

ACT GOVERNMENT RESPONSE

**TO DRAFT RECOMMENDATIONS AND
INFORMATION REQUESTS
IN THE PRODUCTIVITY COMMISSION'S
DRAFT INQUIRY REPORT ON
CHILDCARE AND EARLY CHILDHOOD LEARNING**

September 2014

**ACT Government's responses to
draft recommendations and information requests
in the
Productivity Commission's draft inquiry report on
Childcare and Early Childhood Learning**

While the full impact of the draft recommendations cannot be assessed until the Australian Government presents its response, the ACT Government welcomes the comprehensive analysis of issues relating to childcare and early childhood learning.

The ACT Government welcomes the opportunity to highlight the impact of the draft recommendations on the ACT community, including families and providers of childcare and early learning services. The ACT Government also welcomes the opportunity to reaffirm its commitment to quality, affordable and accessible childcare and early learning.

The ACT Government committed to the implementation of the National Quality Framework (NQF) when it signed the National Partnership Agreement on the National Quality Agenda (NPA NQA) for Early Childhood Education and Care in 2009. The NPA contributes to achieving the outcomes of COAG's Early Childhood Development Strategy by ensuring quality education and care for children.

The ACT Government reiterates its strong commitment to supporting the Early Childhood Education and Care (ECEC) sector in its continuous improvement under the NQF through a range of measures.

The ACT Government regards the legislation as providing the framework for structural elements of quality education and care – such as minimum qualifications and educator to child ratios – that directly influence the quality of teaching and learning outcomes in education and care settings. These are not standards on which the ACT Government wants to compromise or back away from, and the feedback from the sector is that while some adjustment could – and should – be made, there is no desire to abandon the current standards.

In its response to the recommendations made by the Productivity Commission's draft inquiry report on Childcare and Early Childhood Learning, the ACT Government:

- advises that, without continued Australian Government support, 15 hours of free preschool education in the ACT cannot be maintained.
- affirms its commitment to retaining the qualified educator requirements under the NQF because the influence of qualified educators for all children is significant for quality outcomes in their learning and development as well as for the benefits of children's families and the Canberra community.
- stresses that the first three years of life are particularly influential on a child's developing brain – and while physical care of infants is important, so too are the interactions and experiences that will lay the foundations for all aspects of their learning and development.

The ACT Government agrees with the Productivity Commission that it is important to have quality education and care that is accessible, affordable and meets the needs of working families. Female participation in the workforce is high in the ACT, and there is a strong demand for education and care for children from birth to school age.

The ACT Government will continue its strong commitment to early childhood education and care, because it benefits children, their families and the Canberra community.

The ACT Government acknowledges that the Productivity Commission's Report may contribute to further developing sound policy in the area of early childhood education and care. The ACT Government recognises the importance of the policy to improve cost of living by:

- simplifying and streamlining the current system to ensure those that are eligible receive assistance
- better targeting assistance for lower income families and vulnerable children
- taking further steps to increase the flexibility of childcare to encourage workforce participation.

In its response to the recommendations in the Productivity Commission's draft inquiry report on Childcare and Early Childhood Learning, the ACT Government:

- identified which areas recommended for change would have a significant financial impact on families in the ACT
- identified how proposed changes may impact on workforce participation. The ACT Government looks forward to reviewing the Commission's final inquiry report into Childcare and Early Childhood Learning.

INFORMATION REQUEST 5.1

Theme: Preschool – supporting universal access

What are the optimal hours of attendance at preschool to ensure children's development and what is the basis for this?

ACT Government response

The ACT notes the Australian Government rationale and approach for the delivery of universal access under the National Partnership Agreement to be delivered by qualified early childhood teachers, for 15 hours a week for 40 weeks per year. The ACT operates in accordance with the Australian Government preferred model.

DRAFT RECOMMENDATION 5.1

Theme: Preschool – supporting universal access

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.

ACT Government response

The ACT Government notes that preschool education is a non-compulsory year of schooling in the ACT and therefore attendance is not mandated but encouraged.

The ACT Government cannot assess the impact of this recommendation and its link to attendance as the Family Tax Benefit is paid directly to the individual taxpayer. Direct benefits provided to individual taxpayers are an Australian Government responsibility.

The ACT Government recognises national and international research that demonstrates greatest benefit for children attending high quality preschool programs that are delivered consistently across the year.

The ACT strongly supports the following research highlighted by the Productivity Commission:

- the UNICEF report *Early Learning Association* (2008) recommends that 100 per cent of children aged four to five years of age should be enrolled in a publicly subsidised and accredited preschool, for a minimum of 15 hours per week
- the positive investment for early childhood education and the high value placed on preschool by families and the community
- heavy investments made for early childhood by other Organisation for Economic Co-operation and Development (OECD) nations. In particular it noted the investment of New Zealand, offering 20 hours per week of publically provided early childhood education for all three and four year olds
- the Effective Provision of Preschool Education (EPPE) project findings indicate that extended periods of preschool provision on a part-time basis is likely to provide more advantages than a shorter time period in full-time provision.

DRAFT RECOMMENDATION 5.2

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

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.

ACT Government response

Analysis undertaken by the ACT Government throughout 2012-2013 found that access to affordable and flexible childcare places is important for families, particularly those families with multiple and complex needs. The 2012 ACT Government's *Listening to Families Report* found that families with complex needs could be supported better if identification of issues is undertaken by 'first-to-know' agencies such as childcare centres, schools and health centres. Connection to supportive early childhood centres provides an important link for vulnerable families which is reducing isolation and contributing to the social and emotional development of children.

Families experiencing domestic violence face particular barriers in accessing appropriate supports to work through periods of crisis, with occasional childcare places identified as important supportive structures to assist parents in these circumstances. For example, it is very difficult for mothers escaping domestic violence to access counselling, attend meetings for housing and other services, or to attend support groups, without affordable childcare.

Fully integrated ECEC and childhood services for disadvantaged communities are an essential feature of improving parenting, improving whole of life outcomes for children, and preventing involvement with statutory and other services. The ACT has three Child and Family Centres, which provide a 'one stop shop' for families requiring integrated services. The ACT Government supports further evaluation of integrated ECEC services.

