

Response to Productivity Commission Draft Report

Prepared by KU Children's Services (KU)



Introduction

This response to the Productivity Commission's Draft Report on Childcare and Early Childhood Learning has been prepared and submitted by KU Children's Services (KU). KU is one of the largest not-for-profit providers of early childhood education and care and is the most experienced provider in Australia.

We request that this response be considered in conjunction with our initial submissions to the inquiry, lodged in February 2014 (submissions 384 and 385) and the discussions held with the Commission directly.

Supplementary response to the Draft Report

KU has submitted a second/supplementary response to the Draft Report in its capacity as the NISSP provider and an operator of ISAs; *KU Children's Services Additional Response (Inclusion)*. The supplementary response specifically addresses the recommendations and issues related to inclusion support in early childhood education and care settings.

Support for other submissions from the sector

Since the release of the Draft Report on 22 July, KU Children's Services (KU) has worked closely with other sector partners to identify and articulate areas of shared views based on our extensive experiences, and to ensure that the sector and community are able collectively to respond to the wide ranging commentary and proposals outlined in the Draft Report.

KU is a signatory to and/or supports submissions made in response to the Draft Report by the following organisations:

- Australian Community Children's Services (ACCS) NSW
- Early Childhood Australia
- Macquarie University Academic Forum: 'Giving Children the Best Start in Life'
- National ISA Alliance
- NSW Children's Services Forum
- Other major providers we have liaised with including Centre for Community Child Health at the Murdoch Children's Research Institute, Community Child Care Association (Victoria), Creche & Kindergarten Association, Early Childhood Management Services, Early Learning Association Australia and Goodstart Early Learning.

We commend the above submissions to you.

Response to specific recommendations

Families using mainstream services - improving the accessibility, flexibility and affordability

PC Ref	Recommendation / Request	KU's Position	Evidence &/or Explanatory Information
12.2	<p>Recommendation:</p> <p>The Australian Government should combine the current Child Care Rebate, Child Care Benefit and the Jobs Education and Training Child Care Fee Assistance funding streams to support a single child-based subsidy, to be known as the Early Care and Learning Subsidy (ECLS). ECLS would be available for children attending all mainstream approved ECEC services, whether they are centre-based or home-based.</p>	<p>KU supports this recommendation.</p>	
12.4	<p>Recommendation:</p> <p>The Australian Government should fund the Early Care and Learning Subsidy to assist families with the cost of approved centre-based care and home-based care. The program should:</p> <ul style="list-style-type: none"> assist with the cost of ECEC services that satisfy requirements of the National Quality Framework provide a means tested subsidy rate between 90 per cent and 30 per cent of the deemed cost of care for hours of care for which the provider charges determine annually the hourly deemed cost of care (initially using a cost model, moving to a benchmark price within three years) that allows for differences in the cost of supply by age of child and type of care 	<ul style="list-style-type: none"> KU supports this recommendation. KU believes no family should be worse off as a result of changes to funding or subsidies. Whilst we support the application of a means test as a method of targeting funding to those most in need, we have concerns regarding the reduction of the base funding level from 50 % (CCR) to 30 % (ECLS). If the deemed cost is too low families will be expected to fill the gap. KU <u>conditionally</u> supports this recommendation. KU believes the Deemed Cost rate proposed is insufficient. Determination of deemed cost must account for cost of meeting or exceeding the NQS (compliance). Any deemed cost-based subsidy must recognise variations associated with regional or urban specific cost of living and service delivery, age of children, type of care, and the providers achievement of a 'meeting' or 'exceeding' NQS rating. 	<ul style="list-style-type: none"> In KU's experience, increases in the out of pocket contribution required of families have a measurable negative impact on the participation rates of children from families across all income brackets. In KU's own experience, the cost of providing high quality childcare services is significantly higher than the proposed Deemed Cost rate. KU would be willing to share our cost data with the Commission on a commercial in confidence basis if requested. KU also refers the Commission to the work of Prof. Deborah Brennan in determining 'reasonable' costs.

