

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20-21 November 2013

Question: SBT 904-908

Topic: Review into Childcare

Written: 28 November 2013

Senator PRATT asked:

904. The Economics and Legislation Committee heard on 20 November 2013, in relation to the review into child care:

Senator Pratt: No funds have been put aside?

Mr Harris: No specific funding arrangements have been provided beyond the normal budget of the Productivity Commission.

Is this consistent with the Government's election commitment that \$2 million would be provided to the Commission for the completion of the review?

905. What will the Commission's review of child care cost overall, taking into account corporate, overhead, staff, travel and consultation expenses?

906. Since the Commission produced a report into the Early Childhood Workforce, has the fundamental nature of the sector, or the Australians who use child care services, substantially changed? If so, please specify exactly what changes have occurred and when?

907. The Economics and Legislation Committee heard on 20 November 2013, in relation to the review into child care:

Mr Harris: Historically we do tend to follow a long-term pattern of advice to governments, that would be true.

The Commission's previous report on the early childhood workforce recommended increased targeting of child care assistance, through measures including means-testing (p50).

Taking Mr Harris' statement, and the recommendations of the child care workforce review into account; can it be expected that the Commission will provide consistent advice to governments by again recommending means-testing child care assistance if the fundamental nature of the sector, and the Australians who use child care services, have not substantially changed since the early childhood workforce report?

908. Will the Commission's review into child care place an economic value on the educational benefits of best-practice quality early childhood education? If not, why has the commission chosen to identify and quantify these impacts? And if so, what methodology will be used to value these benefits?

Answer:

904. As noted by Mr Harris, no specific funding beyond the normal budget arrangements has been received by the Productivity Commission to undertake the inquiry into Childcare and Early Childhood Learning. This is normal practice and the Commission's budget allocation is used across all the inquiries and research which it undertakes for Government.

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905. The main cost of inquiries is staff costs. The overall cost of the inquiry into Childcare and Early Childhood Learning will be highly dependent on the staff allocated to the inquiry and the extent of consultation found to be necessary before and after the inquiry draft report. Resource deployment throughout the course of an inquiry is highly flexible depending on the work load of each inquiry or study that the Commission has at any point in time. The final cost of the Childcare and Early Childhood Learning inquiry will be published in the Commission's annual report after completion of the inquiry. Other inquiries undertaken by the Commission in recent years that are of a similarly broad scope (Caring for Older Australians; Early Childhood Development Workforce; and Disability Care and Support) had a final overall cost in the range of \$1.9 to \$2.7 million.
906. An assessment of any changes to the nature of the early childhood education and care sector and the families using these services, will be made as part of the inquiry process. The Commission's conclusions on the nature of any changes will be included in the inquiry report to Government.
907. The Commission's 2011 report on the Early Childhood Development Workforce recommended (on page 50) that to ensure cost increases do not reduce access to ECEC services by low income families, governments should consider alternative structures for childcare subsidies that improve the targeting of childcare assistance.
- The terms of reference for the current inquiry on childcare and early learning directs the Commission to consider a broad range of measures, including subsidies, rebates and tax deductions, to improve the accessibility, flexibility and affordability of childcare for families facing diverse individual circumstances. Accordingly, the Commission will review the nature of the sector and determine the most appropriate set of measures for governments to implement in the future.
908. The Commission will determine as part of its inquiry process the extent to which various aspects of early childhood education and care will be quantified and if so, the means by which this will be done.