DRAFT RECOMMENDATION 5.3

Theme: Removal of ECEC assistance to some providers

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.

ACT Government response

The ACT Government supports this recommendation as it would result in more focused funding rather than dispersed funding. Further support for programs such as the Home Interaction Program for Parents and Youngsters (HIPPY) would be of great benefit for ACT children who are vulnerable in two or more of the Australian Early Development Index/Census (AEDI/C) domains. The ACT Government supports the concept of clarity concerning funding, particularly with respect to payments made directly to services for ECEC.

DRAFT RECOMMENDATION 5.4

Theme: Ongoing support for evaluation and program assessment

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.

ACT Government response

The ACT Government supports this recommendation and is engaged in a number of projects to collect information about outcomes for children, and to monitor and evaluate early intervention projects. These projects will draw on 'trauma informed' research, particularly in designing new programs.

DRAFT RECOMMENDATION 6.1

Theme: Workforce participation

The Fair Work Ombudsman, and employer and employee associations should trial innovative approaches to:

- **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.**

ACT Government response

The ACT Government supports this recommendation and promotes flexible working arrangements and work/life balance for its employees.

Women's participation rate in the workforce has increased, and a growing number of women who have childcare responsibilities are employed. The Workplace Gender Equality Agency's February 2014 edition of the *Gender workplace statistics at a glance* stated that women comprise 45.9 per cent of all employees and constitute 69.6 per cent of all part-time employees. Women, including women with disability and those with carer responsibilities, make up the bulk of employees who require flexible working arrangements.

Increased female participation in the paid workforce has been supported by accessible childcare and more flexible work conditions to accommodate family life. However, not all women have access to these supports, and not all are aware of their rights with regard to flexible working conditions. The ACT Government offers a range of support measures to assist women into the workforce. For example, the ACT Return to Work Grants Program provides women who have been out of the workforce due to caring responsibilities a grant of up to \$1000 to support their ability to return to work for expenses, a significant proportion of which is used for childcare purposes.

While it is important to continue promoting positive attitudes among employers to support workforce participation of both mothers and fathers, as well as same-sex partners, it is equally important to promote other mechanisms that reinforce to the wider community the need for greater consideration towards parents. For example, the Australian Government's paid parental leave scheme will support women to stay connected with employment after the birth of a child. However, it does not respond to the findings of the Commission of Audit which recommended

increased investment into childcare. A significant factor to women's return to work is the availability of affordable childcare options which remains unaddressed. A further example is the recent changes that the Australian Government released in the 2014-15 Budget to the eligibility thresholds for Family Tax Benefits A and B which will impact significantly on families. This will increase the pressure on women to return to work earlier after having children and for more hours a week, hence requiring the need for more childcare placements.

DRAFT RECOMMENDATION 7.1

Theme: Quality Assurance processes and regulation of ECEC

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.*

ACT Government response

The ACT Government supports this recommendation and is committed to streamlining regulatory processes without compromising the objectives of the NQF and outcomes for children. The ACT Government is actively participating in the 2014 NP NQA COAG review which includes considering streamlining the assessment and rating process. These measures to streamline the assessment and rating process may lead to improved efficiency.

In simplifying the National Quality Standard (NQS), the impact on services that have participated in the current system will need to be considered.

The ACT Government has participated in analysing the standard through the national 2014 review and provided comments to support such changes as addressing the duplication of content across elements and the modification of current content to accommodate different service types. In addition, the ACT Government is currently reviewing administrative and operational procedures to inform changes aimed to improve overall efficiency and the delivery of the assessment and rating process.

The ACT Government supports allowing outside school hours care (OSHC) services to evaluate their practices and relationships, rather than document each individual child's learning. We acknowledge that each child's individual learning is already assessed within the school context. Amending and clarifying this requirement would result in less duplication and reduce administrative burden.

DRAFT RECOMMENDATION 7.2

Theme: Quality Assurance processes and regulation of ECEC

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.*

ACT Government response

The ACT Government remains committed to the minimum qualification requirements introduced under the NQF and does not support a change to the qualification requirement that all educators working with children aged birth to 36 months are only required to hold a Certificate III qualification, or equivalent.

The importance of qualifications for all educators was recognised during the development of the NQF, primarily due to educators with higher qualifications having a greater understanding of child development, health and safety issues and lead activities that inspire and engage children were considered in establishing the qualification requirements.

Consideration was also given to the fact that qualified educators are better able to engage children and use strategies to extend and support learning, which improves learning environments.

The qualification requirements that came into effect under the NQF represented a significant milestone in quality reform that empowers education and care services to achieve the NQS.

Prior to the implementation of the NQF, the ACT had requirements in place for education and care services to provide Diploma qualified educators across all age groups. This requirement was in place as it was recognised that a Diploma level qualification provides the following:

- Educators have a greater level of understanding of and capacity to develop and implement an education and care program based on the principles, practices and outcomes of the Early Years Learning Framework.
- The skills and understanding required to lead and manage groups of children through their day includes knowing each child's individual needs and routines and managing to meet these needs in a consistent and caring manner. Knowledge of the way in which children develop social skills and develop relationships that allow them to grow and develop in a group situation is crucial to this role. These skills are not a part of the Certificate III skill set which do not include training in leadership and management of groups provided at this level. An unqualified person caring for one or two children is an entirely different situation to an educator required to care for up to 20 children and manage a team of four educators.

The ACT Government, while acknowledging the valuable contribution Certificate III qualified educators make, maintains it is necessary to continue requiring education and care service providers to employ staff with higher qualifications.

The ACT Government does not support the recommendation that the number of children below 36 months not be taken into account when determining the numbers of early childhood teachers that must be employed at a service. This qualification requirement introduced under the NQF provides benefits to all children including those below 36 months. Benefits include the following:

- The early childhood teacher/s usually provide pedagogical leadership across the whole service in addition to face-to-face education and care.
- Educators with an early childhood teaching degree have better and higher level understanding of children's development and learning, particularly during the language acquisition phase between 0-3 years.
- Educators with an early childhood teaching degree have deeper knowledge of early childhood pedagogy and the skills in applying the principles.

