



Independent Schools  
Council of Australia

Childcare and Early Childhood Learning  
Productivity Commission  
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## **Productivity Commission Draft Report into Childcare and Early Childhood Learning**

The Independent Schools Council of Australia (ISCA) welcomes the opportunity to present this submission to the Productivity Commission in response to its Draft Report into Childcare and Early Childhood Learning.

ISCA is the peak national body covering the independent schools sector and comprises the eight State and Territory Associations of Independent Schools (AISs). Through these Associations, ISCA represents a sector with 1,080 schools and 567,000 students, accounting for 16 per cent of Australian school enrolments.

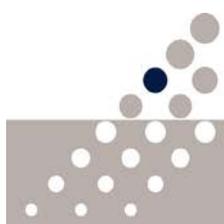
ISCA's major role is to bring the unique needs of independent schools and their educational activities to the attention of the Australian Government and to represent the sector on national policy issues.

### **About Independent Schools**

Independent schools are a diverse group of non-government, not-for-profit (NFP) schools serving a range of different communities. Many independent schools provide a religious or values-based education. Others promote a particular educational philosophy or interpretation of mainstream education.

Their legal structures can be diverse with many falling into the following categories:

- Schools that are fully owned by a church (e.g. some Uniting Church Schools);
- Schools established by state Acts of Parliament with the specific purpose of establishing the school as a charitable institution (e.g. some Grammar Schools);
- Schools which are an administrative unit operating within an Association or “system” owned by a church;
- Schools which are a company. Many of these are limited by guarantee and assets can be owned by an underlying church property trust. In some cases the company owns the school outright; and



- Public benevolent institutions (e.g. some Indigenous Schools).

Some schools with common aims, religious affiliations and/or educational philosophies also belong to a system within the sector. This means that some operational functions are carried out by the system on behalf of all schools within the system.

Independent schools include:

- Schools affiliated with larger and smaller Christian denominations for example, Anglican, Catholic, Greek Orthodox, Lutheran, Uniting Church, Seventh Day Adventist and Presbyterian schools
- Non-denominational Christian schools
- Islamic schools
- Jewish schools
- Montessori schools
- Rudolf Steiner schools
- Schools constituted under specific Acts of Parliament, such as grammar schools in some states
- Community schools
- Indigenous community schools
- Schools that specialise in meeting the needs of students with disabilities
- Schools that cater for students at severe educational risk due to a range of social/emotional/behavioural and other risk factors.

Independent schools are registered with the relevant state or territory education authority and most are set up and governed independently on an individual school basis. Those that are administered as systems, account for 18 per cent of schools in the independent sector. Independent Catholic schools are a significant part of the sector, accounting for 8 per cent of the independent sector's enrolments. However, all schools have formal boards of governors or committees of management that are the key decision-making bodies for most independent schools and are responsible for issues such as the school's educational provision, current and future development and staffing.

### **Childcare and Early Childhood Learning – Key Principles**

In order to provide appropriate support for families using early childhood services in the independent school sector, ISCA seeks recommendations in the final report that support and sustain an environment that allows for the ongoing development of affordable and effective early childhood programs. This environment can be best summarised by the following key principles:

*Equity* – Per child funding in preschool programs should be available to all children regardless of sector and service type;

*Choice* – Funding sources should support parents in exercising choice for preschool services and not disadvantage parents who wish to access a school-based or stand-alone program;

*Incentive* – All funding should be designed to support young children in a way that encourages participation and promotes future investment in the expansion of preschool services through a range of delivery options;

*Flexibility* – Different models of early childhood services in the independent school sector should be recognised and funded as an integral service in preparing children for the transition to school education;

*Transparency* – Assessment of need and access to sources of funding should be based on reliable and transparent data;

*Simplicity* – Any government funding sources and access to subsidies should be; transparent, simple to administer, and provided directly to the parents' choice of provider, without unnecessary legislative and administrative burden and duplication;

*Predictability* – ECEC services should have a high degree of certainty about future funding sources, particularly in regards to the continuation of the Australian Government's National Partnership Agreement on Universal Access to Early Childhood Education (NPUAECE), to facilitate financial planning and management;

*Consistency* – Access to programs to support children with additional needs and the provision of 'top up' subsidies, should apply consistently to all preschool services across all sectors regardless of service type.

