



Budget Submission to the Victorian Government

2016–2017



EARLY
LEARNING
ASSOCIATION
AUSTRALIA

The voice for parents and service providers



About Early Learning Association Australia



The vision of Early Learning Association Australia (ELAA) is “excellence in early learning for every child”.

We strive to realise our vision by supporting our members to provide quality, affordable and accessible early childhood services; through our advocacy and contribution to policy debates on the social and economic value of early learning; and through our collaboration with all levels of government and the education sector to share knowledge and champion high quality early learning outcomes for all Australian children.

ELAA represents over 1200 service providers in Victoria and across Australia. Our diverse membership base includes independent kindergartens; cluster managers; local governments; integrated services; long day care services; government and independent schools; and out of school hours care programs.

Now in its twenty-fifth year, ELAA (formerly Kindergarten Parents Victoria) works with members, peak bodies, Commonwealth, State and local governments, and other stakeholders to promote and support the provision of quality early childhood services to children, and to help ensure that these services are accessible and affordable for families.

ELAA’s membership base and our long-term relationships with government make our organisation an independent and effective advocate for the sector, able to identify opportunities for realistic funding and support to ensure the sector is able to deliver high quality early childhood education services.

Working with our members and partners, ELAA is an influential voice for reform and development in the early childhood sector. Our collaborative approach has involved positive working relationships with a diverse range of organisations and peak bodies from across the education and community sectors.

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Planning for today and the longer-term

“ Over the course of this term of office, we look to the Andrews Government to progress the Education State agenda by making significant investments to realise its vision.



SHANE LUCAS



JO GEURTS

Early childhood education and care (ECEC) is a critical component of our social and economic infrastructure and a major contributor to the wellbeing of all Victorians.

We are very pleased that the Andrews Government has recognised the importance of education to social and economic development, and has expressed its long-term commitment to make Victoria the “Education State”. We commend the government for consulting with the sector and the broader community throughout 2015 on the development of a vision that recognises the strong foundation that early learning provides for life-long learning.

The *Ten Principles for an Early Education State*, developed by ELAA in collaboration with cross sector partners including early childhood peak bodies, service providers, community sector organisations and research institutions, provide a framework to guide the implementation of the Victorian Government’s reform agenda for an Education State.

Over the course of this term of office, we look to the Andrews Government to progress the Education State agenda by making significant investments to realise its vision. We believe the Education State must be founded on a solid evidence base of research and quality practice; moreover, we contend that short- and medium-term investments are necessary to build on the strong early learning foundations already in place in Victoria and at the national level, in order to fully realise the benefits of the longer-term reform agenda.

ELAA’s 2016–2017 budget submission to the Victorian state government is based on the *Ten Principles* and supports the vision of a viable, high quality ECEC system which is universally accessible to children and families. This submission identifies priorities for a strong service system, a longer-term vision, and objectives to help achieve the government’s Education State.

Shane Lucas
Chief Executive Officer

Jo Geurts
President

Ten Principles for an Early Education State

An outstanding early childhood education and care system...

1 is founded on the UN Convention on the Rights of the Child, and respects and collaborates with families and the community to ensure accessibility for all children.

2 is “child-ready”, focused on the learning and development opportunities for children from birth to 8, and supports families and practitioners to better understand the knowledge, tools and practices that most encourage overall learning.

3 builds on a solid, sustainable and universal foundation to ensure it is viable, high quality, affordable and accessible into the future.



4 is evidence-based, integrated, positively, proactively and ethically engaged with children and families, and reflects community expectations that governments will support and fund excellence in ECEC.

5 is experienced by a range of community members, and reflects and responds to the expectations of children, families, communities, practitioners, researchers and policy makers, and governments.

6 requires governments to play a strong leadership role – in collaboration with the sector – to share knowledge with the wider community about the critical importance of quality early learning for the nation’s social and economic health and well-being.

7 facilitates greater collaboration between child-centred and adult-centred services; better understands and overcomes barriers that result in disadvantage for vulnerable children and families, including Aboriginal and Torres Strait Islander groups; supports socially, culturally and linguistically inclusive practices; and expands inclusion support.

8 is made up of sustainably resourced organisations, working within an enabling policy and regulatory environment.

9 develops outcomes frameworks for learning, and builds integrated governance and reporting frameworks that are child-focused, and support workforce professionalization.

10 broadly defines families in order to provide greater support and recognition of the resources and skills that families offer as a child’s ‘first educators’.





Priorities for a strong service system

Getting the fundamentals right...

A strong service system is critical to implement the government's vision for an Education State. The Victorian Government's 'The Education State: Early Childhood Consultation Paper'¹ identified five priority areas for reform:

- Earlier engagement in learning
- Boost to educational quality
- More support for parents
- More support for vulnerable and disadvantaged children and families
- Better connection between services.