Quality education, as well as quality care, are essential ingredients for children's development and for laying the foundations for life-long learning. Until the research on ratios and qualifications demonstrates unequivocally that early childhood teachers make no difference to learning and development outcomes for children at 0-3 years, the ACT Government remains committed that the current requirements under the NQF should remain unchanged.

The ACT Government recognises that there is a shortage of degree-qualified teachers in services other than in Government Preschools and is taking steps to address this through its Workforce Strategy, including a wide range of incentives to attract and retain more educators and encourage existing educators to upgrade their qualifications. For example, the ACT Government introduced its Early Childhood Degree Scholarship Program in July 2014 which provides financial support to educators wanting to improve their skills and knowledge and is likely to lead to improved employment outcomes and career paths for educators. This Program complements the Early Childhood Certificate III Program that has been operating in the ACT since 2012.

INFORMATION REQUEST 7.1

Theme: Quality Assurance processes and regulation of ECEC

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.

ACT Government response

A considerable body of research focuses on the importance of high-quality early childhood development programs for better outcomes for children, both short and long-term, in terms of their social, emotional and behavioural growth and well-being.

The ACT Government remains committed to the NQS and is concerned that lowering the qualification requirements for educators of children in the 0-36 months age group, including reducing the number of degree-qualified staff, will result in lower quality care and only incidental education for children in this age group. Fewer degree-qualified educators will result in reducing the educational leadership vital for developing and delivering high-quality early education programs.

DRAFT RECOMMENDATION 7.3

Theme: Quality Assurance processes and regulation of ECEC

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.

ACT Government response

One of the objectives of the NQF is to achieve nationally consistent requirements across all jurisdictions. The ACT Government remains committed to implementing nationally consistent requirements in relation to educator-to-child ratios and staff qualifications.

The ACT Government is satisfied with the current agreement across jurisdictions as demonstrated by the transitional arrangements within the National Regulations which acknowledge the different jurisdictional starting points for qualifications prior to the implementation of the NQF. The ACT Government agrees with the existing commitment to achieve national consistency by 2020.

DRAFT RECOMMENDATION 7.4

Theme: Outside school hours care – improving the accessibility, flexibility and affordability

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.

ACT Government response

The ACT Government acknowledges the valuable contribution that can be made to OSHC services by educators other than those holding a formal qualification in children's education and care. The ACT Government's current qualification requirements for educators other than an OSHC coordinator are sufficiently broad to include educators holding or working towards a range of qualifications.

Ratio requirements in OSHC programs cannot be directly compared to those of formal schooling for the following reasons:

- Children are supported to participate in activities and experiences of their choosing. Consequently, children are more likely to participate in OSHC programs in small groups, rather than one large group of children undertaking the same activity.
- Children in OSHC programs participate in a variety of recreational activities which may carry a different level of risk than general school activities.
- OSHC programs can operate across a number of rooms and areas within a facility rather than one discrete classroom, which can affect supervision requirements.
- OSHC programs aim to develop secure and responsive relationships with children, which is better supported by a higher ratio of educators to children.
- Educators in charge of OSHC programs often hold a lower level of qualification than a school teacher.

Feedback from the OSHC sector in the ACT has indicated a strong commitment to the 1:11 ratio currently in place. The ACT Government is prepared to seek the sector's current views about minimum ratios in order to inform any further consideration of this requirement.

DRAFT RECOMMENDATION 7.5

Theme: Quality Assurance processes and regulation of ECEC

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.

ACT Government response

The ACT Government acknowledges that ACECQA is best placed, in consultation with states and territories, to consider this recommendation.

The ACT Government remains committed to requiring education and care services to implement ratio requirements as stipulated by the National Regulations. The ACT Government notes these are minimum ratio requirements, determined in the development of the NQF as essential to ensuring children are not placed at risk due to lack of supervision.

The ACT Government is aware that many education and care services operate in excess of the minimum ratios to accommodate circumstances where educators are absent due to illness. Operating at higher ratios is also contributing to the achievement of the NQS where educators are empowered to develop higher quality relationships with children.

The ACT Government does not support allowing 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 all times.

The ACT Government's view is there is sufficient flexibility through the provision of temporary waivers for services to manage educators' absences for planned leave. Service providers should have in place sufficient contingencies to manage unforeseen absences of educators to ensure there is no risk to children's safety and wellbeing.

DRAFT RECOMMENDATION 7.6

Theme: Quality Assurance processes and regulation of ECEC

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.*

ACT Government response

The ACT Government is committed to streamlining the process without compromising the objectives of the NQF and quality outcomes for children.

The ACT Government acknowledges feedback from a number of ACT providers that there is sector concern about the current rating system in relation to the overall rating, in particular just a small number of elements 'Not Met' determines the overall rating. The ACT Government agrees that an overall 'working towards' rating which is influenced by 'Not Met' in a small number of elements does not reflect the quality of the service as a whole and does not necessarily provide accurate information to families about the quality of a service.

DRAFT RECOMMENDATION 7.7

Theme: Quality Assurance processes and regulation of ECEC

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.*

ACT Government response

Feedback from the ACT sector has not indicated any significant concerns with supervisor certificates or the associated approval process. However, in the interests of reducing regulatory burden the ACT Government would support removing the requirements for supervisor certificates if there were adequate provisions to ensure a suitable person is in charge of a service whenever it is operating. This would be consistent with requirements in the ACT prior to the NQF.

The ACT Government supports reducing administrative requirements where they have limited benefit. Services achieving higher ratings already 'earn' some level of autonomy from regulatory intervention; for example they will undergo a full assessment less frequently than other services and are likely to be monitored less frequently under the national model of risk-based regulation.

The National Regulations already provide for a Regulatory Authority to exempt an approved provider from having to provide site plans where a proposed service is to be located on a school site.

DRAFT RECOMMENDATION 7.8

Theme: Quality Assurance processes and regulation of ECEC

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.

ACT Government response

The ACT Government will consider this issue as part of the 2014 COAG Review. The ACT currently has a small number of education and care services regulated under jurisdictional legislation and will consider the merits of including these services in the scope of the NQF.

DRAFT RECOMMENDATION 7.9

Theme: Preschool – supporting universal access

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.

ACT Government response

The ACT Government is currently exploring a co-regulation model. The ACT Government acknowledges that a co-regulated approach would significantly clarify requirements for Preschools, reduce regulatory burden and red tape.

