

**REGULATION IMPACT STATEMENT – CHILD CARE ASSISTANCE PACKAGE
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IEU Submission to Regulation Impact Statement Child Care Assistance Package

The Independent Education Union of Australia (IEUA) represents the interests and professional rights of teachers and support staff in non-government schools, early education and care services and other non-government educational institutions Australia wide. It currently has a membership of approximately 77,000 members.

The IEUA represents early childhood teachers working in a variety of early childhood settings including preschools, kindergartens, long day care services and occasional care centres. We believe early childhood education and care services play a crucial role by promoting children's social, cognitive and personal development. Effective schooling cannot be developed in isolation. Early childhood education is important for subsequent success and schooling should build on the influential years of early education.

The IEUA appreciates this opportunity to respond to the Regulation Impact Statement - Child Care Assistance Package.

1. The *Child Care Assistance Package*, announced by the Australian Government in May 2015, is said to 'focus on quality child care that is affordable, accessible and flexible'¹. In this submission the Independent Education Union of Australia (IEUA) would like to focus on quality child care and the impact the *Child Care Assistance Package* will have on the quality of child care in Australia.
2. The IEUA advocates that any early childhood education and care program (package) needs to place children at the centre of all policy decisions. The *Child Care Assistance Package* does not do this and, in contrast, children's needs are seen as being secondary to those of the adult workforce participation rate and the impact this will have on Australia's Gross Domestic Product.
3. The principles for guiding government action in the child care sector, subject to the overarching criterion of generating the greatest net benefits to the community, were provided by the Productivity Commission's inquiry. These principles are:
 - a. Ensure safety and quality
 - b. Support family choice
 - c. Promote efficient provision
 - d. Deliver the best value for the community
 - e. Changes to be evidence-based and accountable²
4. Unfortunately, the principles above for guiding government action on the *Child Care Assistance Package* do not refer to learning and the benefits that a well structured, quality child care and early learning package will deliver. By not placing children and the benefits of early learning at the centre of its child care package the Government has missed the opportunity of continuing to raise the standard of child care and early learning in Australia.
5. The following list outlines some of the benefits of early learning.
 - a. Early education lays the foundation for all education. Early education and care has been repeatedly proven to benefit children throughout their entire life. It also benefits society and early childhood development directly influences economic, health and social outcomes for children and families.
 - b. Early education can help remove the educational gap between children born into economically advantaged families and those born into disadvantaged families.
 - c. Early education allows the early identification of those children who are vulnerable in one or more areas of development as measured by the Australian Early Development Census and who are in need of early intervention.
 - d. Early education is necessary in helping halt educational disadvantage experienced by children from low socio-economic backgrounds and students in rural and remote communities.
 - e. Early education is of particular value to those children who face complex disadvantage including Aboriginal and Torres Strait Islander children, children at risk of harm, refugees, and students with disabilities, learning difficulties or other special needs.

- f. Quality early education helps all children, regardless of background, improve academic performance in later schooling, particularly in literacy, numeracy and pro-social skills.
 - g. Early education can help arrest lifelong disadvantage and lay the foundations for attitudes and skills that support life-long learning.
6. In contrast to the *Child Care Assistance Package*, the communiqué of the Australian Leaders' Retreat held on 22-23 July 2015 stated, 'increasingly, childcare is the delivery mechanism for early childhood learning'. The communiqué highlights the importance COAG leaders place on early learning and its key link in arresting the decline of Australian students' results compared to their international counterparts³.
 7. With this understanding between COAG leaders the IEUA advocates that all Australian governments see the importance of increasing funding for the child care and early learning sector. At present Australia's spending in this area is well below the OECD average and even further behind comparable countries such as New Zealand, United Kingdom and France⁴.
 8. The key design element of the *Child Care Assistance Package* is the Child Care Subsidy. The IEUA supports the Child Care Subsidy in replacing the funding streams available within the existing arrangements, namely, the Child Care Benefit, Child Care Rebate and Jobs, Education and Training Child Care Fee Assistance.
 9. However, the Regulation Impact Statement (RIS) states that the family eligibility component of the Child Care Subsidy supports the Government's policy objectives of workforce participation, children's learning and development, and child care fee assistance for those who need it the most including disadvantaged and vulnerable families and children. The IEUA believes that the Child Care Subsidy will have limited success in achieving these objectives.
 10. The Child Care Subsidy to be paid to each family will depend on family income, amount of fees paid and the hourly fee cap for the service provided. It is expected that families using child care with family incomes of between \$65,000 and \$170,000 will be on average around \$30 per week better off. Those on higher incomes are expected to receive the same amount of support.
 11. As stated in the RIS the hourly benchmark rate for long day care has been set at \$11.55. With some services, particularly those in capital cities with expensive land values, charging up to \$160 per day many families will be disadvantaged, as they will be required to make up the difference between the eligible Child Care Subsidy received and the daily rate charged by the service.
 12. The Child Care Subsidy will have an annual cap of \$10,000 per child for families earning approximately \$185,000 or more. This new annual cap is \$2,500 higher than the present cap of \$7,500. This is equal to a weekly subsidy increase of close to \$50 per child. This targets child care fee

assistance to those on the highest incomes and not those disadvantaged and vulnerable families and children who need it most.

