

Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Dear Commissioners

Early Childhood Education and Care Inquiry

Outside School Hours Council of Australia

We welcome the opportunity to provide a submission on behalf of the Outside School Hours Council of Australia (OSHCA) in response to the Productivity Commission's Inquiry into Early Childhood Education and Care. We note that The Y, as a member of the Outside School Hours Council of Australia, has also lodged an individual submission.

The Outside School Hours Council of Australia (OSHCA) encompasses providers who account for more than 30 per cent of the national OSHC market, including Junior Adventures Group, TeamKids, Camp Australia, TheirCare and The Y. OSHCA members represent approximately a third of the 4,000+ services that are operated on school sites throughout Australia, employing more than 10,000 people across all mainland states and territories.

Our sector provides affordable care for the children of over 350,000 Australian families who rely on our services to be able to work & support family needs.

This submission addresses the following Terms of Reference and their impact across five broad areas including children, families, schools, staff and regulation:

- affordability of, and access to, quality ECEC services that meet the needs of families and children
- economic growth, including through enabling workforce participation, particularly for women, and contributing to productivity
- the efficiency and effectiveness of government investment in the sector.
- impacts on demand, supply, and fee growth.
- interactions with existing and planned Commonwealth, state and territory ECEC policy settings and funding, including recent commitments by the New South Wales and Victorian governments to expand access to 30 hours of preschool for children in the year before full time school and support more 3-year-old children to participate in preschool, and any commitments in response to the South Australian Royal Commission into Early Childhood Education and Care.
- interactions with other incentives and disincentives to join or increase participation in the workforce.
- ECEC sector workforce requirements and the capacity to meet these requirements within current Commonwealth, state and territory initiatives.
- required regulatory settings, including to manage compliance and integrity risks for Commonwealth programs.
- impact on access to quality ECEC, including by remoteness and access to flexible (non-standard hours) services.
- activity requirements and other ECEC policy settings, including to reduce system complexity and debt for families.
- impacts on the economy, including workforce participation, productivity, and budgetary implications.

OSHCA is grateful for the government's acknowledgement that ECEC is an essential service, integral to Australia's economic prosperity and a powerful lever for increasing workforce participation.

Children

As providers, OSHCA is critically aware of the importance of listening to the voice of children and providing services that are safe, enjoyable, and enriching for them. The view of OSHCA is that fundamentally, children require safe, engaging, age-appropriate care delivered by a quality workforce.

Services that are enjoyed by children immensely improve the experience of parents and carers as well as staff and increase a child's ability to engage and benefit from the services provided.

Listening to the voice of children means providing services that are suitable and enjoyable for school aged children before or after a full day of school. Relationships and rapport with staff are also critically important.

Ample evidence suggests that happy classrooms help children to thrive in their environment and the same is true of Outside School Hours Care Services.

At present, all approved OSHC services operate under the same National Quality Frameworks (NQF) as long day care services, which in many instances is not suitable for primary school aged children. In addition, regulations and requirements of the services vary significantly across jurisdictions.

In many instances as service providers, we are constrained from meeting the needs and preferences of families and children because of the framework and regulations we operate under which are primarily designed for long day care settings. In addition, providers are also constrained in the type and availability of the space that is provided by schools for OSHC services to be operated, which is determined at the discretion of the school. Providers are required to adapt their programs accordingly to fit within the allocated spaces.

The children cared for in OSHC settings are different than the children being cared for in a long day care setting. In addition to having already had a full day of learning, children in OSHC settings are older, have more agency and a broader range of interests.

Despite these clear differences, OSHC settings are required to operate and report under the same learning and outcomes frameworks that increase workload and stress for staff and restrict activity opportunities for children. These requirements remain the same whether children attend a service daily or for a single day and despite the fact that children attending OSHC services have already completed a full day of learning.

Alternative care options would include children being at home unsupervised; in the care of a grandparent; a nanny, or; after school sport activities. None of these alternative scenarios are guided by a learning framework or require the regular reporting of student progress and outcomes as is required in the OSHC sector.

There are several unintended consequences for children that occur as a result of OSHC services being regulated under the same or similar frameworks to long day care settings.

Examples include:

- Children are often prohibited from using equipment i.e., playgrounds despite being the same children in the same setting using them during the day at school.
- Qualification requirements mean children are unable to benefit from qualified and engaging staff such as sports or music professionals who despite regularly working with children do not have the relevant Cert 3 qualification.

