



YMCA AUSTRALIA RESPONSE

Productivity Commission Draft Report

CHILDCARE AND EARLY CHILDHOOD LEARNING

September 2014

EXECUTIVE SUMMARY

YMCA Australia welcomes this opportunity to provide feedback to the Productivity Commission Draft Report.

There is broad acceptance of the importance of affordable and high-quality early childhood education and care services for Australian families and an increasing body of evidence that demonstrates the positive developmental and long-term outcomes of participation in ECEC services. For vulnerable, at-risk and disadvantaged families, access to high-quality ECEC services can be life changing and is one of the most cost-effective ways to address long-term social and economic disadvantage. Various studies have estimated that for every \$1 invested in high-quality ECEC services, there is a return on that investment of between \$8 and \$14 (Brotherhood of St Laurence, 2011). While the OECD (2009) has recommended the provision of universal access to 3 year olds as a key mechanism to reduce social and economic inequity, this will only be realised if ECEC services are of high-quality. The National Quality Framework for Early Childhood Education and Care and the introduction of the National Quality Standard have the potential to bring about some of the most progressive changes to the ECEC sector in recent history.

Quality in the provision ECEC services comprises two distinct, yet complementary and intersecting elements: structural features such as child-staff ratios and staff qualifications; and process features such as the nature of child-educator interactions, the management of the social environment of the ECEC setting and pedagogical styles. While structural elements are important in providing a solid foundation, it is the process dimension of quality in the ECEC setting that have the greatest impact on positive child outcomes.

When exploring issues of quality in the ECEC setting it is critical to consider the additional factors that interact with quality in the ECEC setting to influence child outcomes. These factors include the quality of the home learning environment and family characteristics; the commencement, duration and intensity of ECEC; and the model of service delivery within the ECEC setting. Elements of quality will also differ for different groups within the community – a ‘one-size fits all’ approach will not effectively meet the unique and diverse needs of Aboriginal and Torres Strait Islander communities; children from highly vulnerable and disadvantaged backgrounds; children for whom English is an additional language, including refugees and asylum seekers; and children living with disability. Achieving high-quality within all these intersecting elements during the early years places children on an upward trajectory that will be sustained into their later years. This effect is particularly profound for children experiencing vulnerability and disadvantage.

Supporting the structural elements of quality requires commitment and investment; these elements are more tangible, easily regulated and have the most direct implications for affordability. Achieving high-quality with respect to process elements is also dependent on this investment. A greater proportion of qualified staff will contribute to improved quality, but well-paid qualified staff will contribute to a more stable environment in which there is less staff turnover and therefore greater consistency in quality, particularly in process dimensions.

While YMCA Australia has welcomed and supported the work of the Productivity Commission in conducting this review, we are concerned about the limiting nature of the Terms of Reference. Focusing on the capacity of ECEC services to increase women’s workforce participation, while a worthy aim, should not be the key policy driver for ensuring access to affordable ECEC services. An investment in high-quality, affordable and accessible ECEC services for all children should be viewed as one of the most important public policy investments in Australia’s economic and social future. Our primary focus on the provision of ECEC services should be to achieve lasting and positive outcomes for children with increased workforce participation as a secondary, albeit important outcome.

We are also concerned that the Report does not deal adequately with ECEC workforce development issues. Building and enhancing quality outcomes in the sector cannot occur without a qualified, experienced and well remunerated workforce. These issues are complex and require long term measures and investment in training and development, in addition to elevating the status of the ECEC workforce.

In summary, YMCA Australia supports proposals to streamline existing childcare rebates and subsidies into a single payment as there are great benefits to both families and providers in a more simplified approach.

While YMCA Australia supports the proposed approach to means testing, we are greatly concerned about the proposed activity test as this has the potential to generate an additional barrier for some of our most vulnerable families and children in accessing quality services.

We are also supportive of the Productivity Commission's recommendation to divert funding from the existing Paid Parental Leave Scheme to the ECEC sector.

The response below has been developed through broad consultation across the YMCA in Australia and represents the views of our 24 independent YMCA Associations, the majority of which provide early childhood services in one form or another. The YMCA has over 2.2 million participations in children's services annually; there are 31,365 families are registered to YMCA childcare services; we have 238 OSCH and vacation care programs, 41 kindergartens and 15 early learning centres.