	<ul style="list-style-type: none"> support up to 100 hours of care per fortnight for children of families that meet an activity test of 24 hours of work, study or training per fortnight, or are explicitly exempt from the criteria pay the assessed subsidy directly to the service provider of the parents' choice on receipt of the record of care provided. 	<ul style="list-style-type: none"> KU supports the subsidy of up to 100 hours of care per fortnight, conditional upon the retained right for providers to charge a daily fee, rather than an hourly rate. KU does not support the complete ineligibility for subsidy of families failing to meet the 24hr work/study test, and believes that at the base subsidy rate should be available to all families as a minimum. KU supports this recommendation 	<ul style="list-style-type: none"> 3 % of KU families surveyed (currently using care) would see <u>neither</u> parent meet the work/study test. If applied to the KU population broadly, this would see more than 400 of our most vulnerable children excluded from subsidised childcare annually. The proportion of families where one parent would fail to meet the work/study test is significantly higher.
12.3	<p>Recommendation: The Australian Government should exempt non-parent primary carers of children, and jobless families where the parents are receiving a Disability Support Pension or a Carer Payment from the activity test. These families should still be subject to the means test applied to other families.</p>	KU supports this recommendation.	
12.1	<p>Information Request: The Commission seeks views on the effect on families of having a per child subsidy rate that is not adjusted for the number of children in a family accessing ECEC services.</p>	<p>KU would <u>not</u> support such a proposal. The current CCB rates are higher for multiple children in recognition of the higher <u>total</u> contribution those families must make towards fees, so eliminating this would be a step backward.</p>	25 % of KU families surveyed have more than 1 child currently accessing formal care in some form.
12.4	<p>Information Request: The Commission seeks information on the best approach to setting and updating the deemed cost of ECEC services. In addition, information on the cost premiums of providing services in different locations, to different ages, and in meeting different types of additional needs is sought.</p>	Refer to Recommendation 12.4	
12.5	<p>Information Request: The Commission seeks information on the impact that removing the current free access of up to 50 hours a week to ECEC services for eligible grandparents will have on them and the children for whom they care.</p>		KU currently has no grandparents accessing the current CCB.
8.3	<p>Recommendation: The Australian Government should abolish operational requirements that specify minimum or maximum operating weeks or hours for services approved to receive child-based subsidies.</p>	KU supports this recommendation in order for services to provide more flexibility for families.	KU wishes to highlight the (possibly) unintended incentive this would create for providers to convert traditional preschool (term-based, State funded) services into Commonwealth subsidised services, thus

			increasing the overall drain on the Commonwealth funding envelope, and reducing the preschool funding burden on States.
8.4	<p>Recommendation:</p> <p>The Australian Government should remove caps on the number of occasional care places.</p>	<p>KU believes a single, central Supply Planning and Control body should be established to ensure:</p> <ul style="list-style-type: none"> • there are sufficient childcare places (across all service types) available to meet demand; • that the supply of new childcare places that are eligible to receive Government funding and/or subsidies is monitored, and restricted where a need cannot be demonstrated; and • service provision is encouraged and occurs where it is needed most, such as in low socio economic areas, and vulnerable communities. 	<p>KU is concerned about the additional strain that increased occasional care places would place on the funding envelope. Funding must be increased in direct response to any increase in places.</p>
8.5	<p>Recommendation:</p> <p>Governments should allow approved nannies to become an eligible service for which families can receive ECEC assistance. Those families who do not wish their nanny to meet National Quality Standards would not be eligible for assistance toward the costs of their nanny.</p> <p>National Quality Framework requirements for nannies should be determined by ACECQA and should include a minimum qualification requirement of a relevant (ECEC related) certificate III, or equivalent, and the same staff ratios as are currently present for family day care services.</p> <p>Assessments of regulatory compliance should be based on both random & targeted inspections by regulatory authorities.</p>	<p>KU <u>conditionally</u> supports this recommendation.</p> <p>KU does not support recognition of “or equivalent” qualifications for Nannies, or any other approved/funded service.</p>	
8.7	<p>Recommendation:</p> <p>The Australian Government should simplify working holiday visa requirements to make it easier for families to employ au pairs, by allowing au pairs to work for a family for the full 12 month term of the visa, rather than the current limit of six months.</p>	<p>KU supports this recommendation.</p>	<p>KU believes that, in the interests of equity, this should be a universal change to visa rules, not limited to au pairs.</p>
8.3	<p>Information Request:</p> <p>The Commission seeks feedback on making the places of children who are on an extended absence available to other children on a short-term basis. In particular, the Commission is interested in disincentives or regulatory barriers that discourage or prevent services from implementing these arrangements.</p>	<p>KU <u>conditionally</u> supports this recommendation:</p> <p>This should be an option for providers to use at their own discretion. Providers should not be obligated to make this option available as it may impact on viability of services unable to fill places ‘temporarily on hold’ if those places are not paid for.</p>	

