

CHAPTER 1

Introduction and overview

Reference

1.1 Pursuant to a resolution of the Senate on 15 May 2013, the Early Years Quality Fund Special Account Bill 2013 was referred to this committee on 30 May 2013 for inquiry and report by 17 June 2013.¹

Conduct of the inquiry

1.2 The committee wrote to a number of individuals and organisations inviting submissions to the inquiry by 7 June 2013. Details of the inquiry were also made available on the committee's website. Submissions were received from 508 individuals and organisations, as detailed in Appendix 1.

1.3 A public hearing was held in Melbourne on 14 June 2013. The witness list for the hearing is at Appendix 2.

Purpose of the bill

1.4 The purpose of the bill is to establish a Special Account to administer the Early Years Quality Fund (the Fund).

Background

1.5 On 1 January 2012 the Government established the National Quality Framework for Early Childhood Education and Care (NQF). The NQF seeks to improve standards of early childhood education and care through educator-to-child ratios, stronger qualifications for staff, and a new quality rating system.²

1.6 The Early Years Quality Fund is designed to support the implementation of the NQF by helping long day care centres to offer higher wages to their employees. The Fund would provide \$300 million over two years to assist early childhood services to attract and retain qualified staff in the sector and reduce the number of staff choosing to leave.

1.7 In particular, the Fund would enable grants to early childhood centres to supplement wage increases for staff providing early childhood education and care. Child care centres would be required to enter into a Funding Agreement which

1 *Journals of the Senate*, 2013, p. 3929.

2 The Hon. Peter Garrett, Minister for School Education, Early Childhood and Youth, *House of Representatives Hansard*, 30 May 2013, p. 1.

outlines the conditions of the grant, including a requirement to use the funding for wage increases or other approved purposes.³

Key provisions of the bill

1.8 The bill is short, containing only seven clauses in total. The Objects clause provides that:

The object of this Act is to improve quality outcomes for children in early childhood education and care services by enhancing professionalism in the early childhood education and care sector, including through improved attraction and retention of a skilled and professional workforce.⁴

1.9 The bill would establish the Fund as a Special Account under section 21 of the *Financial Management and Accountability Act 1997*. The purpose of the fund is to:

...provide funding to approved centre based long day care services, to be used exclusively for paying remuneration, and other employment-related costs and expenses, in relation to employees in the early childhood education and care sector.⁵

1.10 The bill would commence on 1 July 2013, at which time \$135 million would be credited to the Special Account. The remaining \$165 million would be credited on 1 July 2014.⁶

1.11 Only an 'approved centre based long day care service' may receive money from the Fund. This term is defined in the *A New Tax System (Family Assistance) (Administration) Act 1999*. The obligations relating to approval of a centre based long day care service are described in Part 8, Division 1 of this Act.⁷ The criteria includes the suitability of ownership and staff to operate a child care service; approval under local law to operate; at least 48 weeks operation a year; and minimum opening hours of at least 8 continuous hours each day of operation.⁸

1.12 The bill does not specify any further eligibility requirements. The eligibility criteria and assessment process for grants will be outlined in Program Guidelines.⁹

3 Explanatory Memorandum, Early Years Quality Fund Special Account Bill 2013, pp 2–3.

4 Early Years Quality Fund Special Account Bill 2013, clause 3.

5 Early Years Quality Fund Special Account Bill 2013, clause 7.

6 Early Years Quality Fund Special Account Bill 2013, clause 6.

7 *A New Tax System (Family Assistance) (Administration) Act 1999*, Part 8, Division 1.

8 Department of Education, Employment and Workplace Relations, *Submission 15*, p. 6.

9 Explanatory Memorandum, Early years Quality Fund Special Account Bill 2013, p. 5.

Compatibility with human rights

1.13 The Explanatory Memorandum contains a Statement of Compatibility with Human Rights. The bill engages the rights to work and rights in work, the rights of the child and the right to education.¹⁰ The statement maintains that the bill is compatible with human rights and freedoms as stated in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.¹¹ The Parliamentary Joint Standing Committee on Human Rights had not considered the bill at the time of tabling this report.

Acknowledgement

1.14 The committee thanks those individuals and organisations who contributed to the inquiry by preparing written submissions and giving evidence at the hearing.

Notes on references

1.15 References in this report to the *Hansard* for the public hearing are to the *Proof Hansard*. Please note that page numbers may vary between the proof and official transcripts.

10 The rights arise, respectively, from the following conventions: *International Covenant on Economic, Social and Cultural Rights*; *Convention on the Rights of the Child*; and *International Covenant on Economic, Social and Cultural Rights*.

11 Early Years Quality Fund Special Account Bill 2013, *Explanatory Memorandum*, p. 5.