

# COALITION SENATORS' DISSENTING REPORT

## Background to the inquiry

1.1 The issues of access to high quality and affordable child care are of serious concern to all members of the Australian community. It requires a holistic thorough inquiry, at arm's length from government, to facilitate significant long term recommendations to ensure meaningful and significant reform. This would provide greater benefit to the early childhood education and care (ECEC) sector, families and the wider community.

1.2 The Productivity Commission (PC) inquiry is the first time an ECEC sector-wide review has been undertaken, and will provide a holistic view of the challenges facing the sector. Coalition senators are confident the PC inquiry will result in significant long term recommendations and eagerly await the final report.

1.3 Senate committees are not political footballs. They have scarce resources that should be employed to produce substantial, high quality reports based on extensive and comprehensive evidence gathering. Senate reports should be reputable, with high quality reference material that everyone in the policy arena can access with confidence.

## 2014–15 Budget and Universal Access

1.4 Coalition senators note the statements made by the Honourable Sussan Ley MP, Assistant Minister for Education, in the House of Representatives:

When you consider that childcare fees skyrocketed 53 per cent under Labor and out-of-pocket costs increased by up to 40 per cent for families in Labor's last four years, it is abundantly clear that the current situation is unsustainable for families and for government, making it critically important that we shape new policy for the next generation.<sup>1</sup>

1.5 Coalition senators note the ECEC system must be economically sustainable for families, service providers and the government and must aim to support child care needs in order to support workforce participation (particularly that of women) as well as the care and early learning needs of children.

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1 The Honourable Sussan Ley, Assistant Minister for Education, *House of Representatives Hansard*, Wednesday 25 June 2014, p. 12.

1.6 Many witnesses noted the benefits of UA were clear to both service providers and families. Ms Martens an ECEC provider, stated:

I think we are seeing benefit. Obviously it is hard to measure individual outcomes for families, but benefits for families in terms of being able to go back into the workforce, if that is something they are wanting to do. It is another option, to be able to attend a sessional kinder for their children rather than only having the day care option.<sup>2</sup>

1.7 Given the rapid increase in fees and government outlays and ongoing issues of access and affordability, it is clear a holistic review of the entire system, with a view to sustainability, is required. This would encourage workforce participation and the development of new policy settings that meet the needs of the modern workforce. This is a preferable approach, unlike 'tinkering at the edges', which results in increasingly complex arrangements for families and service providers, and adds to overall costs.

1.8 Australian Research Alliance for Children and Youth expressed its support for Australia taking a more holistic approach to childcare, through the provision of universal access (UA):

We know from all the research that the earlier you catch developmental delays or issues, the better it is for the outcomes for that family and for that child. I think that sort of holistic approach assumes that such problems and issues are going to be caught early, which will then lighten the load.<sup>3</sup>

1.9 Further, evidence was received that argued the ECEC sector needs to be encouraged to offer flexibility to meet the modern workplace of the twenty first century, as opposed to the 9am – 5pm routine of last century. The sector needs to recognise the role of weekend and shift work for the modern Australian workforce, and adapt accordingly. Australian Community Children's Services noted that flexible child care arrangements were available, but only in limited areas due to costs of providing services. They argued:

There have been centres in Victoria...that have tried 24-hour care and education. But they have not lasted long; the costs have been too high because of salary costs. They have ended up cutting back to maybe a 10 pm finish or something like that.<sup>4</sup>

1.10 This also includes adaptation of early education and care models to suit the different needs of families, including Family Day Care, Long Day Care, Outside School Hours Care and in-home care.

Outside of our hours of operation, there would be unmet demand—people who might need day care outside of eight to five, Monday to Friday...

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2 Ms Leonie Kate Martens, Family and Children's Services, Baw Baw Shire Council, *Proof Committee Hansard*, 21 May 2014, p. 18.

3 Ms Anne Waddoups, Senior Research Manager, Australia Research Alliance for Children and Youth, *Proof Committee Hansard*, 22 May 2014, p. 17.

4 Dr Anne Kennedy, National Secretary, Australian Community Children's Services, *Proof Committee Hansard*, 21 May 2014, p. 10.

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There are also people who might work casually and want to get casual hours but, because they do not have enough to get a full position, they miss out.<sup>5</sup>

1.11 This is further evidence of the gap of service provision in the ECEC sector. It demonstrates the current difficulties faced by parents and carers who are endeavouring to return to the workforce.