- Burdensome regulatory requirements, a reason staff regularly report being unable to continue their work in a service meaning children must regularly form new attachments.

These issues are compounded by the fact that regulation and oversight of the NQF varies across jurisdictions and the fact that in an OSHC setting, the nature of the physical space is harder to control and may vary substantially in size and quality as they are not owned or primarily operated by service providers. Furthermore, assessment officers who are required to approve OSHC spaces within schools have greater experience and knowledge in relation to the specifics of long day care settings, rather than OSHC. This reduced specialised OSHC skillset amongst assessment officers could lead to unintended consequences where spaces may not be properly assessed or are assessed in the same way as a long day care setting.

Ultimately, the level of oversight and regulation that providers are required to maintain creates substantial overhead costs, detracts workers from working in the sector and is very often not required for primary school aged children. A more flexible, OSHC specific regulatory environment would reduce costs, decrease staff turnover and allow providers to deliver an improved customer experience for children.

In addition, providers face challenges accessing additional support and appropriate spaces within the schools for higher needs students. The application process for the inclusion Support Subsidy (ISS) is burdensome, and does not include significant categories of students including those who attend specialist schools or children who have experienced trauma.

In the aftermath of Covid, there has been an increase in behaviour management needs of children requiring additional support. In addition to the initial paperwork burden there is also a significant delay in the processing of applications by the Federal Department of Education which results in providers continuing to absorb additional costs (which are rising) in the intervening period.

Families

Overwhelmingly, families want flexible, engaging, affordable, safe care that their children enjoy. Fundamentally, OSHC services provide families with the care for their children so that parents can fulfill their employment commitments or support their families. Without access to these services, parents – particularly women – would be unable to look for work, work, or work as many hours as they would like/need.

In Australia, the proportion of couple families with dependents in which one or both parents were employed was 93.7 per cent (2.5 million) in June 2021, up from 92.1 per cent in June 2020, meaning parents play an enormous role in Australia's workforce. Specifically, 73.7 per cent of couple families with children under 15 have mothers who are employed. (Ref: ABS data June 2021).

OSHC has been the fastest growing care type of the sector over the past several years and the largest in terms of the number of sessions of care delivered. Whilst demand is not back to pre-Covid levels, most services are seeing pre-Covid numbers of children in years K-2 and this combined with the early education government commitments in some states means that demand is likely to grow and return to pre-Covid levels or beyond over time. In addition, our anecdotal experience as service providers is that in many instances, more difficult economic environments drive a greater uptake of OSHC services as parents may increase hours or days of work.

Whilst most families that use OSHC services have also had children in long day care, the way they use our services are fundamentally different and requires a more nuanced regulatory approach as a result.

Key differences include:

- **Flexibility** - The booking system for OSHC is inherently flexible, there is no concept of a permanent place. For example, parents can cancel their bookings even at the last moment,

or alternatively, also make bookings at the last moment subject to availability. This level of flexibility ensures that parents know that they have the care support for their children when the need arises, meaning that parents can work the hours they need to, or fulfil other commitments.

- **Price** – average costs for OSHC services are around \$8/hour (with the government CCS rate set at \$11.15 per hour) compared with around \$11/hour for long day care (with the government CCS rate set at \$12.74 per hour).
- **Learning and development** – Parents want to know that their children are enjoying their time in OSHC, which means that they can more confidently (and without guilt) make the decision to utilise the service. Outside of time to complete homework, parents are not engaging OSHC services for the purposes of structured learning (which children have been undertaking during their time at school).
- **Time in care** - children may spend up to 8-10 hours a day in LDC's and up to 5 hours in OSCH services.
- **Environment:** OSHC services are allocated licensed spaces within the schools we operate in. The quality of this space and its fitness for purpose can vary substantially between schools. For example, because providers are confined to operating in a licensed space which is often also shared, there are natural constraints around how we are able to use the space. This also leads to capacity limits of services if the licensed area is not large enough. The impact of this being that where capacity limits are reached, parents who have no alternative care for their children face a serious dilemma of how to have their children cared for whilst they work.

While families with children in both long day care and OSHC services both claim the CCS rebate, the multiple child discounts are only provided to families who have multiple children in a childcare service (long day care). OSHCA has previously advocated for the extension of multiple child discounts across both service types to provide consistency and budget certainty to families. Some families will experience a significant increase in the cost of childcare as one child enters school despite the fact that their older child may be engaged with OSHC services.

