



**Community Child Care Association
Submission
Senate Inquiry – Red Tape Committee
The effect of red tape on child care**

19 March 2018

Thank you for the opportunity to respond to effect of red tape on childcare inquiry.

Regulations and prohibitions placed on education and care services ensure the safety and wellbeing of children attending the services and peace of mind for families. The current regulatory system, the National Quality Framework is designed to ensure access to high quality education and care services for all children. The emphasis of the compliance system is on ensuring that children are, and remain, safe and well (including equal consideration of emotional, cognitive, social, spiritual and physical safety). This regulatory framework safeguards against the use of government funds to subsidise poor quality and unsafe education and care services, services that unregulated would potentially harm children, resulting in negative consequences in the both the short and long terms. Community children's services in Victoria remain very supportive of the National Quality Framework and, as such, CCC strongly asserts that the full implementation schedule of the National Quality Standard should be maintained and carried out as planned.

About CCC

Community Child Care Association (CCC) is the peak body for community owned and not for profit early and middle childhood education and care services in Victoria. CCC is the Victorian peak body for Outside School Hours Care Services and the Victorian branch of National Out of School Hours Services Association (NOSHSA). CCC is also the Victorian Branch of the national peak body for community managed and not for profit children's services, Australian Community Children's Services (ACCS).

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

Economic Output

Investment in 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

Research shows that access to high quality childcare and kindergarten has positive effects on many areas of children’s development. It is clear though that the emphasis is on HIGH quality. High quality early childhood programs provide rich child focused learning, support improved, social, cognitive and language development in children and provide parents the opportunity to be involved².

The current 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. They are essential to ensuring that the all the benefits of quality early childhood education and care, including long-term social, cultural and economic outputs³ are fully realised.

The benefits of regulating early childhood education and care for quality are experienced across a lifecycle – not limited to the point of transaction. Lifecycle modeling conducted by Price Waterhouse Coopers identified long-term GDP impacts of the provision of quality education and care, demonstrating that:

- the benefits to GDP in terms of increased female workforce participation was equivalent to 6.0 billion dollars,
- 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 were 13.3 billion⁴.

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

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

² Elliot, A., 2006. Early Childhood Education Pathways to quality and equity for all children, Camberwell: ACER.

³ PwC (2014) Putting a value on Early Childhood Education and Care in Australia; price, Water House Coopers, retrieved <https://www.pwc.com.au/pdf/putting-value-on-ecec.pdf>; Pascoe, S. and Brennan, D. (2017) Lifting our Game, retrieved <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>

⁴ PwC (2014) Putting a value on Early Childhood Education and Care in Australia; price, Water House Coopers, retrieved <https://www.pwc.com.au/pdf/putting-value-on-ecec.pdf>

the costs. Significant fiscal benefits flow to both the Commonwealth and state and territory governments”⁵.

Any costs linked to compliance, whether hours or monetary 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.

CCC agrees with the OECD recommendations that governments have a vital role to play in this arena. CCC believes that it is essential that Australia builds on the progress made in relation to the provision of quality early and middle childhood education and services and not weaken the regulatory framework or the assessments and ratings processes. To this end, CCC recommends that increased funding be provided for the National Partnerships Agreement on the National Quality Agenda for Early Childhood Education and Care. This will guarantee that ACECQA and the Regulatory Authorities can continue to ensure education and care services are meeting community expectations by providing the highest possible quality of education and care.

Employment

Australian Community Children’s Services (ACCS) research, the longitudinal study ‘Trends in Community Children’s Services’ (conducted in 2012a, 2012b, 2014, 2017), demonstrates:

- that the introduction of the National Quality Framework 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 National Quality Framework)⁶. Indicating that there has been little or no movement in the number of people leaving the industry since the initial introduction of the new legislation and the transition period.
- 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.

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

⁵ Pascoe, S. and Brennan, D. (2017) Lifting our Game, retrieved <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>

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>

For those individuals employed in community education and care services, educators are more highly qualified than in 2012 and have wages and working conditions that are above minimum requirements – which is ultimately resulting in longer tenure for employees, with the 2017 TICCSS survey data showing that just over half of the respondents employed educators who had worked at that service for six or more years¹⁰.