## **Independent School Regulatory Environment**

In addition to their Not-For-Profit status, all independent schools are also charitable institutions that are required to be separately registered with the relevant state or territory education authority as a school. Independent schools currently have extensive registration and reporting responsibilities to both the Commonwealth and State/Territory Governments on a range of schooling and child welfare issues and additionally they already have legal obligations as incorporated bodies.

The Australian Government is the source of most of the public funding for non-government schools and in order to be eligible for this funding assistance, non-government schools must be NFP institutions and comply with wide ranging and detailed legislative requirements. This requirement is made clear in Sections 75 and 76 of the *Australian Education Act 2013*.

Additionally, schools are also obliged to work co-operatively with their state or territory government to support that government in fulfilling its obligations under the National Education Agreement. Independent schools must also agree to support the achievement of the National Declaration on Educational Goals for Young Australians and the Council of Australian Governments (COAG) outcomes for schooling. Schools must also report to parents in compliance with legislated requirements, annually report and publish specified information relating to aspects of the school and its operations and implement the national curriculum.

Independent schools are bound by a number of other legal requirements associated with their operations. For example, as companies limited by guarantee or as incorporated associations, independent schools still have some reporting responsibilities to the Australian Securities and Investments Commission, or to their state or territory registrar of associations. Associations must submit audited financial statements to their state or territory registrar which are available for public scrutiny. They are also subject to regulation by the Australian Taxation Office.

As employers, independent schools must comply with legislation and regulations covering such issues as occupational health and safety and industrial awards. As educational institutions they must comply with health and safety, privacy and child protection requirements, town planning requirements, human rights and equal opportunities legislation, as well as regulations relating to building and fire codes.

### **Role of Independent Schools in Early Childhood Education and Care**

The provision of early childhood services is a significant growth area for the independent school sector, driven by parent and community demand.

Independent schools recognise the role that Early Childhood Education and Care (ECEC) plays in supporting parents and providing important educational and developmental benefits for children transitioning into their first year of schooling.

In particular, preschool activities are seen by the independent school sector as a natural extension of the school's range of educational services to families and provides a supportive environment in which future students can successfully transition into a formal school setting.

Unfortunately, accurate Australia-wide preschool participation rate data for independent schools seems to be either unavailable, or in some cases incomplete, for many jurisdictions. This is primarily due to the vastly different delivery models for preschool services in Australia and the differing roles of independent schools in these delivery models.

Contributing to this data collection challenge is the situation in some jurisdictions, whereby preschool activities in independent schools are outside of the stand-alone preschool model, are not publicly funded and are sometimes incorporated into the school registration process. In these cases, services are primarily funded by parents, often without access to the range of financial assistance provided to parents of children in other preschool settings.

Data quoted in the Productivity Commission's Draft Report highlighting "Preschool Establishments in Australia by Provider, 2013" (Table 2.6, page 88) uses Australian Bureau of Statistics (ABS) National Early Childhood Education and Care Collection as the source of the information provided. The ABS has advised ISCA that "...the Collection doesn't have complete coverage of children attending preschool programs at independent schools..." primarily because if a child is "...in a program which is not government funded, and there is no CCB/CCR involved to parents, then it is likely that the child will not be included in the Collection."

Additionally the Commonwealth Department of Education (DoE) has also advised ISCA that they do not have any data on the number of children attending preschool and Outside School Hours Care (OSHC) at independent schools.

However, an examination of data collected by some Associations of Independent Schools (AISs) around Australia has highlighted what ISCA believes to be examples of an understatement of the participation by independent schools in the preschool data set provided by the ABS. This AIS data (although incomplete in itself) highlights that the ABS collection potentially understates (some minor and some significant) independent school participation in NSW, Victoria, South Australia, ACT, Northern Territory and Queensland.

It is estimated that there is well in excess of 400 independent schools involved in the various types of early childhood services catering for differing age groups around the country compared to the 289 reported in ABS data.

The different delivery models for early childhood services in the independent school sector range from fully integrated into the school campus, separately incorporated but co-located on the school campus to separately incorporated organisations located away from the school campus.

Some schools provide preschool services only and some also provide occasional care and long day care facilities. The provision of Outside School Hours Care (OSHC) by many schools also has data collection issues as a number of schools outsource these services to separate providers. These outsourced providers would generally use school facilities to accommodate the OSHC services.

ISCA's major concern with the data issues highlighted above is that when early childhood policies are being formulated at a national level, there could be unintended consequences associated with the flow-on impact of these policies on the early childhood services in independent schools.

