



**Australian Government**

**AUSTRALIAN GOVERNMENT RESPONSE TO THE REPORT BY  
THE SENATE EDUCATION, EMPLOYMENT AND WORKPLACE  
RELATIONS REFERENCES COMMITTEE:**

***'Provision of Childcare'***

**MAY 2014**

## Preamble

The Australian Government welcomes the opportunity to respond to the report of the Senate Education, Employment and Workplace Relations References Committee: 'Provision of Childcare'.

On 25 November 2008, the Senate referred the following matters to the Committee for inquiry and report:

- a. the financial, social and industry impact of the ABC Learning collapse on the provision of child care in Australia;
- b. alternative options and models for the provision of child care;
- c. the role of governments at all levels in:
  - i. funding for community, not-for-profit and independent service providers,
  - ii. consistent regulatory frameworks for child care across the country,
  - iii. licensing requirements to operate child care centres,
  - iv. nationally-consistent training and qualification requirements for child care workers, and
  - v. the collection, evaluation and publishing of reliable, up-to-date data on casual and permanent child care vacancies;
- d. the feasibility for establishing a national authority to oversee the child care industry in Australia; and
- e. other related matters.

The Committee tabled its report on 23 November 2009. The report contained ten recommendations made by the Committee and a further nine recommendations made by Senator Sarah Hanson-Young.

The Government is committed to establishing a sustainable future for a more flexible, affordable and accessible child care and early childhood learning market that helps underpin the national economy and supports the community, especially parent's choices to participate in work and learning and children's growth, welfare, learning and development.

As announced on 17 November 2013, the Government has established a Productivity Commission Inquiry into Child Care and Early Childhood Learning to report on and make recommendations about how the child care system can be made more flexible, affordable and accessible. The scope of the Inquiry is broad-ranging and will address many of the issues raised in the report's recommendations.

The Government thanks the Committee and the Senator for their recommendations.

## RESPONSE TO RECOMMENDATIONS

### PART 1 – RESPONSE TO RECOMMENDATIONS FROM THE COMMITTEE

#### **Committee Recommendation 1**

**The committee recommends that further research be carried out regarding the possible adverse effects of commencing formal childcare at very young ages and for long duration, possibly in conjunction with bodies such as the Centre for Community Child Health.**

#### **Government Response: Noted**

On 17 November 2013, the Australian Government announced that the Productivity Commission will undertake an Inquiry into Child Care and Early Childhood Learning.

In making its inquiry, the Productivity Commission has been asked to report on and make recommendations about the contribution that child care and early learning can make to child development.

The Productivity Commission will provide its final report to Government by the end of October 2014.

#### **Committee Recommendation 2**

**The committee recommends the Government makes public detailed information pertaining to the use of Commonwealth funding by state and territory governments, to clarify the scope and impact of its promise to provide universal access of 15 hours per week of preschool services for all 4 year-olds in Australia in the childcare sector.**

#### **Government Response: Noted**

The Australian Government has published information under the previous National Partnership Agreement on Early Childhood Education (2008-2013) on the outcomes required of state and territory governments to receive Commonwealth funding under the National Partnership.

The National Partnership and the bilateral agreements between the Australian Government and each state and territory under National Partnership are available at the Standing Council for Federal Financial Relations website <http://www.federalfinancialrelations.gov.au/>. These documents detail the scope of National Partnership requirements and each state and territory's implementation plan. State and territory reports against the agreed performance framework and their implementation plans are also available at the Australian Government Department of Education's website at <http://education.gov.au/universal-access-early-childhood-education>.

In the later years of the National Partnership, the Australian Bureau of Statistics (ABS) published data on preschool participation in Preschool Education Australia cat no 4240.0. Data collected in August 2013 was published by the ABS in Preschool Education Australia on 7 March 2014.

On 19 April 2013, the Council of Australian Governments endorsed the National Partnership Agreement on Universal Access to Early Childhood Education for the 18 months covering the period from 1 July 2013 to 31 December 2014. Under this National Partnership, the

Australian Government allocated \$655.6 million to state and territory governments. State and territory implementation plans under the current National Partnership are published on the Standing Council for Federal Financial Relations website <http://www.federalfinancialrelations.gov.au/> when they are agreed.

