

Submission
to the Productivity Commission



**Independent
Schools** Victoria

Inquiry into Child Care and Early Childhood Learning

31 January 2014

The Independent Schools Victoria Vision:

‘A strong Independent education sector demonstrating best practice, providing excellent outcomes for students and choice for families’.

To realise this, we:

- advocate for excellence in education
- champion Member Schools
- support quality education
- protect the right of parents to choose where and how their children are educated.

Independent Schools Victoria will assist our 209 diverse Member Schools to continue providing the best possible education outcomes for the citizens of tomorrow.

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Introduction

Independent Schools Victoria welcomes the invitation to provide comment on the Productivity Commission's *Childcare and Early Childhood Learning Issues Paper*.

This submission is made on behalf of our Member Schools, as well as in the light of the potential impact that any changes to the childcare and early childhood learning regulatory and funding environment may have on Independent Schools Victoria in its role as a peak body and member service organisation.

The submission does not attempt to address all of the issues raised by the Productivity Commission's Issues Paper. Instead, the focus of this submission is on questions 2f, 2h and 4 from the *Scope of the Inquiry*, specifically looking at the artificial distinction made between subsidies provided to families that attend 'approved' childcare and early learning services versus 'registered' childcare and early learning services. The submission will also address some straightforward procedural issues associated with the payment of government subsidies to parents.

Background

Independent Schools Victoria was established in 1949 and today represents, promotes the interests of, and provides services to more than 200 Member Schools. Our Member Schools educate more than 132,000 school-aged students on more than 300 campuses across metropolitan Melbourne and in regional and rural Victoria.

These schools also provide substantial services beyond school education, including Long Day Care (LDC), Out of School Hours Care (OSHC) Kindergarten programs and Pre-prep programs. We have more than 80 Early Childhood Education and Care (ECEC) Services. A few of these services are 'approved services', but the majority of them are 'registered services'.

This submission is shaped by the educational, social and philosophical diversity of the Independent sector. Our membership reflects a variety of religious faiths and ethos with schools affiliated to Anglican, Assemblies of God, Baptist, Brethren, Catholic, Christian, Coptic Orthodox, Greek Orthodox, Jewish, Lutheran, Islamic, Pentecostal, Presbyterian, Seventh-day Adventist and Uniting churches. There are inter-, multi- and non-denominational schools, as well as schools for students with learning difficulties and individual needs and schools adhering to the Montessori and Steiner education philosophies.

Recommendations

Below is a summary of the recommendations that Independent Schools Victoria would make to the Productivity Commission.

- Remove the distinction between approved and registered childcare services based solely on the hours of operation requirement.
- Link the childcare subsidy to the amount of time that a child spends in education and care, rather than to the hours of operation of the service being accessed.
- Ensure that all families are treated under the one set of rules rather than the status of the centre being the determining factor
- Streamline the application process for government childcare subsidies, so that all providers are able to submit attendance data and implement claims to the Family Assistance Office.
- Simplify the government subsidy payment process so that all attendance data is submitted and all payments are made on a quarterly basis.
- Investigate whether the payment cycle for government subsidies can be amended to the calendar, rather than the financial year
- Implement a single childcare subsidy for all students, with additional targeted support available for children with specific additional requirements.

Approved and Registered Care

In order for parents to be eligible to access certain government subsidies, an ECEC service must be listed as an 'approved' service, rather than a 'registered' service. As can be seen in the table below, all ECEC services are rightly required to meet detailed regulatory requirements, to ensure that they are providing quality childcare and early childhood learning services to Australian families. The critical difference between the two types of service is the required hours of operation for the centre.

Table One: Regulatory requirements for different ECEC services

	Approved Service	Registered Service
Service is required to comply with the National Quality Framework	Yes	Yes
Service is required to auspice through the Australian Early Childhood Education and Care Quality Authority	Yes	Yes
Service is required to meet all other government and legislative requirements	Yes	Yes
Required hours of operation for the service	Full time: eight hours a day, five days a week, forty-eight weeks a year	No prescriptive time frame. Can operate in accordance with the needs of the ECEC service and the users of the service.

However, there is a marked difference in the ability of parents attending these different services to access government subsidies.

Table Two: Access to government subsidies for the families of children attending different ECEC services

	Approved Service	Registered Service
Access to a means-tests Childcare Benefit (CCB)	Yes. Families that are ineligible through means testing still register a zero return in order to receive the Childcare Rebate (CCR) at the end of the year. The sliding scale for payments starts at approximately \$3.30 per hour.	Yes. Families receive approximately 65c per hour.
Access to the Childcare Rebate (CCR)	Yes Depending on family income, a rebate of between \$7000 and \$17500 can be accessed.	No

Hours of Operation for Early Childhood Education and Care

Although the key difference between approved and registered ECEC services is the requirement for approved services to meet the hours of operation requirements, it does not impact on the quality of the care being provided to Australian children. All ECEC services are rightly required to meet significant regulatory requirements, to ensure that children are being cared for appropriately.

In addition, government subsidies under the CCB and the CCR are provided to parents based on the number of hours of attendance by their child, not according to the hours of operation of the service. However, parents attending a registered ECEC service receive a lower level of funding through the CCB and are not eligible to receive the CCR. As such, it is inequitable that two families may have the same level of income, access the same number of hours of care at services of the same quality, but receive different levels of government support just because one does not meet the hours of operation requirement.

