

CHILD CARE ASSISTANCE PACKAGE REGULATORY IMPACT STATEMENT June 2015

To: consultations@earlychildhood.org.au
31 July 2015

INTRODUCTION

Australian Community Children's Services (ACCS) is the peak body representing Australia's not-for-profit community children's services and those who support the right of children to access these services. ACCS has branches in each state and territory throughout Australia.

ACCS is committed to:

- children, families and communities;
- children's entitlements for the best care, education and health services;
- community ownership;
- connected services for children, families and local communities;
- cost effective services - not for profit; and
- cultural diversity and respect for Aboriginal and Torres Strait Islander people as custodians of the land.

ACCS, as the national peak body for the not-for-profit children's services, makes this submission on behalf of its members and the families and children using not-for-profit children's services.

ACCS supports the intentions of the Child Care Assistance Package to simplify the complex system of government child care subsidies by replacing CCB, CCR and JETCCFA with a single Child Care Subsidy. We also see benefits in the new Child Care Safety Net.

However we are concerned that the increased focus on support to parents working or studying will shift the focus of Australian Government policy away from the best interests of the child, and the principle of universal access to high quality early childhood education and care (ECEC) from birth; which was the key premise of the National Quality Framework.

Children's best interests must be the first principle and underpinning rationale for all deliberations, recommendations to the Australian Government and government policies.

Consistent with this principle, ACCS believes strongly that the minimum number of hours of subsidised ECEC must not fall below the equivalent of four full days per fortnight, based on the usual daily hours of operation of a service to a maximum of 48 hours per fortnight for a 12-hour per day service.

Our responses to the issues raised in the Regulatory Impact Statement are intended to assist the Government to retain its focus on the rights of the child to access high quality ECEC. Further, we provide suggestions for the implementation of the new Assistance Package which will minimise the administrative burden on children's services.

We look forward to the opportunity to respond to the upcoming Regulatory Impact Statement on the proposed Interim Home Based Carer Subsidy and the challenges of incorporating nannies into the subsidised child care system.

CHILD CARE SUBSIDY

Options for the Activity Test

Two full days per week

ACCS believes that access to subsidised ECEC is vital for all children, regardless of their parent's work activities. We are opposed to the proposal to reduce the minimum hours of subsidised ECEC below 4 full days per fortnight in care (to a maximum of 48 hours per fortnight).

ACCS believes that the minimum number of hours that a family who meets Step 1 in the activity test should be 48 hours or 4 full days per fortnight. The proposed Step 1 of 36 hours per fortnight will equate to 3 full days per fortnight for most long day care centres; this will not meet the needs of casual workers who work 4 half day shifts per fortnight.

ACCS Proposed Alternative Three Step Activity Test

(NB: Proposed changes are marked in ***bold italics***)

Activity (per fortnight)	Number of hours of Subsidy (per fortnight)
0 – 16 hours	<i>4 full days</i> (Up to <i>48</i> hours)
More than 16 – 48 hours	<i>6 full days</i> (Up to 72 hours)
More than 48 hours	<i>10 full days</i> (Up to 100 hours)

Administration of the activity test

If the Government proceeds with the change to a Three Step Activity Test, the administration of the complex new activity test must not fall on children's services. This would create a high level of new red tape and divert resources away from delivery of high quality ECEC. ACCS seeks assurance from Government that this administrative burden will not fall to services to administer, nor will it place additional administrative requirements on families.

How will the new activity test apply to families whose activities vary from week to week? For example, casual workers may regularly vary from no hours of paid work to 38 hours per week. How will parents who do not have fixed employment know what their subsidy will be from week to week as their hours of activity vary between steps 1 to 3. If their eligibility for Child Care Subsidy varies each week then it will be incredibly difficult for them to maintain their child care place. This would work directly against the Government's policy goal of increasing support to working parents.

Casual workers need to be able to tell their employer what days they are available for work, which requires them to know what days of child care are available to them. They can only access additional hours of work if they can commit to being available.

Vulnerable children and families

The proposed arrangements would also reduce access to children's services for vulnerable children to 6 hours per day. International best practice shows that child and family outcomes improve for those that are at risk or vulnerable with regular participation in good quality ECEC programs, with greater benefits generally arising from larger 'doses' of participation¹. Research suggests that two full days per week is a minimum.

