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Submission for the:

Childcare and Early Childhood Productivity Commission

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Complied by:

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Director

After consulting with our OSHC communities, Educators, Administrators, Managers, we offer the following comment on the draft report from the Productivity Commission.

1. **Disproportionate advantages exist for not-for-profit providers** in the outside school hours care sector. Typically, not-for-profit providers draw additional government funds and subsidisation benefits which we believe is anti-competitive.

For example, not-for-profit OSHC providers receive ongoing sustainability payments, subsidised rent (or less rental in NSW and Qld tenders), pay no payroll tax or income tax, are eligible for subsidised capital works and insurances, and often, loss making services are purposely subsidised by charitable or larger not-for-profit associations. This impacts negatively on the sector because a loss making service is most often low quality (fewer staff and fewer qualified staff and fewer resources) and the children and families are doomed to this ongoing low quality service for the foreseeable future because no commercial venture can compete on this level.

In short there is a significant number of not-for-profit services being delivered at below financially sustainable levels which inequitably sucks government funds in return for low quality care.

We make comment that the Productivity Commission should review and remove indirect funding advantages for not-for-profit providers and we welcome the Productivity Commission's focus on this issue.

2. **Subsidies paid directly to the provider** is a sensible and efficient consideration. This will eliminate parents being able to "pocket the money" without using the funds to pay for childcare fees as is available to parents currently. It will mean that reduced costs can be immediate for families. It will assist providers to be more professional when managing operational cashflow as well as debtors.
3. **Fee subsidy amounts.** When considering fee subsidy amounts for families the criteria should consider current market prices, location, care type and the ability to recognise quality indicators. Providers that invest more resources into the delivery of 'high quality' services because they do not cut costs on staff (qualifications and ratios) and resources should be recognised. While it is suggested that children's age be a factor in determining the deemed amount, providers generally do not set their fees based upon the age of the child being cared for at the service. Overall costs are considered when providers determine their fees so it needs to be determined whether this

then needs to be factored into the benchmark cost.

4. **Costs for transitioning need to be considered.** Providers having to make significant changes to their existing administrative systems such as changes to current database services would come at significant costs. That will mean changes to the existing CCMS program and the integration of the database system.
5. **Staff qualifications should not be watered down.** Each and every child deserves access to quality Educators who have been adequately trained, receive ongoing support and have a professional development plan in place to support ongoing learning and best practice. In OSHC we support the existing requirements which are in place where a service must have a Diploma qualified coordinator and Cert III minimum for Assistants (or pathway). However, these standards must be enforced across all OSHC services in Australia. For example, children in New South Wales are no less deserving of quality care than children in Victoria – why should they suffer less experienced and qualified Educators and higher staff to children ratios? They should not.
6. **Introduction of nationally consistent staff ratio's and staff qualifications** would ensure consistent quality across the country and streamline recruitment standards and processes for multi-site providers that operate across more than one state in Australia.
7. **Subsidising in home Nannies.**

We fail to see how subsidising in-home nannies could be as productive or as efficient as the types of care currently subsidised such as OSHC, LDC, FDC. If the government is seeking to maximise its funding dollar to promote efficiencies alongside quality then a ratio of one nanny to perhaps three or four children could not be considered nearly as efficient when compared to one Educator to 12 or 15 children in OSHC. Potentially, each child in subsidised nanny care could therefore receive a higher amount of government funding which could further compromise the principles of competitive neutrality across the sector.

Subsidising in home nanny care would have a disastrous effect on the OSHC sector's ability to recruit staff. The OSHC sector already has challenges recruiting and retaining Educators because once staff have been trained and obtain experience they become more attractive to the LDC sector where they can obtain more hours. Frustrating, OSHC is often seen as supply for LDC Educators. Please make no mistake - this is costly for OSHC services. If nanny care is subsidised it is likely a percentage of Educators would leave OSHC to work as a nanny with more hours and fewer children to care for but same rates of pay. The result would be a shrinking pool of qualified and competent Educators for OSHC to recruit from and, potentially, a poorer quality service for children and families.

8. **Directing school Principals to take responsibility for establishing an OSHC program where there is sufficient demand to do so is a positive step.** Providers have a role to play in promoting their services to enable meaningful partnerships to exist. Governments that place restraint on schools to favour one provider over another purely for financial reasons (e.g. unreasonably high sign on inducements) should be made accountable for the ramifications that follow when quality care is compromised due to cost. Of course there needs to be a balance between affordability and quality, but never a situation that compromises the quality of care or safety and wellbeing of children.

If Principals are to play a role in making OSHC services available for their school communities, then subsidies should exist for those schools that can't meet a providers requirements with minimum attendances. This would be particularly important for schools that only have 200 or less students and would ensure quality was not compromised. That is, we don't support short-cuts on quality in any service.

9. **Reporting for different care types must be considered.** OSHC should not have the same documentation requirements as LDC. The higher proportion of casual versus permanent that are observed in OSHC as opposed to LDC make it very challenging for staff to capture and document learning in the short time frames that exist. Having to implement reporting requirements for children that attend infrequently is a very real challenge to staff and provides little benefit. Further the nature of children's attendance is related to that of their parents working commitments so in many cases children spend less than two hours in an OSHC session as their parents collect them before the operational session ends.
10. **There should be no need for providers to supply site plans and measurement of registered schools.** The time and cost associated with this is enormously high and it is replicating what has already been done. There is also significant inconsistencies amongst the jurisdictions on this requirement. It is completely illogical to have to demonstrate that there is adequate outdoor space for a service applying for significantly less capacity than the school population.
11. **The proposal that SECLS would replace ISS may result in a proportion of children that miss out on funding because their medical condition is not recognised.** Children with behavioural challenges need to be recognised at this funding level and better supported to be included and participate within the service. The report notes that the criteria for applying for SECLS will be much tougher but we would hope not at the expense of inclusion.