

## **SUBMISSION – CHILD CARE**

### **PRODUCTIVITY COMMISSION**

**AUTHOR: ROSLYN THOMPSON**

**DIRECTOR – PLAY LEARN WA PTY LTD**

After working my entire adult life in the child care industry (34years) I have seen many changes. The positive ones have certainly been welcomed and implemented with great enthusiasm. The changes that have had a negative impact to the industry are often overcome through consultation with the industry with amendments to not only sustain the industry but to also ensure good quality child care is assessable to all children in Australia. Policy makers need to understand the implementation not being as beneficial in practice as it is in theory, with the National Quality Framework (NQF) and also additional legislative requirements required within the industry.

Due to the child care industry being responsible to legislation in the form of many Acts and Regulations set by the Australian Government, this governs the cost of childcare 100%. This does require the Australian Government to also be responsible in ensuring the cost impacts are minimal to families either with a far slower implementation period for such cost driven changes or for the increase of government financial support to families either through Child Care Benefit (CCB) or Child Care Rebate (CCR). There is also the opportunity to link additional financial support to services directly on an outcomes basis of successfully meeting the NQF.

I currently have concerns in three areas of the child care industry and I will attempt to explain these in detail.

1. Lack of equality across service types, throughout states and territories of Australia and within Long Day Care (LDC).
2. Cost increases due to Government Regulations.
3. National Quality Framework not reflective of best practise within the Regulations.

### **LACK OF EQUALITY ACROSS SERVICE TYPES.**

With the National Quality Framework now being one set of Law and Regulations for all service types within all States and Territories of Australia there continues to be inconsistencies throughout the regulations and law based on the service type not the age of the child. Therefore a 3 year old who attends a LDC is required to be provided with a higher standard of care than a child of the same age that attends on a school site. Or a 4 year old that attends a LDC compared to one who attends an Out of School Care (OSC) service. Additionally if the 3 year old child is in Western Australia (WA) compared to being in Victoria, there are even further differences with the staff ratios. If we are focusing on the care standards the child will receive why is this not the same set of standards for any site that comes under the same regulations and law?

I believe every child at any set age should have the same standards applied to ensure a quality outcome. Some examples of inconsistencies in the National Quality Standards (NQS):

Staffing ratios in Western Australia for a 3 year old in a LDC is different to every other state in Australia. The ratio for a 3 year old child attending on a school ground in WA is different to a LDC in WA. The effect this has is for the same staffing on site we are less the annual income of one full time place worth in our services between \$21,840 - \$28,600 per 3 year old position. This age group is usually in multiples of 3 and this equates to a minimum of \$65,520pa less income for a LDC in WA to one in another state.

Qualified staffing requirements – For 50% of staff to be qualified or working towards a Diploma of Children’s Services or an Early Childhood Teacher in LDC, yet this is not a requirement if the same 3 year old child is at an OSC service.

***Recommendation:*** *That all service types across Australia are to have the same requirements taking into account the age of the child not the location of the service or service type.*

Early Childhood Teacher (ECT) – There is no clear intent for this role in a LDC in Western Australia. The State Government has not supported the 3 and 4 year olds in LDC and has now established and accommodated 3 year olds and older in Kindy programs on sites at schools. This has left many LDC with low numbers of 3 and 4 year old children in attendance. Affecting the financial viability of LDC and questions why there is a need to have a ECT on site if we are not funded or supported to care for this age group of children.

***Recommendations:***

- 1. All state governments adopt the practises of Queensland and allow for LDC to operate Kindy programs with funding equal to that provided by the Federal government to the State governments for their management that is currently directed only at schools*
- 2. Only the sites funded by the government to operate a kindy program be required to employ an ECT.*

Payroll tax – Depending on the payroll size of the organisation and the nature of the business structure payroll tax is charged to a select number of child care services. As this is based on the payroll with wages being more than 60% of the expenses incurred due to the qualifications and ratios set out in the NQS, the payroll tax only ever increases also. If a community based service can be given an exemption for providing the exact same service as a privately owned service, then both should either be required to pay the payroll tax or both be exempt. This currently adds \$9.20 per child per week to the parent fee and will increase as wages increase for staff due to the higher qualifications required under the NQF.

***Recommendation:*** *Classify the service conducted, not the organisation conducting the service, to allow for all child care centres to either have to pay payroll tax or to be exempt.*

Rents/Grants – Again only community based organisations are eligible for grants from a variety of agencies including but not limited to; Lotteries West, Healthways, Government (Local, State and Federal). They also have rents with Local or State governments that are minimal, ‘peppercorn’ figures. An investor who has out laid \$2m to build a centre must recoup these funds to repay loans

and therefore the rent figure is a commercial lease. Without private investors building centres, this would be a crisis for the government to maintain the supply of child care places, yet the service is penalised by having to charge a higher fee to families.

I understand this is not something within the powers of the Productivity Commission to change but I believe need to be aware of when assessing the differences within the sector.