These priorities depend on a strong and stable service system.

The stability of a service system is derived from its ability to sustain itself at the financial, people and program/service levels. The ability to generate the required amount of income to deliver the program/service and attracting the right people to do the job, which in turn leads to service improvement and innovation, is at the core of a stable service system.

In Victoria, the delivery of early learning programs in a kindergarten setting is a partnership between governments, service providers and the community. The essential funding to deliver these programs comes from a mix of State, Commonwealth and local government funding, parent/family fees, fundraising efforts, and the significant but unquantified contribution of parent and community volunteers.

We believe a "root-and-branch" review of the existing funding model that delivers early learning services in Victoria is a vital initial step on the critical pathway that might deliver the Education State. A substantive review of the 25 year old, Kennett-era funding model, and the shared contributions made by governments and the community, is long overdue. It is timely to undertake this review to assess how the demands made of the service system have evolved over the past two decades; to consider how the



PRIORITY

1

FUNDAMENTAL
REVIEW OF THE
KINDERGARTEN
FUNDING
MODEL

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system has adapted to often changing community and government expectations; and to ask the fundamental questions that the community asks of governments in any area of public policy and service delivery: what do we believe is necessary for social and economic prosperity, and what are we (as taxpayers) prepared to pay for it?

The biggest reforms to the ECEC system in several decades have been the phased introduction (from 1 January 2012) of the National Quality Standard, including the introduction of 15 hours of kindergarten/preschool per week in the year before school. These are significant reforms, the last of which came into effect on 1 January 2016, in the form of educator-to-child ratio changes. Both Labor and Coalition governments in Victoria have responded to these changes by making many of the necessary adjustments to policy and regulation, and by investing additional recurrent and capital funding to support reform.

PRIORITY

1

FUNDAMENTAL
REVIEW OF THE
KINDERGARTEN
FUNDING
MODEL
continued



However, we believe that a review of how the funding model now operates, and how the service system has coped to sustain itself financially through this change process, is necessary to identify areas where the system needs strengthening and to position our sector to deliver on the government's vision for the Education State.

In 2015, the Victorian Government provided dedicated funding to ELAA to work intensively with services to plan for and support the implementation of the new educator-to-child ratios. Over half of the over 200 services which worked with ELAA over this period raised concerns about the financial viability of their services beyond 2016.

Modelling of the costings has shown that for services with three educators (a degree teacher, a diploma educator, and a certificate educator) to be sustainable, between 26–28 children need to be enrolled. Where there are limitations of infrastructure or variable local demand for places, some services have decided to reduce enrolments to 22 children. This reduction in enrolments

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has a direct impact on the viability of services, particularly those that have been operating until 2015 with up to 25 or 26 children. The reduction in enrolments represents a loss of per capita funding and parent/family fees, yet delivery of the service requires the same amount of operational and staffing expenses. More concerning is the fact that some children in these communities may miss out on the opportunity to attend a quality early learning program.

Anecdotal evidence also suggests that financial pressures are threatening the viability of programs for three year old children in some areas. The ability of the community to contribute to the service system through parent/family fees has been impacted in several areas of socio-economic disadvantage.

While short-term responses to these concerns might lie in a combination of further funding, such as the government's well-received initiative to provide additional fully funded places to services in some disadvantaged communities, ELAA strongly believes that the longer-term aspirations of the government to build the Education State require a fundamental review of the over-arching funding model that provides early learning in Victoria.

Stronger Kindergarten Cluster Management

In 2014, the Department of Education and Training (DET) commenced the *Kindergarten Cluster Management (KCM) Strengthening Project* with the aim of articulating a strong vision and developing an enhanced policy framework for KCM in Victoria. The project was undertaken with support from peak bodies and service deliverers in both the community-based and local government sectors.

The *KCM Strengthening Project* is the outcome of a review of KCM undertaken by Deloitte Access Economics (DAE) in 2012–13. The as yet unpublished report of this review made several recommendations for strengthening the KCM system in Victoria which the project has looked to address. However, a critical finding – which remains unaddressed – went to core funding provided to KCMs.

Over 55% of all funded kindergarten programs in Victoria are delivered by Cluster Managers. From its origins as a management and administration support model in 2004, KCM has grown and evolved over the last decade into a holistic model of service delivery with high quality learning outcomes for children as its core focus. It is widely acknowledged that Victoria leads the nation in quality rating under the NQS, largely due to its strong KCM system that is led by professionally managed organisations. If the government is committed to its promise of making Victoria the Education State, ELAA strongly believes that it needs to review the funding support it provides service providers within the existing system.



