economic benefits for the community. Increasing public expenditure on early childhood education will bring us into line with other OECD countries. Investing in high quality early childhood education will set the life trajectory for each Victorian child optimising their educational, social, economic, health and well-being outcomes.

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