12.6	<p>Recommendation:</p> <p>The Australian Government should establish three capped programs to support access of children with additional needs to ECEC services.</p> <ul style="list-style-type: none"> • The Special Early Care and Learning Subsidy would fund the deemed cost of meeting additional needs for those children who are assessed as eligible for the subsidy. This includes funding a means tested proportion of the deemed cost of mainstream services and the ‘top-up’ deemed cost of delivering services to specific groups of children based on their needs, notably children assessed as at risk, and children with a diagnosed disability. • The Inclusion Support Program would provide once-off grants to ECEC providers to build the capacity to provide services to additional needs children. This can include modifications to facilities and equipment and training for staff to meet the needs of children with a disability, Indigenous children, and other children from culturally and linguistically diverse backgrounds. • The Disadvantaged Communities Program would block fund providers, in full or in part, to deliver services to specific highly disadvantaged community groups, most notably Indigenous children. This program is to be designed to transition recipients to child-based funding arrangements wherever possible. This program would also fund coordination activities in integrated services where ECEC is the major element. 	<ul style="list-style-type: none"> • Refer to KU’s ‘Additional Response (Inclusion)’. • Refer to KU’s ‘Additional Response (Inclusion)’. • KU supports this recommendation. 	
12.7	<p>Information Request:</p> <p>The Commission seeks views on the best way to allocate a fixed funding pool to support the ECEC access of children with additional needs and deliver the greatest community benefit. This includes views on the best option for allocating the Special Early Care and Learning Subsidy payments for children with disabilities to ensure that the program enables as many children with disabilities as possible to access mainstream ECEC services.</p>	<p>Refer to KU’s ‘Additional Response (Inclusion)’.</p>	
12.7	<p>Recommendation:</p> <p>The Australian Government should continue to provide support for children who are assessed as ‘at risk’ to access ECEC services, providing:</p> <ul style="list-style-type: none"> • a 100 per cent subsidy for the deemed cost of ECEC services, which includes any additional ‘special’ services at their deemed cost, funded from the Special Early Care and 	<p>KU generally supports the Recommendation</p> <ul style="list-style-type: none"> • Ideally this would be possible, however concerned that the funding envelope will be further diluted. 	

	<p>Learning Subsidy program</p> <ul style="list-style-type: none"> • up to 100 hours a fortnight, regardless of whether the families meet an activity test • support for initially 13 weeks then, after assessment by the relevant state or territory department and approval by the Department of Human Services, for up to 26 weeks. <p>ECEC providers must contact the state or territory department with responsibility for child protection within one week of providing a service to any child on whose behalf they apply for the 'at risk' Special Early Care and Learning Subsidy. Continuation of access to the subsidy is to be based on assessment by this department, assignment of a case worker, and approval by the Department of Human Services. The Australian Government should review the adequacy of the program budget to meet reasonable need annually.</p>	<ul style="list-style-type: none"> • Believe every child should be supported regardless of activity • KU agrees. <p>This needs to be done in a streamlined and efficient manner.</p>	
12.8	<p>Recommendation:</p> <p>The Australian Government should continue to provide support for children who have a diagnosed disability to access ECEC services, through:</p> <ul style="list-style-type: none"> • access to the mainstream ECEC funding on the same basis as children without a disability and up to a 100 per cent subsidy for the deemed cost of additional ECEC services, funded from the Special Early Care and Learning Subsidy • block funded support to ECEC providers to build the capacity to cater for the needs of these children, funded through the Inclusion Support Program. <p>The relevant Government agency should work with the National Disability Insurance Agency and specialist providers for those children whose disability falls outside the National Disability Insurance Scheme, to establish a deemed cost model that will reflect reasonable costs by age of child and the nature and extent of their disability. Based on an assessment of the number of children in need of this service, and the costs of providing reasonable ECEC services, the Australian Government should review the adequacy of the program budget to meet reasonable need annually.</p>	Refer to KU's 'Additional Response (Inclusion)'.	
12.8	<p>Information Request:</p> <p>The Commission seeks views on what types of services (that are not the funding responsibility of the National Disability Insurance Scheme) should be provided for children with a diagnosed disability attending ECEC, and how best to prioritise</p>	Refer to KU's 'Additional Response (Inclusion)'.	

	<p>available funding.</p> <p>It also seeks information on the range of needs and the costs of meeting these needs for children of different ages and by the nature and extent of their disability.</p>	<p>Regarding range of needs and costs:</p> <ul style="list-style-type: none"> Generally for KU, the funding received through ISS (Inclusion Support Subsidy) and FSF (Flexible Support Funding) does not meet the full cost of employing additional staff to support children with additional needs. The funding meets 61 % of these costs. 	
13.1	<p>Recommendation:</p> <p>The Australian Government should continue support for the current block funded ECEC services for Indigenous children to assist their transition to mainstream ECEC funding (where there is a viable labour market).</p> <p>Regulatory authorities should work with providers to assist them in satisfying the National Quality Framework and managing the transition to child-based funding arrangements.</p>	<p>KU supports this recommendation.</p>	
8.1	<p>Information Request:</p> <p>The Commission seeks further information on the nature of the barriers faced by families with children with additional needs in accessing appropriate ECEC services and the prevalence of children with additional needs who have difficulty accessing and participating fully in ECEC. Information on the additional costs of including children with additional needs is also sought.</p>	<p>Refer to KU's 'Additional Response (Inclusion)'.</p>	
12.9	<p>Information Request:</p> <p>The Commission seeks information on whether there are other groups of children that are developmentally vulnerable, how they can be identified, and what the best way is to meet their additional needs.</p>	<p>Refer to KU's 'Additional Response (Inclusion)'.</p>	
9.1	<p>Information Request:</p> <p>The Commission seeks feedback on regulatory barriers (such as those contained within A New Tax System (Family Assistance) Act 1999), which may prevent services from varying their fees according to the cost of service provision to children with differing needs.</p>	<p>Refer to KU's 'Additional Response (Inclusion)'.</p>	
5.2	<p>Recommendation:</p> <p>Governments should plan for greater use of integrated ECEC and childhood services in disadvantaged communities to help identify children with additional needs (particularly at risk and developmentally vulnerable children) and ensure that the</p>	<p>KU supports this recommendation.</p>	<p>KU would like to highlight the need for true integration of services to deliver identified benefits/outcomes, not simply service co-location.</p> <p>This proposed funding should not compromise funding</p>

