



**ECSNL(Q)B
Submission No. 006**

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The Research Director
Industry, Education, Training and Industrial Relations Committee
Parliament House
George Street
Brisbane QLD 4000
Email: ietirc@parliament.qld.gov.au

30 September 2011

Dear Mr Shine,

Please find enclosed Childcare Queensland's submission for the Inquiry into the Education and Care Services National Law (Queensland) Bill 2011.

Childcare Queensland would welcome the opportunity to appear at the hearing to provide further information for consideration.

Yours sincerely

A handwritten signature in black ink that reads "Gwynn Bridge".

Gwynn Bridge
CEO – Childcare Queensland



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***Submission on considered effects of proposed National Regulation reform
September, 2011
Supporting Queensland children in their early years***

Research has proven that support for this important cohort of young Australians will reap enormous rewards - economic, familial and social for our country - now and long into the future.

This significant benefit is realised through sustained participation of women in the workforce and in producing confident, nurtured, educated and happy children able to participate in high quality care and early learning programs. If realised, the Government's initiative to provide all four year old children with 15 hours each week of preschool program, delivered by an Early Childhood Teacher, will prove to be of further value to our children and their families. We know these children are happier and are better equipped to handle the demands of formal education than their peers who have had no access to quality early learning programs as toddlers and pre-schoolers. This advantage follows them into their teens and beyond.

High quality early learning services underpin the workforce. Childcare Queensland supports the Governments' motives to continue to encourage the sector to provide superior care and early learning reforms. The deepening and ongoing concern of our members, childcare providers, remains for the families and their ability to maintain workforce participation whilst meeting increased costs that will be incurred as a result of the changes.

We have a number of key concerns with regards to the regulations and the COAG legislation. These include (but are not limited to):

- We know working families will not be able to meet the rising cost of childcare that these reforms will absolutely incur. We fear these families, already



struggling with the rising cost of living, will be unable to absorb the increases these reforms will impose per child. Some parents will drop out of the workforce, which will have resulting negative effects on the economy. Some parents will be forced into cheaper “backyard” (low quality care with no educational value) care. Whichever option these parents choose, it is contrary to the stated aims of the Government childcare agenda, and is detrimental to both the economy and the community.

- Children of non work related families must also be considered as vital members of our society and an important consideration when assessing the result of further costs being introduced.
- We are concerned about the perceived inconsistencies and contradictions a person without legal knowledge can read within the National Regulations themselves and again when read in concert with the Education and Care Service National Law. We understand that with effectively only a couple of months to go before these changes are proposed to commence, there are thousands of pages of regulations for each childcare centre manager to read, absorb, interpret, and then educate the entire childcare centre staff in every aspect of the law. This expectation is impossible to achieve, and is unrealistic to expect childcare staff – many with minimal formal tertiary training, to fully come to operating level grips with. This is made worse by the fact that the “final” regulations at this date still do not exist, however the draft regulations are full of penalties for any breach of the ‘proposed’ regulations. At present there is still no indication of when the “final” regulations will be published for all to access, and the farcical position is looming, where the regulations will be expected to be perfectly operated, but may not exist in final format. This means that the law may penalize a childcare worker for a breach of a law that still does not exist. It is estimated that at least two (2) years would be necessary from the date that the regulations become ‘final’ for the departmental officers, the childcare staff, the educational bodies, and the other relevant personnel, to become operationally familiar with the new requirements.

Notwithstanding this, we are committed to working with the Governments to ensure the policies to improve the quality of care and the qualifications of the staff caring for children is achieved without undue and unintended consequences for the very children the Government hopes to help.

We commit this submission for your consideration and we look forward to working with you on producing an optimal outcome for parents, children and taxpayers.

Regards

A handwritten signature in black ink that reads "Gwynn Bridge". The signature is written in a cursive style with a large, prominent 'G' and 'B'.

Gwynn Bridge,

CEO

Childcare Queensland

Childcare Queensland (CQ) is the peak Early Education and Care Association representing primarily the private long day care sector also including community sector members, publicly listed companies and independent churches. We represent over 750 long day care centres, their staff and the families of the children in their care. CQ actively conducts regular surveys of families, services and staff to ensure that we are abreast of all issues confronting education and care delivery. Childcare Queensland and our National Body the Australian Childcare Alliance also survey families to assess their current concerns and challenges as consumers in the care and early learning sector. Childcare Queensland is active in educating and mentoring our members and advocating on their behalf to both the State and Australian governments.