These data inaccuracies would also have an impact on the general participation rates for preschool and associated overall evaluation of early childhood education and care activities. Greater emphasis needs to be placed on incorporating independent schools into future data collections for the sector.

## **RESPONSE TO REPORT RECOMMENDATIONS**

This submission responds to 26 recommendations which have potential consequences for the independent school sector.

### **Families using mainstream services — improving the accessibility, flexibility and affordability**

#### **DRAFT RECOMMENDATION 12.2**

*The Australian Government should combine the current Child Care Rebate, Child Care Benefit and the Jobs Education and Training Child Care Fee Assistance funding streams to support a single child-based subsidy, to be known as the Early Care and Learning Subsidy (ECLS). ECLS would be available for children attending all mainstream approved ECEC services, whether they are centre-based or home-based.*

ISCA supports the streamlining of subsidies. There are currently inconsistencies within the sector in regards to service eligibility for 'approved' services vs 'registered' services. See responses to Recommendation 8.3 and 9.1.

Currently there are some ECEC services in the sector that do not receive any government funding or parental subsidies. ISCA supports the provision of a single childcare subsidy for all children with targeted support for children with additional needs.

The application process and payment processes for government subsidies should be streamlined and simplified. For many school services there would be a preference for the payment cycle to change from financial year to calendar year to align with standard school budgeting arrangements.

### **DRAFT RECOMMENDATION 8.3**

*The Australian Government should abolish operational requirements that specify minimum or maximum operating weeks or hours for services approved to receive child-based subsidies.*

ISCA supports this recommendation. A major issue for the sector is that while a number of ECEC services in the independent sector are ‘registered’ services, they cannot be ‘approved’ services as they may not always meet the criteria for the hours of operation per week and number of weeks per year. For school-based services, this can sometimes create operational and industrial issues as a school timetable needs to meet the criteria for school activities as its major priority.

Significantly this imposes a greater cost for parents as there is a reduced capacity for attracting subsidies and rebates. The consequence is a negative impact on parents’ ability to choose an appropriate service for their child and financially disadvantages those parents who wish to exercise this choice.

### **Additional needs children and services — improving the accessibility, flexibility and affordability**

#### **DRAFT RECOMMENDATION 12.6**

*The Australian Government should establish three capped programs to support access of children with additional needs to ECEC services.*

- *The Special Early Care and Learning Subsidy would fund the deemed cost of meeting additional needs for those children who are assessed as eligible for the subsidy. This includes funding a means tested proportion of the deemed cost of mainstream services and the ‘top-up’ deemed cost of delivering services to specific groups of children based on their needs, notably children assessed as at risk, and children with a diagnosed disability.*
- *The Disadvantaged Communities Program would block fund providers, in full or in part, to deliver services to specific highly disadvantaged community groups, most notably Indigenous children. This program is to be designed to transition recipients to child-based funding arrangements wherever possible. This program would also fund coordination activities in integrated services where ECEC is the major element.*
- *The Inclusion Support Program would provide once-off grants to ECEC providers to build the capacity to provide services to additional needs children. This can include modifications to facilities and equipment and training for staff to meet the needs of children with a disability, Indigenous children, and other children from culturally and linguistically diverse backgrounds.*

ISCA supports this recommendation for the establishment, by the Australian Government, of three capped programs to support access of children with additional needs, to ECEC services.

Staff in ECEC services are very adept at identifying young children with additional needs who require early intervention support. However there are often delays in addressing these concerns and limited funding at the state and territory level. Access to Commonwealth funding would provide the necessary timely support to these children. Funding for early intervention should be prioritised and paid directly to ECEC services where the impact will be the greatest.

Independent school sector ECEC services, particularly in WA and NT, include a number of programs servicing Indigenous children. Children may be located in small communities and not have access to a dedicated service thus relying on mobile services. These services may also include visiting three year old programs in remote communities.

The Australian Government should recognise the independent school sector's role in the provision of services, to support access for children with additional needs to ECEC programs. This should include access to programs that attract subsidies to ensure coverage and extension of these services.

### **DRAFT RECOMMENDATION 12.7**

*The Australian Government should continue to provide support for children who are assessed as 'at risk' to access ECEC services, providing:*

- *a 100 per cent subsidy for the deemed cost of ECEC services, which includes any additional 'special' services at their deemed cost, funded from the Special Early Care and Learning Subsidy program*
- *up to 100 hours a fortnight, regardless of whether the families meet an activity test*
- *support for initially 13 weeks then, after assessment by the relevant state or territory department and approval by the Department of Human Services, for up to 26 weeks.*

ISCA supports the provision of support for children who are assessed 'at risk' to access ECEC services. A number of services in the independent sector cater for disadvantaged children who are 'at risk' in particular, in remote and regional areas.