DRAFT RECOMMENDATION 7.10

Theme: Quality Assurance processes and regulation of ECEC

State and territory governments should, as a matter of priority, harmonise background checks for ECEC staff and volunteers by either:

- *advancing a nationally consistent approach to jurisdiction-based ‘working with children checks’ as proposed in the National Framework for Protecting Australia’s Children, including mutual recognition of these checks between jurisdictions, or*
- *implementing a single, nationally recognised ‘working with children check’.*

ACT Government response

The ACT Government supports continued discussion around advancing a nationally consistent approach to jurisdiction-based ‘working with children checks’ as proposed in the National Framework for Protecting Australia’s Children. The ACT Government acknowledges the requirements of different jurisdictional schemes currently in operation. In considering a national scheme, or at least national consistency, the ACT Government would need to consider the effect on the operation of the ACT Government’s *Working with Vulnerable People (Background Checking) Act 2011* and possible financial implications.

DRAFT RECOMMENDATION 7.11

Theme: Quality Assurance processes and regulation of ECEC

Governments should remove those food safety requirements in the National Regulations that overlap with existing state and territory requirements.

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.

ACT Government response

The ACT Government does not support this recommendation to remove Regulation 77 from the NQF. This regulation is the only one that addresses food safety practices and the ACT Government would strongly encourage that these practices are maintained and regulated to promote children’s health and wellbeing.

The ACT Government does not support the recommendation to exempt early childhood services from Standard 3.3.1 and the associated Standard 3.2.1 which requires services to develop and maintain a food safety program.

The ECEC sector in the ACT has already developed and implemented food safety programs. The ACT Government conducts audits of food safety programs at no cost to the ECEC centres, and they are also exempt from food business registration fees.

The assertion contained in the draft report that the 'actual incidence of food contamination and poisoning is insignificant' can be countered with the argument that the current regulations are successful in safeguarding children's health. The ACT Government has had no reports from the sector that would support the assertion that 'the impact on productivity and the drain on managerial resources is enormous' as a result of having to implement the requirements of Standard 3.3.1.

DRAFT RECOMMENDATION 7.12

Theme: Quality Assurance processes and regulation of ECEC

Local governments should adopt leading regulatory practices in planning for ECEC services. In particular, local governments should:

- *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 costly requirements being imposed.

ACT Government response

The ACT Government acknowledges that the provision of child care services is integral to the planning for the future needs of the ACT community. Consideration is given to child care services in both the planning for new greenfield areas and for established neighbourhoods experiencing change and urban intensification.

Current ACT statutory planning provisions in the Territory Plan provide great flexibility for the provision of childcare services across a variety of zones (such as residential, commercial areas). The Territory Plan strongly supports co-location opportunities (such as with schools and community centres) and takes a performance approach to assessing matters such as parking (where it can be demonstrated that a lesser on-site rate can be met by utilising spare capacity in publicly available on-street or off-site parking).

DRAFT RECOMMENDATION 8.1

Theme: Outside school hours care – improving the accessibility, flexibility and affordability

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.

ACT Government response

The ACT Government supports this recommendation as the requirement may result in the restriction of before and after school care services for preschool children.

DRAFT RECOMMENDATION 8.2

Theme: Outside school hours care – improving the accessibility, flexibility and affordability

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.

ACT Government response

The ACT Government has a well established OSHC sector with programs operating at approximately 85 per cent of its primary schools. Providers also accommodate transport arrangements for children from nearby schools where programs are not available due to viability.

The ACT Government acknowledges the importance of OSHC programs for the workforce participation of parents and the contribution they make to children's wellbeing, learning and development.

INFORMATION REQUEST 8.1

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

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.

ACT Government response

The ACT Government's Children's Services Program is currently being reviewed. The primary aim of the Program is to assist the most vulnerable families within the community to access short-term child care in time of family emergencies or crisis.

The Program provides resources to ten community sector organisations to deliver the following services:

- permanent part-time, casual and emergency child care places
- behaviour management for families and children
- training and support for children's service providers.

Details of the costs of children with additional needs are one of the aspects the final report will cover. This report is due in October 2014 and preliminary information has already been provided to officials from the Productivity Commission.

INFORMATION REQUEST 8.2

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

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.***

ACT Government response

The ACT Government's Children's Services Program (see response to draft recommendation 8.2) is currently being reviewed. Details of the costs of children with additional needs are one of the aspects the final report will cover. This report is due in October 2014 and preliminary information has already been provided to officials from the Productivity Commission.

The review of the Children's Services Program will examine opportunities for better integration of ECEC services with other family services, particularly those delivered by the ACT Government's Child and Family Centres.

DRAFT RECOMMENDATION 8.3

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

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

ACT Government response

The ACT Government supports this recommendation and acknowledges the restrictions that minimum and maximum operating weeks and hours have on service providers and their ability to be flexible to cater for the diverse needs of working families while still being viable.

INFORMATION REQUEST 8.3

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

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.

ACT Government response

The ACT Government's Children's Services Program (see response to draft recommendation 8.2) would benefit from any efforts to fully utilise the total number of places available in ECEC centres across the ACT. The demand for short-term places remains high and access would be improved if more places were available at any given time for short-term use.

DRAFT RECOMMENDATION 8.4

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

The Australian Government should remove caps on the number of occasional care places.

ACT Government response

The ACT Government's Services Program would benefit from any efforts to expand the total number of places available in ECEC centres across the ACT. The demand for short-term places remains high and access would be improved if more places were available at any given time for short-term use. This includes Occasional Care places.

DRAFT RECOMMENDATION 8.5

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

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.

ACT Government response

The ACT Government is committed to education and care that not only enables parents' workforce participation, but enables young children to access enriching early learning environments which are required to meet quality standards. The ACT Government recognises that quality education and care may be provided in a variety of settings, including a child's own home.

Any education and care service which attracts financial assistance from the Commonwealth Government should be subject to some level of regulation to ensure quality standards are met. Minimum standards relating to qualifications, educator-to-child ratios, and an early years learning framework should be required.

There may be scope to incorporate this model under family day care services, which already provide oversight and support to educators working in individual homes, or in-home care.