PRIORITY

2

FUNDING
SUPPORT FOR
KINDERGARTEN
CLUSTER
MANAGEMENT

“ It is widely acknowledged that Victoria leads the nation in quality rating under the NQS, largely due to its strong KCM system that is led by professionally managed organisations. If the government is committed to its promise of making Victoria the Education State, ELAA strongly believes that it needs to review the funding support it provides service providers within the existing system.

In the context of its schools reform agenda, the Government has said that *“Lifting student achievement also means letting our passionate and talented principals, teachers and education support staff do the job they are best qualified for – teaching our students and leading our schools. We’ll ensure they get the resources, tools and networks they need to improve their teaching and support our students to be their best.”*² A similar review and injection of appropriate resources into the early learning system is critical, and we call upon the Government to revisit the DAE findings and implement appropriate funding support for KCMs to support children to be their best.

PRIORITY

3

IMPROVE
REGULATION
OF TRAINING
PROVIDERS

4

SUPPORT THE
PROFESSIONAL
DEVELOPMENT
OF EDUCATORS



A quality workforce

ELAA and the Municipal Association of Victoria – as the employer representatives of early learning service deliverers – have reached agreement with the Australian Education Union on a new enterprise agreement for early learning teachers and educators: the *Victorian Early Childhood Teachers and Educators Agreement 2016* [VECTEA]. The agreement is subject to a ballot of all affected staff and the processes of the Fair Work Commission, but ELAA is delighted to have successfully concluded negotiations with the support of the Victorian Government. We believe the new agreement will deliver positive outcomes for employers and employees in our sector, and that it will better support service providers and educators to deliver high quality early learning outcomes for children.

In addition to improved remuneration through the VECTEA, early childhood teachers are now being appropriately recognised as educational professionals through the requirement that they be registered by the Victorian Institute of Teaching. For the first time, early childhood teachers are accorded the professional respect they deserve through an accreditation framework which requires them to keep up-to-date with research and current practices.

Children make better progress when ECEC staff have higher qualifications.^{3,4} Qualified educators understand child development and deliver educational programs which foster children’s learning. The quality of ECEC service provision has a direct relationship to the long-term outcomes for children: children in high-quality care perform better in cognitive tests, have more advanced vocabulary, and fewer behavioural problems.⁵

The importance of regulating training providers and providing quality and grounded educational experiences for educators has also been identified by the Productivity Commission⁶ and by the Australian Skills Quality Authority (ASQA)⁷.

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The ASQA report recognises that the *Certificate III in Early Childhood Education and Care* and *CHC50113 Diploma of Early Childhood Education and Care* 'are critical qualifications for early childhood education and care workers under the sector requirements of the National Quality Framework for Early Childhood Education and Care'. ELAA supports ASQA's recommendations for setting minimum benchmarks for training packages to ensure that students have adequate training, assessment and workplace experience.

The implementation of the new educator-to-child ratios is likely to lead to increased demand for more diploma-qualified educators, equipped to work with all children. Adequately resourced TAFE places to enable Certificate III trained educators to extend their training and qualifications would contribute to a well-qualified workforce.

Getting ready for the expansion of NDIS

The further roll out of the National Disability Insurance Scheme (NDIS) will have a significant impact on the ECEC sector, providing much needed support to families and their children. ELAA supports Early Childhood Intervention Australia's (ECIA) call to ensure that families and ECEC service providers are well prepared for the NDIS roll out to commence from 1 July 2016.⁸ 'Readiness' activities for families include helping families understand their rights and developing their ability to confidently set goals and choose services and support. Service providers need an understanding of the new referral pathways and how they can best encourage and support families to engage with the National Disability Insurance Agency (NDIA). Additionally, service providers need support to understand what NDIA will fund and what, if any changes to their current practices they are required to make. A smooth transition is needed to ensure that all eligible children and their families receive the support available so they can participate as fully as possible in ECEC.



PRIORITY

5

PREPARE
FAMILIES AND
SERVICES FOR
THE ROLL OUT
OF THE NDIS



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Longer-term vision

Universal accessible ECEC

OBJECTIVE

1

LEAD A COMMUNITY DEBATE ABOUT COMPULSORY KINDERGARTEN



The Andrews Government's vision is that parents can have the confidence that every child will get every chance to achieve their potential and learn the skills they need for their future.⁹ To achieve this longer term outcome, it is essential that we get the fundamentals right. Australian and international research points to the investment made in the early years bringing in greater returns over the long term. In establishing the Education State, there is the opportunity for a re-think and to set up Victoria's ECEC system for the future, fully recognising its role.