In some remote communities independent schools are often the only service providers, with services provided free of charge or at a low cost to allow children's equity of access to quality ECEC services.

These services should be recognised in the provision of this support in terms of access to appropriate levels of funding and subsidies, irrespective of the sector in which these services are provided, to ensure that no child is disadvantaged.

The provision of additional assistance for a maximum of 26 weeks may not provide sufficient time for a service to support a child's needs. While understanding budgetary issues, length of time on the program should not be the sole exit criteria.

## **DRAFT RECOMMENDATION 12.8**

*The Australian Government should continue to provide support for children who have a diagnosed disability to access ECEC services, through:*

- *access to the mainstream ECEC funding on the same basis as children without a disability and up to a 100 per cent subsidy for the deemed cost of additional ECEC services, funded from the Special Early Care and Learning Subsidy*
- *block funded support to ECEC providers to build the capacity to cater for the needs of these children, funded through the Inclusion Support Program.*

*The relevant Government agency should work with the National Disability Insurance Agency and specialist providers for those children whose disability falls outside the National Disability Insurance Scheme, to establish a deemed cost model that will reflect reasonable costs by age of child and the nature and extent of their disability. Based on an assessment of the number of children in need of this service, and the costs of providing reasonable ECEC services, the Australian Government should review the adequacy of the program budget to meet reasonable need annually.*

ISCA supports the continuation of the provision of support for children who have a diagnosed disability to access ECEC services through the provision of subsidies and block funding support to build the capacity to cater for the needs of these children, irrespective of the sector in which these services are provided, to ensure that no child is disadvantaged.

## **DRAFT RECOMMENDATION 13.1**

*The Australian Government should continue support for the current block funded ECEC services for Indigenous children to assist their transition to mainstream ECEC funding (where there is a viable labour market).*

*Regulatory authorities should work with providers to assist them in satisfying the National Quality Framework and managing the transition to child-based funding arrangements.*

ISCA supports the continuation of support for the current block funded ECEC services for Indigenous children to assist their transition to mainstream ECEC funding (where there is a viable labour market). Indigenous children are some of the most disadvantaged in our community and due recognition should be given to independent schools trying to deliver appropriate ECEC services in sometimes difficult environments.

## **DRAFT RECOMMENDATION 5.2**

*Governments should plan for greater use of integrated ECEC and childhood services in disadvantaged communities to help identify children with additional needs (particularly at risk and developmentally vulnerable children) and ensure that the necessary support services, such as health, family support and any additional early learning and development programs, are available.*

Independent schools operating early childhood services in disadvantaged communities often do so at a much greater cost than schools operating in other areas. It is not uncommon for these schools to provide

to children an extended range of non-educational services such as health care, meals, clothing and family support services. These services are always provided free of charge to the children and almost always funded from the school community. These schools are required by their community to provide ECEC services either in a formal setting or sometimes via informal arrangements.

ISCA supports any opportunity to provide additional funding support to ensure that these services are appropriate for the community and recognise their unique needs.

#### **DRAFT RECOMMENDATION 12.5**

*The Australian Government should establish a capped ‘viability assistance’ program to assist ECEC providers in rural, regional and remote areas to continue to operate under child-based funding arrangements (the Early Care and Learning Subsidy and the Special Early Care and Learning Subsidy), should demand temporarily fall below that needed to be financially viable. This funding would be:*

- *accessed for a maximum of 3 in every 7 years, with services assessed for viability once they have received 2 years of support*
- *prioritised to centre-based and mobile services.*

ISCA supports the establishment of a ‘viability assistance’ program to assist ECEC providers in rural, regional and remote areas. The independent sector provides a number ECEC services to rural and remote areas including the provision of mobile services. These services require support to ensure the service is maintained particularly in cases where there are small numbers of children who cannot access a centre or school-based service.

#### **Preschool — supporting universal access**

#### **DRAFT RECOMMENDATION 12.9**

*The Australian Government should continue to provide per child payments to the states and territories for universal access to a preschool program of 15 hours per week for 40 weeks per year. This support should be based on the number of children enrolled in state and territory government funded preschool services, including where these are delivered in a long day care service.*

*The Australian Government should negotiate with the state and territory governments to incorporate their funding for preschool into the funding for schools, and encourage extension of school services to include preschool.*

ISCA recognises the funding investment made by the Australian Government in supporting the universal access to preschool programs.