The ACT Government notes that broadening the scope of the NQF to include qualified nannies (in-home educators) would increase the regulatory costs to state and territory governments, the significance of this increase is presently unknown. In addition, any changes to the scope and requirements of the NQF should be determined in consultation with state and territory governments and ACECQA.

DRAFT RECOMMENDATION 8.6

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

ACT Government response

The ACT Government notes that should the Productivity Commission's draft recommendation be approved to include nannies (in-home educators) within the scope of the NQF (and government subsidy arrangements) the need for an In-Home Care Category of approved care may become redundant. Further analysis would be required to examine the impacts and any unintended consequences.

DRAFT RECOMMENDATION 8.7

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

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.

ACT Government response

The ACT Government notes this recommendation and is aware that this issue is being considered at a national level through a current review of the NQF.

DRAFT RECOMMENDATION 9.1

Australian Government should remove the registered childcare category under the Child Care Benefit.

ACT Government response

The ACT Government notes that should the Productivity Commission's draft recommendation be approved to include nannies (in-home educators) within the scope of the NQF and government subsidy arrangements, the need for the Registered Childcare Category under the Child Care Benefit may become redundant. Further analysis would be required to examine the impacts and any unintended consequences.

INFORMATION REQUEST 9.1

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

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 the service provision to children with differing needs.

ACT Government response

The ACT Government notes this recommendation and is interested in service providers' responses to this issue.

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.

ACT Government response

The ACT Government exempts charitable organisations from liability for payroll tax, which may include some not-for-profit childcare providers operating in the ACT. However, this exemption is not specifically directed at, or limited to, childcare providers. Removing the payroll tax exemption for not-for-profit childcare providers would require broader consideration of the tax exemptions, and other concessions, provided to not-for-profits and charities more generally. The ACT Government does not currently have plans to examine this issue. High cost of community sector wages and salaries in the ACT makes the benefits that might be derived from Fringe Benefit Tax more marginal than in other jurisdictions.

DRAFT RECOMMENDATION 11.1

Theme: Quality Assurance processes and regulation of ECEC

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.

ACT Government response

The ACT Government notes the Australian Skills Quality Authority (ASQA) is currently conducting a strategic audit of education and care qualifications. The ACT Government acknowledges the importance of ensuring Registered Training Organisations maintain consistently high standards in the delivery of ECEC-related training.

The ACT Government institutions responsible for the delivery of ECEC-related training follow ASQA requirements by continued review of student assessment results and completions. Staff involved in the delivery of training, maintain a high standard by meeting the needs of the children's services industry through regular consultation with industry representatives about quality and currency of assessment for each qualification. High importance is placed on teachers' awareness of training package rules; ensuring staff have access to industry current professional development; and supporting students to successfully complete their studies through literacy support and supporting individual learning styles and adjusting assessment if required.

DRAFT RECOMMENDATION 12.1

Theme: Removal of ECEC assistance to some providers

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.

ACT Government response

The ACT Government notes this recommendation for the Australian Government. As already noted in the response to Draft Recommendation 10.1, the high cost of community sector wages and salaries in the ACT makes the benefits that might be derived from Fringe Benefit Tax more marginal than in other jurisdictions.

DRAFT RECOMMENDATION 12.2

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

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.

ACT Government response

Intuitively, improving affordability and accessibility of access to childcare, including before and after school care would lead to positive workforce participation. The Commission estimates that the expected change in workforce participation for mothers can be expected to rise by 2.7 per cent or 46,700 mothers nationally. This scenario is equivalent to increasing the labour supply by 0.4 per cent. If we assume that there is a proportional increase in the ACT, then our labour force would increase by approximately 900 mothers. The ACT participation rate would increase by approximately 0.3 percentage points.

ACT female participation rates have increased significantly for all age cohorts over the past 30 years, including women of child bearing age (Chart 1). ACT female participation rates for the core working population are significantly above the national average (Chart 2). The high labour force participation rate in the ACT is a key reason for significantly higher household incomes in the ACT compared with other jurisdictions.

Chart 1: ACT Female Participation Rates by Age Cohorts

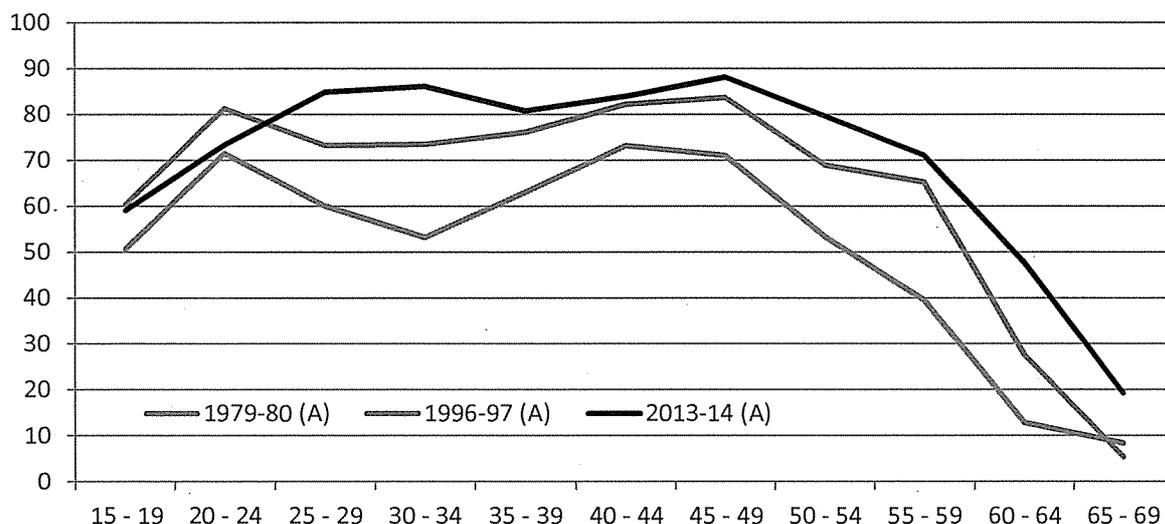
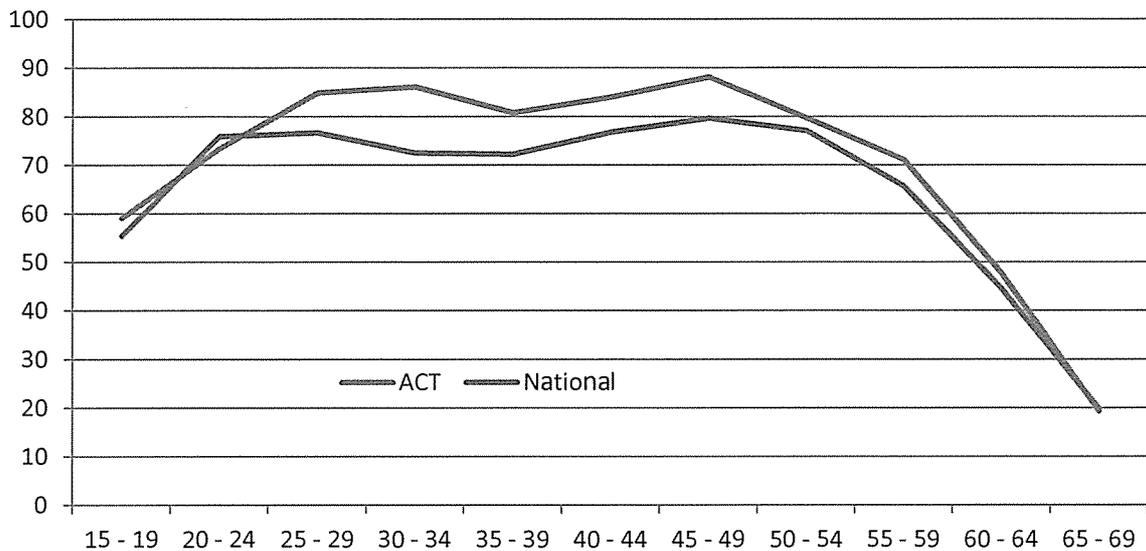