#### **Committee Recommendation Nos 3, 4, 5, 6 and 7**

##### **Committee Recommendation 3**

**Noting recent funding increases, the committee nonetheless recommends that there be further funding increases for ECEC.**

##### **Committee Recommendation 4**

**The committee recommends a substantial increase in the level of funds paid directly to childcare operators in particular areas of need, through programs such as the Inclusion Support Subsidy: services for disadvantaged children, such as children with additional needs or indigenous children; and services operating in rural and remote areas or areas of high unmet demand such as low socioeconomic areas.**

##### **Committee Recommendation 5**

**The committee recommends that economic modelling of various childcare funding models be carried out to establish the most efficient means of funding the quality provision of childcare services that meet the needs of families.**

##### **Committee Recommendation 6**

**The committee recommends that funding of childcare services continue to be increased and, following a review of the current funding models including economic modelling of alternative mechanisms, increases to funding be implemented in accordance with those funding mechanisms that are identified as most effective.**

##### **Committee Recommendation 7**

**The committee recommends that the government await the report of the Australia's Future Tax System Review Panel and recommendations within regarding the funding of the childcare sector. If no specific recommendations are made, the government should consider amending the current funding system based on the economic modelling to be carried out.**

#### **Government Response: Noted**

On 17 November 2013, the Australian Government announced that the Productivity Commission will undertake an Inquiry into Child Care and Early Childhood Learning.

The Inquiry will be broad ranging, focusing on parents' choices, work and study needs, the needs of rural, regional and remote families, shift workers, out of pocket costs and the needs of vulnerable children. In particular, the Inquiry will examine the contribution that access to affordable, high quality child care makes to women's increased participation in the workforce and the ways in which care can be made more flexible to meet the needs of families.

The Government has asked the Productivity Commission to ensure that, where it makes recommendations for Government policies and funding, it does so within the existing funding

parameters. It is important that the Government take a prudent approach to the spending of taxpayers' money, including on child care and early learning.

In examining the costs and benefits of Australia's child care and early learning system, the Commission may choose to model a range of possible scenarios as it examines what sort of system is optimal for Australia's economy, community and parents and how such a system is to be funded and by whom.

The Inquiry will consider payments to services, including those in areas of need, and rebates and subsidies available to families, including the Child Care Rebate and Child Care Benefit. The Commission will also make recommendations on options for enhancing the choices available to Australian families as to how they receive child care support, so that this can occur in the manner most suitable to their individual family circumstances. Mechanisms to be considered include subsidies, rebates and tax deductions, to improve the accessibility, flexibility and affordability of child care for families facing diverse individual circumstances.

The Productivity Commission will provide its final report to Government by the end of October 2014.

#### **Committee Recommendation Nos 8, 9 and 10**

##### **Committee Recommendation 8**

**The committee recommends to the government the establishment of a new statutory body, widely representative of the sector, for the purposes of advising the minister on childcare policy and its implementation, with powers to oversee a uniform regulatory regime operating across states and territories.**

##### **Committee Recommendation 9**

**The committee recommends that, in the interest of greater transparency and accountability, the new statutory childcare body be responsible for the following:**

- **working with stakeholders to create a policy agenda which outlines priority areas, benchmarks and targets to be achieved in the area of early childhood education and care;**
- **publishing an annual report which:**
  - (a) **outlines the progress being made in these priority areas;**
  - (b) **details how Federal Government funding is being spent, especially by state and territory governments;**
  - (c) **details the state of the early childhood education and care sector including vacancy data, numbers of children with additional needs, information on staff, costs, usage, and other information that is already collected by Commonwealth Government agencies.**

##### **Committee Recommendation 10**

**The committee further recommends to the government that this recommendation be taken to COAG for its consideration, particularly in view of the need to establish within the national body clear lines of responsibility between national, state and local obligations in regard to regulation and compliance.**

## **Government Response: Noted**

### Body to oversee uniform regulatory regime

The National Quality Framework for Early Childhood Education and Care (NQF) commenced on 1 January 2012 (except Western Australia where it commenced on 1 August 2012). The NQF is a national system for the regulation and quality assessment of child care and early learning services. It applies to most Long Day Care, preschool, Family Day Care and Outside School Hours Care services.