While ISCA supports the continuation of the provision of Australian Government funds for universal access to state and territory governments, it is important to note that funding provision to the independent school sector varies considerably across states and territories. Different funding and distribution models exist across jurisdictions and not all ECEC providers are treated equally.

In Queensland, for example, the independent sector has experienced an inclusive process with their state government in terms of access to funding for children, services (including for capital projects) and early childhood support programs. This has resulted in a combined effort in increasing access to preschool programs and the expansion of services.

However for many other preschool services in the sector this is not the case and as a result, services are required to be majority funded by parents and the school community, due to inequitable funding distributions. ‘Universal Access’ implies equality for all groups, which is not the case in relation to funding support for some independent school ECEC services.

The independent sector advocates greater flexibility on how the length of a program is assessed. Forty weeks is in many cases not appropriate for preschool programs attached to schools as they may have a later start or a different timing structure to fit in with the school commencement and closure times.

ISCA strongly recommends that 600 hours be used as an annual figure rather than 40 weeks to allow this flexibility.

In terms of the second part of this recommendation, that *the Australian Government should negotiate with the state and territory governments to incorporate their funding for preschool into the funding for schools, and encourage extension of school services to include preschool*, ISCA is concerned about how this would occur for independent schools whose current majority funding partnership for ECEC and school services is between the Australian Government and parents.

Currently there are significant inequities in terms of the provision of preschool funding by states and territories. Often the independent sector is disadvantaged by the funding formula and relies heavily on parental contributions and the school community to maintain preschool programs. The states and territories who own and fund preschool programs are in direct competition with independent sector providers. Consequently, inequity occurs in terms of per child funding.

This inequity is also evident in terms of capital funding with some states and territories providing little or no support for capital projects to support or extend services. In some locations, the independent sector ECEC service is the only provider and yet there may be restrictions to extend this service and little access to funding support. Some jurisdictions have a history of funding “substitution”, using Commonwealth funds to substitute for their own funding allocations, thereby reducing overall funding support for some sectors.

In regards to the encouragement of the *extension of school services* there is a level of caution by the sector about potential duplication and excessive burdens on schools with bureaucratic processes stemming from legislative requirements. ISCA would like to see greater clarification around what these ‘school services’ are and how they could be funded.

## **DRAFT RECOMMENDATION 12.10**

*The Australian Government should provide per child preschool payments direct to long day care services for 15 hours per week and 40 weeks per year, where long day care services do not receive such funding from the states and territories.*

Many independent schools are now responding to parental demand by providing preschool services as part of a long day care service. These services, often identified as Early Learning Centres (ELC), may be a stand-alone service or attached to an independent school. Some services attract government assistance with CCR and for parents through CCB and others not, depending on their hours of operation. These services may attract little or no state or territory financial assistance and therefore are reliant on the parent and school community to maintain these programs.

A major issue for the sector is that while a number of these preschool services are ‘registered’ services they cannot be ‘approved’ services as they do not meet the criteria for the hours of operation per week and number of weeks per year. This significantly imposes a greater cost for parents as there is a reduced capacity for attracting subsidies and rebates.

ISCA recommends that provision be made for greater flexibility in operational hours for ECEC services in the school setting.

*As the Commission has identified, for non-government preschools, hourly rates for most users are roughly similar to LDC. This means affordability issues are likely to be more prevalent for non-government preschool users. Families who use preschools in LDC settings are also charged a relatively high fee for this service when compared with dedicated government preschools.*

#### **DRAFT RECOMMENDATION 7.9**

*Dedicated preschools should be removed from the scope of the National Quality Framework and regulated by state and territory governments under the relevant education legislation. The quality standards in state and territory education legislation should broadly align with those in the National Quality Framework. Long day care services that deliver preschool programs should remain within the National Quality Framework.*

ISCA is supportive of this recommendation where dedicated preschool programs, whether they are school-based or stand-alone, are removed from the scope of the NQF and regulated under the relevant state or territory education legislation. These services have been weighed down by the dual bureaucratic processes which has resulted in unnecessary costs on providers. As highlighted earlier in this submission, independent schools are already highly regulated and a separate early childhood regulatory environment for these schools seems unnecessary.

