

13 February 2014

Childcare Inquiry
Productivity Commission
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Canberra City ACT 2600
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Dear Commissioner,

I write to you in relation to the Productivity Commission's Issues Paper on Childcare and Early Childhood Learning.

Executive Summary

Business SA consulted with member businesses who deliver centre-based early childhood care in South Australia. These businesses in general support the NQF as it benchmarks and enhances the standard for quality childcare in Australia. However, there are financial and regulatory challenges that they face in the current environment and these hardships are expected to deepen with the new, tertiary qualification requirements for teachers and the reduced educator-to-children ratios. Business needs adequate time to adapt.

Background

Qualification Requirements for Educators:

In South Australia, for centre-based services other than pre-schools, it is required that for every 20 children aged 24 months or less, and for every 35 children aged more than 24 months (excluding children over preschool age), at least 1 educator must hold an acceptable tertiary qualification in children's services or early childhood education.

However, if only 15 or less children of preschool age or under are being educated and cared for and they are of mixed ages, at least 1 educator must hold an acceptable tertiary qualification in children's services or early childhood education.

An acceptable tertiary qualification in children's services or early childhood education means an approved early childhood teaching qualification or an approved diploma level education and care qualification.

Business SA's clients have expressed concerns about the financial and structural impact these regulations are having on their services, and small community-based centres are particularly hard hit. While they acknowledge that these regulations are important for maintaining the standard of quality, they find it difficult to attract and even harder to retain tertiary qualified teachers, who are willing to work in child care centres for a prolonged period.

Members (particularly those in the suburbs) are concerned that most employees with tertiary qualifications tend to use child care as a stepping stone, and very quickly move on to teaching jobs in schools where they have better financial and career prospective.

This puts cost pressures, particularly on small centres, which are often resource and time poor.

One business, that owns three child care centres said that they have to pay more to a qualified teacher than they pay their Managing Director, and this translates into their services being more expensive.

In addition, due to lack of financial support by the Government for kindie programs in a childcare setting and the staff-to-child ratio regulations, this business cannot afford to accept more toddlers¹, and have to change the mix of children they care for.

Another issue raised, is the abundance of people undertaking short courses in children's services who frequently send in their resumes and contact centres to gain work placements. This makes recruiting very frustrating and unreliable and there have been incidents of poor quality graduates who have never had work experience at an early childhood education and care (ECEC) service before.

It is important that Registered Training Providers explain to their trainees, the level of regulatory standards they need to comply with, as well as the level of qualification they need, to qualify as a teacher in ECEC.

Educator-to-Child Ratios:

In South Australia, a centre-based service for children over 24 months but less than 36 months of age is required to have 1 educator to 8 children, for the first 8 children; and 1 educator to 10 children, for any additional children. The educator-to-child ratio for preschool aged children attending the preschool is 1 educator to 13 children.

Smaller ratios mean hiring more staff, depending on how many children of the same age group there are.

Members, particularly from low income areas have expressed that new educator-to-child ratios will have a huge impact on them financially. New recruits, especially those who are well qualified, generally and quickly move on professionally. Small businesses have to advertise frequently for new staff which increases administrative costs and impacts time engagement with the children.

Furthermore, hiring more staff means that the centre will need to charge parents more for child care services, just so they are able to meet their increased running costs. This is not a favourable outcome.

In addition, according to our members, under the new regulatory requirements, qualified staff does not get paid more which makes it hard to retain them. For this reason, they ask that the Government(s) subsidise child care centres for teachers' wages and kindie room programs for pre-school toddlers if they are serious about child care in Australia.

¹ Toddlers who are nearing or are 4 years of age but are not school ready.

Members have also raised the issue that working requirements for teachers with tertiary qualifications are not well-defined. For instance, a qualified teacher is expected to work child care centre hours, which are longer than normal school hours but they do not get paid more accordingly.

Red Tape:

According to the consulted businesses, complying with as many regulatory requirements as they have to, is time consuming and impacts the amount of time they are able to spend with the children.

One business said that at least once a week, they have to deal with Centrelink on behalf of parents, which results in them being 'hand balled' from one officer to another; "It is time costly and frustrating. It upsets the parents and delays meeting the business accounts."

A community based, not-for-profit child care provider expressed that the paperwork is especially slow for Jobs, Education and Training (JET) Child Care Fee Assistance, and sometimes takes up to 3 weeks to process.

Preparing applications to obtain child care benefit on behalf of parents is also time consuming and the process should be made easier and faster, according to members.

It is important to simplify the system and reduce the red tape, so that it is easier for services to focus on the children more and less on the paperwork associated to recruitment and payments. The process of applying for and getting approval to receive JET² fee assistance should be less tedious and the childcare contribution that mothers accessing this scheme have to make should be reduced.

Furthermore, our members are of the view that the Child Care Rebate when paid directly to the parents, instead of the child care service, often results in late payments as parents may give priority to other expenditures. Therefore, it is best that the rebate payments are made directly to the approved child care service as this will save time and help the centres.

In addition, if the Child Care Benefit is paid direct to service in the form of subsidies, it will enable them to offer quality service for less, making child care more affordable as parents will have to pay much less out of pocket. Our members consider this to be an ideal outcome for both, the centres and the families.

Who we are

As South Australia's peak Chamber of Commerce and Industry, Business SA is South Australia's leading business membership organisation. We represent thousands of businesses through direct membership and affiliated industry associations. These businesses come from all industry sectors, ranging in size from micro-business to multi-national companies. Business SA advocates on behalf of business to propose legislative,

² The JET Child Care Fee Assistance program has provided significant assistance to women looking to re-enter the workforce in the past. However with the childcare contribution by mothers being raised from 10 cents per hour to \$1 per hour has created hardships for mothers.

regulatory and policy reforms and programs for sustainable economic growth in South Australia.

Yours sincerely

~~Rick Cairney~~
Director of Policy