13. A key element of the Child Care Subsidy is the three-step activity test. With the activity test being so closely aligned to hours of parents' work or activity it will only be beneficial for those families who work regular hours. These families will be able to reliably predict the eligible hours of child care for their children.
14. The activity test 'rewards' parents who work more hours. However, by denying the child's right to access early education and care it may severely disadvantage families who need child care the most.
15. Families whose hours of work or activity are not reliable will be disadvantaged through increased costs and compliance issues. These families will include parents who are in casual jobs, insecure jobs or jobs with variable hours.
16. To reserve a place in a centre these families are required to pay for a certain number of days each week. If not offered work the subsidy will be withdrawn and these families will be responsible for covering the full fee (outside the 24 hours per fortnight for which they automatically qualify if household income is less than \$65,000). Not only will they not know how many eligible hours their children can attend child care each week but they will be required to regularly self report their activity levels.
17. With hours of eligibility for some children fluctuating service providers may also face a higher degree of uncertainty in operating their services through being unable to reliably predict their income, staffing levels, fee collection and other operating costs.
18. Another element of the Child Care Subsidy is the Child Care Safety Net. This safety net is to be used to target assistance for disadvantaged communities and disadvantaged or vulnerable families and children.
19. The Child Care Safety Net has three components which will stigmatise many of the disadvantaged and vulnerable as they make their way through the bureaucracy involved in accessing the safety net.
20. For families who earn less than \$65,000 and don't meet the activity test their children will be able to access 24 hours of child care each fortnight or 12 hours of care per week. In the RIS this was equated with two days of care. At present most provider services charge by the day and not by the hour. In practical terms, relative to the operating hours of child care services with many children attending up to 10 hours per day, this means these children will effectively be able to attend child care for one day a week. It may be possible that these parents will not take up the option for this limited child care because of the number of compliance issues to be navigated.
21. The Child Care Subsidy is to be paid directly to service providers. The IEUA supports this arrangement.

22. While understanding the need for families to have consistent, reliable access to child care the IEUA does not support the suggested changes to the priority of access requirements. It is not acceptable to make a change in the access priorities that will add further disadvantage to already disadvantaged children as is stated in the RIS.
23. The IEUA welcomes the provision of capital support of up to \$500,000 per construction project and the requirement that these projects to be community driven. However, we believe that this capital support should be restricted to not for profit services.
24. The IEUA welcomes the increase to levels of funding for additional educators for the Inclusion Support Programme. However, we are disappointed that this is at the expense of the Professional Support Program. Ongoing professional development is crucial to the sector in ensuring that Australian children receive a quality early childhood education.
25. The National Quality Framework (NQF) has been widely supported by all levels of government and the early childhood field in raising the standards in child care and early learning policy. It is important that the NQF is maintained especially in relation to the quality indicators of staffing qualifications and adult to child ratios. Further, it is essential that jurisdictions where regulations or practices exist that provide for better staff to child ratios continue with these conditions and not allow ratios to be reduced.
26. It is stated in the RIS that one of the main drivers of increasing fees in the child care sector is wages and that regulatory requirements around staff qualifications and staff ratios are adding to operating costs.
27. The child care sector has long been plagued with issues regarding the recruitment and retention of staff especially qualified early childhood teachers. The low pay of qualified early childhood and other educational professionals is recognised by governments, service providers and staff as the underlying cause to this problem.
28. The extent of worker dissatisfaction in the early childhood sector is evident of the fact that over 17% of employees leave within any given year⁵. This is problematic because high rates of staff turnover exacerbate staff shortages, disrupt continuity of care, negate investment in professional development, lower service quality and have a negative impact on child outcomes⁶.
29. The Government needs to provide incentives to attract and retain quality educators in the early childhood and care sector. This means that early childhood professionals must have equity in their wages and conditions with other educational professionals to help arrest the high turnover in the early childhood sector.
30. The benefits of having early childhood professionals are well known.
 - a. The Effective Provision of Pre-School Education (EPPE) studies demonstrated that the most important indicator of a high quality service

was the presence of staff with a university qualification who led the practices within the service⁷.

- b. Specialist early childhood teachers are knowledgeable in early childhood development and learning.
 - c. Highly qualified teachers with specialist training are more likely to organise materials and activities into more age appropriate environments for children.
 - d. Qualified teachers and staff lead to improved outcomes for children in early childhood education programs.
31. The IEUA concludes this submission by saying that the *Child Care Assistance Package* has not made sufficient improvements to the child care and early learning sector. The Productivity Commission's report, on which the package is based, was limited because of its terms of reference. These terms did not allow the Productivity Commission enough scope to suggest a child focussed package where the long term benefits for the whole Australian community could be considered.
32. It will require a government with a long term view on the benefits of child care and early learning, and the willingness to invest appropriately, to provide a child care and early learning package that can be truly classified as 'quality'.

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