	necessary support services, such as health, family support and any additional early learning and development programs, are available		received from other sources for participating services within hubs.
8.2	<p>Information Request:</p> <p>The Commission is seeking feedback on the role that integrated services can play in making ECEC more accessible for families. In particular, the Commission is interested in:</p> <ul style="list-style-type: none"> the extent to which integrating ECEC services with other family services and schools will deliver benefits to families and/or ECEC providers, and in particular, Indigenous and potentially other disadvantaged communities views on the best way to fund integrated services that provide ECEC, including whether child-based funding would be an appropriate funding model how funding could be apportioned across activities operating within an integrated service, including for the coordination of services, the management of administrative data and an evaluation of outcomes 	<p>It needs to be noted that for integrated services to be successful, a single provider should be responsible for the whole service and therefore coordinate all the activities and the trans-disciplinary team.</p> <p>The co-location of various agencies and specialised staff is not an indication of a true integrated hub.</p>	
12.5	<p>Recommendation:</p> <p>The Australian Government should establish a capped 'viability assistance' program to assist ECEC providers in rural, regional and remote areas to continue to operate under child-based funding arrangements (the Early Care and Learning Subsidy and the Special Early Care and Learning Subsidy), should demand temporarily fall below that needed to be financially viable. This funding would be:</p> <ul style="list-style-type: none"> accessed for a maximum of 3 in every 7 years, with services assessed for viability once they have received 2 years of support prioritised to centre-based and mobile services. 	<p>KU <u>conditionally</u> supports this recommendation:</p> <ul style="list-style-type: none"> The provision of a safety net should be considered to ensure much-needed services aren't forced to close in non-subsidised years, particularly in geographically remote/dispersed communities where other service types are not available and/or the genuine financial viability of a service without continuing operational subsidy is unlikely. KU recognises that there <u>is</u> an argument for assessing community need and either closing services not required and/or streamlining service offerings in communities to ensure efficient use of funding. 	
12.6	<p>Information Request:</p> <p>What is the case for the Australian Government funding start-up capital or on-going operational support for mainstream ECEC services in rural, regional and remote communities?</p>	<p>KU acknowledges the need to ensure the Government is not funding oversupply, or sub-efficient or low quality service offerings.</p> <p>Given the proposal to remove incentives/subsidies for not for profit providers, it must be recognised that these are the operators most likely to continue making capital investment and/or subsidising operation of much-needed, non-viable services in rural and remote communities. Those providers will not be able to</p>	

		continue doing that if those benefits/subsidies are removed and each service needs to positively contribute to an overall profit making model.	
13.2	<p>Information Request:</p> <p>The Commission seeks information on the efficiency and effectiveness of outsourcing the allocation of funding under capped programs that support children with additional needs. Views are sought on the model that should be used to allocate funding under the proposed new funding arrangements and the governance requirements to ensure outsourced allocation services are accountable, and deliver value for money</p>	Refer to KU's 'Additional Response (Inclusion)'.	

Preschools - supporting universal access

PC Ref	Recommendation / Request	KU's Position	Evidence &/or Explanatory Information
12.9	<p>Recommendation:</p> <p>The Australian Government should continue to provide per child payments to the states and territories for universal access to a preschool program of 15 hours per week for 40 weeks per year. This support should be based on the number of children enrolled in state and territory government funded preschool services, including where these are delivered in a long day care service.</p> <p>The Australian Government should negotiate with the state and territory governments to incorporate their funding for preschool into the funding for schools, and encourage extension of school services to include preschool.</p>	<p>KU <u>conditionally</u> supports this component of the recommendation</p> <ul style="list-style-type: none"> Noting that '15 hours' does not suit all jurisdictions, KU proposes funding a "minimum of 12 hours, maximum of 15 hours" per week for 40 weeks per year, in any setting. <p>KU <u>does not</u> support this component of the recommendation:</p> <ul style="list-style-type: none"> This would create a risk that preschool-targeted funds would be diluted within the school system This enforces an outdated perceived divided between 'Care' (Commonwealth) and 'Education' (State); something the NQF and UA set out to eliminate. Overall KU believes there should be one level of Government funding all ECEC universally. 	
12.1	<p>Recommendation:</p> <p>The Australian Government should provide per child preschool payments direct to long day care services for 15 hours per week and 40 weeks per year, where long day care services do not receive such funding from the states and territories.</p>	KU supports this recommendation.	