We have elected to respond to the draft recommendations, draft findings and information requests that are of the most relevant to the YMCA and in the areas which we feel we can add the most value to the Productivity Commission's work.

Representatives of the YMCA have also met privately with the Productivity Commission and will continue to contribute to the work of the Commission through ongoing consultative processes.

We welcome any inquiries from the Productivity Commission in relation to this response and we look forward to contributing further to this important public policy issue.

Yours faithfully,



Ron Mell
Chief Executive Officer
YMCA AUSTRALIA

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

DRAFT RECOMMENDATION 12.2

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.

YMCA Australia supports the proposal to streamline benefits and subsidies to parents as described. Current confusion that some parents experience in relation to the existing system of benefits and subsidies would be alleviated and eligibility criteria would be further clarified through a simplification of the current system. Cost savings achieved in a reduction and simplification of administrative systems would also be of significant benefit. Consideration also needs to be given to ensure that families who would have previously benefited from access to the Jobs Education and Training Child Care Fee Assistance are not inadvertently disadvantaged as a result of including this funding stream in the new model.

DRAFT RECOMMENDATION 12.4

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:

- assist with the cost of ECEC services that satisfy requirements of the National Quality Framework*

Importantly, funding the Early Care and Learning Subsidy needs to support the continued implementation of the National Quality Framework, including the timeframes established and agreed to. In so far as the ECLS will assist families with the cost of home-based care, it will be important to ensure this care is provided by educators whose functions remain as qualified early childhood carers. Given that a significant proportion of home-based care, particularly through nanny services is provided with a mixture of education services in addition to other domestic duties, ECLS should be structured to assist with early childhood education services only.

- 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*

YMCA Australia in principle, supports the proposed means testing model, however a number of issues arise when considering the structure and potential implications for some families and for some care services.

Issues arise when considering the determination of the deemed cost of care and the effect this may have on the gap fees parent will continue to pay. While the proposed subsidy would not have an annual cap, such as currently exists, and alternative cap is introduced as an hourly cap based on the deemed cost of care. The withdrawal of one cap and the introduction of another will have varying impacts on families, depending on the options considered. Families currently earning below the current Child Care Benefit lower income threshold will not be advantaged under the proposed model due to the deemed cost of care.

Certain care types such as Family Day Care may be significantly affected, particularly as largely, these services are no longer eligible for Community Support Funding, therefore resulting in an increased gap fee for many families. To continue to support families in accessing Family Day Care, it is recommended that the deemed cost of care be more aligned with that of long day care.

Determination of a deemed cost of care through the proposed model does not provide for a distinction that will exist between care services that provide above the minimum standards and offer a premium care services for families. The risk in adopting an 'efficient price' for the deemed cost of care is the implications this will have on the supply of early childhood education and care places. A deemed cost of care which is set too low may result in decreased utilisation rates, closures of services particularly in areas of existing high cost.

Further consideration needs to be given to the model for determining the deemed cost of care as this will have a direct impact on the means-tested subsidy families will receive. If the deemed cost of care for services is too low or represents only a minimum standard, this will limit the choice parents have in terms of care service types and may not be financially advantageous for families who are already paying increased gap fees. Implications of this may drive some families to utilise more informal care arrangements thereby limiting the social and developmental benefits associated with formal care, particularly for vulnerable children.

YMCA Australia recommends a model of determining the deemed cost of care that is based on real and current data, employing a benchmarked costs model. A deemed cost of care which is benchmarked higher than the median costs will minimise the impact on supply. This cost may differ according to service type, location and age range of children accessing services.

- *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*

YMCA Australia does not support the proposed activity test in order for families to receive assistance with accessing early childhood education and care services. This has the potential to create a significant barrier for vulnerable families, who may not meet the proposed exemption criteria. Most importantly, the proposal undermines the recognition of the social and developmental benefits of quality early childhood education, the benefits of which are particularly significant for vulnerable children. The availability and accessibility of quality early childhood education and care services for vulnerable or disengaged families is often limited due to issues of market failure in certain areas. Creating additional barriers through an increased activity test will not adequately address the need for these families to access quality care for their children.

- *pay the assessed subsidy directly to the service provider of the parents' choice on receipt of the record of care provided.*

YMCA Australia supports the proposal to provide the subsidy directly to providers in order to achieve consistency across the sector and to alleviate administrative burdens that currently exist due to differences in parental choice. Providing the subsidy directly to services will also improve more immediate cash flow issues.