Of particular concern to Independent Schools Victoria is that the requirement for approved services to be open for forty-eight weeks a year is more difficult to meet for ECEC services associated with schools, because it clashes with the opening hours for the schools themselves. Australian schools typically provide instruction for students for approximately 38 to 40 weeks each year. In order to operate as an approved ECEC service, the school must therefore experience a significant administrative and financial burden. For instance:

- where the ECEC is located on the school grounds, issues of security and access during school holiday times will add a significant burden
- it creates significant employment difficulties where teachers at different levels have different leave arrangements – particularly where staff teach at both the school and pre-school level
- during school holidays, where parents of both school-age and pre-school age children elect to take holidays themselves, the number of children accessing ECEC services can drop significantly, potentially reducing the financial viability of the ECEC service during that time.

Similarly, the length of the typical school day may make it more difficult for schools to meet the requirement for approved centres to be open for eight hours a day than it is for other ECEC services.

The establishment of ECECs on the same site as primary schools has long been recognised as providing benefits for parents and children. It assists in the transition between pre-school and school education, as it permits children attending ECECs to become familiar with the school environment, while facilitating school and pre-school teachers' ability to work together to identify and support students' needs during the transition period. It also eases the burden for working parents who are able more easily to transport their children to the various institutions.

However, the requirement for approved ECEC services to be open for eight hours per week, forty-eight weeks per year, makes it less likely that children attending ECEC services associated with Independent schools will be eligible to access the CCR. As a consequence, the requirement places a financial burden on schools, which must charge higher fees than other ECEC services, provide the same quality of care at a lower cost, or cross-subsidise ECEC and school financial operations.

One of the Terms of Reference of this inquiry is to investigate 'accessibility, flexibility and options for improving choice'. By making government subsidies for ECEC services dependent upon whether that service is approved or registered:

- the financial viability of registered providers is reduced
- the ability of parents to choose where their children will be cared for and educated is diminished.

Recommendations:

- **Remove the distinction between approved and registered childcare services based solely on the hours of operation requirement.**
- **Link childcare subsidies to the amount of time that a child spends in education and care, rather than to the hours of operation of the service being accessed.**
- **Ensure that all families are treated under the one set of rules rather than the status of the centre being the determining factor.**

For-Profit and Not-for-Profit Entities

In order to be registered in Australia, a school must be registered a not-for-profit entity. However, as indicated on page 15 of the *Issues Paper*, approximately 60% of approved ECEC services are for-profit entities. It is of concern to Independent Schools Victoria that, because of the hours of operation requirement, for-profit entities are more easily able to become approved services than ECECs associated with schools.

In Victoria, this issue is further compounded by state government funding for kindergarten services. In Victoria, all kindergarten providers, including for-profit providers, receive the same level of funding support, with the exception of kindergartens associated with Independent schools, which receive significantly less funding support. This further reduces the ability of schools to operate ECEC services, and therefore reduces choice and accessibility for parents.

Accessing Government Subsidies

Submitting Information to the Family Assistance Office

In order for a parent to receive either the CCR or the CCB, the Family Assistance Office must first receive both a claim for payment and the relevant attendance data for the student. In an approved ECEC service, the service is able to provide this information directly to the Family Assistance Office on behalf of families. In registered services, an individual must be nominated as the caregiver for the child, and only that individual is permitted to contact the Family Assistance Office.

This requirement is extremely inefficient for registered ECEC services and the families that attend them, as well as for the Family Assistance Office. Instead of the holder of the relevant data making a single submission on behalf of all families, the administrative burden is increased unnecessarily for all parties. Some Victorian Independent schools currently provide ECEC services to more than 200 students, but the parents accessing these services are still required to make individual applications.

Recommendation:

- **Streamline the application process for government childcare subsidies, so that all providers are able to submit attendance data and implement claims to the Family Assistance Office.**

Timing of Payments of Government Subsidies

The payment of the CCB to parents is a complex and unwieldy system. Payments can be made on a weekly, fortnightly, monthly, quarterly or annual basis, depending on the regularity with which information on a child's attendance at the ECEC service is submitted to the Family Assistance Office. This process significantly increases the administrative burden for ECEC providers, families and for the Family Assistance Office, as well as increasing uncertainty for parents.

Recommendation:

- **To improve efficiency and to reduce uncertainty, it is recommended that the CCB application and payment process should be simplified, so that all attendance data is submitted and all payments are made on a quarterly basis.**

In addition, while the CCR is paid to parents at the end of the financial year, the CCB may be paid at the end of the financial year or intermittently. Independent Schools Victoria appreciates that the Australian Taxation Office operates on a financial-year basis, and that this would have important implications for the operation of the CCR and the CCB. Nonetheless, we would observe that there is an inherent tension between the operation of government subsidies on a financial-year basis and the reality that parents access ECEC services on an annual basis. The consequence is that there is always a six-month lag between a family accessing ECEC services and receiving the government subsidy for that access.

This is particularly relevant in ECEC services that are linked to schools. Schools operate, receive government funding, and are required to account, on a calendar-year basis, not a financial-year basis. The administrative burden increases significantly for schools that are required to operate on a financial-year basis for aspects of their ECEC services.

Recommendation:

- **Investigate whether the payment cycle for government subsidies can be amended to the calendar, rather than the financial year.**