5.1	Information Request: What are the optimal hours of attendance at preschool to ensure children's development and what is the basis for this?	KU believes that the benefits of early childhood education are primarily derived as a result of the quality of the program, not the number of hours/days a child attends.	PARENT'S VIEWS: KU conducted a survey of more than 900 families enrolled in our services. 60% of respondents believe 3 days is the optimal number of days for childcare or preschool attendance for their child.
5.1	Recommendation: Payment of a portion of the Family Tax Benefit Part A to the parent or carer of a preschool aged child should be linked to attendance in a preschool program, where one is available.	KU believes this is a complex issue of broader social policy, and should not be considered in relation to ECEC in isolation,	
7.9	Recommendation: Dedicated preschools should be removed from the scope of the National Quality Framework and regulated by state and territory governments under the relevant education legislation. The quality standards in state and territory education legislation should broadly align with those in the National Quality Framework. Long day care services that deliver preschool programs should remain within the National Quality Framework.	KU <u>does not</u> support this recommendation: <ul style="list-style-type: none"> Inclusion in a single national frame work is essential in ensuring universality/consistency/equity for all Australian children. 	
12.10	Information Request: The Commission seeks views on how best to transition to full state and territory responsibility for preschool delivered in long day care services as well as in dedicated preschools. This includes a transition to the provision of preschool at no cost to parents, in those dedicated preschools attached to public primary schools	KU <u>does not</u> support this recommendation: <ul style="list-style-type: none"> KU disagrees with the underlying premise/assumption that preschool education should be separated on a funding and structural basis, from childcare. 	

Outside school hours care - improving the accessibility, flexibility and affordability

PC Ref	Recommendation / Request	KU's Position	Evidence &/or Explanatory Information
7.4	Recommendation: Governments should develop and incorporate into the National Quality Framework a nationally consistent set of staff ratios and qualifications for those caring for school age children in outside school hours and vacation care services. These requirements should take into consideration ratios that are currently acceptable for children during school hours, the uncertainty surrounding the additional benefits of more staff and higher qualifications, and the valuable contribution that can be made to outside school hours care services by less qualified older workers and university/TAFE students.	KU <u>conditionally</u> supports this recommendation. <ul style="list-style-type: none"> Qualified supervision and compulsory attendance at compliance related training are essential. The availability of TAFE/Uni students as a resource is beneficial and assists in the provision of more viable services. It also provides flexibility to the workforce. 	

8.1	<p>Recommendation:</p> <p>The Australian Government should ensure that the requirement (currently contained within the Child Care Benefit (Eligibility of Child Care Services for Approval and Continued Approval) Determination 2000) for most children attending an outside school hours care service to be of school age, is removed and not carried over into any new legislation.</p>	<p>KU <u>conditionally</u> supports this recommendation:</p> <ul style="list-style-type: none"> This shift would need to be addressed in the NQF/NQS, contextual to a child's age and supported by articulated ratios. 	
8.2	<p>Recommendation:</p> <p>State and territory governments should direct all schools to take responsibility for organising the provision of an outside school hours care service for their students (including students in attached preschools), where demand is sufficiently large for a service to be viable.</p>	<p>KU <u>conditionally</u> supports this recommendation:</p> <ul style="list-style-type: none"> KU acknowledges that the demand for OOSH services in many areas <u>is</u> large and unmet. School-run OOSH service provision is ideal only when the school and Principal encouraging and supportive. This is not always the case. The definition of 'viable' must be explored further. Issues regarding governance, property suitability and funding structures would need to be explored further. 	

Removal of ECEC assistance to some providers

PC Ref	Recommendation / Request	KU's Position	Evidence &/or Explanatory Information
5.3	<p>Recommendation:</p> <p>Australian Government ECEC funding should be limited to funding approved ECEC services and those closely integrated with approved ECEC services, and not be allocated to fund social services that largely support parents, families and communities. Any further Australian Government support for the HIPPY program should be outside of the ECEC budget allocation.</p>	<p>KU supports this recommendation.</p> <ul style="list-style-type: none"> ECEC funding should only be accessible by services with a primary objective that is education and care based, rather than welfare-based. 	
8.6	<p>Recommendation:</p> <p>The Australian Government should remove the In-Home Care category of approved care, once nannies have been brought into the approved care system.</p>	<p>KU supports this recommendation.</p>	
9.1	<p>Recommendation:</p> <p>The Australian Government should remove the registered childcare category under the Child Care Benefit.</p>	<p>KU <u>does not</u> support this recommendation.</p>	

