



The Coalition's Policy for Better Child Care and Early Learning

September 2013

Key Points

The Coalition believes Australian families deserve greater choice when it comes to child care.

Our child care system should be responsive to the needs of today's families and today's economy, not the five-day 9am-5pm working week of last century.

We will, as a priority, task the Productivity Commission with an inquiry into how the child care system can be made more flexible, affordable and accessible.

While the Coalition supports the National Quality Framework in principle, we are concerned by reports from child care centres and parents that its implementation is causing administrative and staffing problems, which are passed on as cost increases for families.

We will work closely with the States and Territories, as well as the child care sector, to find practical ways to improve the implementation of the reforms.

Our approach will ease the financial burden placed on child care centres and families, without compromising the standard of care that must be provided.

The Coalition is committed to reinstating the funding for Occasional Care that was slashed by Labor.

The Coalition wants to ensure that Australia has a system that provides a safe, nurturing environment for children, but which also meets the working needs of families.



Introduction

The Coalition understands that many families are struggling to find high quality child care that is flexible and affordable enough to meet their needs.

According to ABS data, nearly 120,000 Australian parents say they can't access employment because they can't find suitable child care.

ABS data shows that child care costs to parents have increased by 27 per cent over the past three years.

While State and Territory governments are responsible for the regulation and oversight of child care centres, the Commonwealth provides the majority of funding support.

The Coalition strongly supports Commonwealth support for child care, but we must ensure the system of support reflects the needs of today's families and today's economy.

We will, as a priority, task the Productivity Commission with an inquiry into how the child care system can be made more flexible, affordable and accessible.

Similarly, while the Coalition supports the National Quality Framework in principle, we are concerned by reports from centres and parents that its implementation is causing administrative and staffing problems for centres, with resulting costs being passed on to parents.

The Coalition will work closely with the States and Territories, as well as the child care sector, to find practical ways to improve the implementation of the reforms and to ease the financial burden they are placing on centres and parents, without compromising the standard of care that must be provided.

Australian families need a system that is not only affordable, but ensures people can work flexible hours whilst knowing that their children are receiving high quality child care.



The Plan

1. Task the Productivity Commission with an Inquiry into Child Care

The Coalition will, as a priority, task the Productivity Commission with an inquiry into how the child care system can be made more flexible, affordable and accessible.

The Productivity Commission will report within 12 months of the election.

In undertaking the inquiry, the Productivity Commission will use evidence from Australia and overseas to report on, and make recommendations, regarding the following:

- the contribution that access to affordable, high quality child care can make to increased participation in the workforce, particularly for women, and optimising children's learning and development;
- the current and future need for child care in Australia;
- specific models of care that could be considered for trial or implementation in Australia, with consideration given to international models, such as the home-based care model in New Zealand and models that specifically target vulnerable or at risk children;
- options, within the existing funding envelope, for enhancing the choices available to Australian families as to how they receive child care support;
- the benefits and impacts of regulatory changes in child care over the past decade;
- whether the implementation of the National Quality Framework has achieved its stated purpose and any other impacts; and
- options to better stimulate employer provided child care services.

2. Reduce Red Tape and Improve Implementation of the National Quality Framework

The Coalition supports the National Quality Framework in principle, but we are concerned by reports from child care centres and parents that its implementation is causing administrative and staffing problems for child care centres, with consequent cost increases for families.

We will work 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 child care that must be provided.



This will coincide with a review of the 2,000 pages of regulations, reporting requirements and related guidelines that the child care sector operates under (including 700 pages introduced by the Rudd-Gillard Government).

The Coalition will ensure there is a more streamlined approach so carers can spend less time doing paperwork and more time with children.

Working with the States and Territories, the issues to be immediately addressed include:

a. Staffing ratios

Of particular concern to child care providers is the introduction of higher staff to child ratios imposed by the National Quality Framework.

While the benefits of having fewer children per carer are obvious, the implementation schedule for the new ratios has led to drastic cost increases. These cost increases are passed on to parents and reduce the capacity of child care centres. At a time when parents are struggling with child care affordability and accessibility, these outcomes are hardly desirable.

The Coalition will work with State and Territory governments to review the implementation of staff to child ratios to assess whether their implementation can be slowed to give the sector enough time to absorb the changes and ensure continuity of service.