ISCA supports the recommendation that the quality standards in state and territory education legislation should reflect the spirit of the NQF and broadly align with the standards in the NQF, to ensure consistent quality service provision.

As mentioned previously, there are a number of services in the independent school sector that are in a long day care format and it will be highly desirable to ensure that all school-based services across states and territories are regulated under one legislative environment.

#### **Outside school hours care — improving the accessibility, flexibility and affordability**

#### **DRAFT RECOMMENDATION 7.4**

*Governments should develop and incorporate into the National Quality Framework a nationally consistent set of staff ratios and qualifications for those caring for school age children in outside school hours and vacation*

*care services. These requirements should take into consideration ratios that are currently acceptable for children during school hours, the uncertainty surrounding the additional benefits of more staff and higher qualifications, and the valuable contribution that can be made to outside school hours care services by less qualified older workers and university/TAFE students.*

ISCA supports this recommendation on the basis that OSHC is not a formal educative environment and as such can be treated as having different staffing requirements and allow for greater staffing flexibility.

ISCA also supports the removal of regulations that require OSHC services to undertake unnecessary administration such as the reporting of education plans for individual services. It should be noted that school-run OSHC services are currently regulated under both the NQF and state and territory regulatory environments.

### **DRAFT RECOMMENDATION 8.1**

*The Australian Government should ensure that the requirement (currently contained within the Child Care Benefit (Eligibility of Child Care Services for Approval and Continued Approval) Determination 2000) for most children attending an outside school hours care service to be of school age, is removed and not carried over into any new legislation.*

ISCA supports this recommendation on the basis that the inclusion of preschool children within OSHC eligibility would allow greater flexibility for providers to extend their service where there is sufficient demand and viability. Schools aim to meet parental needs to enable families to remain together and not be forced to seek different services at different locations.

### **DRAFT RECOMMENDATION 8.2**

*State and territory governments should direct all schools to take responsibility for organising the provision of an outside school hours care service for their students (including students in attached preschools), where demand is sufficiently large for a service to be viable.*

ISCA does not support this recommendation.

Many independent schools provide before and after school care (including vacation care), often outsourced to outside providers. Providers use existing school facilities and operate separately and autonomously to the school. The size and frequency of services are determined by the providers in regards to the availability and appropriateness of school facilities, meeting OH&S requirements and suitable staff availability.

A number of independent schools who currently run their own OSHC as a service to parents, even when not viable, experience significant burdens in terms of cost and time involved for school staff.

Schools where there is no current service may be reluctant to take on the responsibility for management of such a service. Additionally, there may not be an option of an outside provider available to the school, where it is located. There are also a number of multi-campus independent schools that have smaller campuses that are often geographically dispersed.

## **Removal of ECEC assistance to some providers**

### **DRAFT RECOMMENDATION 9.1**

*The Australian Government should remove the registered childcare category under the Child Care Benefit.*

ISCA advocates for the distinction between ‘registered’ and ‘approved’ to be removed. As mentioned previously, many ECEC services in the independent sector are unable to meet the specified requirements of hours and weeks to be an ‘approved’ provider but still provide a full-time service to parents.

Another issue for the sector in regards to the funding for ‘approved’ services is that it is conditional on the naming of a specific individual within the school who is responsible for the service. ISCA believes that in a school setting, this is not a sensible requirement. Schools have strong governance arrangements, larger staffing pools and no individual staff member is the owner of the school. It would make more sense that the person responsible for the ECEC service is attached to a particular management role in the school and not an individual who may change roles or leave the school at some point.

### **DRAFT RECOMMENDATION 10.1**

*In line with the broad level recommendations of the Productivity Commission’s 2010 study into the Contribution of the Not for Profit Sector, the Australian Government should remove eligibility of not-for-profit ECEC providers to Fringe Benefit Tax exemptions and rebates.*

*State and territory governments should remove eligibility of all not-for-profit childcare providers to payroll tax exemptions. If governments choose to retain some assistance, eligibility for a payroll tax exemption should be restricted to childcare activities where it can be clearly demonstrated that the activity would otherwise be unviable and the provider has no potential commercial competitors.*

This recommendation has serious structural and operation issues for independent schools involved in ECEC activities. As highlighted earlier in this submission, all independent schools are Not for Profit (NFP) and are also registered charities. This is a requirement for the receipt of Commonwealth Government funding. To require that NFP schools separately incorporate early childhood services as distinct from the independent school would have unnecessary cost and red tape implications which would have to be met by the school community.

