

Family Assistance Legislation Amendment (Cheaper Child Care) Bill 2022

**Community Child Care Association submission to
The Senate Education and Employment Standing Committee**



October 21st 2022

Committee Secretary

Senate Education and Employment Legislation Committee

PO Box 6100

Parliament House

Canberra ACT 2600 *

Dear Secretary

Community Child Care Association thanks the Senate Education and Employment Legislation Committee for its invitation to provide a submission on the "Family Assistance Legislation Amendment (Cheaper Child Care) Bill 2022 [Provisions]". Community Child Care welcomes the opportunity to contribute to the debate about access to quality education and care in Australia. Community Child Care has chosen to provide general commentary about each schedule in the legislation, rather than a detailed analysis of all sub-sections.

About Community Child Care

Established in 1971, Community Child Care Association (CCC) is the voice of community-based education and care services in Victoria. Building a strong and responsive sector is at the heart of what we do. We're active right across the state, providing leadership and advocacy, working with governments, and supporting education and care services.

Here to help services transform their vision into practice, we offer membership, quality training and consultancies. Our 750+ members rely on us for free professional advice and support, and to keep them up to date with industry standards, best practices and new regulations.

Our heritage and reputation as a sector leader mean we're the go-to place for inquiries and projects, including the Victorian Inclusion Agency.

Our deep community connections and role as the peak body for community-owned, not-for-profit education and care services make us well placed to lobby key decision makers. Proactive in the evolution of the children's education and care sector, our focus is on quality service and outcomes.

Yours sincerely

Executive Director

Community Child Care Association

Page 1



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Schedule 1 – Child Care Subsidy Rates (CCS)

Community Child Care Association (CCC) supports Schedule 1 of the Legislation to improve the rate of CCS for Australian families. CCC commends the government for carrying through on its election commitment of increasing the maximum CCS rate to 90% for families, detailed in Schedule 1 of the Legislation. CCC also supports the retention of the existing measure that provides a higher CCS rate to families with multiple children aged five or under in care, as explained in the Explanatory Memorandum for the Legislation. CCC believes these change will support more families to access more education and care for their young children, including those families experiencing disadvantage. We know that children of families experiencing disadvantage are less likely to attend early learning services (Sylva et al., 2009).

Research tells us that positive learning experiences and nurturing relationships provided in education and care settings deliver lasting benefits for all children, and particularly for children experiencing disadvantage. When education and care is of high quality, it significantly reduces levels of developmental vulnerability and the gap between advantaged and disadvantaged that is evident at school entry (Goldfeld et al., 2016).

Additional action required to ensure these measures provide the desired outcomes

The changes identified above will undoubtedly increase demand for additional education and care workforce. However, current vacancy and job ads data tell us there are not enough teachers and educators to meet demand at present and this problem is particularly acute in regional and rural locations, let alone with the anticipated increased demand. For example, The National Skills Commission Internet Vacancy Data shows a doubling of vacancies from pre-pandemic levels with recent figures showing 7,000 vacancies in our sector. Thorpe et al., (2020) state that educators in the ECEC sector, including those with degree qualifications are the most poorly paid in the education workforce. They concluded that to address the shortage of ECEC educators, remuneration that is commensurate with the level of responsibility of their roles is required.

CCC therefore recommends that this legislation also include a wage subsidy for all education and care educators to bring them to parity with other education pay scales. This wage subsidy needs to be in place in the short term, until the Productivity Commission and ACCC and Fair Work Act reviews are finalised and strategies implemented and/or until sector wide or multi-employer Enterprise Agreements are negotiated that permanently improve the wages and conditions of this vital workforce.

Given the increased workforce pressure on rural and regional services, CCC recommends that education and care services in 'hard to staff areas' are given additional funding to be able to incentivise, attract and retain appropriately experienced and qualified staff to their services. For services experiencing demonstrated long-term unfilled job vacancies, Government fund incentive payments to entice teachers and educators to accept positions for durations of 1 to 4 years. For example, this may involve covering re-location costs plus providing annual lump sum payments. This may be funded in a partnership between the State/Territory and Federal Governments.





Schedule 2 – Reporting on Financial Information by Large Providers

Community Child Care supports the expansion of the existing financial reporting requirements to all types of large approved providers and the ability to publish certain information to better inform families. CCC believes there is a need for government and the public to better understand the return on government investment into the education and care sector.