Childcare Queensland supports the ongoing continual improvement of quality provision of care and early learning to children; provides support and assistance to families and the community whilst ensuring that the sector remains viable in order to offer the best outcomes for all and at the same time, maintaining affordability for families. We fear these regulatory changes will significantly and negatively impact upon Australian society as working mothers flee the childcare sector and quit the workforce. Surveys are currently indicating that there are areas in Queensland where families are unable to gain employment or remain in employment resulting in their children being withdrawn from early learning programs. These regulations will further exacerbate this problem.

Our own research indicates that one in two parents will consider withdrawing their children from early learning programs if the Government does not offer compensation for the increased costs and if policy safeguards are not put in place immediately.

We believe that every child needs and has the right to an early education program prior to commencement of the first year of formal schooling. This position is supported by both state and federal governments.

With the proposed introduction on 1/1/2012 of the National Law and National Regulations our concerns are elevated for those involved in the sector encompassing several primary areas.

These areas are identified as:

1. **Affordability for families:** A survey of families reveals that household budgets are tight and under present circumstances there is little indication of future improvement. (National CAA Survey) 79.3% of parents of children attending long day child care centres say if these anticipated fee increases are realised they could **not afford** to have their child or children continue at their centre.

This is supported by the increasing fee arrears leading to service termination for children and bad debts being reported by services. Current trends show that families are now withdrawing children from services or reducing enrolment days across the state. We know that if these reforms are implemented that the labour supply of married mothers will decrease. The April 2010 Treasury Department's Working Paper states that *"in contrast with previous Australian estimates, the cost of childcare does have a statistically significant and negative effect on the labour supply of married mothers. This finding supports policy that reduces the costs of childcare to encourage maternal labour supply." On average, a gross price increase of 1% would be expected to reduce the hours worked by married mothers with young children to decrease by 0.7% and the employment rate of these mothers would decline by 0.3%.*

Services have been reporting for some time that they are not seeing enrolments from lower socio economic and disadvantaged families and CQ and the Productivity Commission believe that more families will be forced into informal care or out of care altogether as costs increase. Fees in the Queensland sector are equal to the lowest in Australia with a service in Salisbury in Brisbane reporting fees of \$54.00 per day. Around \$62.00 per day would be average.

At our recent State conference we had a centre held up as a "beacon" for meeting all National Standards and charging fees of \$77.00 per day. Every Queensland centre would be providing a similar service if fees could be increased by \$15.00 per day to \$77.00 (under current regulations). An independent evaluation carried out by Urban Economics indicates that the average increase to Queensland Centres under the proposed National Regulations will be \$13.00 per place per day. This increase will be passed on to families in the form of increased fees.

2. **The current state of the economy in Queensland:** Primary influence is increased cost of living followed by recent natural disasters with effects now filtering through to all areas, evidenced by a downturn in employment. We understand that mortgage stress is highest in

Queensland at the current time. Services are also reporting a higher than usual level of family violence due to financial hardship and this will certainly destroy the social fabric of our communities and impede the future of our youngest Australians.

Childcare Queensland members have identified that children of low socio economic families are less likely to be attending any early educational program including the Kindergarten program. Not to be forgotten nor minimised for their value to the community, are the non-work related parents and their children. Already many of these children are unable to attend an early learning and care program because the costs are out of their reach. With the increased costs estimated on the implementation of these regulations, these children will never be given the opportunity to socialize and learn as the children of those who can manage to pay the costs for their children to attend an early learning and care program do.

Services are stretched financially when they accept a child with high support needs as the Australian Government funding for these children is at least \$12.00 per hour less than the current wage rate. Many centres are weighing up the cost of inclusion of these children, coupled with the extra financial strain that the National Regulations Reform will place on their staffing costs.

Each Queensland child's present and future status must be considered before the adoption of these regulations. Queensland families are not ready to pay anything more for early education and care and their children ultimately will be disadvantaged. Families who do not meet the work requirements to receive any Child Care Rebate are further disadvantaged with less financial rebate available.

3. **Staffing requirements** – Professional Development of the sector; higher wages due to higher qualifications; increased staff numbers; need for all services over 25 places to employ one or more 4 year trained early childhood teachers and added requirements for an early childhood teacher some of the time with centres fewer than 25 places. Costs associated with these additional requirements will ultimately be passed on to families.

Importantly, we need a workforce that is well trained and chooses to work within the early education sector. Childcare Queensland currently understands the difficulty that Queensland services with approval to

operate a Kindergarten program are having in recruiting suitably qualified early childhood teacher. Whilst we are optimistic that the statistics show that there are teachers who are not currently in the workforce we are not convinced that these teachers will suddenly present for work in the sector. Legislation should not be implemented if there is no assurance that the sector can meet that legislation. With the shortage of qualified educators this is expected to be the position, a service may apply for a “waiver” however at the last known position of the national regulations a service with a waiver does not meet national standards.