Additionally, the Charities Act 2013 introduced a statutory definition of charity which came into effect on 1 January this year. The original Bill’s Explanatory Memorandum stated that, “The meaning of charity and charitable purpose has not previously been comprehensively defined in statute for the purposes of Commonwealth law. The meaning has been largely determined based on over 400 years of common law. The statutory definition generally preserves the common law principles by introducing a statutory framework based on those principles but incorporating minor modifications to modernise and provide greater clarity and certainty about the meaning of charity and charitable purpose”.

As two of the four “heads of charity” state, the “advancement of education” and “other purposes beneficial to the community”, would seem to ensure that ECEC activities are adequately covered as charitable purposes. Consequently, it is difficult to see how this recommendation could be implemented in any consistent manner across jurisdictions in regard to NFP ECEC operators.

To try and create such an artificial division in the provision of preschool services would be unworkable in the independent school sector.

## **Quality assurance processes and regulation of ECEC**

### **DRAFT RECOMMENDATION 7.1**

*To simplify the National Quality Standard, governments and ACECQA should:*

- *identify elements and standards of the National Quality Standard that can be removed or altered while maintaining quality outcomes for children*
- *tailor the National Quality Standard to suit different service types — for example, by removing educational and child-based reporting requirements for outside school hours care services.*

ISCA strongly supports this recommendation. ECEC services operated as part of an independent school are currently subject to regulation duplication.

### **DRAFT RECOMMENDATION 7.2**

*Requirements for educators in centre-based services should be amended by governments such that:*

- *all educators working with children aged birth to 36 months are only required to hold at least a certificate III, or equivalent*
- *the number of children for which an early childhood teacher must be employed is assessed on the basis of the number of children in a service aged over 36 months.*

ISCA notes this recommendation. Qualifications should be relevant to the nature of services being provided.

### **DRAFT RECOMMENDATION 7.5**

*To provide services with greater flexibility to meet staffing requirements, ACECQA should:*

- *remove the requirement that persons with early childhood teacher qualifications must have practical experience for children aged birth to twenty four months*
- *explore ways to make the requirements for approving international qualifications simpler and less prescriptive in order to reduce obstacles to attracting appropriately qualified educators from overseas.*

*All governments should allow services to temporarily operate with staffing levels below required ratios, such as by maintaining staffing levels on average (over a day or week), rather than at all times.*

*The New South Wales and South Australian Governments should allow a three month probationary hiring period in which unqualified staff may be included in staff ratios before beginning a qualification, as was recently adopted in all other jurisdictions.*

ISCA supports the recommendation of greater flexibility for staffing requirements. The first point above is particularly relevant to the provision of preschool services in a school environment and the removal of the requirement to have “birth to twenty four months” practical experience is a sensible suggestion for the independent school sector. The recommendation to allow average staffing over a week is also supported.

#### **DRAFT RECOMMENDATION 7.6**

*Governments and ACECQA should:*

- *urgently reconsider the design of the assessment and ratings system, giving particular consideration to finding ways to increase the pace of assessments*
- *explore ways to determine services’ ratings so they are more reflective of overall quality*
- *abolish the ‘Excellent’ rating, so that ‘Exceeding National Quality Standard’ is the highest achievable rating.*

ISCA strongly supports the review of the design of the assessment and rating process by governments and ACECQA. The cost and time of preparing for assessments, issues around the process and methods used by assessors to make assessments, and the competitive nature and cost of attaining an excellent rating, undermines the underlying purpose of the NQF.

Any review should however involve key stakeholders in the ECEC sector including representatives from the school sector.

#### **DRAFT RECOMMENDATION 7.10**

*State and territory governments should, as a matter of priority, harmonise background checks for ECEC staff and volunteers by either:*

- *advancing a nationally consistent approach to jurisdiction-based ‘working with children checks’ as proposed in the National Framework for Protecting Australia’s Children, including mutual recognition of these checks between jurisdictions, or*
- *implementing a single, nationally recognised ‘working with children check’.*

ISCA supports this recommendation and considers that harmonisation of “working with children checks” on a national basis, is a matter of urgency.

#### **DRAFT RECOMMENDATION 7.11**

*Governments should remove those food safety requirements in the National Regulations that overlap with existing state and territory requirements.*

*State and territory governments, in conjunction with Food Standards Australia New Zealand, should explore the possible exemption of childcare services from Standard 3.3.1 of the Australian food safety standards, as in New South Wales.*

There are currently inconsistencies and inflexibilities across regulations that could be addressed by the removal of requirements in the National Regulations. Any improvements such as the exemption of childcare services may remove absurd outcomes during assessments such as services failing an element of the NQS because an incorrect food thermometer was used.