DRAFT FINDING 12.1

It is unclear that the proposed changes to the Paid Parent Leave scheme would bring significant additional benefits to the broader community beyond those occurring under the existing scheme. There may be merit, therefore, in diverting some funding from the proposed new scheme to ECEC to ensure that the Government's workforce participation objectives are met and ECEC services to additional needs children are adequately funded.

YMCA Australia supports a proposal that would see a diversion of funding currently allocation to the Paid Parental Leave Scheme to broaden the funding base for the early childhood education and care system. As a productivity lever, assisting women to return to the workforce or increase the workforce participation of women generally, the provision of assistance to enhance the accessibility and affordability of quality early childhood education and care services is a far more effective measure to increase productivity than a generous paid parental leave scheme.

DRAFT RECOMMENDATION 12.3

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.

YMCA Australia supports the proposal to ensure that these families are exempt from an activity test and while we support, in principal, the means testing of these families, careful consideration needs to be given to those receiving a permanent pension who would find the gap fee a difficulty. Supporting children and families in need should continue to be a priority when accessing quality early childhood education and care services.

INFORMATION REQUEST 13.1

The Commission seeks information and advice on the costs and risks involved in the transition to the proposed new funding arrangements for mainstream services (including home-based care providers paying for the services of coordinators) and advice on how these costs can be minimised and risks managed.

A key transition issue will be to ensure families are fully informed of the changes to ensure clarity and to ensure an adequate timeframe within which to implement the changes to both systems and communications to parents and providers.

INFORMATION REQUEST 12.3

The Commission seeks information on who is using ECEC services on a regular basis but working below the current activity test of 15 hours per week, or not actively looking for work or undertaking work, study or training. Views are sought on the activity test that should be applied, how it could be implemented simply, and whether some means tested access to subsidised care that is not subject to an activity test should be retained. If some subsidised care without an activity test is desirable, for how many hours a week should it be available, what should the eligibility criteria be, and what are the benefits to the community?

YMCA Australia supports the retention of a level of means tested access to subsidised care that is not subject to an activity test. Access to quality early childhood education and care services for vulnerable children and families is often accompanied by various entry points to other community services and opportunities to support these families in various ways. In areas of high need, many ECEC services are actively partnering with community agencies to provide a holistic response to vulnerable and at-risk families which leads to improved outcomes and provides a clear benefit to families and communities.

INFORMATION REQUEST 12.5

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.

YMCA Australia believes that grandparents who act as the primary care-giver for children should continue to be supported in accessing quality early childhood education and care services. While means-testing may apply, it will be important to ensure that those grandparents on a fixed income (pension recipients in particular) are not disadvantaged.

DRAFT RECOMMENDATION 8.5

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.

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. Assessments of regulatory compliance should be based on both random and targeted inspections by regulatory authorities.

While YMCA Australia recognised the important role that In Home Care can provide for certain families, we do not support approved nannies becoming eligible services, but rather support an expansion and extension of current In Home Care Services that are already attached to an approved provider. In Home Care, which is currently a capped services is well positioned to be able to expand its services to deliver quality early childhood education in the family home. Ensuring that In Home Care Services are included in the National Quality Framework will be a key component of this expansion. The majority of In Home Care Services currently work alongside Family Day Care providers and many have already adopted key elements of the NQF including policies, practices and qualifications. Additional resourcing will be required to ensure adequate monitoring of care, assessment of the family home as a place of work, and ensure training and support is provided to the In Home Educator. In terms of qualification requirements, some flexibility would be beneficial depending on the needs of the child. For example, in many cases In Home Care is utilised by families with children experiencing high or special needs and a disability-related qualification may be more appropriate than an early childhood qualification.

If nannies were to be included as eligible services providers it would be beneficial to implement a model by which nannies could be registered with or included in current approved providers of Family Day Care and In Home Care Services. This would provide the required consistency and would also provide a mechanism of support and ongoing professional development for nannies. Importantly, this would ensure that nannies providing care could be linked to the NQF through an approved provider. Given that regulation of the NQF has been delegated to State and Territory jurisdictions, additional resourcing to the regulatory bodies will need to be considered.

Families accessing In Home Care Services are often those with 3 or more children under the age of 4 years, or may have a single child with high needs and a deemed cost of care will need to allow for these variations. YMCA Australia recommends the retention of current operational funding for In Home Care through the Community Support Program, particularly in relation to those families with high care needs who experience significant challenges accessing mainstream services.