Chart 2: 2013-14 ACT and National Participation Rates By Age Cohorts (Per Cent)



Improvements to childcare assistance may further increase female participation in the workforce. Policy that helps to remove barriers to workforce participation will increase the living standards of those families who wish to increase their workforce participation. This would likely flow-on to increased economic activity in the ACT longer-term.

The ACT Government is committed to supporting families and individuals by easing cost pressures in the ACT. The ACT Government recognises the significance of childcare costs and the pressures it places on families.

Under the new proposed scheme families earning \$160,000 and below may see ECEC services to be more affordable. In the ACT 59,000 families qualify for the subsidies under the proposed scheme, so this would affect around 70 per cent of families in the ACT. The actual savings under the new proposed scheme is difficult to quantify as each family will be affected differently (varying from the different levels of services, number of children and the age of children). The ACT Government has concerns about the calculation of assistance based on 'deemed price' as explained in more detail in the response to information request 12.4.

The ACT Government supports the Productivity Commission's analysis and findings that *'a cap on the amount of subsidy per child to be a crude means of cost management for government, which could have unintended consequences. The freeze on the cap means more families will find it harder to avoid 'hitting the cap' in the future and have potential adverse impacts on the affordability of ECEC services and hence on workforce participation. This type of threshold effect should be avoided'* (p.517).

The ACT Government notes the Commission has proposed a subsidy with a base rate of 30 per cent and a maximum rate of 90 per cent calculated on a deemed price. This framework is likely to be an improvement compared to the status quo, with regard to incentives for workforce participation, productivity, and gender equality outcomes in Australia. Notwithstanding, the already relatively high levels of workforce participation and employment in the ACT (amongst both males and females), we consider that the changes proposed by the Productivity Commission would also improve social and economic outcomes in the ACT.

The ACT Government welcomes the report, which is crucial to the development of sound policy in the area of ECEC. The ACT Government recognises the importance of the policy to improve cost of living by:

- simplifying and streamlining the current system to ensure those that are eligible receive assistance
- better targeting assistance for lower income families and vulnerable children
- taking further steps to increase the flexibility of childcare to encourage workforce participation by women and men.

In 2013, out-of-pocket costs of childcare for families with one child in full time family day care (after subsidies), were between 11.6 per cent and 11.9 per cent of weekly disposable income, compared to the national average of 8.5 per cent to 9.2 per cent. The difference is even more pronounced for families with two children in care. With high workforce participation of women in the ACT, it is important that any new scheme addresses the childcare cost pressures currently facing ACT families.

INFORMATION REQUEST 12.3

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

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.

ACT Government response

The ACT Government would support access to subsidised care that is not subject to an activity test, particularly for vulnerable families. The protective effect of high quality care for the child, the reduction of potential risk factors and the improvements in long term outcomes for disadvantaged children who have access to good quality childcare provides a direct benefit to the child, the family and reduces the cost of interventions once the child starts school.

The thresholds and activity tests that might be applied may relate to other steps the family is taking to reduce their level of disadvantage and/or vulnerability. This may include participation in family counselling and therapeutic work, as well as programs that improve parenting. An activity test that is linked to education, training or work could be used alongside efforts to reduce vulnerability.

INFORMATION REQUEST 12.4

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

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.

ACT Government response

The ACT Government notes that the recommendation for use of a 'deemed price' appears to be based upon cost saving objectives, whereby the use of a median price attempts to avoid the Government paying for 'premium' services. The report states *'The benchmark could be set at the median level of fees (or a lower level, such as the 25th percentile) making the deemed cost more representative of the fees charged by a service that satisfies the (National Quality Framework) NQF'* (p.519).

As noted in the report, the weaknesses of the 'deemed price', relative to a subsidy on the actual price, include the following:

- Parents having to make more cost/quality trade-offs in relation to the quality of the childcare service.
- The 'deemed' price can act as a 'floor price' reducing incentives to innovate and deliver more efficient services.
- The use of the 'deemed price' [as has been used in the Child Care Benefit (CCB)] to minimise the level of Government support.