#### **DRAFT RECOMMENDATION 11.1**

*Governments should ensure, through regulatory oversight and regular audits by the Australian Skills Quality Authority, that Registered Training Organisations maintain consistently high quality standards in their delivery of ECEC-related training.*

ISCA supports regulatory oversight on the delivery of ECEC related training by Registered Training Organisations to ensure that high quality standards are maintained consistently across all sectors.

#### **Ongoing support for evaluation and program assessment**

#### **DRAFT RECOMMENDATION 5.4**

*Early intervention programs to address the development needs of children from disadvantaged backgrounds should be underpinned by research. Their impact on the development outcomes of the children attending should be subject to ongoing monitoring and evaluation, including through the use of longitudinal studies.*

Access to early intervention program support in the independent school sector can be limited and is often a lengthy process. Equity of access to these programs should include all providers regardless of sector.

It is desirable that any research is not narrowly focussed and does not reflect a single ideology. It should not limit services to a particular pedagogical approach.

#### **DRAFT RECOMMENDATION 13.2**

*The Australian Government should establish a program to link information for each child from the National ECEC Collection to information from the Child Care Management System, the Australian Early Development Index, and NAPLAN testing results to establish a longitudinal database.*

*Subject to appropriate data protection methods, this information should be made available for research, policy analysis and policy development purposes. The ability of researchers to access unit record information should be permitted subject to stringent privacy and data protection requirements.*

*The Australian Government agency, which is the custodian of the Child Care Management System, should provide a de-confidentialised extract from the database each year that interested parties can use for research and planning purposes.*

ISCA supports appropriate research and analysis where there is a valid and compelling purpose in doing so. Analysis of datasets would require appropriate protocols in place for access to any data and the provision of informed consent by parties who own the data, in order for linkage of datasets to take place. Parents and carers will need to understand the purposes for which the data will be used before providing their consent to the collection of these data.

As indicated earlier there are a number of issues in capturing all ECEC providers in the independent school sector in the NECEC Collection.

Currently the independent school sector is not represented on the Early Childhood Policy Group, a key working group of the Education Council, and therefore is not party to discussions on the development of national research and analysis in the early childhood sector.

### **DRAFT RECOMMENDATION 13.3**

*The Australian Government should review the operation of the new ECEC funding system and regulatory requirements after they have been implemented. In particular:*

- *within 2 years of introducing subsidies based on deemed cost of care, the accuracy of the deemed costs and appropriateness of the selected indexation approach should be examined and the existence of any adverse unintended outcomes should be identified and resolved*
- *within 3 years of extending the coverage of the National Quality Framework (including to current block funded services and to nannies), ACECQA should prepare a report identifying any legislative, regulatory or procedural difficulties arising from the wider coverage of the National Quality Framework*
- *within 5 years of implementing the new ECEC funding system and regulatory requirements, the Australian Government should undertake a public review of the effectiveness of the revised arrangements.*

ISCA supports a review of the operation of any new ECEC funding system and regulatory requirements by the Australian Government, after they have been implemented.

### **In summary**

The Independent Schools Council of Australia welcomes this opportunity to comment on the Productivity Commission's Draft Report into Childcare and Early Childhood Learning.

Within the independent school sector there are a variety of models of early childhood services provided and funding sources for these services vary from state to state. ECEC has been a significant area of growth in independent schools driven by parent and community demand.

This variation in service provision is not always captured in current data collections and therefore there is an underestimation of the independent school sector's involvement in early childhood provision.

ISCA recommends that for the Productivity Commission's current review and any subsequent reviews undertaken by the Australian Government, the Associations of Independent Schools in each state and territory be included in the consultation process, to understand the diversity within the sector and across jurisdictions.

ISCA recognises the significant funding investment made by the Australian Government in supporting the universal access to preschool programs and supports the continuation of the provision of Australian

Government funding of the National Partnership Universal Access to ECEC. However, funds should be directed equitably to all service providers and this will require a review of current payment mechanisms.

ISCA is supportive of a simplified subsidy model which directly funds all service providers and is responsive to fluctuations in enrolments as they occur. A system that ensures funds follow the child would allow greater parental choice of service than is currently available.

ISCA would be happy to provide further advice in respect to the information provided in this submission.

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