

Dr Wendy Craik
Presiding Commissioner
Childcare and Early Childhood Learning
Productivity Commission
Via childcare@pc.gov.au

Western Australian
Council of Social Service Inc.
ABN 32 201 266 289

City West Lotteries House
2 Delhi Street
West Perth
Western Australia 6005

Phone (08) 9420 7222
Fax (08) 9486 7966
Email info@wacoss.org.au
www.wacoss.org.au

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Dear Dr Craik,

Response to Productivity Commission inquiry draft report into Childcare and Early Childhood Learning

In January 2014, the WA Council of Social Service (the Council) made a submission into the *Childcare and Early Childhood Learning Inquiry* and is pleased to have the opportunity to respond to the recommendations contained in the Draft Report recently released by the Productivity Commission.

In doing so, the Council has not sought to comment on every matter in what is a detailed and wide-ranging report, but rather has focussed our comments on some of the key issues for the community services sector relevant to our expertise and advocacy.

1. Support for the National Quality Framework

The introduction of the National Quality Framework (NQF) was an important initiative, particularly because — for the first time in developing a national consensus — *quality* was the cornerstone. The Council welcomes the Productivity Commission's support for the key elements of the NQF, however we note that the Commission has *also* recommended a range of changes to the NQF.

Wanslea, Child Australia and Goodstart Early Learning¹ are three providers of high quality childcare and early learning services in Western Australia. These organisations have significant collective knowledge and experience relating to those recommended changes which would impact the NQF and the provision of education and care services. Such changes include:

- The requirement for teachers be based only on numbers of children over 3 years old (not all children as is currently the case);
- Changes to qualification requirements;
- Changes to staffing and qualifications for Out of School Hours Care (OSHC) providers;

¹ [Wanslea](#), [Child Australia](#) and Goodstart Early Learning are all current members of the WA Council of Social Service.

- Dropping the “excellent” rating for services; and
- Streamlining other legislation (such as a consistent national Working With Children Check), and local government legislation.

The Council urges the Productivity Commission to take Wanslea, Child Australia and Goodstart Early Learning’s views on these changes (which have been expressed in separate submissions to this inquiry) into account.

Further (and again on the basis that it will improve overall quality in the sector) the Council supports the recommendation regarding the extension in coverage of the NQF to include all early childhood education and care (ECEC) services which receive Australian Government subsidies or funding, such as nannies and budget-based services (draft recommendation 13.3).

2. Changes to subsidies

The Council welcomes draft recommendation 12.2, as a contribution to simplifying the current system:

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

In addition, the recommendation that approved providers of mainstream ECEC services receive the full amount of the subsidy directly for all children (rather than being paid to the parents who then pay the fees) is not only simpler, but will assist providers of services.

Draft recommendation 8.3 suggests that:

The Australian Government should abolish operational requirements that specify minimum or maximum operating weeks or hours for services approved to receive child-based subsidies.

This will have significant impact on a number of the smaller providers in regional WA. It will assist families in regional areas who have been unable to access the child care benefit (CCB)/child care rebate (CCR) because their local centre does not open 5 days a week. This recommendation is a welcome recognition of the needs of rural communities.

On the other hand, the recommendation that the Australian Government should remove eligibility of not-for-profit ECEC providers to Fringe Benefit Tax exemptions and rebates (draft recommendation 10.1) is of concern. Given the current state of sector reform, occasioned by the uncertainty surrounding the replacement for the Australian Charities and Not-for-profit Commission ACNC, the Council suggests that implementation of this recommendation (which would change the rules for one part of the community sector, out of context with what is happening across the community sector as a whole) is not appropriate.

3. Integrated services

The importance of integrated services is reflected in draft recommendation 5.2:

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 necessary support services, such as health, family support and any additional early learning and development programs, are available”.

However, it seems to be at odds with draft recommendation 7.9 that:

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.

The rationale for including pre-schools within the NQF was to support better integration of ECEC services.