Further disadvantages that should also be taken into account:

- Median pricing may incentivise childcare centres to locate on lower cost land (further from employment hubs and centres), making accessibility more difficult. Given the increasing agglomeration effects that are being observed across Australian capital cities, this has potentially negative implications for productivity.
- Median pricing may also result in relatively small benefits in areas where costs are above average. This effect can be seen in the operation of other subsidies, such as Commonwealth Rent Assistance, which provides relatively little relief for renters in markets such as Canberra where housing costs are above average, compared to other cities.

The report does not appear to present evidence supporting substantial existing subsidisation of 'premium services'. Moreover, as families still face a proportion of the costs, which increases as income increases, there remain incentives for families not to purchase 'premium services', therefore limiting the proliferation of potential 'premium services'.

The ACT Government broadly supports the changes proposed by the Productivity Commission, but with subsidies linked with actual costs, rather than a 'deemed cost' or that the 'deemed' costs be established on a state and territory basis and not nationally, given the variation in the costs to provide the services.

DRAFT RECOMMENDATION 12.3

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

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.

ACT Government response

The ACT Government supports proposals that increase the participation of disadvantaged families in ECEC.

DRAFT RECOMMENDATION 12.4

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

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***
- ***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***
- ***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.***

ACT Government response

Noting the response provided at Recommendation 12.2 and Information Request 12.4.

The 2013 Improving Services with Families Report found that accessing childcare was a particular issue for single parent families where the cost of childcare impacted on the capacity of the parent to participate in the workforce. Parents reported issues associated with accessing occasional care to attend job interviews, and long waiting lists for childcare places that force parents to take up available childcare places prior to gaining employment. The financial burden can lead families to decline suitable childcare places only to find that places are no longer available once employment has been secured.

The ACT Government supports this draft recommendation. As outlined above, the support for 100 hours of care per fortnight for children of families that meet an activity test or are exempt would provide disadvantaged families with access to high quality care that is of long term benefit for the child and the family. The ACT Government agrees that the benchmark should be regularly reviewed and that there should be differential pricing for children two years and under and by type of care. The ACT Government also agrees that the subsidy should be paid direct to the service provider.

The ACT Government supports the simplification of the subsidies. The rates at which they apply and the activity test of each subsidy would need to be aligned to ensure vulnerable families and those experiencing temporary hardship could still access subsidisation. The ACT Government would support the measures that seek to provide a high level of subsidisation for the most disadvantaged.

DRAFT RECOMMENDATION 12.5

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

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:

- *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.*

ACT Government response

The ACT Government notes this recommendation.

DRAFT RECOMMENDATION 12.6

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

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.*

ACT Government response

The ACT Government is concerned the three categories of additional need (Figure 6, page 18) are narrow and simplistic – in line with the AEDI/C there are a range of other factors and vulnerabilities that contribute to children being developmentally vulnerable but that may not fit the above three categories, e.g. poverty, reduced parenting capability due to mental health issues, alcohol and substance usage, children who have experienced trauma or domestic and family violence, and children with undifferentiated and sometimes temporary developmental delay.

The ACT Government supports the draft recommendation, provided issues of the definition of 'at risk' are addressed, to allow children who are not involved with Statutory Services but who are vulnerable to access the Special Early Care and Learning Subsidy.

The ACT Government supports the deemed cost of providing additional services, provided that these deemed costs are established on a state and territory basis.

The ACT Government is supportive of block funding to deliver services specific to Indigenous children – particularly when accompanied by integration with other services and to move children into mainstream services.

The ACT Government's Children's Services Program review (see response to draft recommendation 8.2) has consulted with community sector providers who rely on the Inclusion Support Program to meet the needs of children with additional needs in their centres.

INFORMATION REQUEST 12.7

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

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.

ACT Government response

The current Inclusion Support Subsidy (ISS) provides funding to increase the ratio of educators to children by contributing to the hourly rate of an additional staff member. As it does not cover the full cost of employing a staff member, ECEC services meet the shortfall. This could be a disincentive for services to include children with disability.

Covering the actual cost of an additional staff member to support the inclusion of children with disability in ECEC environments may resolve this issue.

It would be preferable if funding covered the actual time children spent in care rather than a capped limit.

Funding could be allocated to services through existing mechanisms such as the Inclusion and Professional Support Program and the Child Care Management System.

DRAFT RECOMMENDATION 12.7

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

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.

ACT Government response

The definition of 'at risk' if interpreted narrowly to mean involvement with Statutory Services would preclude access to subsidisation for children for whom access to ECEC is a diversion strategy. Access to high quality ECEC has a protective effect for children who are on the threshold of statutory involvement. This definitional issue was raised in the meeting with the ACT Government's Children's Services Program review team and the Productivity Commission.

There have been instances where closure of a Care and Protection case has caused withdrawal of subsidisation for ECEC and therefore has led to children not accessing ECEC. This is an area that the ACT Government is particularly concerned with.

If there is flexibility in the interpretation of 'at risk' and if the case worker can be either a Statutory Officer or a social worker or other practitioner engaged, for example at Child and Family Centres, then the subsidy would continue to support children for whom diversion from Statutory Services is the best possible outcome. If not then these vulnerable and disadvantaged children are likely to not receive ECEC services.

DRAFT RECOMMENDATION 12.8

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

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***

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.

ACT Government response

Families with children who have disability rely on appropriate childcare to enable their participation in the workforce. This may include one on one supports, group based supports, or in home care. Flexibility is required to meet the diverse needs of children with disability, including transport provisions for childcare supports that may not be available nearby.

Families of children with disability often experience greater financial constraints. Support to access affordable inclusive quality services early, would ease this burden and potentially increase participation of children with disability in mainstream environments.

An enduring way of building program capacity to create inclusive environments is developing qualified, experienced educators through ongoing, targeted professional learning.

INFORMATION REQUEST 12.8

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

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 available funding. 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.

ACT Government response

Specialist individualised responses such as occupational or speech therapy will be captured within the National Disability Insurance Scheme (NDIS). Other programs such as music and movement that benefit children with disability will continue to be provided as part of the everyday curriculum of ECEC services.

DRAFT RECOMMENDATION 12.9

Theme: Preschool supporting universal access

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.

ACT Government response

The ACT Government agrees that 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.

The ACT has a long history of providing public preschool to the community, with Reid Preschool (previously known as Reid Play Centre) commencing in 1945. In 2006, public preschool hours were increased from 10 to 12 hours per week. This placed the ACT within the top jurisdictions nationally for providing the most number of hours of preschool education per week.