Family Day Care is particularly affected by the changes to ratios introduced under the National Quality Framework, with some services at risk of closure. The introduction date varies by State and Territory – for example, 2014 will see New South Wales transition from a 1:5 ratio to a 1:4 ratio for preschool children.

Family Day Care providers report that this ratio change and subsequent 20 per cent drop in gross income will result in an up to 50 per cent drop in the income of Family Day Care providers. This is because typically the fees for three children cover the costs of providing care and the income from the fourth and fifth children generates the profit.

Additionally, many Family Day Carers have very long waiting lists. The change to ratios will reduce the likelihood of parents finding child care places for their children.

The Coalition will work with the States and Territories to look at options to reduce barriers to the provision of Family Day Care. For example, where carers have been running a Family Day Care service without serious incident for five years, the Coalition proposes enabling these providers to maintain their current 1:5 ratio.

If agreed with the States and Territories, new entrants to the Family Day Care sector will have a ratio of 1:4. However, if after five years, no serious incident has been recorded, then they would be entitled to take on an additional child.



Similarly, the new ratios could be phased in over time to ensure that parents with children currently in Family Day Care do not lose the places they have, which is a concern to parents, especially those in rural and regional areas.

b. Qualification requirements for child care workers

The National Quality Framework imposes stringent new qualification requirements on child care educators. Accordingly, in each centre, half of all staff will be required to have, or be working toward, a diploma level qualification and the other half required to have, or be working toward, a Certificate III level qualification by 1 January 2014.

Centres with 25 or more children will be required to have at least one qualified early childhood teacher (ECT). This raises a number of challenges for child care providers including:

- the sector is at risk of losing many highly skilled and experienced child care workers, who have years of experience in the sector, to other industries because they don't want to undergo burdensome and unnecessary training to formally recognise skills they already have;
- there is a lack of qualified staff available (for example, shortfalls are currently estimated at around 800 ECTs in Victoria alone);
- the cost of hiring qualified staff is higher, particularly ECTs, because many prefer the higher pay and the holiday and work conditions offered by the school sector;
- the quality of child care courses on offer is of concern to the child care sector; and
- many centres do not have access to relief workers, so backfilling jobs when staff are on study leave is problematic in such a rigid system.

The reality is that there is already a chronic shortfall of qualified staff and numerous exemptions will need to be granted in order for child care businesses to remain open.

Given the concerns of the child care sector, the Coalition supports a review of child care qualifications. We will seek the cooperation of the States and Territories to pause the requirement that all staff should be qualified until the Australian Children's Education Quality and Care Authority has undertaken a full review of early childhood qualifications.

Given the shortage of ECTs, the Coalition believes that it makes sense to put on hold the requirement for centres with more than 25 children to employ an ECT. We will delay this requirement until a full review has been undertaken, and in the meantime look at possible ways to encourage more people, particularly in rural and regional areas where shortages are most noticeable, to study early childhood teaching.

However, as these requirements have been enacted at the state level, we will need to work with State and Territory governments to achieve this objective.



c. Outside school hours care

Outside school hours care has been included in the National Quality Framework's scope, despite the purpose of the reforms being to improve early childhood education and care (birth to eight years of age).

Outside school hours care has been the fastest growing type of care in the past decade, yet providers are now struggling to stay open as they have to comply with the National Quality Framework. Providers are particularly concerned that they will not be able to find staff with early childhood teaching qualifications as they will be competing directly with the long day care sector.

The Coalition will work with the States and Territories to better customise the inclusion of outside school hours care in the scope of the National Quality Framework so that schools and other providers will be in a position to continue to offer this crucial service, whilst ensuring it is appropriately regulated. Outside school hours care will also be an important consideration of the Productivity Commission's inquiry into child care.

3. Restore Funding to Occasional Care

The Coalition will reinstate the funding for Occasional Care Child Care slashed by the Labor Government where State and Territory governments commit to meeting 45 per cent of the cost (as per the previous arrangement).

Occasional Care provides a vital service for many families who need emergency or late notice care. The cut in funding has hit rural and regional areas particularly hard, where occasional care is often needed due to seasonal work such as harvesting and shearing.

4. Greater Industry Advice and Consultation

The Coalition will establish an industry advisory council for the child care sector. The council will be co-chaired by a respected industry expert and leader, as well as by the Minister.