CCC believes that the education and care employment challenge for Australian Governments is to further strengthen our efforts in the areas of improving training, working conditions and wages across all education and care services, beyond community run and managed services.

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 administrative reform for service providers and those involved with the management of early and middle childhood education and care services. 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 ACECQA performance report states, “Overall support for the NQF amongst providers of education and care services has been consistently above 95% since 2013¹¹.” In addition, the 2017 Trends in Community Children’s Services Survey indicates that familiarity with the NQF and the streamlining of the NQS 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 as decreasing from 70% in 2012 to 32% in 2017¹².

In addition to the legislation above, services, many of which are small businesses 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 National Quality Framework. This challenge is further exacerbated by the absence of both clear communications mechanisms through which changes impacting services can be conveyed and consideration of the impact of legal changes on early and middle education and care services.

¹⁰ Australian Community Children’s Services (2018) Trends in Community Children’s Services (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>

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

Addressing this issue would significantly reduce the administrative and compliance complexity for services. CCC recommends the development and resourcing of a central reference point for legislation and policies impacting early and middle childhood education and care services. It is recommended that this reference point acts as a clearinghouse or one stop shop – providing the most up to date legislation, plain language explanations of how any changes impact education and care services, and sample policies, forms and other resources that can be adapted by each service to help them apply required changes, at an publicly accessible and searchable online access point for services. CCC recommends that current infrastructure be used to develop this ‘one stop shop’ with either ACECQA and/or each state and territory regulatory authorities playing a role.

Complex

The new childcare subsidy, to be introduced on the 2nd of July this year was designed to be simpler than the current multi-payment system. CCC considers this a missed opportunity to remove red tape and ensure families had equal access to a less complex 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 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 unpredictable casual or seasonal work. For families in financially precarious situations, managing the reporting requirements and maintaining continuity of access to education and care services for children will potentially add to an already stressful situation. CCC recommends that a review of the new activity test be conducted within 12 months, to assess whether the complexity of the new activity test is unnecessarily burdensome for families and services.

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

By improving the quality of education and care services, the National Quality framework has improved the health and safety of children and the workforce. 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 ECEC services.

Research shows that all children benefit from participating in good quality ECEC 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 ECEC programs. Recent Australian research clearly demonstrates that children who are

experiencing disadvantage benefit the most and that ECEC participation should be for at least two years duration to have a positive impact on life courses of these children¹³.

The review of the Child Care Rebate and Child Care Subsidy provided an exciting opportunity for governments in Australia to address the current complex funding system, to make it simpler and more equitable for families and services; to improve access for low-income families and children and to improve access for families in vulnerable circumstances. CCC continues to recommend that all children have means tested, subsidised access to education and care, of at least two full days per week (up to 24 hours), regardless of whether their family meets any activity test; and that there are no barriers for children and families experiencing vulnerability and disadvantage to participation in education and care.

CCC recommends that a review of the new activity test be conducted within 12 months, to assess whether the new payment is ensuring equitable access to quality education and care services for all children and families.

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

The ongoing rollout of the NQF introduced under previous government has reduced red tape by providing a unified system across jurisdictions. NQF review implemented during the current government's term has supported the process, streamlining the certified supervisor process and continuing with the implementation agenda set out by the previous government. The National Quality Framework review implemented by this government was already part of the process, and the sector successfully argued against attempts to streamline the framework before the review period. Participant responses from the Trends in Community Children's Services Survey¹⁴ indicate that the changes implemented in October 2017 and February 2018 were viewed positively by community children's services.

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

CCC strongly asserts that children won't be adequately protected from hazards and harm if businesses are left to self-regulation. In addition, the longer term outcomes linked to the provision of quality education and care services will also not be met within a self-regulated system.

f. how different jurisdictions in Australia and internationally have attempted to reduce red tape;

CCC believes that while there is merit in looking at international models it must be recognised that any consideration of their application in Australia must take full account of the historical and policy contexts. Although lessons may be learned from examining the

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.

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

models and they may contain points of merit, it is not desirable or possible for Australia to fully adopt any one of these models. CCC urges the Inquiry to ensure that there is rigorous review of any model that is considered for application in Australia. This review must consider the differences in contexts between countries; look at any internal reviews of these systems, their outcomes for children and the provision of quality education and care services.