

**Red Tape Committee
Department of the Senate
PO Box 6100
Canberra ACT 2600**

20 March 2018

TO WHOM IT MAY CONCERN

Thank you for the opportunity to respond to *The Effect of Red Tape on Childcare* inquiry.

Regulations placed on early childhood education and care services ensure the safety and wellbeing of children attending the services and peace of mind for families, thereby encouraging workforce participation.

The current regulatory system, the National Quality Framework (NQF) is designed to ensure access to high quality education and care services for all families. The focus on compliance linked to quality ensures safety and wellbeing for children and safeguards against the use of Government funds to subsidise poor quality and unsafe services that would have the potential to harm children. Community children's services remain very supportive of the NQF and associated law and regulations.

About ACCS

Australian Community Children's Service (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

Our submission responds to your questions on the effect of red tape on childcare, in particular:

- a. the effects on compliance costs (in hours and money), economic output, employment and government revenue;
- b. any specific areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions;
- c. the impact on health, safety and economic opportunity, particularly for the low-skilled and disadvantaged;
- d. the effectiveness of the Abbott, Turnbull and previous governments' efforts to reduce red tape;
- e. alternative institutional arrangements to reduce red tape, including providing subsidies or tax concessions to businesses to achieve outcomes currently achieved through regulation

- a. the effects on compliance costs (in hours and money), economic output, employment and government revenue;

Economic Output

Investment in high quality early childhood education and care has economic benefits over a life cycle and the purpose and focus of the regulatory framework in education and care is to “to improve educational and developmental outcomes for children attending services provided under the National Law.”¹ These compliance measures are supported by all national, state and territory governments, under the *National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care*. The compliance measures are essential to ensuring that the all the benefits of high quality early childhood education and care, including long-term social, cultural and economic outputs² are fully realised.

The benefits of early childhood education and care services being regulated for quality are experienced across a lifecycle and are not limited to the point of transaction. PwC conducted whole of lifecycle modelling to ascertain the long-term GDP impacts of the provision of quality education and care. The modelling demonstrated that the benefits to GDP in terms of increased female workforce participation was equivalent to \$6.0 billion, the benefits for children receiving a quality education and care program could be up to \$10.3 billion and the benefits of increased participation of children in vulnerable circumstances was \$13.3 billion³. This year, the report *Lifting our Game*, highlighted that “investment in early childhood education provides a strong return, with a variety of studies indicating benefits of 2-4 times the costs. Significant fiscal benefits flow to both the Commonwealth and state and territory governments”⁴.

ACCS research, the longitudinal study *Trends in Community Children’s Services Survey* (conducted in 2012a, 2012b, 2014, 2017)⁵, shows that over time respondents’ perceptions relating to insufficient paid time to complete tasks has decreased from 60 % in 2012 to 33% in 2017; and the increased paperwork to meet legal obligations and government regulations has decreased from 70% in 2012 to 32% in 2017. Familiarity with and streamlining of the NQS seems to have positively impacted on use of time.

Any costs whether hours or monetary linked to compliance with high quality outcomes are ultimately an investment in the quality of a service in the short term and investment in increased economic and social output in the longer term.

¹ *National Partnership on the National Quality Agenda for Early Childhood Education and Care -2015–16 to 2017–18*, p.2

³ PwC (2014) *Putting a value on Early Childhood Education and Care in Australia*; <https://www.pwc.com.au/pdf/putting-value-on-ecec.pdf>

⁴ Pascoe, S. and Brennan, D. (2017) *Lifting our Game*; <https://education.nsw.gov.au/early-childhood-education/whats-happening-in-the-early-childhood-education-sector/lifting-our-game-report/Lifting-Our-Game-Final-Report.pdf>

⁵ ACCS *Trends In Community Children’s Services* http://ausccs.org.au/?page_id=93

Employment

The *Trends in Community Children's Services Survey* demonstrates:

- that the introduction of the NQF has had limited impact on the number of job vacancies in services, with the number of respondents who had held a recruitment process in the last six months being stable since the second wave at the end of 2012 (just after the introduction of the NQF)⁶
- that those employed are more highly qualified than in the past⁷
- that only 2% of survey participants indicated that the burden on staff to meet regulations was a factor that made it difficult to recruit⁸

Australian Government data indicates that compliance costs are not impacting on employment opportunities. The Department of Jobs and Small Business projections predict strong growth in the number of jobs for educators (child carers in ABS data) over the next five years⁹. More broadly, educational services, and health care and social assistance are less likely to be impacted by technological advancements when compared with other industries.

The *Trends in Community Children's Services Survey* shows that employees in 2017 working in not-for-profit early childhood education and care services are more highly qualified than in 2012, and have wages and working conditions that are above minimum requirements. This has resulted in longer tenure for employees, with the 2017 survey data showing that just over half of the respondents employed educators who had worked at that service for six or more years¹⁰.

b. any specific areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions;

Particularly burdensome

The introduction of the NQF was celebrated as a long awaited quality and administrative reform for the early childhood education and care sector. Many in the sector had lobbied for years for an end to the dual systems of state/territory based regulation and national quality assurance administered by different jurisdictions. The introduction of a single uniform regulation and ratings and assessment system governed by the same legislation and administered by one Regulatory Authority in each state/territory has streamlined administrative processes and compliance requirements significantly for many services.