10.1	<p>Recommendation:</p> <p>In line with the broad level recommendations of the Productivity Commission's 2010 study into the Contribution of the Not for Profit Sector, the Australian Government should remove eligibility of not-for-profit ECEC providers to Fringe Benefit Tax exemptions and rebates. State and territory governments should remove eligibility of all not-for-profit childcare providers to payroll tax exemptions. If governments choose to retain some assistance, eligibility for a payroll tax exemption should be restricted to childcare activities where it can be clearly demonstrated that the activity would otherwise be unviable and the provider has no potential commercial competitors.</p>	<p>KU <u>does not</u> support this recommendation:</p> <ul style="list-style-type: none"> • Not for profit organisations receive these exemptions as they are also obliged to reinvest any surplus into the business, supporting sustainability and viability, and facilitating the subsidisation of vital but non-viable services in disadvantaged areas. • For profit organisations do not enjoy these exemptions however, they are able to claim the purchase of equipment etc as a legitimate business expense that reduces their company business. • KU does not believe Government funds should be used to subsidise the profits of private shareholders. 	<p>In KU's case, the combined value of these exemptions is approximately \$3.7m annually, which exceeds KU's annual operating profit. Removal of these exemptions would place the financial viability of KU as an organisation at fundamental risk.</p>
12.1	<p>Recommendation:</p> <p>The Australian Government should remove section 47(2) from the Fringe Benefits Tax Act 1986, that is, the eligibility for Fringe Benefit Tax concessions for employer provided ECEC services. It should retain section 47(8), which enables businesses to purchase access rights for children of their employees without this being considered an expenditure subject to the Fringe Benefits Tax.</p>	<ul style="list-style-type: none"> • KU believes the existing employer incentives to provide work-based childcare should be restructured (rather than removed) to support a broader range of childcare-related workforce participation initiatives, including flexible working arrangements, employer sponsored childcare arrangements, and investment in early childhood education and childcare social ventures. • KU acknowledges there maybe potential to tighten funding/FBT loopholes which enable parents using work-based childcare to 'double dip' by accessing FBT benefits after expending their annual CCR cap (or vice versa). 	
12.11	<p>Recommendation:</p> <p>The Australian Government should redirect any additional tax revenue gained, or administrative savings from, removing ECEC related tax exemptions and concessions to expand the funding envelope for ECEC. For not-for-profit providers of block funded ECEC services to children with additional needs, the tax savings should be included in their block funding arrangements while these programs continue under the current funding agreements.</p>	<ul style="list-style-type: none"> • KU disagrees with the fundamental assumption of this recommendation, that tax exemptions should be removed. 	
6.1	<p>Recommendation:</p> <p>The Fair Work Ombudsman, and employer and employee associations</p>	<ul style="list-style-type: none"> • KU supports this recommendation. 	<ul style="list-style-type: none"> • As a service provider and employer, KU finds it difficult to provide flexible working

	<p>should trial innovative approaches to:</p> <ul style="list-style-type: none"> • increase awareness about the 'right to request flexible work arrangements' and individual flexibility arrangements under the Fair Work Act 2009 and National Employment Standards • promote positive attitudes among employers, employees and the wider community towards parents, particularly fathers, taking up flexible work and other family-friendly arrangements. 		<p>arrangements for our staff given the regulatory environment in which we operate. We are able to offer part and job share arrangements only for staff who work directly with children.</p>
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Quality assurance and processes and regulation of ECEC

PC Ref	Recommendation / Request	KU's Position	Evidence &/or Explanatory Information
7.8	<p>Recommendation: Governments should extend the scope of the National Quality Framework to include all centre and home based services that receive Australian Government assistance. National Quality Framework requirements should be tailored towards each care type, as far as is feasible, and minimise the burden imposed on services.</p>	<p>KU supports this recommendation:</p> <ul style="list-style-type: none"> • All funded services currently 'out of scope' should move 'in scope' as a matter of priority and any new/additional services to be recognised and funded also fall 'in scope'. Different Standards may be required for different classifications of services. • Minimum standards for <u>any</u> staff working directly with children in ECEC services must include: <ul style="list-style-type: none"> ○ ECE qualifications (minimum Certificate III, and higher where required by the NQF) ○ Child safety and wellbeing (first aid, anaphylaxis and Working With Children clearance) ○ Registration and regulation 	
7.1	<p>Recommendation: To simplify the National Quality Standard, governments and ACECQA should:</p> <ul style="list-style-type: none"> • identify elements and standards of the National Quality Standard that can be removed or altered while maintaining quality outcomes for children • tailor the National Quality Standard to suit different service types — for example, by removing educational and child-based reporting requirements for outside school hours care services. 	<p>KU <u>does not</u> support this recommendation Elements and standards should not be changed or removed whilst going through current cycle of A&R. equity/level playing field. Current NQF Review is inclusive of feedback on this</p>	