4. ***Loss of licensed capacity:*** From a survey of members, CQ estimates a loss of 6 places per day or 30 places per week per centre. For the sector that is an estimated loss of licensed capacity of say 1,400 long day care centres representing 42,000 places per week. This in turn will cause banks to call for valuations as value of services fall below borrowing ratios. To ensure viability, the cost of these licence losses will be passed on to families in the form of increased fees.

5. ***Readiness of the sector to embrace the changes due to the magnitude of the changes to be implemented through the Early Years Learning Framework, National Law, and National Regulations which include the National Quality Standards:*** A current national survey reveals that 83.5% of services are not well enough prepared to implement the National Law and as yet uncirculated, final draft of the National Regulations. 58.6% of staff remain unsure of documentation and evidence requirements of the Early Years Learning Framework. With three months to go we do not have any final documentation to work from. It is very respectable to state that we can be working off the information paper produced in 2010 but we are well aware that there have been considerable changes since then. To teach staff one way and then have to undo it is not sound quality practice.

6. ***Current under utilisation of places across Queensland:*** Members are indicating that they are experiencing the lowest utilisation rates since the devastating downturn in 1997-2000. Operators are reporting closing rooms on some if not all days, utilisation rates of less than 50% and concern is high as to how they are going to survive. For a service to remain high quality it must be viable and some of those who have made

contact are negotiating with their bankers and we do know that pressure is being applied for them to pay out their loans. Whilst the Australian Government has commented that if utilisation is low, loss of licensed capacity is a non event - this is not so as a service is committed to the extent of licensed capacity and return on borrowing. There are pockets in Queensland where utilisation rates are typical for this time of the year with demand remaining consistent. The construction of State kindergartens on school sites without a thorough demographic analysis has added to the occupancy problems for long day care services in relevant areas.

Services are reporting additional underutilisation in baby rooms due to the Paid Parental Leave Scheme. Members are considering closing baby rooms after 1/1/12 when the new regulations are due to commence. This will impact greatly on the ability of mothers to return to the paid workforce

We do not believe that current costings carried out by the Australian Government are truly indicative of the facts and the recent draft report from the Productivity Commission indicates similar findings to those of the sector. The Access Economics analysis of the costs of implementing the regulations over the next eight years did not include any costing estimate for the introduction of the new National Quality Standards. The overall estimate was averaged out across all licensed places in Australia even though it is obvious that different states/territories and demographic areas within states will have disparate implementation issues. Accurate costings would be assessing the demographic areas within Australia, as rural, remote, regional and even inner city areas have extremely diverse communities that they serve. The fact that two large states introduced their own legislation to raise the sectors to and in some cases higher than the NQS (to be implemented in a similar time frame) was not factored in to the additional costs for families

Childcare Queensland has no desire to see the sector and the community regret the implementation of regulations that will carry with them such negative impacts on all stakeholders. We understand that estimates through the OECEC in Queensland indicate that fees are expected to rise by around \$5.60 per day by

2020. We cannot support this estimate as we understand that mixed age grouping was used to calculate this figure. Mixed age groups are important for the beginning and end of the day but if implemented to the maximum with the intent to reduce the fee increase, the impact will not lead to quality outcomes for children. Services in Queensland who do operate an approved kindergarten program may for the present time, have a small reduction in the proposed increase in fees due to the funding involved in this program.

Childcare Queensland is concerned that the current Big Steps program being driven by United Voice Union is not showing any concern for the increase in costs to families that would follow such a gigantic increase in wages should they continue and be successful with this campaign. We do not believe their claim that the Australian Government will pay for the \$10.00 per hour increase per staff member/educator e.g. \$370 per week will be successful. The effect of current Modern Award increases on families has not been considered.

The Australian Government has displayed an additional absolute lack of concern for the viability of families in the workforce by reducing the Child Care Rebate from \$8,100 to \$7,500 and in placing a freeze on indexation of this amount for four years

Childcare Queensland is asking that the Queensland State Government proceed with caution by delaying the adoption of the regulations for a period of two years whilst the sector continues to work on thoroughly implementing the Early Years Learning Framework, growing the staffing pool and until such time as the Australian Government can provide financial assistance for families as each step is introduced.

Current Queensland regulations are highest in Australia which would enable Queensland to bide their time in adopting the regulations until the outcome of such implementation has been assessed by those states/territories who will push on regardless.



Gwynn Bridge
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28th September, 2011