1.12 Coalition Senators are confident that the PC inquiry will address these concerns in its final report, and provide significant recommendations to address the shortage of appropriate child care services in these circumstances.

### **Child Care Assistance**

1.13 Coalition senators recognise that the child care assistance payments system is overly complex and could be simplified for the benefit of both parents and child care services.

1.14 Coalition senators note the government's increased overall investment in both the Child Care Benefit (CCB) and Child Care Rebate (CCR) to \$28.5 billion over four years from the 2014–15 Budget.<sup>6</sup> While this is a significant contribution, it is important to recognise the government's awareness of the rapid growth in child care outlays, and the need to ensure a sustainable system for the future.<sup>7</sup>

1.15 The government is committed to maintaining CCB eligibility thresholds for three years, saving \$230 million over years.<sup>8</sup> Further, the \$7500 annual cap on the CCR will be maintained for an additional three years starting 1 July 2014, a saving of \$105.8 million over three years.<sup>9</sup>

### **Jobs and Education Training Child Care Fee Assistance (JETCCFA)**

1.16 The JETCCFA programme currently has no limits to what parents on income support payments can claim for their child care leaving it open for abuse. Given this cost is covered by taxpayers; Coalition senators see opportunity for greater accountability and targeting of taxpayer funds.

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5 Ms Rebecca Ryan, Chairperson, Management Committee, Merredin and Districts Childcare and Play School (MADCAPS), Proof Committee Hansard, 22 May 2014, p. 29.

6 The Honourable Sussan Ley MP, Assistant Minister for Education, *House of Representatives Hansard*, Wednesday 25 June 2014, p. 12.

7 The Honourable Sussan Ley MP, Assistant Minister for Education, *Labor rewrites their tattered child care legacy*, <http://sussanley.com/labor-rewrites-their-tattered-child-care-legacy/> (accessed 8 July 2014).

8 The Honourable Sussan Ley MP, Assistant Minister for Education, *House of Representatives Hansard*, Wednesday 25 June 2014, p. 12.

9 Ms Pearce Ms Margaret Pearce, Group Manager, Early Childhood Education and Care, Early Childhood Care Support, Senate Education and Employment Committee 2014–15 Budget Estimates, *Proof Committee Hansard*, 4 June 2014, p. 41.

1.17 The proposed changes to JETCCFA will commence from 1 January 2015, including a maximum \$8 hourly cap for JETCCFA payments (after the CCB) and a 36 hour weekly limit per child for JETCCFA payments to recipients undertaking study.<sup>10</sup>

1.18 Given that average JETCCFA child care hours used by families is 24 hours per week,<sup>11</sup> the 36 hours allowed for parents accessing JETCCFA is more than sufficient. Coalition senators believed this approach is fair, sensible and sustainable and therefore meets community expectation.

### **Community Support Program**

1.19 Coalition senators note the intent of the Community Support Program (CSP Scheme) to provide additional financial assistance to services in areas where they would otherwise be economically unviable. The Auditor-General noted the CSP scheme as aiming to focus support in areas where the market would otherwise be unviable:

In 2011-12, under the CSP, DEEWR [the former Department of Education, Employment and Workplace Relations] provided a total of \$104 million to help providers establish and/or operate over 1700 formal child care services. The child care service providers interviewed by the ANAO emphasised the importance of CSP funding to their ongoing provision of quality child care services to communities.<sup>12</sup>

1.20 The Auditor General was extremely critical of the delivery of the CSP to service providers, noting the Department of Education (department) had not evaluated the effectiveness of the program's design in improving access to child care since it assumed the program in 2007.<sup>13</sup>

1.21 The report noted:

In this context, the majority of CSP funding to formal child care for 2011-12 (approximately 71 per cent) was allocated to support the sustainability of one type of child care—[Family Day Care], which accounts for approximately 10 per cent of all children in formal care. In contrast, 21 per cent of CSP funding was allocated to the two main types of care – [Long

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10 Ms Jackie Wilson, Deputy Secretary, Early Childhood Education and Care, Department of Education, *Proof Committee Hansard*, 22 May 2014, p. 4.

11 Ms Lisa Paul AO PSM, Secretary, Department of Education, Senate Education and Employment Committee 2014–15 Budget Estimates, *Proof Committee Hansard*, 4 June 2014, p. 48.

12 Australian National Audit Office, *Improving Access to Child Care—the Community Support Program*: Department of Education, Employment and Workplace Relations, Performance Audit Report No. 7 2012–13, p. 15.