The ACT's staged implementation of the National Partnership Agreement on Universal Access to Early Childhood Education allowed for funding to be first targeted towards meeting the needs of our most vulnerable and disadvantaged children, as well as our Aboriginal and Torres Strait Islander communities. From January 2013, all ACT public preschools offered 15 hours of preschool education to their community.

The ACT Government strongly agrees to the continuation of the National Partnership Universal Access into Early Childhood Education to maintain current levels of ACT public preschool provision through universal access.

As noted in *Eighteen Month Review of the National Partnership Early Childhood Education* conducted by Allen Consulting Group, the ACT commented 'that funding is not sufficient to provide funding to any other setting apart from ACT public preschools'. Universal access is achieved because ACT public preschools are accessible to all four year old children.

The ACT Government would not be able to provide 15 hours per week for 40 weeks per year in ACT public preschools, without the Australian Government continued funding. If the Australian Government does not continue to support universal access, they will risk losing much of the significant gains already made into early childhood education in the ACT.

The ACT Government would need to carefully consider any changes to the current distribution of Universal Access funding and the impact on the current provision of service delivery provided through ACT public preschools.

The report does not address how incorporating preschool funding into school funding would affect National Education Reform Agreement (NERA) funding arrangements, which most jurisdictions have agreed to with the Commonwealth.

The report does not indicate a figure as to what level of universal access funding should be provided into the future. However, the ACT Government is budgeted to receive \$3.7 million for the first half of 2014-15 at this stage.

It should be noted ACT Government preschools have been amalgamated into schools operationally since 2009; however, financial data is reported separately to comply with NERA.

INFORMATION REQUEST 12.10

Theme: Preschool supporting universal access

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.

ACT Government response

The ACT Government has 78 public (dedicated) preschools which provide free preschool education for 15 hours per week for 40 week per year.

The ACT Government cannot maintain current service provision levels of 15 hours per week for 40 weeks per year in ACT public preschools if Australian Government funding is discontinued after 31 December 2014.

The financial implications of transitioning to full state and territory responsibility of preschool delivered in long day care have been outlined below at Draft Recommendation 12.10.

DRAFT RECOMMENDATION 12.10

Theme: *Preschool – supporting universal access*

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.

ACT Government response

Currently the ACT Government does not provide any funding to long day care providers in the ACT, therefore based on this recommendation these programs would be funded by the Commonwealth by adjusting the funding received by jurisdictions (refer p.501 of the report).

The report suggests funding provided under the Universal Access program is around \$1,500 per student. To provide some context, the 2014 Report of Government Services indicates there were 1,452 children enrolled in preschool programs in long day care settings in the ACT in 2012. This would equate to around \$2.2 million if preschool programs in long day care centres were funded the same as Government Preschools. Should this recommendation be adopted, it would significantly impact the funding provided to the ACT Government for government preschools to provide a full 15 hours per week.

Under the National Partnership, the ACT increased the number of hours of preschool service delivery from 12 hours per week for 40 weeks per year to 15 hours per week for 40 weeks per year in ACT public preschools. The ACT would not be able to operate 15 hours per week for 40 weeks per year in ACT public preschools without this continued funding.

The ACT Government recommends that the Australian Government consider any changes to the current jurisdictional level decision making about the distribution of Universal Access funding, and the potential impact on the current models of service delivery provided in jurisdictions.

DRAFT RECOMMENDATION 12.11

Theme: *Removal of ECEC assistance to some providers*

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.

ACT Government response

The ACT Government notes this recommendation for the Australian Government. It is noted at Draft Recommendation 11.1 that the ACT Government has no plans to examine issues on tax exemptions.

DRAFT RECOMMENDATION 13.1

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

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).

Regulatory authorities should work with providers to assist them in satisfying the National Quality Framework and managing the transition to child-based funding arrangements.

ACT Government response

The proposed funding would not be administered by the ACT Government, and the report does not indicate what methodology would be used to distribute the proposed funding.

The ACT Government notes that the Australian Government funding under the Indigenous Early Childhood Development (Family Centres) National Partnership Agreement ceased in 2013-14.

The ACT Government supports this draft recommendation and the draft report's reference to the success of the National Partnership Agreement on Indigenous Early Childhood Development and the development of Aboriginal and Torres Strait Islander Children and Family Centres. With the recent expiry of the National Partnership, the ACT Government would like to see the Australian Government negotiate with Jurisdictions to continue this National Partnership.

INFORMATION REQUEST 13.2

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

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.

ACT Government response

The ongoing funding under the Budget Based Funding program for the Indigenous Professional Support Units (IPSUs) could be a recommendation. This is crucial as it assists Professional Support Coordinators and Inclusion Support Agencies on culturally appropriate professional development and support which helps services to become culturally inclusive and supportive.

Current funding application arrangements for children with disability are reported to be onerous for services and families. A streamlined system is required, utilising or adapting existing systems would be preferable.

DRAFT RECOMMENDATION 13.2

Theme: Ongoing support for evaluation and program assessment

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.

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.

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.

ACT Government response

All jurisdictions, through the COAG Education Council, have commenced a process to a more coordinated national approach to data linkage. This has resulted in the development of the National Education Data Linkage Roadmap (July 2014), which is expected to be circulated to Ministers during the coming month. Discussions are ongoing between jurisdictions and the Population Health Research Network to support moving beyond health data to population data which is inclusive of early childhood and education.

The ACT Government acknowledges that while information sharing is important for evaluation and program assessment services. Information sharing and issues of privacy are being considered at a national level currently through a review of the NQF.

DRAFT RECOMMENDATION 13.3

Theme: Ongoing support for evaluation and program assessment

The Australian Government should review the operation of the new ECEC funding system and regulatory requirements after they have been implemented. In particular:

- ***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.***

ACT Government response

The ACT Government would support a review after two years of the new proposed subsidisation of ECEC based on a 'deemed' cost model.

In addition, the deemed cost estimates should be established on a jurisdictional basis and reflect the relatively higher costs of providing ECEC services in the ACT.

Any changes made as a result of the Productivity Commission's final report should be the subject of review.