WA has been one of the few states which has not used its universal access money to fund the provision of pre-school in child care settings, and the Council welcomes the assertion that:

To support parents who work, governments should continue to contribute funds to preschool programs in long day care (LDC) centres. Where preschool is undertaken in an LDC and states and territories are not passing on the universal access funding, this should be withheld from the state or territory by the Australian Government and paid directly to the LDCs.²

The Council the welcomes the call by the Commission (draft recommendation 8.2) for:

... 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.

WA has one of the lowest rates of provision of out of school care on school sites, and the draft recommendation is important recognition of the benefits of having a range of services provided at or on school sites.

The Council notes that the Commission is interested in further information about the benefits of integrated services. The Council recently completed a project about integrating infant mental health services. After developing a conceptual foundation which pulled together work from across a range of disciplines (including the early years, mental health, community development and service integration) a list of key factors which assist in the integration of early years services was developed³. WACOSS then worked with the City of Cockburn to apply these concepts to an actual location⁴. The Council would also direct the Commission’s attention to the wealth of literature available on this issue and in particular the extensive work of the [Centre for Community Child Health](#).

4. Vulnerable children

² Productivity Commission (2014) [Childcare and Early Childhood Learning - Draft report](#), page 24.

³ Refer to WACOSS (2013) [Integrating services to support the mental health of infants and young people: Developing the concepts](#).

⁴ Available upon request — WACOSS (2014) [Integrating services to support the mental health of infants and young people: Applying the concepts](#).

Children in disadvantaged circumstances, including jobless families, stand to benefit the most from improved access to quality early childhood education and care, and accordingly it is critical that any changes to the existing system ensure that vulnerable children are not disadvantaged or excluded. The Council is concerned about disadvantaged families who may be unable to meet the current activity test (of 24 hours of work, study or training per fortnight) which would render them ineligible for the subsidy.

The Council supports the Commission's view (draft recommendation 12.7) that

The Australian Government should continue to provide support for children who are assessed as 'at risk' to access ECEC services, providing:

- *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 Learning Subsidy program*
- *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.*

5. Nannies

The Commission has not recommended extending Government subsidies to the use of au pairs, but has recommended (draft recommendation 8.7) amending:

working holiday visa requirements to enable au pairs to remain with a family for the full twelve months of their visa, rather than the current limit of six months

— which appears to be a sensible approach. However, the Council is concerned that the Commission is recommending (draft recommendation 8.6) that:

The Australian Government should remove the In-Home Care category of approved care, once nannies have been brought into the approved care system.

The current in-home care arrangements are a flexible form of child care which enables families with unusual work, location or care requirements to access approved child care in their own home. Recent Government initiatives have expanded the availability of in-home care, and funding has been increased to enable more families to access the service.

To be eligible for In-Home Care, families must have no access to existing child care services and/or their circumstances mean that an existing child care service cannot meet their needs, families must also meet one or more of the following criteria:

- Families with a parent or parents with a chronic illness or disability;
- Families with a child or children with a chronic illness or disability;
- Families in rural and remote parts of Australia;
- Families where the parent/s work non-standard hours or do shift work;
- Families which have three or more children under school age;
- Families which have three or more children born at the same time.

The Council supports the retention (and potential expansion) of In-Home Care, *rather* than including nannies.

6. Tax deductions for child care expenses.

The Report does not support the introduction of tax deductions for child care expenses on the basis that:

... tax deductions or rebates are not an effective means of support for the lower and middle income families.

The Council supports this view.

7. Data linkage

The Council notes draft recommendation 13.2 which says

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.

This is an innovative proposal which the Council supports. In doing so, the Council stresses the importance of providing this information back to the community services sector in a useable and transparent manner so that the information can better inform planning for services, and service delivery.

The Council thanks the Productivity Commission for the opportunity to provide feedback on the Draft Report. Should you require any further information regarding our submission(s), please contact Chris Twomey, Director Social Policy at WACOSS

Yours sincerely,

Irina Cattalini
Chief Executive Officer