Staff

OSHC services are an essential service for Australians, however we are currently significantly constrained in our ability to attract and retain staff. The split shift nature of the service provision contributes to this issue. Without wide and unfettered access to OSHC, there are inherent constraints on workforce productivity, the pace at which parents return to the workplace and continued pressure on parents in the burden of juggling work and school.

The typical OSHC employee is a university student or young person who is studying or undertaking other activities during the day. Many of these students are international students. The shifts are split by nature and many employees are casual.

OSHC is often viewed as a stepping stone to employment in other parts of the care sector. For example, many staff who begin their careers in OSHC, successfully continue their work in the education sector either as teachers or childcare workers – this makes OSHC a critical feeder and trainer of employees for those parts of the sector.

The average duration of employment for an educator amongst OSHCA member services is just over 1.6 years. This is because a substantial number of these carers will move onto other career paths as outlined above.

The workforce challenges in long day care and the primary school system are exacerbating the challenges in OSHC, with OSHC workers frequently being recruited into teaching aid roles to support the strain on the school system.

Our sector also has high number of female employees. Amongst OSHCA members, around 82 per cent of staff are female with 18 per cent being male.

OSHC services also provide important opportunities for youth employment, including employment starters, with the average employee age across the sector being under 30 years of age.

While workforce concerns will be exacerbated by commitments particularly in NSW and Victoria in relation to free pre-school, the inability of OSHC to attract and retain a sufficient number of staff to support the level of care required to support Australian families is created by a number of issues including:

- While the NQF sets the minimum qualification requirements and educator to child ratio requirements for OSHC services, an additional layer is often applied by jurisdictions which create further barriers to entry and can have the effect of eliminating otherwise strong candidates. For example, OSHC providers are often prohibited from engaging professionals who deliver leisure-based activities to children i.e., musicians or athlete coaches because they do not have relevant Cert 3 qualifications. In many instances these people work with school groups or with children as part of community sporting groups on a regular basis however they are precluded from doing so in OSHC services.
- Qualification requirements differ across the various jurisdictions, which creates administrative and regulatory burdens for employers, including system requirements to manage rostering, ratios and other compliance requirements. This also inhibits staff mobility for providers who work nationally.
- As with qualification requirements, minimum ratio requirements set under the NQF dictate the number of staff to children required to work at a service. However, additional regulations are often applied at a state level and these can vary substantially across jurisdictions. Importantly ratio requirements vary substantially when compared with the normal school day between 9am – 3:30pm. While at school or on an excursion, an acceptable ratio may be 1:25, whereas in an OSHC service, ratios are more closely aligned to those that exist in daycare settings i.e., 1:10 or 1:15.
- The complex and challenging nature of the work (particularly as it relates to supporting children's development and behavioral needs), coupled with the fact that commensurate rates of pay are available in other industries (such as retail or fast food) for less effort.
- A lower number of international students entering Australia.

Regulation

The regulations and frameworks governing OSHC services and their variation across jurisdictions, directly impact the efficiency, and effectiveness of operation which contributes to higher costs, higher staff turnover.

As multijurisdictional providers, an inherent challenge faced by OSHC providers is that we are required to manage the complexity and incur the cost burden associated with the regulatory differences in the states we operate in. Whilst funding is national, the way we deliver services is not and is sometimes considerably different.

Comparing Australian jurisdictions, it is clear that higher regulation or higher minimum employee qualifications is not having a direct impact on service quality or child safety. As shown in the tables below while Victoria has significantly higher minimum qualification standards for staff, NSW has more services exceeding the national quality standards.

Overall quality ratings in OSHC¹

State	Working Towards NQS	Meeting NQS	Exceeding NQS
VIC	9.7%	82.1%	8.3%
NSW	12.7%	76.2%	10.9%
QLD	13%	75.9%	11.1%

Working Towards (WT) NQS

- The average is 11.8% of services WT with VIC under the average. NSW and QLD are above the sector average for these states.

Exceeding NQS

- The average is 10.1%, with VIC under the average. NSW and QLD are above the sector average for these states.

