



Early Childhood Australia
A voice for young children

**OUR
VISION:
EVERY
YOUNG
CHILD IS
THRIVING
AND
LEARNING**

Child Care Assistance Package

Regulation Impact Statement

Early Childhood Australia

About us:

Early Childhood Australia (ECA) is the national peak early childhood advocacy organisation, acting in the interests of young children, their families and those in the early childhood sector. ECA advocates for quality in education and care as well as social justice and equity for children from birth to eight years. We have a federated structure with branches in each state and territory. In 2013, ECA celebrated 75 years of continuous service to the Australian community.

Introduction

Early Childhood Australia (ECA) welcomes the opportunity to provide a submission on the Government's Child Care Assistance Package Regulation Impact Statement (RIS).

We are providing a submission as the peak early childhood advocacy organisation, acting in the interests of young children, their families and those in the early childhood field. This submission is independent to any summaries provided through consultations on the RIS undertaken by ECA on the Government's behalf, though the submission benefits from our involvement and observations of the consultations and feedback from other stakeholders.

ECA welcomes the Government's significant increased investment of \$3.5 billion through the Government's Child Care Assistance Package. The package will make access to early childhood education and care more affordable for a majority of working families from 2017, with improved subsidy rates for some families. We particularly support the boost to inclusion support and the provision of capital support under the package which will have a positive impact in terms of improving the participation of children particularly those with additional needs.

However there is not enough information provided by the Government in the RIS on the details of the proposed Package, making it difficult to assess how many children and families will be able access early learning over the next four years as a result of these measures, and how many will miss out. This makes it difficult to assess the actual impact of these measures and provide the government with useful feedback on improvements.

We support the Government's focus on improving workforce participation in designing a new subsidy system. However, we strongly believe that the system should meet early childhood development goals at the same time. We think that the activity test as proposed by the Government will have a significant impact on children and families accessing early childhood education and care (ECEC) services, especially for early childhood development reasons. Some families not meeting the activity test will lose access entirely to subsidised ECEC. Other families not meeting the activity test on low incomes will see a reduction in subsidised hours, from 48 hours per fortnight to 24 hours per fortnight. This will impact significantly on children's developmental outcomes and the viability of some services. We are particularly concerned about the impact of the Package on children and families in rural and remote areas and Aboriginal and Torres Strait Islander children. Further development of key programmes, including the Community Child Care Programme, and transition support is warranted.

ECA looks forward to working with the Government constructively on the implementation of the Package. We have provided recommendations and suggestions which we hope the Government will take into consideration during the next phase of policy development.

Family eligibility

Activity test

ECA is supportive in principle of a graduated activity test which supports greater subsidised hours for greater hours worked. However we are also strongly support of the principle of streamlining the subsidy system.

It has become apparent throughout the consultations that the proposed activity test is very complicated, with three tiers, multiple exemptions, and range of safety nets.

The removal of a base level of provision for families not meeting the activity test, has meant that families will instead have to seek an alternative eligibility pathway. These alternatives, like recognising more activities or exemptions, and the evidence required for them have also been the focus of many of the questions in the RIS. Not surprisingly much of the feedback has therefore been aimed at widening eligibility in these areas to try to compensate for the removal of funding for children whose parents do not meet the activity test.

The alternative is to provide base level of provision for children, regardless of their parents' activity. ECA believes that the current activity test for Child Care Benefit was working effectively to achieve both the goals of early childhood development and workforce participation, without adding unnecessary complexity. The current subsidy system provides 24 hours of Child Care Benefit (CCB) per week for children from families earning under the CCB upper income limit. Families working more than 15 hours can access up to 50 hours of CCB per week.

We are very concerned that the impact proposed activity test would exclude some children altogether from access to subsidised early learning, because both parents do not have a requisite level of activity. No official data is available on what the impact on children and families, though we know that 100,000 families currently access CCB only and therefore both parents may not be undertaking recognised activities. Additional families will currently be accessing Child Care Rebate but won't be working enough hours to be eligible for the Child Care Subsidy. Some of these families will be subject to exemptions, safety nets or supported through greater recognition of activities, though no data is available on how many of these families there are.