Minimum time period per step

ACCS proposes that when a family is assessed as meeting the requirements of Step 1, 2 or 3, their eligibility should not drop below this level for a fixed minimum period of at least 6 months, regardless of whether their activities reduce. However, if a family's eligibility increases then the increase in subsidy should occur immediately.

As noted above, ACCS believes that all families should get Step 1 access.

In regard to the treatment of the range of recognised activities, ACCS does not support placing time limits as set out in Options 1.2, 1.3 and 1.4.

¹ Wise et al (2005) *The Efficacy of Early Childhood Interventions*, AIFS Melbourne
Mathers et al (2014) *Sound Foundations, A Review of the Research Evidence on Quality of Early Childhood Education and Care for Children Under Three* University of Oxford UK

Circumstances to exempt families from activity test

ACCS reiterates its concern that whatever arrangements are made for exemptions from the activity test, it is vital that no additional red tape is created for children's services. It is unclear how these proposed Steps relate to the policy commitment to Universal Access to Early Childhood Education which guarantees 15 hours of education per week in the year before school entry. It has been suggested that families will be exempt from the activity test when their child is in the year before school; however this is not specified in the RIS.

It is also unclear how the Child Care Subsidy will apply to children accessing their Universal Access entitlement in a long day care centre.

Allowable absences

The experience of ACCS members matches the observation in the RIS that in most cases families only use all of their allowable absences if they really need it. The proposals to limit the days of allowable absence for those in part time care appears to be unnecessary red tape

Operating Requirements

ACCS supports Option 5.1 No change to the required hours, days and weeks of operation per year. We recognise that there are circumstances where flexible services delivery is required to meet local community needs and would prefer this to be managed by exception rather than removal of all control.

We are concerned that removing the required minimum weeks of service operation per year could allow unscrupulous operators to set their weeks of operation to maximise business profits over the needs of local children and families.

We do, however, see value in allowing exemptions in certain circumstances. Services could apply for exemptions to the number of hours, days and weeks required.

We believe the exemptions could apply to rural and remote services, workplace children's services in educational settings and other similar circumstances. Criteria for approving exemptions should be strictly based on circumstances where it can be demonstrated that the needs of families will be best met with reduced weeks of operation.

Priority of Access (POA)

ACCS supports Option 6.1 No change – maintain existing POA requirements associated with service eligibility.

We believe this is vital in order to maintain the role of the ECEC system as a soft entry point for prevention of child abuse and neglect. ACCS believes it is also important to retain the priority focus on single parents, Aboriginal and Torres Strait Islanders, low income, non-English speaking background and socially isolated families and families where a child or adult has a disability.

We agree that the current POA system is not working well; however we believe it can be made more effective. For example, services could be required to make explicit enquiries of family circumstances on waiting list application forms. In our experience, when this is done, services are able to be more proactive in applying POA guidelines in offering new places. Government could conduct spot checks of service waiting list forms to ensure they explicitly collect this information.

Further, families can be invited to record this information on the CCMS; however to protect privacy, this must remain a family choice.

POA should only apply at enrolment or where there is a change of days of care; families who gain a place through POA should not be required to withdraw their child if their circumstances change. Nor should other families be required to withdraw their child to create a vacancy for children with higher POA.

The discussion of POA in the RIS focusses on issues for vulnerable families. However the current POA also protects the interests of working families, who have priority over all other children other than those who are at serious risk. So abandoning the current POA guidelines is at odds with the Government's focus on supporting workforce participation.

CHILD CARE SAFETY NET

Additional Child Care Subsidy

ACCS believes that the minimum hours of subsidised child care for low income families who do not meet the activity test must not fall below four full days per fortnight, to a maximum of 48 hours per fortnight.

Further families should be able to apply for additional hours of subsidised care in order to enable them to resolve the issues they face.

We wish to draw your attention to the potential confusion arising from using an acronym for Additional Child Care Subsidy which is the same as our organisation, ACCS. The sector has become accustomed to associating this acronym with our organisation over the last seven years.

There are similar concerns about the use of the title below for the Community Child Care Fund; again, there are well established organisations in the sector which have used the name Community Child Care and Community Child Care Cooperative for decades. In order to avoid confusion about these important Government policies, it is advisable to develop alternative official names of the Additional Child Care Subsidy and the Community Child Care Fund.

Community Child Care Fund

ACCS welcomes the Community Child Care Fund for disadvantaged areas, sustainability, capital costs, affordability, integration of child care and Maternal and Child Health and family support in disadvantaged areas.