Furthermore, the aim under quality area 4 as part of the National Quality Standard is to ensure the provision of qualified and experienced educators. The data included in the table below demonstrates that jurisdictions have similar outcomes regarding the National Quality Standards, suggesting that the idea that all educators need to be highly qualified in order to produce better outcomes is inaccurate, and is certainly not reflected in the ACECQA assessments.

Quality Area 4 – Staffing arrangements²

State	Working Towards NQS	Meeting NQS	Exceeding NQS
VIC	3%	88%	9%
NSW	4%	87%	9%
QLD	1%	89%	10%

For a number of years OSHCA has noted the impacts of the lack of harmonisation of regulations across the jurisdictions as they pertain specifically to minimum workforce qualifications. Specifically, Victoria for example has higher minimum workforce qualifications than say, New South Wales. This is an issue that severely affects our ability to attract staff into our services and therefore provide services to children. It should be noted that minimum standards are set by the National Quality Framework and therefore, even with differing (lower) minimum qualifications in New South Wales (compared to VIC), the quality of the service delivery is not impacted, and this is also confirmed by the ACECQA ratings.

While consistency is generally important, when considering affordability, it is particularly important to consider ratios which typically vary from 1 to 10 to 1 to 15 - any movement with respect to ratios has a significant impact on costs.

In addition to ratios, there is variation in the qualification requirements across jurisdictions with some requiring a higher level of qualification once a certain number of children is reached. While some jurisdictions allow staff to be working towards a particular qualification others require completion of that qualification before being able to work in a service. NSW is currently OSHCA's

¹ [NQF Snapshot Q1 2023 \(acecqa.gov.au\)](https://www.acecqa.gov.au/nqf-snapshot-q1-2023)

² [NQF Snapshot Q1 2023 \(acecqa.gov.au\)](https://www.acecqa.gov.au/nqf-snapshot-q1-2023)

preferred model in relation to qualification requirements because they strike a better balance between quality of care within an OSHC setting and workforce qualifications.

Schools

OSHC service providers have three customer groups including parents, children, and schools. Schools and Education departments are the most varied in their approach to how they commission and benefit from OSHC services.

Engagement with schools and Education departments occur across a number of areas critical to operations including:

- Length of contract
- License fees
- Facilities
- Fee structures
- School specific operational requirements for services

Length of contract and license fees in particular have a material impact on the costs and affordability of service delivery. There is also significant variation nationally with licences and contract length negotiated centrally in some jurisdictions such as NSW and some negotiated with schools directly under a free-market model such as in Victoria. The model currently utilised by the Queensland Government strikes the best balance because it provides tenure stability for the provider to invest in relationship with the school and longer service terms to realise joint initiatives to benefit the children and school community. Staffing stability is also assured within a longer tenure with the employer.

Comparing license fees across the jurisdictions, we see substantial variation, for what is a very similar product. In the jurisdictions where a free-market approach exists for license fees, costs have almost doubled in 3-4 years, in some cases amounting to hundreds of thousands of dollars greater than they were previously. There is a correlation between lower license fees and lower fees charged to parents.

License fees paid by OSHC services to schools become part of the general revenue of that school. While improvements to OSHC facilities can be negotiated with the school directly, typically any improvement costs are normally met by the OSHC providers.

Across the jurisdictions, typical contract lengths vary from 2 years in WA to up to 9 years in Queensland. Given the significant costs of retendering for services, the length of a contract has a material bearing on the overall cost of delivering services. Within a retendering process providers are likely to have to risk assessments above and beyond what is completed by the school.

Background and recommendations

The Outside School Hours Council of Australia was established for the purpose of advancing the social and public welfare of our students by promoting and improving standards, practices and outcomes in the OSHC sector [defined under OSHCA's Constitution as the sector of the community involved in the provision of education and care for primary school-age children (generally ages 5 to 12 years) outside school hours, during school holidays, or on schools' pupil free days by providers approved under the Education and Care Services National Law]; and advocating for greater recognition of, and resources for, the OSHC Sector.

It comprises five Founding Members:

- The National Council of the Young Men's Christian Associations of Australia (trading as YMCA or The Y)
- TheirCare Pty Ltd
- Junior Adventures Group Pty Ltd
- Camp Australia Pty Ltd

- Team Holiday Pty Ltd

OSHCA is committed to providing services that support and enable families and children to thrive. The complex regulatory framework which governs long day care services is applied to OSHC services despite being ill fitting. This in turn creates regulatory burdens that increase costs, overwhelm staff and make services inflexible when responding to the needs and preferences of children and families.

