

Childcare and Early Childhood Learning - the Productivity Commission Inquiry

By Frankie Rodney

In November 2013, the Federal Government requested that the Productivity Commission of Australia undertake an Inquiry into Childcare and Early Childhood Learning.

The final report was submitted to Parliament on October 31, 2014 but has yet to be released to the public. The draft report, which was released in July, held some interesting findings.

The Inquiry was expected to report on and make recommendations about aspects of childcare and early childhood learning, such as the 'current and future need for childcare in Australia, including consideration of the following':

- Hours parents work or study, or wish to work or study;
- The particular needs of rural, regional and remote parents, as well as shift workers;
- Accessibility of affordable care;
- Types of childcare available;
- The role and potential for employer provided childcare;
- Usual hours of operation of each type of care;
- The out of pocket cost of childcare to families;
- Rebates and subsidies available for each type of care; and
- The needs of vulnerable or at risk children.

The current situation

The Inquiry found that Early Childhood Education and Care (ECEC), both formal and informal, is vital to children's early development. There are 3.8 million children under the age of 12 in Australia, and almost all of them have undertaken some form of ECEC. Around half use ECEC as one of their usual forms of care. Parental-only care is the usual form of care for just over 40 per cent of Australia's children.

Formal ECEC includes long day care, family day care, before and after school care (OSHC) and preschool. Informal ECEC refers to care provided by nannies, au pairs, relatives and private crèches. Formal ECEC is regulated and consists of around 16,000 services across the country. Informal ECEC is largely unregulated and as such the numbers are unknown.

Mothers with children under the age of 15 have a work participation rate of 66 per cent, which is up 9 per cent in the last 20 years. The employment rate of mothers in Australia, though, is below the OECD average.

A large issue in relation to workforce participation is the difficulty many families have finding affordable and accessible childcare.



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The Commission estimates roughly 165,000 parents could be added to the fulltime workforce if these problems were addressed. Nearly one in four parents not working or working part-time reported being unable to work due to unmet need for childcare. Availability of suitable ECEC is particularly an issue for families which work shift work, on call, or irregular hours.

There is a significant disincentive at play discouraging the secondary income earner in Australian families from working more than 3 days a week. Once factors such as tax rates, cost of childcare and reduction in Family Assistance are taken into consideration, there is often zero financial benefit to returning to work full time. Those that do so generally do it for private benefits, such as maintaining a connection to the workforce.

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The Commission found strong support for the National Quality Framework (NQF) in the ECEC sector despite the difficulties associated with its implementation; however some changes are needed in order to 'reduce costs without compromising quality'.

Recommendations

The Productivity Commission's draft report made a number of recommendations, in relation to ECEC services, preschool, OSHC, the NQF, and other issues.

ECEC Services

The recommendations relating to ECEC services focussed on improving accessibility, flexibility and affordability.

One such recommendation was that the government should combine the various funding streams which currently exist for parents using ECEC services, into one child-based subsidy. Doing so would arguably make the entire system easier to comprehend and navigate for both parents and services alike.

The report suggests that the subsidy should cover 100 hours of care per fortnight for children of families that meet an activity test, but that non-parent primary carers, parents who are receiving a disability support pension and children deemed 'at risk' should be exempt from the activity test. It is also suggested that the subsidy be paid directly to the care provider.

Nannies are not currently an eligible service for which families can receive

government financial assistance, however under the suggested reforms, approved nannies would be eligible for ECEC assistance. They would need to meet National Quality Standards in order to qualify.

In regard to special needs children, three different programs are recommended:

- An additional subsidy to fund the extra cost of meeting care needs for children with additional needs;
- a program specifically to fund provision of care to disadvantaged communities (such as Indigenous children); and
- a program to provide one-off grants to services to build their capacity to provide care for children with additional needs.

Preschool

The Commission recommends that the Federal Government continue to fund the States to provide 15 hours per week of a preschool program, for 40 weeks in the year prior to commencing formal schooling.

It is also suggested that funding be incorporated into school funding in order to encourage the extension of school services to include preschool.

Following on from this idea, is the suggestion that dedicated preschools (as opposed to long day care centres with preschool programs) be removed from the scope of the National Quality Framework and be regulated under State and Territory education legislation. This would help to support the largely undisputed recognition of the importance of preschool education.

For those preschool programs provided by long day care services, funding should be provided by the Federal Government where it is not provided by the State or Territory government.

OSHC Services

The draft report recognises the importance of before and after school care programs provided by OSHC services, and makes a number of recommendations intended to strengthen these services.

One such recommendation is that state and territory governments direct their schools to take responsibility for organising the provision of an OSHC service for their students – including students in attached preschools – as long as there is enough demand for the service to be viable.

In order for preschool children to access OSHC, the Commission recommends that the Federal Government remove the



requirement within the Child Care Benefit for children attending OSHC to be of school age.

National Quality Framework

Firstly, the report recommends that the NQF be extended to cover all centre and home based services that receive government assistance – why this is not already the case, is questionable.

Further, it is suggested that the Standards be tailored to suit different ECEC services. What is reasonable for a long day care service may be burdensome for a small OSHC service, for example.

The Commission recommends that the NQF should be simplified by identifying

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all elements which can be altered or removed without threatening quality outcomes for children – quite a big ask!

They suggest changes such as amending requirements for educators in centre-based services; and removing the requirement for persons with early childhood teacher qualifications to have practical experience.

The report also suggests an urgent reconsideration of the assessment and ratings system, particularly in aid of increasing the rate of assessment.

We look to early 2015 for the release of the final report which has already been submitted to Parliament, and with interest, to the response of the Australian Government. ■