7.2	<p>Recommendation: Requirements for educators in centre-based services should be amended by governments such that:</p> <ul style="list-style-type: none"> • all educators working with children aged birth to 36 months are only required to hold at least a certificate III, or equivalent • the number of children for which an early childhood teacher must be employed is assessed on the basis of the number of children in a service aged over 36 months. 	<ul style="list-style-type: none"> • KU <u>does not</u> support this recommendation 	<p>There is a significant body of evidence to support a requirement for higher qualified staff to work with <u>all</u> children under three years of age, not only children from disadvantaged backgrounds.</p> <p>We refer the Commission to the research outlined in the submission by Sheila Degortardi and Sandra Cheeseman (Macquarie University).</p>
7.1	<p>Information Request: The Commission seeks participants' views on the expected impacts on the development of children under 36 months of focusing required teachers in centre-based care on children over 36 months.</p>	<p>KU acknowledges and supports the submission made by Macquarie University at the Academic Forum in which KU participated.</p>	
7.3	<p>Recommendation: Differences in educator-to-child ratios and staff qualification requirements for children under school age across jurisdictions should be eliminated and all jurisdictions should adopt the national requirements</p>	<p>KU <u>conditionally</u> supports this recommendation: States currently operating with higher level requirements should be grandfathered and funded accordingly.</p>	
7.5	<p>Recommendation: To provide services with greater flexibility to meet staffing requirements, ACECQA should:</p> <ul style="list-style-type: none"> • remove the requirement that persons with early childhood teacher qualifications must have practical experience for children aged birth to twenty four months • explore ways to make the requirements for approving international qualifications simpler and less prescriptive in order to reduce obstacles to attracting appropriately qualified educators from overseas. <p>All governments should allow services to temporarily operate with staffing levels below required ratios, such as by maintaining staffing levels on average (over a day or week), rather than at all times.</p> <p>The New South Wales and South Australian Governments should allow a three month probationary hiring period in which unqualified staff may be included in staff ratios before beginning a qualification, as was recently adopted in all other jurisdictions.</p>	<p>KU <u>does not</u> support this recommendation:</p> <ul style="list-style-type: none"> • This component relates to the removal of qualifications for babies/toddlers, with which KU fundamentally objects. • No difficulties have been identified in the current process therefore we feel no change necessary. KU does not support want a dilution of qualifications. <p>KU <u>does not</u> support this recommendation.</p> <p>KU believes this would be open to abuse by employers, and undermines quality.</p>	

7.6	<p>Recommendation: Governments and ACECQA should:</p> <ul style="list-style-type: none"> urgently reconsider the design of the assessment and ratings system, giving particular consideration to finding ways to increase the pace of assessments explore ways to determine services' ratings so they are more reflective of overall quality abolish the 'Excellent' rating, so that 'Exceeding National Quality Standard' is the highest achievable rating. 	<p>KU supports this recommendation. KU acknowledges some improvements have already been made and that detailed suggestions for improvements were included in KU's original submission to the Commission.</p>	
7.7	<p>Recommendation: Governments, ACECQA and regulatory authorities, as applicable, should:</p> <ul style="list-style-type: none"> abolish the requirement for certified supervisor certificates provide more detailed and targeted guidance to providers on requirements associated with Quality Improvement Plans, educational programming, establishing compliant policies and procedures and applying for waivers explore potential overlaps between the National Quality Framework and state and local government requirements as part of the ongoing review of the Framework, and ensure any identified overlaps are eliminated review: <ul style="list-style-type: none"> ways that services with higher ratings ('Exceeding National Quality Standard') could be relieved of some paperwork requirements, where these are less important to ensuring quality given the service's compliance history removing the requirement for outside school hours care services operating on school facilities to provide site plans as a condition of service approval. 	<ul style="list-style-type: none"> This has already been abolished. KU <u>does not</u> support this It is not ACECQA's role to resource the sector they are assessing (conflict). Resourcing and guidance is the role of the PSC and LDCPDP. ACECQA should provide basic information/fact sheets on 'what' is required, not 'how' to achieve it. KU supports ACECQA exploring these issues. KU <u>does not</u> support this: <ul style="list-style-type: none"> If it forms part of continual quality practice, updating QIPs is not onerous. High turnover of staff across the sector mean it is necessary to reassess services at least every 3 years. Site plans for OOSH are necessary to ensure compliance and child safety (such as supervision and maintaining ratios). 	
7.10	<p>Recommendation: State and territory governments should, as a matter of priority, harmonise background checks for ECEC staff and volunteers by either:</p> <ul style="list-style-type: none"> advancing a nationally consistent approach to jurisdiction-based 'working with children checks' as proposed in the National 	<p>KU supports this recommendation</p>	