The advisory council will provide informative consultation and recommendations on proposed legislation or policies affecting the child care sector. It will convene at least once every six months and the Minister will be required to attend at least two meetings of the council each year.

The Coalition is committed to informed, consultative decision-making. We will be a government that stands by our decisions – there will be no surprises and no broken promises.



5. Review the Early Years Quality Fund

The Early Years Quality Fund (EYQF) was established in response to an ongoing union campaign seeking wage rises for the child care workforce.

Instead of lodging a wage increase claim with the Fair Work Commission industrial umpire, unions and Labor agreed to establish the EYQF as a pool of money from which selected child care centres could draw on to provide a wage increase.

There are several key problems with the EYQF, including:

- only a maximum of 30 per cent of employees appear able to receive any increase;
- centres were forced to sign an enterprise agreement to receive any money;
- the fund only lasts for two years and then it runs out, leaving centre owners to pick up the ongoing wages bill by increasing costs for parents;
- unions have been accused of telling child care workers that they cannot receive an increase unless they sign up to be union members;
- the fund pre-empts any decision of the Fair Work Commission (that Labor itself established) to determine fair pay and conditions for workers; and
- some educators miss out entirely, causing inequity and division between staff and centres.

The Coalition acknowledges the concerns of much of the child care sector about the inequity of the EYQF.

The Fair Work Commission industrial umpire should remain in charge of setting wages for workers, not government under pressure from unions.

We understand that increased professionalism in the workforce is a rational basis for approaching the Fair Work Commission for a review.

The Coalition will undertake a ministerial review of the EYQF establishment process and its operation. The review will examine the EYQF implementation process; in particular, allegations about the fund being established as a vehicle to boost union membership.

If elected, the Coalition will honour funds contracted from the EYQF but no further expenditure will be approved. Any increase to the salaries of child care employees will be a matter for the Fair Work Commission and their employers. However, all remaining funds in the EYQF will be retained in the child care portfolio.



The Choice

Australians have a choice between Labor's approach to child care – which has been to increase costs to child care service providers and reduce support to parents – or a Coalition government that will take a more practical approach and work with States and Territories, as well as the child care sector, to help ensure child care can be more accessible and affordable.

Before the 2007 election, Labor promised Australian families it would make child care more affordable. Since coming to government, Labor has ignored increasing child care costs and serious shortages of qualified staff in the sector.

Before the 2007 election, Labor campaigned on a promise to “end the double drop off” by building an additional 260 child care and early childhood education centres on school sites and community land. But in April 2010 the Minister announced on the second page of a press release that 222 of the 260 centres would not be built – a clear broken promise to Australian families.

In the 2010-2011 Budget, Labor tried to remove indexation of the Child Care Rebate which would have increased childcare costs for parents by around \$300 per year for every child in care. They also attempted to cap the maximum Child Care Rebate claim for four years at a non-indexed \$7,500.

The Coalition blocked these measures in the House of Representatives and the Senate. However, with the support of the Greens, Labor managed to pass this legislation the second time around. Labor's changes decreased the Child Care Rebate from \$8,179 to \$7,500 and meant that parents receiving the maximum amount of the Child Care Rebate will be liable for around \$300 in additional child care costs per year for each child in care.

Labor's new National Quality Framework standards require substantial up-skilling and training of staff, as well as smaller child to staff ratios. But the cost impacts of these changes and the availability of qualified staff have been totally ignored by Labor.

The Coalition is concerned that parents all over the country are reassessing whether they can afford good quality childcare, or the number of days of care per week they use.

We understand that there is a direct relationship between affordable child care and the amount of hours parents – especially women – can work.

That's why the Coalition will, as a priority, task the Productivity Commission with an inquiry into how the child care system can be made more flexible, affordable and accessible. We will take immediate steps to ensure that the implementation of the National Quality Framework is more practical.



Cost

The Coalition's *Policy for Better Child Care and Early Learning* will commit \$2 million for the Productivity Commission to perform a major review of child care and to conclude this review within 12 months.

The Coalition will also restore the \$12.6 million of funding cuts carried out by Labor to Occasional Child Care. This restoration will be fully in place from 2014-15.



Hope.
Reward.
Opportunity.



THE NATIONALS *for Regional Australia*

For further details of the Coalition's Plan go to
www.realsolutions.org.au