The most recent Australian Children's Education and Care Quality Authority (ACECQA) performance report states, "Overall support for the NQF amongst providers of education and care services has been consistently above 95% since 2013¹¹." As stated above the 2017

⁶ Australian Community Children's Services (2018) *Trends in Community Children's Services* (unpublished).

⁷ Ibid.

⁸ Ibid.

⁹ Australian Government Jobs Outlook website. Retrieved <http://joboutlook.gov.au/occupation.aspx?code=4211>

¹⁰ Australian Community Children's Services (2018) *Trends in Community Children's Services Survey* (unpublished).

¹¹ Australian Children's Education and Care Quality Authority (2017) *National Partnership Annual Performance Report* retrieved <https://www.acecqa.gov.au/sites/default/files/2018-02/NationalPartnershipAnnualPerformance.pdf>

Trends in Community Children's Services Survey indicates that familiarity with the NQF and the streamlining of the National Quality Standard seems to have positively impacted on perception of burden, with respondents' perceptions relating to insufficient paid time to complete tasks decreasing from 60 % in 2012 to 33% in 2017; and the increased paperwork to meet legal obligations and government regulations decreasing from 70% in 2012 to 32% in 2017¹².

Many early childhood education and care services are small businesses, both for-profit and not-for-profit, that have legal obligations under a wide range of legislation and across jurisdictions. An ongoing challenge for services is keeping up to date with the legal obligations that fall outside of the NQF.

Complex

The new Child Care Subsidy, commencing on 2 July this year was designed to be simpler than the current multi-payment system. While the Child Care Subsidy is a one payment system, the complexity and red tape built into the new stepped activity test, which links fortnightly parent hours of activity, averaged over a three month period to the number of subsidised hours of early childhood education and care a child is able to access is an unnecessary burden on families and services.

For services, managing enrolment lists will be more complex, especially when family circumstances change unpredictably or for parents who are employed in casual or seasonal work. For families in financially precarious situations, managing the reporting requirements and maintaining continuity of access to early childhood education and care services for children will potentially add to an already stressful situation.

- c. the impact on health, safety and economic opportunity, particularly for the low-skilled and disadvantaged;

The NQF provides a nationally consistent quality assurance framework for all approved education and care services throughout Australia. As a national agreement it supports equity of provision over time across the federation for all children and families. For families, this is critical. This means that regardless of which children's service a family may use in any geographic location throughout Australia they can expect and understand that all children are entitled to participate in early childhood education and care services that operate with nationally consistent staffing, qualifications requirements and quality standards.

Research shows that all children benefit from participating in good quality early childhood education and care services. International best practice shows that child and family outcomes improve for children experiencing vulnerability or who are at risk with regular participation in good quality early childhood education and care programs, with greater benefits generally arising from larger 'doses' of participation. Research suggests that two full days per week is a minimum. Recent Australian research clearly demonstrates that children who are experiencing disadvantage benefit the most and that early childhood education and care in participation should be for at least two years duration to have a positive impact on life courses of these children¹³.

¹² Australian Community Children's Services (2018) *Trends in Community Children's Services Survey* (unpublished).

¹³ Wise et al (2015) *The Efficacy of Early Childhood Interventions*, AIFS Melbourne; Mathers et al (2014) *Sound Foundations, a Review of the Research Evidence on Quality Early Childhood Education and Care for Children Under Three*, University of Oxford UK.

- d. the effectiveness of the Abbott, Turnbull and previous governments' efforts to reduce red tape;

The ongoing rollout of the NQF has reduced red tape by providing a unified system across all state/territory jurisdictions. The most recent NQF review implemented during the current Government has continued this process while still focusing on improved quality outcomes for children, streamlining the certified supervisor process and continuing with the NQF implementation agenda. The most recent NQF changes in October 2017 and February 2018 implemented by this Government were viewed positively by respondents to the 2017 *Trends in Community Children's Services Survey*¹⁴.

- e. alternative institutional arrangements to reduce red tape, including providing subsidies or tax concessions to businesses to achieve outcomes currently achieved through regulation;

It is critical that early childhood education and care services, as any other educational institutions such as primary or secondary schools, have strong, clear quality, curricula and legislative frameworks to meet the Government's ambitious objective that "by 2020 all children have the best start in life to create a better future for themselves, and for the nation"¹⁵. This objective is underpinned by key economic outcomes that focus on young children's developmental pathways, participation by parents in their children's early learning and the provision of services that support workforce participation of families¹⁶.

This cannot be achieved through reduction or removal of regulatory frameworks and the introduction of subsidies or tax concessions. The existing regulatory requirements are not onerous or overly burdensome. They achieve a good balance between regulatory requirement and ensuring children have access to high quality early learning settings using national curricula and quality frameworks that prepare children for school and ultimately workforce participation.

¹⁴ Australian Community Children's Services (2018) *Trends in Community Children's Services Survey* (unpublished).

¹⁵ *Investing in the Early Years-A National Early Childhood Development Strategy*, (2009), p. 13.

¹⁶ *ibid.* p. 13.