Schedule 3 – Activity Test for Aboriginal and Torres Strait Islander Children

Community Child Care supports the introduction of a base level of 36 subsidised hours of child care per fortnight for First Nations children, regardless of their family's activity level. CCC believes this measure will improve affordability for First Nations families already using child care, as well as supporting increased engagement by First Nations children in ECEC. CCC commends the government on this important step.

Additional action required to ensure access to those most in need

There are many other families that would benefit from a similar extension of the base level of the activity test. Research tells us that children and families with the greatest need are the least likely to access services (Moore et al., 2014a) and that the more economically deprived a community is, the lower the proportion of children aged under 5 who are developmentally on track across all developmental domains (Pascoe et al., 2017). Participating in quality early childhood education can improve a child's short, medium and long term outcomes across a range of measures, including educational performance and engagement, lifetime employment and wage prospects, health and decreased involvement in crime (Pascoe et al., 2017).

Community Child Care recommends that government extend to all families, the base level, equivalent to 6 days or sixty hours of subsidised child care per fortnight, regardless of families' activity level. CCC believes this would support a greater number of families experiencing disadvantage or vulnerability to access the early childhood education and care their child would benefit most from.

Schedule 4 – Dealing with Serious Non-compliance

Community Child Care supports the introduction of measures to reduce fraud within education and care. CCC understands that collecting gaps fees via electronic funds transfer and making good governance an eligibility requirement for provider approval, as the measures will assist in increasing payment integrity, reducing fraud and improving quality within the ECEC sector. We are somewhat concerned about implications of families incurring fees from the Third Party Software Providers





financial institutions, if their payments are dishonoured, and the impact this might have on participation of vulnerable families.

Community Child Care is also aware that some rural and remote services would find the requirement of electronic funds transfer challenging. Therefore CCC is looking forward to seeing the Ministerial Rules that will outline the 'exceptional circumstances' to the requirement to pay fees using an electronic funds transfer system. The Rules must be sufficiently broad in scope so as to not exclude a range of circumstances whereby families are legitimately unable to pay gap fees via electronic funds transfer.

Schedule 5 – Child Care Discount for Early Childhood Workforce

Community Child Care generally supports amendments to permit child care providers to offer a discount on child care fees to staff engaged as educators, without this affecting the amount of CCS payable for the educator. Given the workforce shortages discussed above, any measure that supports greater attraction and retention of the workforce is welcome.

CCC does have some concern for smaller stand-alone centers who may not be able to offer this discount to their staff due to their small income base and the likely impact on other families' fees as a result of this practice. Community Child Care therefore recommends that the government allow educators to salary sacrifice their child care fees after the CCS has been applied. This would mean our small services would still have their full fee income base and educators would have a decreased taxable income.

Additional action required to ensure families can access high quality education and care no matter where they live

To meet the growing demand for education and care, more new services will need to be established, especially in areas identified as 'child care deserts' (Hurley et al. 2022). Not-for-profit and community-owned and managed services offer high-quality service provision and are more likely to achieve Excellent and Exceeding ratings (Warrilow et al., 2021). These are also the services most often prevalent in vulnerable and disadvantaged communities. High-quality education and care provides significant benefits for children's learning, development and wellbeing, as well as supporting families, particularly women, to engage in employment and training. Community-managed services tend to meet the needs of the community better. There will be significant benefits for families, children, and communities by ensuring a high number of community-owned and managed services going forward.

Community Child Care therefore recommends that the three tiers of Government proactively plan and coordinate funding for community based services in areas of thin markets.

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Pascoe and Brennan (2017) state that, children who participated in a high quality early childhood education program were found to be:

- More likely to be ready for school
- Higher achievers in school
- Less likely to need special education placements
- Less likely to repeat a grade in school
- More likely to complete high school
- More likely to go on to further education
- More likely to be employed, and at a higher wage.

The single most important determinant of quality in early childhood education is the interaction between educator and child. The preparation and ongoing development of the workforce is therefore essential to quality (Pascoe et al., 2017).

State and Federal Governments are already offering much by way of scholarships for bachelor degrees in early childhood and free training. These appear to be effective in reducing one of the barriers to getting more people qualified and should continue. Nonetheless, qualification completion rates are poor and overall enrolments are flat-lining.

Given the workforce challenges identified above, and the central importance of the workforce to the quality of education and care delivery, Community Child Care recommends that the Australian Government acts immediately to invest in the education and care workforce. This investment needs to come in the form of:

- wage subsidy discussed above
- incentives for hard to staff services discussed above
- subsidised professional development especially with the introduction of the revision of the Learning Frameworks
- support to keep students engaged with learning and with the sector
- enabling students to get paid to study and work in ECEC, and
- subsidised peer support networks.





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