The OSHC sector suffered substantially as result of Covid lockdowns. OSHC providers operated for much of 2021 without additional Government support (with the exception of the period between August to October 2021). The sector remained open and steadfast in the provision of care, despite lock down periods and significantly reduced levels of attendance in service, ensuring parents who needed to work were able to, and that care was available for our most vulnerable children. The pressure of working through the peak of the Covid pandemic and associated lockdowns, took its toll on educators at the “coal face,” with many leaving the sector as a result of the considerable levels of stress and pressure. The sector has still not achieved a consistent level of viability post COVID, particularly in Victoria, where attendance levels remain subdued and below pre-Covid levels.

Like many sectors across Australia, the OSHC sector is also experiencing critical staff shortages now. While staff shortages existed in advance of Covid-19, they have now become acute and unworkable. We understand we are not alone in this challenge, but as has been widely recognised through the course of the pandemic and lockdowns, OSHC is an essential service critical to the effective operation of schools and workplaces and to allow parents to work.

In addition, while OSHC is a part of the broader care sector, there are a number of key differences. OSHC services typically have lower margins when compared with long day care providers and less flexibility when setting prices as well as greater volatility in revenue. The lack of permanency in relation to bookings creates additional challenges in relation to meeting ratio requirements and staffing needs which also contributes to higher costs. In addition, the licensed space provided to services in the school environment is often not fit for purpose and can be constrained in size which limits the capacity at which the service can operate. The result of this being that parents have to be denied care for their children.

OSHC staff are regularly recruited into roles within long day care or within schools are teaching aids. While OSHC services accept their roles as a feeder into other parts of the care system it does mean OSHC services are disproportionately impacted by staff shortages relative to other parts of the care sector and the vacancy rates are outlined below:

- Western Australia: 41%
- New South Wales/ACT: 21%
- Queensland: 19%
- Victoria: 16%

OSHC services also receive a substantially lower proportion of the CCS rebate when compared to long day-care services. Australian government data indicates that by service type OSHC accounts for 38.1% of care, however data in the same period shows services received only 9.4% of the total childcare subsidy payments.³

For a number of years, OSHCA have advocated for a simplified, nationally consistent OSHC specific regulation environment that reflect the needs of OSHC services and recognises the

³ <https://www.education.gov.au/child-care-package/early-childhood-data-and-reports/data-usage-services-fees-and-subsidies/june-quarter-2022-report>

particular type of care being delivered for primary school aged children as being fundamentally different from the care of toddlers and babies in a long day care setting designed.

It is the view of OSHCA members that a nationally consistent regulatory framework that was designed with OSHC rather than long day care services in mind would be universally beneficial and could be designed without compromising the quality of care expected by parents, children, and school communities and would in fact result in an enhanced fit for purpose, sustainable service model that would allow OSHC services to grow and meet the needs of working Australian families and their children.

Recommendations

- A simplified and more flexible OSHC specific NQF framework with roles and responsibilities that reflect the needs of OSHC services and recognises the particular type of care being delivered for primary school aged children as being fundamentally different from the care of toddlers and babies in a long day care setting.
- Harmonisation of regulatory requirements that emulate those that currently exist in NSW. National consistency is a valuable objective that improves compliance while reducing the complexity and costs of operation.
- Ensuring that qualification requirements are fit for purpose and nationally harmonised for OSHC and meet the needs of the children we care for particularly as they are set under the NQF (or revised framework) to ensure regulations are not operating as a barrier to entry to strong candidates who wish to become part of the OSHC workforce.
- The application of the multiple child discount across all services utilising a CCS discount would provide greater certainty and improve affordability to government for what would be a modest increase to the cost of delivery the rebate.
- Consideration of a centralised models for negotiating license fees across all jurisdictions to prevent the substantial variation in costs in an environment where providers do not the unilateral ability to alter prices.
- Harmonized (and clear/legislated) requirements of Education departments to provide the appropriate space for high quality service provision within a school grounds.
- Simplification of the process for providers to access Intensive Support Subsidy and to broaden the applicability to include groups such as specialist schools and the rate should reflect the full cost to the provider.

Thank you for the opportunity to contribute to this inquiry. OSHCA members are able to provide additional data or insights as required.

Yours Sincerely

Michael Abela
President (OSHCA)