Working With Children card (WWC)- This is a requirement for all employees and visitors within a LDC yet Family Day care can have any amount of adults in the care environment where children are present and they are not required to have a WWC card furthermore they are only required to once obtain a National Police Certificate and never provide updates in any time period.

***Recommendation:*** *All persons over the age of 18years who are onsite in a care environment for children to obtain and maintain a current WWC card and furthermore undergo National Police Certificates on a regular basis (each 3 years)*

Financial Viability- Nothing currently governs LDC to maintain financial viability or to monitor where they operate. Currently as a service closes due to receivership, bankruptcy or similar these services close with the Federal Government as a creditor and never recover the funds. Previously (pre 2000) the Federal government identified high need areas and allocated CCB places based on this information. Since this system was abolished we have seen many areas over supplied where the fees are reduced undercutting operators to ensure closure and other areas are lacking supply and need to have additional places available in the locality.

***Recommendation:***

- 1. That there be a board that identifies high need areas and for CCB places outside these areas that a submission be provided to to the board and approval sought.*
- 2. That service who do not obtain NQS have the CCB withdrawn as the service should not be allowed to operate at a less than NQS level.*

## **COST INCREASES DUE TO GOVERNMENT REGULATIONS**

The requirements placed on services have increased that require administrative tasks. The administration of the paid parental leave on behalf of the government, as child care is a female dominated industry with women of childbearing age. Maternity leave has increased by 300% since the introduction of Paid Parental Leave, with all returning to work once their paid maternity leave ceases as they cannot afford to not work.

The requirements of maintaining compliance with staffing requirements under the NQF has also increased administrative duties on a weekly basis along with other such tasks as managing the WWC card requirements.

The Childcare Rebate is currently capped at \$7,500 per child per year. This doesn't currently cover 50% of care costs and is very misleading by the government to promote that it does. To have a freeze on this rebate increasing, is not supporting families or services. Child care fees increase each year due to supplier increases staff wages increasing and other on costs, rents increase with Consumer Price Index (CPI). These are annual increases without taking into account the increased conditions of the NQF. This is requiring services to increase fees to remain compliant yet not increase the financial support offered to families.

Child Care Benefit (CCB)-The hourly fee that is applied for the relief of child care fees to families has not represented the true cost of child care for more than 20 years, this rate may increase annually with CPI but it has not increased with all the increased standards and conditions that government agencies have forced changes and in turn increased the cost of providing care. These changes were not a choice but forced upon the industry with short time frames to implement.

Eg. 1) Superannuation increased based on wages that have been increased by regulatory bodies. 2) Inclusion Support Service (ISS) little to no increase to cover the actual costs incurred to provide care for children with additional needs. Currently a large portion of the funds allocated are being used by the Support Services to administer the funds, they are not going to the services to support the children in accessing care or to remain in care. 3) Increase Staff qualifications all to be a Cert III in Children's Services increases the wages from an untrained educator to a level 3.1 being \$3.90 per hour, plus superannuation plus Pay roll tax plus workers compensation.

***Recommendation:*** the CCB hourly rate to double to be closer to reflecting the true hourly cost to provide child care.

100% cover throughout the day-Staffing the service consistently currently is challenging due to staffing illness, lack of commitment and unforeseen absences. Currently we can reduce staffing over a 3 hour period whilst staff have their unpaid lunch break. This occurs during a quiet period of the day whilst children are eating, sleeping or resting. This has worked in WA for more than 20 years due to the higher staff ratios maintained thorough out the remainder of the day. This currently only reduces ratios to that of other states until their transition to the NQF. To have three staff in the room whilst children sleep is unnecessary and regardless of the cost this will incur, sourcing suitably qualified staff for this period daily will be close to impossible. In most services this will be four staff for a 3 hour period daily. Other states are not required to reduce their staff ratios for a number of

years to come, yet WA is already at a level of staffing that is above the other states and we have to increase even further.

**Recommendation:** *All states and territories and all service types to be the same ratios*

*0-2 year olds 1:3*

*2-3 year olds 1:5*

*3-5 year olds 1:10*

*And lunch time cover reduced to 60% of the ratio for a nominated 3 hour period daily.*

Flexible delivery- The need for childcare outside the family home has increased over the last 35years and will only continue to do so with the need for both parents to draw an income, for single parents to be able to not be dependant as welfare recipients, career women who also have a family and return to work and for use due to respite/child socialising for families.

There is an increasing demand for under 2year old places although for a year after the proposed Paid Maternity Leave the Liberal government is proposing, there will be a lull in the need for care for babies under 12months of age and this will affect many centres if a parent remains at home to obtain the paid parental leave and then return to the workforce once the baby is 12months of age.

There needs to be greater flexibility to meet all work related care requirements. There is a restriction on providing care outside the home and in a formal environment. During the 1980/90's there was a strong push by the State government to remove informal care arrangements, thus able to ensure care environments were regulated for quality outcomes in care for children. The changes required in formal care environments to meet the NQF come at a very big expense for families and this has without a doubt revived informal care arrangements in Western Australia.