YMCA Australia would also like to outline other important considerations regarding the provision of In Home Care Services including the need to ensure that the provision of services is for early childhood education only and not for other domestic duties in the home. It is also critical that children receiving In Home Care services are provided with opportunities to attend playgroups and social inclusion activities to enhance their socialisation and development in the years prior to attending school. Services will also need to be attached to an approved provider so that educators can access support and professional development that reflects the early learning and developmental milestones of the children in their care.

Additional needs children and services – improving the accessibility, flexibility and affordability

DRAFT RECOMMENDATION 12.6

The Australian Government should establish three capped programs to support access of children with additional needs to ECEC services.

- 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 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.*
- 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.*

YMCA Australia supports this recommendation to provide support for children with additional needs, however there are a number of issues we would like to raise in relation to the specific funding programs mentioned.

Disadvantaged Communities Program: While the YMCA supports the block funding for providers, we have concerns about changes in the guideline for services seeking to access the Community Support Fund in that the guidelines require services to have a majority of disadvantaged communities in their service area. This presents a challenge for many metropolitan services in their ability to access Community Support Program Funding.

Inclusion Support Program: YMCA Australia does not support the proposal to provide once-off grants to providers in that this will not build the capacity of providers in the long term. Funding needs to be provided on a continuum for training and development for staff, and to ensure ongoing access to resources, equipment and support. Once-off grants to services does not give adequate consideration to the practical implications of staff turnover and the changing needs of children in any given service over a period of time. In addition, the Inclusion Support Agencies require additional funding to ensure that services can access quality support when needed for children with additional needs, Aboriginal and Torres Strait Islander children and children from culturally and linguistically diverse backgrounds. It is also critical that the Inclusion Support Funding covers the full component of an educators wage and not present a gap of any kind.

To support the inclusion practices of Outside School Hours Care providers, consideration needs to be given to increasing the maximum ratios to ensure that appropriate care can be provided to

children with additional needs in the OSHC environment and to ensure that services who have a commitment to inclusion remain viable and able to provide this important community benefit.

In relation to supporting children with additional needs including children living with disability, greater clarity needs to be provided to the sector in relation to the intersection between these three programs and the services that may be access by families through the National Disability Insurance Scheme.

INFORMATION REQUEST 12.7

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.

YMCA Australia would like to support the continuation of the current system for Flexible Support Funding as we acknowledge that this type of funding for emergency, last minute and temporary care has been effective.

Mainstream inclusion in ECEC services continues to be ineffective for many families. The YMCA of Brisbane runs a Specialist Outside School Hours Care service at Aspley Special School. While this program has only been operational for 12 months it has attracted 80 families who have faced significant challenges in their access to mainstream ECEC services. This includes families who are caring for teenagers and families who are caring for primary-aged children.

YMCA Aspley Specialist OSHC cannot access the Inclusion and Professional Support Program (IPSP), despite the fact that the majority of our young people have been excluded from numerous other OSHC settings and have found the only place they can be included is within our specialist service. IT will be important to reevaluate the definition of 'inclusion' and reflect on whether or not the Special Early Care and Learning Subsidy payments will maintain the same definition as the IPSP program. YMCA Australia recommends that the definition of Inclusion is extended to include Specialist OSHC settings.

To support services to more actively include children with disabilities and/or additional support needs YMCA Australia recommends the following:

- the subsidy rate needs to be in line with the actual wages paid to employ the additional worker in the child care setting (not applicable to FDC & IHC);
- remove the maximum number of additional staff to child ratio in services, this currently acts as a barrier to including children with additional needs into care;
- the employment of additional staff needs to be based against the individual needs of the child in care, and what is needed to ensure their positive inclusion into the program, the safety and well-being of all children into care, and any resources needed to support this;
- reduce the barriers to gain approval with more flexible approval guidelines, in particular if a child has a severe lifelong disability, the parent should not have to provide all medical evidence to repeatedly demonstrate this;

- seek to fund programs for children with high needs, where it is not in the best interest of the child to attend a main stream care setting, to support these families to participate in work and community life strengthening their ability to support their child; and
- funding needs to be provided directly to the service provider and needs to cover the whole cost of supporting these children in care rather than a proportion of staff costs which is currently the case.