Debate compulsory kindergarten

We believe it is timely for the Victorian Government – as part of the Education State initiative – to lead a community conversation about the value of ECEC with a view to making kindergarten in the year before school compulsory for all Victorian children. Victoria already has high kindergarten participation rates – with 96.4 per cent of children attending in the year before school – and a long and proud history of regarding kindergarten as a critical component of every child's early learning journey.¹⁰ We believe the Victorian community is ready for this discussion and for a debate about the benefits all children would derive from kindergarten being an entitlement, not an option.

“ Victoria already has high kindergarten participation rates – with 96.4 per cent of children attending in the year before school – and a long and proud history of regarding kindergarten as a critical component of every child's early learning journey.¹⁰

Fully-funded, compulsory kindergarten in the year before school would also improve access and ensure participation by children from vulnerable and disadvantaged backgrounds and communities – the very children who stand to benefit the most from the life-long social and economic advantages of a quality early learning experience.

20 hours for 4 year olds

For many years, ELAA has called on both State and Federal governments to provide an ongoing funding commitment to the provision of 15 hours of kindergarten in the year before school. Regrettably, funding is currently only secured to the end of 2017 under the terms of the existing National Partnership Agreement on Universal Access to Early Childhood Education.

However, when we look beyond our national borders, we see that in China, Europe and elsewhere, the value of ECEC is being recognised through increased investment, and increased dosage. From 2016 in the United Kingdom, State-funded child care hours will increase from 15 hours to 30 hours per week for 3 and 4 year olds and for 40 per cent of most deprived 2 year olds.¹¹ Without a similar increase in investment, Victorian children are placed at a disadvantage when compared globally.

ELAA, in line with the Victorian Council of Social Services (VCOSS)¹² state budget submission recommends increasing the number of hours of kindergarten in the year before school to 20 hours, i.e. a minimum of three days per week.

5 hours of kindergarten for 3 year old children

The length of time in an ECEC setting is critical, and the research strongly suggests that children who have participated before the age of 3 years have better intellectual development at ages 6 and 7 years, and improved engagement and participation at primary school.¹³

With the increased costs of the new educator-to-child ratios being passed on in full to parents for unfunded three-year old programs, feedback from ELAA members suggests that the viability of these pre-kindergarten programs is at risk, whilst other programs are continuing with reduced enrolments or significantly increased parent/family contributions.



OBJECTIVE

2

ATTENDANCE AT KINDERGARTEN IS UNIVERSAL WITH 20 HOURS FUNDED IN THE YEAR BEFORE SCHOOL

3

5 HOURS OF FUNDED KINDERGARTEN FOR ALL 3 YEAR OLD CHILDREN

The Education State's Early Childhood Consultation Paper¹⁴ reported the evidence of the guaranteed benefits of early engagement in formal ECEC and the low level of engagement in three year old kindergarten. We therefore call on the Victorian Government to develop a plan – as part of the Education State agenda – to fully fund a minimum of five hours per week (for forty weeks) of programs for all three-year old children to ensure they are able to derive the maximum benefit from their access to high quality early learning.

Longer-term vision

Vulnerable children and their families are supported

OBJECTIVE

4

ADDRESS BARRIERS TO PARTICIPATION IN EARLY START KINDERGARTEN

5

ESTABLISH A VULNERABLE CHILDREN'S FUND



Improved Early Start Kindergarten outcomes

Vulnerable children in particular benefit from quality early childhood programs. Children who attend high quality pre-school are protected against some of the risks associated with multiple disadvantages in early childhood.^{15, 16}

ELAA supports the VCOSS¹⁷ and ECIA¹⁸ State budget submissions expressing concern about the low participation rates of Aboriginal children and children known to child protection services in Early Start Kindergarten. In a resource constrained environment, investing in high quality education for children experiencing disadvantage will dramatically improve outcomes for those children across important life areas including employment, health and community engagement. An increased focus on ensuring participation of these children and addressing barriers to their attendance will protect the rights of these already vulnerable children.

Vulnerable Children's Fund

With the new educator-to-child ratios being introduced, anecdotal evidence from members has identified that the increase in parent/family fees for 4 year old kindergarten ranges dramatically from 5 to 50 per cent over 2015. Families on a low income that are not entitled to kindergarten fee subsidy are in need of assistance to ensure that their children can even attend kindergarten.

Building on the work of ELAA's Early Childhood Education Foundation, we call on the Government to create a *Vulnerable Children's Fund* with an initial \$10M investment that would provide the necessary financial assistance to socially and economically disadvantaged families to ensure their children can access ECEC services.

Additionally the fund would:

- Cover the costs of additional intensive support to ensure ongoing engagement between families, children and the early learning program through addressing barriers to attendance
- Develop and deliver targeted early learning programs based on identified need.

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