



Introduction

UTS Child Care Inc. (UTSCC) operates two long day care centres in Sydney, NSW. We provide high quality, non-profit early childhood education and care to the staff and students of the University of Technology, Sydney; the Australian Broadcasting Corporation; and the local community in which we operate. One of our services has been rated as Exceeding in all areas under the National Quality Framework, and the other has not yet been assessed.

Response

We believe that the recommendations in the draft Productivity Commission report will result in;

- A severe reduction in the quality of child care,
- Increased costs for families,
- Reduced accessibility to child care for many.

The draft fails to provide acceptable future options for childcare that supports children's learning and development, and workforce participation.

The Recommendations require serious review to ensure children's well-being is not compromised.

Draft recommendations that are retrograde, have negative consequences and need to change

In particular we are concerned about:

- The possible exclusion of some service types (such as preschools) from the National Quality Framework;
- The removal of tax benefits for not-for profit services who supply a large proportion of the education and care in our state;
- The nebulous streamlining of ratios and qualifications which would mean long standing NSW standards are diminished;
- The introduction of a divide between child 'care' for under 3 years olds and preschool 'education' for over three year olds which undercuts NSW's proud tradition of provision of education and care to all age groups;
- The potential impact of a deemed rate of care on families and services. This may disadvantage those in high cost provision in areas of NSW;
- The lack of provision of a clear planning system to ensure supply of education and care equals demand;
- The possible exclusion of children from vulnerable families to early education by the imposition of the proposed 24 hour work/activity test per fortnight.

To ensure that each child in Australia gets access to a cohesive high quality early and middle education and care system, we believe the Productivity Commission's draft recommendations in the following areas need to change.

Draft Recommendation 12.4

Unless the deemed cost of care takes into account the higher costs of service provision in NSW, caused by higher land costs (especially in Sydney city, inner city and inner west; where demand is highest and land is most expensive) and long standing higher qualification and ratio requirements, NSW families will face a higher gap fee than families in other states and territories.

The proposed activity test of 24 hours of work/study training per fortnight will exclude some children from access to early education and care. We believe access should be each child's right. This disregards the benefits of early childhood education and care to all children, especially disadvantaged children who may not meet the work / study test.

Draft Recommendation 8.5

Nannies should be linked to an approved service, to ensure quality provision and to ensure they are supported to achieve quality outcomes for children. UTSCC questions how it will be monitored to ensure that nannies are only involved in child care and not fulfilling housekeeping duties during time for which parents are eligible for an Early Care and Learning Subsidy

Draft recommendation 7.9

This recommendation creates a division in the system which the NQF was going to ameliorate – it provides two tiers of early education, that within the NQF and that outside. ALL Australian children deserve the right to high quality early education and care services. There is already great confusion by parents and society general about the differences between service types, and this just compounds the issue.

Draft Recommendation 8.6

The removal of a functioning model of early education and care provision –in home care – will not increase the supply of education and care. Families using in-home care should remain eligible for subsidies and in-home care services should be bought into the NQF.

Draft Recommendation 9.1

Families using community based preschools in NSW need access to the Registered Care CCB because this is the only way they can reduce the cost of preschool in NSW. As preschool fees in NSW are exceptionally high the removal of this subsidy would disproportionately affect NSW families using education and care.

Draft Recommendations 10.1, 12.1 and 12.11

The removal of tax concessions for the not for profit children's services sector will have a detrimental effect and will not create a level playing field. Access to these concessions does not give not for profit providers a competitive advantage over for profit providers. There are few financial

benefits that not for profit children's services receive. The ability to not pay payroll tax, provide FBT exempt salary packaging, and be exempt from income tax are the only significant taxation benefits available.

In contrast the for profit sector is able to, and does, run many operating costs through the children's services business operations as tax deductions including phones, cars, a variety of mobile devices and tablets, and home computers to 'do the child care business'; they can raise finance (capital and operational) through loans and overdrafts (again tax deductible) through their governance structures. Not for profit services do not enjoy any of these benefits so it is unclear how removal of payroll tax exemption, FBT exempt salary packaging and income tax exemption would outweigh the tax deductions and ability to raise finance to grow that the for profit sector enjoys.

The not for profit sector cannot raise capital to easily "alter the configuration and capacity of a facility"⁴ due to governance structures of an association with limited and dispersed personal liability. Financial institutions are not willing to lend money to these types of governance entities. UTSCC recently approached a bank to enquire about a loan for capital expansion and were specifically advised against this action, as it would result in a higher cost of borrowings due to our structure as an incorporated association.