DRAFT RECOMMENDATION 12.7

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.*

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.

YMCA Australia supports this recommendation and in particular the provision of continued support for families at-risk to access quality early childhood education for their children. The evidence of positive and sustained outcomes, particularly for children who are vulnerable or at-risk is well documented. While we support the provision of support for up to 26 weeks, some flexibility may need to be considered for families who require longer-term support and that provisions are made for the extension of this time frame on a case-by-case basis.

Increased resources and information needs to be provided to both services and families in order to fully utilise this support for at-risk children. The stigma associated with accessing this type of support could prove to be a deterrence and barrier for a number of families and service providers also need to have a process by which securing this support for identified families is more streamlined and non-stigmatising.

DRAFT RECOMMENDATION 12.8

The Australian Government should continue to provide support for children who have a diagnosed disability to access ECEC services, through:

- *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.*

YMCA Australia supports this recommendation to continue the provision of support to services and families to ensure the inclusion of children living with disability in mainstream ECEC services. While we recognise this is critical, we also acknowledge that many families face significant barriers in accessing and being included in mainstream services, particularly in the areas of Outside School Hours Care. Further consideration needs to be given in relation to appropriately funding specialist services that provide this service type.

As the National Disability Insurance Scheme is further implemented, it will be important for the ECEC sector to have greater clarity on the services types and service models that will be funded through the NDIS.

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.

YMCA Australia supports this recommendation and recognises the importance of a number of place-based initiatives such as Communities For Children that are seeking to provide integrated service models with children at the centre. While some place-based initiatives are achieving positive outcomes for children and families, there also need to be an important recognition of the importance of building on universal platforms to ensure that all vulnerable children are provided with support. This recognises that vulnerability in children exists in all communities and across all social and economic demographics.

Integrated service models are particularly importance in regional and remote communities providing a single point of access for families to a range of services, including quality ECEC services.

Resourcing integrated service models is particularly important in terms of coordination and resourcing a structure to support the high-level of coordination required.

INFORMATION REQUEST 8.2

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:

- *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.*

While ECEC services, have to a large extent operated in 'silos', the evidence of the benefits and positive outcomes for children and families through collaborative and integrated approaches is now becoming more recognised. This is particularly the case when considering vulnerable and disadvantaged communities.

There is much that can be learned from the Communities for Children model and other place-based initiatives that are now focusing on a Collective Impact model, where shared outcomes are established and processes of implementing shared measurement of those outcomes is formalised.

Funding for Collective Impact allows for the appropriate resourcing of backbone organisations to provide a formal structure to drive and coordinate collective efforts to achieve positive outcomes for children and families.

The YMCA manages a child and parent centre at a primary school in South Hedland (WA) which has an 85% Indigenous school population. Services are coordinated that best support these families to successfully transition to school and the YMCA provides the coordination and acts as a conduit for families to access these services. Models such as this are currently unfunded, yet are highly beneficial in support the needs of families in communities of complex and high need.

Preschool – supporting universal access

DRAFT FINDING 5.2

Participation in a preschool program in the year before starting formal schooling provides benefits in terms of child development and a successful transition to school.

Any decision to extend the universal access arrangement to younger children should be based on an analysis of the effectiveness of the existing arrangements in improving development outcomes and from evidence drawn from relevant Australian and overseas research. This would assist in determining how preschool should ultimately be integrated into the school based education system.

YMCA Australia supports the extension of universal access to pre-school to younger children acknowledging the benefits in terms of social and cognitive development. Integrating early learning and pre-school programs within the school based systems would also be supported by the YMCA.

DRAFT RECOMMENDATION 12.9

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.

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.

YMCA Australia supports the continuation of per child funding for universal access to pre-school, however more consideration needs to be given to ensuring that all children, particularly those in regional and remote areas, Aboriginal and Torres Strait Islander children and children with special or additional needs also have access and are enrolled in pre-school programs.

DRAFT RECOMMENDATION 12.10

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.

YMCA Australia supports this recommendation, however additional resources are required to ensure services providing long day care are meeting the National Quality Standards and that a high quality pre-school program is being delivered in the long day care environment.

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

DRAFT RECOMMENDATION 7.4

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.

While YMCA Australia supports the incorporation of nationally consistent ratios and qualifications across jurisdictions, we would not support any erosion of the current ratios set for Outside School Hours Care. Due to the age mix of children attending OSHC services and the range of activities provided, a ratio of 1:15 is required to ensure a safe and quality service. Some OSHC services will require higher ratios depending on the needs of children attending the service.