We know that staff outreach, building relations with complementary services and transport assistance can make an appreciable difference for families in disadvantaged areas.

We believe this Fund should be limited to the not-for-profit service sector as commercial child care providers can claim a tax deduction for this kind of expenditure.

Capital Support

ACCS welcomes the Government's commitment to provision of capital support of up to \$500,000 per construction project; we also welcome the requirement that any capital project be community driven.

We believe that this capital support must be restricted to not-for-profit services as commercial services have access to other sources of capital. It is exceedingly difficult, if not impossible, for not-for-profit ECEC service providers to borrow money through existing financial institutions. These difficulties include:

- management committees incorporated under relevant associations acts that specifically limit individual liability - this means that if a provider defaulted on a loan the financial institution is not able to sue any individual to recoup its loss; collectively the management committee has limited liability and this collective liability is most often limited to a very small amount
- not having a physical asset to offset any borrowings - some not-for-profit ECEC services operate from buildings owned by local or state/territory governments with service providers paying nil or peppercorn rents

This has resulted in uneven growth in the children's services sector, with dramatic growth over the past ten years in private, commercial ECEC services. For example, in NSW in 1991, 43% of early childhood education and care services were not-for-profit-community based services. In 2014 this percentage has shrunk to 28%.

Market driven growth has resulted in areas of great over and under supply throughout Australia. This means that some Australian children and their families have limited or no choice about the type of children's service nor the type of operator they use, and in other areas families are overwhelmed by choice most often in markets dominated by the private, commercial sector. Ensuring a robust local needs based approach to allocation of Government capital funds will be critical to the success of this strategy.

Access and Affordability Support

ACCS welcomes the proposed Access and Affordability Support where fees are more than 20% above the median.

However, we believe that the Government must ensure that the families benefit directly from the financial support. Rather than paying this directly to services, the Support should come as a further fee subsidy to families via CCMS.

ACCS believes that the full cost of ECEC should be covered for vulnerable families and 90% of the cost for low income families. Special grants to services cause unnecessary complexities and could potentially be exploited by unethical operators.

Inclusion Support Program

ACCS welcomes the increase to the level of funding for additional educators to support inclusion.

It is important that this funding be indexed to annual increases in the Award for Certificate III Early Childhood Educators.

We are concerned with the comments made by Government representatives at consultation sessions on the RIS to the effect that these Certificate III trained educators would act as 'inclusion experts' in services and train other educators. Certificate III is equivalent to a Year 10 level qualification and does not develop the skills and knowledge required for expertise in the complex area of inclusive practice in child care settings. Nor does it deliver competency in delivery of workplace training. It is unlikely that a Certificate III trained educator will be competent to train other educators with Diploma and tertiary teaching qualifications.

Further we are concerned that the Professional Support Program funding is to cease in order to fund improvements to Inclusion Support. Affordable, on-going professional development is vital while the sector is still working up to meet the National Quality Standards in regard to educator qualifications, as well as to maintain expertise in inclusion support. While this gap between the mandated Standards and the actual level of qualifications continues, it is vital that affordable ongoing professional development is available to support the capability of educators to deliver an acceptable standard of early childhood education and care.

Further the VET training system continues to deliver some very poor quality training, despite increased efforts by Governments to close down non-complying operators and cancel poor quality qualifications. Much more needs to be done in this sector in order to ensure that early childhood educators have the competencies required to meet the National Quality Standards that ensure Australia's children receive the education and care that enables them to thrive.

This is the wrong time for Government to withdraw subsidies for professional development to ensure a highly skilled and professional early childhood workforce.

Child Care ICT System to Support Child Care Reforms

ACCS proposes that consultation with the sector be conducted to inform the evaluation of the “objectives of Government action”² and the new ICT system.

It is especially important that researchers be consulted on what data will be collected to evaluate the objectives set down in chapter 3 and in particular in regard to children’s learning and development needs, especially children who are vulnerable and at risk.

It is also important to build in capacity for data sharing with the ICT systems of other key institutions such as the Australian Early Childhood Education and Care Quality Authority, Australian Institute of Family Studies and the Australian Early Development Census in order to build more Australian research on what does and does not work and for which children.

² *Regulatory Impact Statement, Child Care Assistance Package* (June 2015), p. 26.