	<p>Framework for Protecting Australia's Children, including mutual recognition of these checks between jurisdictions, or</p> <ul style="list-style-type: none"> implementing a single, nationally recognised 'working with children check'. 		
7.11	<p>Recommendation:</p> <p>Governments should remove those food safety requirements in the National Regulations that overlap with existing state and territory requirements.</p> <p>State and territory governments, in conjunction with Food Standards Australia New Zealand, should explore the possible exemption of childcare services from Standard 3.3.1 of the Australian food safety standards, as in New South Wales</p>	KU supports this recommendation	
7.12	<p>Recommendation:</p> <p>Local governments should adopt leading regulatory practices in planning for ECEC services. In particular, local governments should:</p> <ul style="list-style-type: none"> use planning and zoning policies to support the co-location of ECEC services with community facilities, especially schools use outcomes based regulations to allow services flexibility in the way they comply with planning rules, such as in relation to parking not regulate the design or quality of any aspect of building interiors or children's outdoor areas within the service property, where such regulation duplicates or extends the requirements of the National Regulations or other standards such as the Building Code of Australia not impose regulations that interfere with the operation of the ECEC market, such as by restricting the maximum number of permitted childcare places in a service provide clear guidelines for the assessment of development proposals in relation to ECEC services, and update these guidelines regularly. State planning departments should, as in Victoria, develop flexible standard planning provisions that can be applied across local governments to ensure some level of consistency; and scrutinise amendments to local planning schemes that might seek the introduction of different standards to guard against potentially 	<ul style="list-style-type: none"> KU supports this component of the recommendation KU supports this component of the recommendation KU believes some planning restriction necessary to protect NFP efforts however do <u>not</u> feel there should be restrictions on the number of places in an individual centre. KU supports this component of the recommendation KU supports this component of the recommendation 	

	costly requirements being imposed.		
11.1	<p>Recommendation:</p> <p>Governments should ensure, through regulatory oversight and regular audits by the Australian Skills Quality Authority, that Registered Training Organisations maintain consistently high quality standards in their delivery of ECEC-related training.</p>	<p>KU supports this recommendation:</p> <p>Additionally, new qualifications being introduced should be subject to a universally consistent audit process.</p> <p>When new qualifications/training packages are implemented that all RTOs are subjected to an ASQA audit to ensure compliance against the new qualifications.</p>	

Ongoing support for evaluation and program assessment

PC Ref	Recommendation / Request	KU's Position	Evidence &/or Explanatory Information
5.4	<p>Recommendation:</p> <p>Early intervention programs to address the development needs of children from disadvantaged backgrounds should be underpinned by research. Their impact on the development outcomes of the children attending should be subject to ongoing monitoring and evaluation, including through the use of longitudinal studies</p>	<p>KU <u>conditionally</u> supports this recommendation:</p> <ul style="list-style-type: none"> • Early intervention is not limited to disadvantage • Disadvantage does not equal disability. • Investment in research for mainstream services (particularly 0-2years) • Longitudinal studies must be supported by ongoing investment in long term research (For example: ARC grants have to be re-applied for every 3 years) 	
13.2	<p>Recommendation:</p> <p>The Australian Government should establish a program to link information for each child from the National ECEC Collection to information from the Child Care Management System, the Australian Early Development Index, and NAPLAN testing results to establish a longitudinal database.</p> <p>Subject to appropriate data protection methods, this information should be made available for research, policy analysis and policy development purposes. The ability of researchers to access unit record information should be permitted subject to stringent privacy and data protection requirements.</p> <p>The Australian Government agency, which is the custodian of the Child Care Management System, should provide a de-confidentialised extract from the database each year that interested parties can use for research and planning purposes.</p>	<p>KU <u>conditionally</u> supports this recommendation:</p> <ul style="list-style-type: none"> • KU supports data collection however data sets will not be universal as preschools are removed from the NQF • Data collections should also track quality rating of services and the qualifications of staff, particularly as the gaps in this area of research have been identified by the Commission. 	

<p>13.3</p>	<p>Recommendation: The Australian Government should review the operation of the new ECEC funding system and regulatory requirements after they have been implemented. In particular:</p> <ul style="list-style-type: none"> • within 2 years of introducing subsidies based on deemed cost of care, the accuracy of the deemed costs and appropriateness of the selected indexation approach should be examined and the existence of any adverse unintended outcomes should be identified and resolved • within 3 years of extending the coverage of the National Quality Framework (including to current block funded services and to nannies), ACECQA should prepare a report identifying any legislative, regulatory or procedural difficulties arising from the wider coverage of the National Quality Framework • within 5 years of implementing the new ECEC funding system and regulatory requirements, the Australian Government should undertake a public review of the effectiveness of the revised arrangements. 	<ul style="list-style-type: none"> • KU supports this component of the recommendation: Should be reviewed at least every 2 years. • KU supports this component of the recommendation • KU supports this recommendation 	
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