13 Australian National Audit Office, *Improving Access to Child Care—the Community Support Program*: Department of Education, Employment and Workplace Relations, Performance Audit Report No. 7 2012–13, p. 15.

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Day Care and Outside School Hours Care], which account for approximately 90 per cent of all children in formal care.<sup>14</sup>

1.22 Coalition senators support the government's policy to strengthen the accountability of the CSP scheme, and to ensure that it continues in a fair, sustainable and transparent manner.

### **National Partnership agreement on Universal Access**

1.23 The National Partnership agreement, agreed between the previous government and all states and territories, provides further funding for universal access for four year olds until 31 December 2014.<sup>15</sup> One requirement for the National Partnership (NP) was for a review to be completed by 30 June 2014 to enable a decision regarding the NP's future before the end of 2014.<sup>16</sup>

1.24 The purpose of the NP review is to assess the degree to which the original objectives, outcomes and outputs of the NP have been achieved.<sup>17</sup> This review is currently underway, and Coalition senators are confident that a decision with respect to the NP will be made with reference to the best outcome for Australian children and their families.

1.25 The department provided evidence that detailed the purpose of the review was to determine the UA agreement's efficiency and effectiveness. Given the agreement related to the expenditure of \$1.6 billion of Commonwealth money:<sup>18</sup>

The purpose of the review is to look at the whole thing, not just the last \$650 million over the last 18 months but back over the whole thing. It will also identify what have been effective models of service delivery and what have been the pros and cons of different service delivery models. It is the first significant assessment of the investments in universal access.<sup>19</sup>

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14 Australian National Audit Office, *Improving Access to Child Care—the Community Support Program*: Department of Education, Employment and Workplace Relations, Performance Audit Report No. 7 2012–13, p. 15.

15 Department of Education, *National Partnership Agreement on Universal Access to Early Childhood Education*, <http://education.gov.au/national-partnership-agreement-universal-access-early-childhood-education> (accessed 8 July 2014).

16 Department of Education, *National Partnership Agreement on Universal Access to Early Childhood Education*, <http://education.gov.au/national-partnership-agreement-universal-access-early-childhood-education> (accessed 8 July 2014).

17 Department of Education, *National Partnership Agreement on Universal Access to Early Childhood Education*, <http://education.gov.au/national-partnership-agreement-universal-access-early-childhood-education> (accessed 8 July 2014).

18 Ms Jackie Wilson, Deputy Secretary, Early Childhood Education and Care, Department of Education, *Proof Committee Hansard*, 22 May 2014, p. 4.

19 Ms Jackie Wilson, Deputy Secretary, Early Childhood Education and Care, Department of Education, *Proof Committee Hansard*, 22 May 2014, p. 4.

1.26 Further, Coalition senators also note the allocation in the contingency reserve of funding to extend the UA agreement beyond 31 December 2014.<sup>20</sup> The department submitted:

The process for consideration of future government commitments is subject to the review—and the minister has made that very clear. The [not for publication] in the budget papers basically says that it is subject to the outcome of the review and the negotiations that will need to take place.<sup>21</sup>

1.27 Coalition senators note there was no commitment by the previous government to fund the NP from 31 December 2014, and find imputations of the future of the UA agreement by other senators to be misleading and unhelpful.

1.28 Coalition senators agree that the UA agreement should be reviewed, and note the review was promised by the previous Labor government as part of the implementation of the agreement. Further, Coalition senators find it unhelpful to impugn the review, especially given the importance of funding UA in a sustainable and appropriate budgetary framework.

## **Conclusion**

1.29 Coalition senators thank all witnesses and submitters to both ECEC inquiries. As detailed above, the Coalition remains committed to ensuring, through the rigorous and independent inquiry being undertaken by the Productivity Commission, for significant and meaningful reform of the ECEC sector.

1.30 Coalition senators suggest that no further action should be taken with respect to the NQF and UA agreement until the reports of the Productivity Commission have been finalised and released for discussion.

**Senator Bridget McKenzie**  
**Deputy Chair, References**

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20 Ms Jackie Wilson, Deputy Secretary, Early Childhood Education and Care, Department of Education, *Proof Committee Hansard*, 22 May 2014, p. 8.

21 Ms Jackie Wilson, Deputy Secretary, Early Childhood Education and Care, Department of Education, *Proof Committee Hansard*, 22 May 2014, pp 7–8.