The YMCA does not support, in principal the reduction of minimum qualifications for educators in OSHC services, however we acknowledge and recognise the challenges currently faced by the sector in attracting and retaining a quality, experienced and qualified workforce. Further consideration may be needed to develop a flexible model that continues to meet a set of nationally consistent quality standards.

Caring for school aged children comes with some complexity, and is not always an easy age group when providing care. The quality of school the service works in and the value the school places on the OSHC service also impacts the capacity of the program to support good outcomes for children. This requires a high level of knowledge and expertise of our educators to recognise indicators of children who may be facing particular challenges, and how to work with the family and school to support the child. Educators need to have a broad range of skills to support children in regard to social skills, self-esteem, self-awareness, sport and recreational activities. There is also a high level of skill and expertise required in regard to the inclusion of children with behavioural and special needs.

DRAFT RECOMMENDATION 8.1

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.

YMCA Australia supports this recommendation as it would provide greater flexibility for families, however careful consideration will need to be given regarding ratio requirements. This is particularly important when providing services for children aged 12 and over who may also be in a service or program with children under 5 years.

DRAFT RECOMMENDATION 8.2

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.

While YMCA Australia supports a stronger role for schools in the planning for outside school hours care services, we recommend that any government directives to schools should be without market bias. School communities that place value on the quality provision of these services can effectively partner with providers to enhance the learning and development opportunities for their students in addition to providing a much-needed service for parents.

In addition to ensuring that outside school hours care is delivered by an approved provider through a transparent tender process, schools will also need to ensure the provision of access to appropriate spaces to deliver an effective, safe and quality program.

As demand for outside schools hours services increases, the opportunities for schools to effectively partner with quality providers will have significant outcomes for children and families, provide opportunities to better utilise school facilities for a community benefit and achieve positive returns and partnerships that will benefit the school community. Greater access to outside school hours care services also contributes to greater workforce participation for many parents.

Challenges remain however, in attracting and retaining experiences and qualified staff, particularly in areas where enrolments are low, affecting the viability of many services.

Removal of ECEC assistance to some providers

DRAFT RECOMMENDATION 10.1

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.

YMCA Australia strongly opposes the recommendation to remove or restrict eligibility of not-for-profit providers to existing tax exemptions. Not-for-profit providers are mission driven to provide quality early learning and outside schools hours care services and are not primarily driven by an imperative to achieve a profit on the service provided. The commodification of children's early learning and care in this way is the antithesis of the mission and values of the YMCA in providing an environment which allows all children to reach their full potential. Any surplus generated through the provision of these services is provided back into the community either directly into children's services or other identified community need.

As not-for-profit providers, taxation benefits also allow organisations such as the YMCA to provide a quality service and attract experienced and qualified staff. Any changes to the taxation benefits currently provided to not-for-profit organisations would erode their capacity meet community need and provide a community benefit. Often, it is not-for-profit providers that work in smaller school communities where for-profit providers do not see a viable or profitable market.

Quality assurance processes and regulation of ECEC

DRAFT RECOMMENDATION 7.8

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.

YMCA Australia supports this recommendation and while a flexible approach to the NQF is desirable across all services types, any changes implemented must not result in an erosion of the integrity of the current assessment and rating process.

ACECQA data shows that centre-based care and home-based services are performing well against the National Quality Standards, however any resources directed towards tailoring the NQF as suggested to minimise the burden for different services types should focus on the reduction of administrative requirements, rather than on service delivery expectations. This may be particularly relevant for outside school hours care services and vacation care services.

DRAFT RECOMMENDATION 7.1

To simplify the National Quality Standard, governments and ACECQA should:

- 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.*

YMCA Australia supports the streamlining of the NQS to avoid duplication across the standards, however we do not support any reduction in the quality outcomes, nor do we support the removal or alteration of standards that would affect quality outcomes for children. While it may be possible to condense the NQS for services such as outside school hours care, caution needs to be taken to ensure that any alterations to reporting requirement does not result in a removal of standards and a reduction of quality and safety for children. In all care service types, the focus must be on the provision of quality outcomes for children and documentation and reporting to support this demonstrates a focus on quality in planning and program implementation.