Draft Recommendation 7.1

Until all service types have been through the NQF there should not be any removal of standards or elements. Consistency and the amount of change fatigue in the sector demand this. UTSCC strongly supports the NQF and is pleased to participate in the system. We strongly recommend that there be no changes to the National Quality Framework particularly in regard to qualification requirements & the inclusion of preschools. The National Quality Framework was introduced to ensure that all children had access to quality children's services. If preschools were removed from the scope of the NQF there will be no quality assurance requirements for preschools which are a large part of the early childhood sector. There are currently other review processes in place in regard to the NQF & there are still many education & care services that have not been assessed. These review processes will provide informed recommendations regarding the NQF. However we still believe that no changes should be made until all early education & care services have undergone the assessment & rating process.

Draft Recommendation 7.2

It is impossible to separate out education from care. Babies learn from every care interaction, Babies need as high, if not higher access to early education and to qualified early childhood teachers as preschool children. Early education and the benefits it provides to children accrue from the moment a child accesses it. We must ensure that the highest quality possible education and care is provided. This contradicts the body of research, both Australian and international, which find that the higher qualified staff impact positively on quality, interactions and curriculum.

Draft Recommendation 7.3

NSW has a long and proud history of employing early childhood teachers in centre based services and the threatened removal of ECT's will see a reduction in quality education and care. Our families

have indicated that they value the role that teachers play as educational leaders in our services, and that their work, guides and supports our Diploma and Certificate 111 staff in providing exceptional education and care to our children.

Draft recommendation 7.5

Likewise the requirements for employing staff with or working towards a qualification should not be removed in NSW. Services have never been able to operate in NSW without meeting required ratio and qualification requirements at all times. This should not be changed.

The removal of practicum requirements for early childhood teacher qualifications would be contradictory to the wealth of evidence that demonstrates the critical period of growth, development and wellbeing of children which occurs in infants and toddlers from birth to three years. UTSCC employs early childhood teachers with our children aged 0-3 years, and know that this practice directly influences the quality of care and education and outcomes for children. It is critical that teacher qualifications continue to prepare graduates who have experience and practical knowledge of this age group, partly so that they may assume the role of educational leader in the service; but also so that they can work with children in this critical developmental phase.

Further, UTSCC does not support the loosening / relaxing / averaging of qualification requirements across services, even if only for a temporary period. We believe that if introduced, the quality of care will be reduced and health and safety issues will increase.

UTSCC does not need “greater flexibility to meet staffing requirements”. We do meet these requirements and stand by their intent and purpose.

Draft Recommendation 7.6

Existing ways of determining ratings should remain until all services have been rated and assessed.

Draft recommendations that UTSCC supports and welcomes

Draft Recommendation 12.2

The simplification of current subsidies and payments into the one Early Care and Learning Subsidy is a positive step. We do however consider that the subsidy should be determined according to reasonable costs and not deemed costs

Draft Recommendation 12.9

Continuation of the Universal Access program is vital to ensuring that Australian children are supported in the year before school to access services through the COAG agreement. In NSW the money that has been allocated to this agreement needs to be rolled out to the sector without delay or withholding payments.

In Summary

Key recommendations in the Draft Report are short term, quick fix solutions that if implemented, will significantly compromise the provision of quality early learning experiences for children in formal early childhood settings, and exacerbate entrenched workforce issues. UTSCC does not consider these recommendations to be in keeping with the Productivity Commission's role of enabling "governments (to) make better policies, in the long term interest of the Australian community" (Productivity Commission, 2014, p. ii).

We would like to draw the Commission's attention to the recent finding of Price Waterhouse Coopers (2011), that "...The National Quality Framework quality standards are not ambitious, they fall short of the precedents set by ECEC systems overseas in terms of the qualifications required by early childhood staff and compare poorly with those quality standards that are taken for granted in the school education system". According to most recent OECD figures, as at 2009 Australia ranked 32nd from 34 partner countries on ECE expenditure as a percentage of GDP (<http://www.oecd.org/australia/EAG2012%20-%20Country%20note%20-%20Australia.pdf>). Policy initiatives to support children's equitable access to quality early learning and care experiences necessitate more substantive, long term investment, with due regard to children's rights, wellbeing and interests.