A key element of the NQF was nationally consistent implementation.

To assist in ensuring consistent implementation, the Australian and state and territory governments fund the Australian Children's Education and Care Quality Authority (ACECQA), an independent National Authority established under the *Education and Care Services National Law Act 2010*. ACECQA was established through the Council of Australian Governments (COAG) and came into effect on 1 January 2012.

ACECQA's key functions include:

- promoting national consistency;
- publishing and maintaining national registers of child care and early learning services, providers and Certified Supervisors;
- promoting continuous quality improvement by child care and early learning services; and
- educating and informing services and the community about the National Quality Framework (NQF).

The Department of Education, as the Commonwealth primary policy department responsible for child care and early learning, works with ACECQA and key early childhood focused stakeholders, as well as participating in working groups with state and territory counterparts, to discuss early childhood policy agenda, priorities and related benchmarks and outcomes.

Further information about ACECQA is available at [www.acecqa.gov.au](http://www.acecqa.gov.au).

A review of the *National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care* is being undertaken in 2014 to assess the extent to which the objectives and outcomes of the National Partnership have been achieved. Among other things the review will examine the effectiveness of the governance arrangements for the National Quality Framework, including the role and structure of ACECQA, and the effectiveness of this body in contributing to effective and efficient implementation of the National Quality Framework.

### Ministerial advice on child care policy and its implementation

The Government will establish a new Ministerial Advisory Council for the child care and early learning sector. The Council will be co-chaired by the Assistant Minister for Education and a respected sector expert and leader.

The Advisory Council will provide the Government with well-informed recommendations on proposed legislation and policies based on consultation with, and direct knowledge of, the sector.

The Council will convene at least once every six months and the Assistant Minister for Education will attend at least two meetings of the Council each year.

#### Transparency and accountability

The Government shares the Committee's interest in transparency and accountability. The Department of Education publicly reports on its progress in the implementation of the Government's child care policies through:

- providing information at a regional and state by state level for the Report on Government Services about the usage of child care and the Government's expenditure on early childhood education and child care
- publication of an annual report on its achievement and activities throughout the previous financial year
- publication of data each quarter in the Child Care and Early Learning in Summary.

ACECQA reports on its operations through the publication of an annual report. In addition to the annual report:

- under the Multilateral Implementation Plan (MIP) for the National Partnership Agreement for the National Quality Agenda for Early Childhood Education and Care, ACECQA is required to provide six-monthly performance reports to the Standing Council on School Education and Early Childhood (SCSEEC), with input from jurisdictions. The reports fall due in May and November each year from 2012 to 2015 and in March 2016
- ACECQA provides an annual forward workplan on a financial year basis to SCSEEC, which sets out the key deliverables, budget and timelines for addressing the strategic priorities set out in the letter of expectation that is provided by SCSEEC to the ACECQA Board. The forward workplan is submitted to the last SCSEEC meeting in the previous financial year, and ACECQA provides six-monthly progress reports to SCSEEC against that plan
- ACECQA also provides a progress update as a standing item of each SCSEEC meeting.

## PART 2 – RESPONSE TO RECOMMENDATIONS FROM SENATOR HANSON-YOUNG

### **Senator Hanson-Young Recommendation 1:**

**That the Government establish nationally consistent ECEC standards that are linked to the quality cost drivers of more highly qualified staff; lower carer-to-child ratios of at least 1:3 for children up to 2 years old and 1:4 for children older than 2 years old and smaller groups.**

#### **Government Response: Not Agreed**

The National Quality Framework (NQF) includes increased staff to child ratios agreed to by all State and Territory Governments.

The Australian Government supports the NQF and is working to ensure that its implementation does not cause administrative and staffing problems, which may be passed on as cost increases for families.