DRAFT RECOMMENDATION 7.2

Requirements for educators in centre-based services should be amended by governments such that:

- *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.*

YMCA Australia strongly opposes this recommendation. Extensive research demonstrates the critical stages of brain development that occur in the first three years of life and positive outcomes for children in early childhood education and care services require a high quality educational framework supported by qualified staff.

Certificate III is a minimum entry level qualification and does not have the capacity of a Diploma qualified and experienced educator. This is particularly important when considering the support that families require to identify and be supported with any developmental issue in the early years of life. The presence of Diploma qualified staff in working with children under 36 months also provides leadership, guidance and professional development for other less qualified educators. Most importantly, Diploma qualified staff can plan, design and implement programs specifically designed to meet the differing developmental needs of the children in care, leading to quality outcomes that can be sustained throughout the early years.

In Home Care and Family Day Care educators benefit greatly from having access to additional expertise of Diploma qualified staff in their service. Home based educators often work in isolation and while currently only require a Certificate III, many have attained higher qualifications. Educators in these settings need to be able to access the professional support of more qualified staff to ensure they are providing quality early education programs uniquely tailored to the children in their care.

DRAFT RECOMMENDATION 7.5

To provide services with greater flexibility to meet staffing requirements, ACECQA should:

- *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.*

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.

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.

YMCA Australia strongly opposes the first point in this recommendation in particular. Understanding early childhood development from a theoretical and pedagogical perspective is critically important in providing quality outcomes for children in the early years.

Improving mechanisms for the recognition of overseas qualifications may alleviate some of the workforce issues the sector is currently facing. Employers must also ensure the appropriate HR systems are in place to ensure quality recruitment processes.

The proposal to relax staff to child ratios on a temporary basis is strongly opposed by YMCA Australia. This would result in a significant risk to the safety and wellbeing of children. Allowing flexibility for services in the requirement to retain ratios at all time, will result in some services exploiting this flexibility in order to save on staffing costs and unless this can be effectively monitored will continue to present a significant risk to children. The protection of children from harm (including abuse) is paramount to a safe education and care service, and the individual impact on a child's safety and wellbeing during the course of a day or a week would be detrimental if staffing levels were reduced below current minimum standards, even temporarily.

DRAFT RECOMMENDATION 7.6

Governments and ACECQA should:

- *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.*

While YMCA Australia supports the above recommendations, there are several issues we would like to raise in relation to the specific points.

It is important for the Assessment and Ratings tools to be more reflective of the service types and care environment being assessed. In some cases a service may never be able to meet an element due to the risk it presents to the safety and wellbeing of children and this needs to be taken into consideration. In addition, outside schools hours care services may require a different approach to that of centre based care due to the hours of operation and duration of care sessions for children. For these service types, a longer period of time may be required to build a full picture of the service provided to allow for a meaningful assessment. Speeding up the pace of assessments may affect the quality of the process in some instances.

A rating that is more reflective of the overall service quality is required and YMCA Australia supports a recommendation that would explore how this might occur.

In some respects abolishing the 'Excellent' rating may be appropriate. However, we would also recommend a better alignment of the 'Excellent' rating with the National Quality Standards. Retaining the rating may support the sector more broadly to exceed the standards and the focus can be provided to services that are struggling to achieve 'working towards', as this would benefit the sector overall.

DRAFT RECOMMENDATION 7.7

Governments, ACECQA and regulatory authorities, as applicable, should:

- *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:*
 - *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.*

YMCA Australia broadly agrees with many of these recommendations, however we would like to provide some additional comments in relation to several points.

We support the abolition of the requirement for certified supervisor certificates, however we believe it should still be a requirement of Approved Providers to nominate a person as the Nominated Supervisor for a service.

YMCA Australia supports a more targeted approach to Quality Improvement Plans and the provision of more support and guidance to services in relation to these.

YMCA Australia does not support relaxing the documentation requirements of those services that achieve a higher rating of 'Exceeding'. This may prove to be counterproductive to embedded service excellence and commitment to the administrative running of a service, which remains an important part of a service rating. 'Exceeding' NQS is a high achievement, however it does not render a service immune to staff turnover or lapses in quality. In addition, we do not support this recommendation as it may result in emerging complacency in the sector.

While the requirement to provide site plans is a burden for many outside school hours services and we would recommend this requirement be removed, it may still be valuable to have a plan that establishes agreed areas of use, rather than a certified site plan.