In Western Australia (WA) many of the changes have been either a requirement pre NQF or already implemented therefore to slow down the implementation will place WA at a far greater disadvantage than already at with the remainder of the states.

Prior to the Operational Subsidy being removed, government did acknowledge the higher cost of caring for under 3 year olds and this was reflected in the subsidy paid for this age group of children.

**Recommendation:**

- 1. The cost of caring for children under the age of 2 years be recognised and a higher CCB rate be provided for this age group.*
- 2. Services to have financial assistance to provide a more flexible service. This would need to be an option for service types to be able to choose their limits of flexibility and have this approved and funded.*

In 2010 the Local government implemented the new Food Safe requirements for operating a food service. Not only is this a costly program to implement (we outsourced this for \$15,000) but to have it externally audited twice a year at an ongoing cost to 2 of our services at over \$3,000each visit due

to them being located in rural WA. This is the same program at all of our sites so again costly when economy of scales should be an advantage but clearly isn't due to the different local governments.

Local government also requires LDC to have Grease traps installed on sites, the food prepared in child care centres is often healthier than that prepared in the home environment.

***Recommendation:***

- 1. All services offering food as part of the service (Family Day Care, school sites etc) be required to adhere to the same regulations.*
- 2. To remove the requirement to install and maintain grease traps in child care centres.*

## **NATIONAL QUALITY FRAMEWORK NOT REFLECTIVE OF BEST PRACTISE WITHIN THE REGULATIONS.**

Fencing Regulation 104. Fencing not required at a minimum height, the current regulation allows for interpretation of what one believes is sufficient, this may be a hedge, a line on the ground or a 6m high fence with barb wire on top. This is not at all supportive of best practices and in fact allows investors to do nothing yet the cost to install a suitable fence would fall on the operator and dependant on money to the standard of the fence installed.

Space requirements-indoor Regulation.107- Storage of cots this is really unfair and not supportive of quality care at all. If you have dedicated rooms for babies to be able to sleep uninterrupted the floor space of the sleep rooms is not counted in your licence, yet if you just have the cots in the children's playroom and the children can play under the cots during the day and babies sleep while in the play room the space can be counted to increase the license capacity. I find this is not at all supportive of best practises or quality care and needs to be changed.

Family day care can operate out of a one bedroom house or a shed. I don't see any quality care with this being unregulated as it now is.

Toileting and hygiene facilities Regulation. 109- Adequate facilities for all service types. What is adequate measured against. This is left to anyone to interpret against an opinion of adequate. Regulation should be to allow for minimum standards thus provide for services to choose to be higher but they cannot be less.

This goes on throughout the regulations of measures being 'adequate'. For a 'National' Quality Framework it is far from national to allow for the children to have such differing standards dependant on the service type or service location they are enrolled in. If this was applied the same to all service types this would allow for a level playing field to work on and therefore all services be able to keep the service they provide at a high level and parent fees be applied accordingly.

***Recommendation:*** *There needs to be a minimum requirement stated for all regulations that allow for 'adequate'. eg shade provided outdoors, 'in line with the Cancer Council recommendations or a minimum of 40% shaded areas.*

Additionally I would like to give a current example of how the State Governments and Federal Government do not work in partnership and the flow on affect this has on service.

Commencing on the 1/1/14 50% of all staff were required to be either holding or enrolled in a Diploma of Children's Services or equivalent. In WA the Diploma of Children's Services has ceased to be offered and the new equivalent, Diploma in Care and Education does not commence until March 2014. For new employees in November and December requiring them to enrol, had them enrolling in a Diploma that was no longer available to complete and them having to then re-enrol in March in the new Diploma and complete Recognition of Prior Learning or repeat the module. This is a lengthy exercise not to mention the costs for the employee.

Certificate III in Children's Services- This now requires all new employees to commit to training and have enrolled in the certificate prior to commencing employment. This does not allow the employee or the employer time to identify if the person is suited to the industry and in the event they are not

suited have paid a lot of money for a certificate they will never complete. This causes a lot of administrative work for both the service and the RTO.

***Recommendation:*** *A three month period from the commencement of employment to register/enrol with a Registered Training Organisation (RTO) This allows for time for both the employee and the employer the opportunity to identify if the person is suited to the industry.*

To support quality outcomes we should be focusing on how this best happens and this is linked directly to the quality of the educators including their qualifications. Pre 2000 in New Zealand they operated a system where by employers submitted hours of qualified staff on sites and they were eligible for a rebate for each hour a suitably qualified educator was on site for the week. Under the NQF there is the opportunity to only employ staff working towards a Diploma of Children's Services, thus saving at least \$5.00 per hour per employee. If we are really supporting 50% of staff holding a Diploma and not working towards, a similar system would encourage this.

Roslyn Thompson

Dated: 3<sup>rd</sup> February 2014