The Government is working closely with the states and territories, as well as the child care sector, to find practical ways to improve the implementation of the reforms without compromising the standard of quality provided.

The Government will seek the cooperation of the states and territories to consider whether to extend the deadline for staff qualifications and ratios in light of a shortage of qualified educators and to assess whether the implementation of staff to child ratios needs to be slowed.

The Government has also committed to a broader deregulation agenda aimed at reducing red tape for individuals, businesses and community organisations.

### **Senator Hanson-Young Recommendation 2:**

**That national standards be developed on minimum entry qualifications for staff, and the wages and conditions offered, to recognise that ECEC should be viewed for what it is, an essential service that provides education to our youngest Australians.**

#### **Government Response: Noted**

The Government acknowledges the hard work and professionalism of early childhood educators and their important contribution to the development and wellbeing of children across Australia.

The NQF includes new educator qualification requirements which apply from 1 January 2014.

An application for an Equal Remuneration Order for early childhood educators is currently with the Fair Work Commission. The Government believes that the Fair Work Commission is the appropriate body to consider minimum wages for child care and early learning educators.

### **Senator Hanson-Young Recommendation 3:**

**That a Commonwealth Commissioner for Children and Young People be established, to ensure Australia's international and domestic obligations are met and upheld. These fundamental human rights principles provide a clear framework of minimum standards to ensure the wellbeing of children.**



**Aside from broader protection obligations, this role would promote investment in early childhood development as a priority, and outline requirements for quality early childhood education and care.**

**Government Response: Noted**

The office of Australia's first National Children's Commissioner was established through the *Australian Human Rights Commission Amendment (National Children's Commissioner) Act 2012*. The office sits within the Australian Human Rights Commission, an independent statutory organisation that reports to Parliament through the Attorney-General.

The role of the National Children's Commissioner is to focus on the rights and interests of children, and the laws, policies and programs that impact on them.

Ms Megan Mitchell was appointed as the first National Children's Commissioner on 25 February 2013. Ms Mitchell commenced in the role on 25 March 2013 for a five year term.

**Senator Hanson-Young Recommendation Nos 4, 5, 6, 8 and 9**

**Senator Hanson-Young Recommendation 4:**

**That the Government review the current funding mechanisms for early childhood education, including the appropriateness of the Child Care Rebate and Child Care Benefit.**

**Senator Hanson-Young Recommendation 5:**

**That the Commonwealth ask the Productivity Commission to look into funding models and their impact on the determinants of the quality of care.**

**Senator Hanson-Young Recommendation 6:**

**In order to implement quality benchmarks, including affordability for parents, the Greens recommend a significant increase in, and long-term investment of, funding into early childhood education and care.**

**Senator Hanson-Young Recommendation 8:**

**That a Capital Grants Fund be made available to community groups and not-for profit providers to assist with costs of maintaining the capital of centres and facilities.**

**Senator Hanson-Young Recommendation 9:**

**That a national planning system be developed to ensure child care places are available where needed and are equitably available to all children, and in consultation with local communities.**

**Government Response: Noted**

Please see response to Committee Recommendation Nos 3, 4, 5, 6 and 7.

**Senator Hanson-Young Recommendation 7:**

**The Government must ensure that no public funds are directed to corporate companies that are floated on the stock exchange, wishing to operate early childhood education centres.**

**Government Response: Not agreed**

The Australian Government funds early childhood education and care that are approved by state/territory regulatory authorities under the Education and Care Services National Law, provided they meet the eligibility requirements set out in Commonwealth family assistance law. These eligibility requirements do not take into consideration whether a service is for profit or not-for-profit. However they do consider an applicant's suitability to operate a service (including for example, governance, record of financial management and compliance with Commonwealth and state/territory laws) and the service's ability to meet operational requirements (such as the requisite number of hours per day, weeks per year, and the priority of access guidelines).

*The Family Assistance Legislation Amendment (Child Care Financial Viability) Act 2011* allows the Government to scrutinise the financial viability of large providers of Long Day Care. In addition, there are penalties for centres that fail to meet regulatory requirements.