The children and families potentially affected by a tightened activity test include:

- Children in families where both parents aren't working / don't meet the activity test—will only have access to 24 hours subsidy per fortnight (currently have access to 24 hours Child Care Benefit per week)

- Children in families earning over \$65 000 up to the CCB upper income limit where only one parent is in work—will have no access to subsidies (currently have access to 24 hours of Child Care Benefit per week).
- Children in families where one parent doesn't work sufficient hours (under eight hours per fortnight)—will lose access to 24 hours of Child Care Benefit and Child Care Rebate.

ECA recognises that the CCB is usually paid at a much lower rate than is proposed under Child Care Subsidy, for those eligible to receive the payment. The new Subsidy will therefore provide a greater level of assistance to families on very low incomes, which is welcome and supports the principles supporting children's learning and development needs and targeting child care fee assistance to those who need it the most including disadvantaged and vulnerable families and children.

Nonetheless there is a group of children who were previously eligible for Child Care Benefit who will no longer be able to access the Child Care Subsidy at all. Many of these children are in families which do not have high incomes (though are above the \$65,000 limit) and are still considered be vulnerable against independent indicators like the Australian Early Development Census (AEDC). These are children that the evidence shows would significantly benefit from access to quality early learning.

Increasing activity

ECA recognises that some families will be able to increase their activity to meet the new activity test. However we are concerned about the children in families facing significant barriers to increased activity including long-term unemployment, limited employment options, health or disability issues, caring responsibilities and other difficulties. While there are additional recognised activities other than participating in work, some parents are unable to participate in these activities, often despite their best endeavours and we are concerned for the children who may miss out on important early learning opportunities.

We are also very concerned about families in highly variable circumstances where employment is sporadic, unpredictable or unavailable. Many of these circumstances, particularly for higher income/non-income support families will have the consequence of families failing to meet the new activity test.

Base level of support

For the above reasons it is critical that there is a base level of support for all children to access quality early learning for at least two days, regardless of their parent's circumstances.

The RIS suggests that 24 hours per fortnight can be applied to two six hour sessions per week. This is not practicable for the majority of long day care service providers. Most services operate for a longer period of time to accommodate the working hours of most families - 10, 11 or 12 hours per day. Therefore 24 hours per fortnight is more likely to provide only 1 day of subsidised care per week.

While ECA is prepared to work with the Government and the sector to try to maximise access for children with only 12 hrs of subsidy eligibility we are very concerned that the majority of providers will not be willing or able to offer shorter sessions and that those who do may need to increase the hourly cost of the service in order to do so – eroding the value of the subsidy for these families.

The provision of 24 hours per fortnight or 12 hours per week also does not reflect the available evidence on what is best for children. The Effective Provision of Preschool Education study (EPPE) (Sylva et al., 2004) found that children attending preschool for 15 hours per week had positive gains in their cognitive development. Boardman (2005) also examined the effect of full-day and half-day kindergarten programs on the literacy and numeracy outcomes and found that the results indicated that reading, numeracy and overall test scores were significantly higher among children who had attended full-day sessions of kindergarten. Both these studies suggest that a higher number of hours is warranted of between 15-30 hours per week.

Early Childhood Australia urges the Government to ensure minimum of two days of quality early childhood education and care by providing up to 24 hrs of subsidy per week, rather than per fortnight, regardless of parental activity. This would rebalance the package to support children's development and participation while also contributing to the goal of lifting workforce participation by providing families with stability.

ECA recommends:

1. To reduce complexity and improve children's outcomes, a minimum of 24 hours per week of subsidised early childhood education and care be provided for children whose parents are not meeting the activity test.

Three tiered activity test

ECA supports a graduated approach to the activity test to better align the numbers of hours worked with the number of hours provided under the Child Care Subsidy. However, it has become increasingly clear that the three tiered activity test as proposed may add significant complexity to the subsidy system. In particular, families with changing work hours are likely to find it difficult to reconcile their work arrangements with their eligible subsidised hours.

ECA proposed that the Government amend the package to strengthen the universal platform. We recommend that the first tier provides up to two days (or 24 hrs) subsidy per week for all families, without an activity requirement. By providing a minimum that everyone can access the Government can give a very clear message to families, employers and the public more generally – every family has access to childcare at an affordable price for 2 days per week to support children's development and enable parental engagement with work, study or volunteering. The way the new subsidy has been designed will mean that families pay what they can afford according to their income but no child would be excluded.

To receive subsidy above 24 hours per week families must meet an activity test that requires them to be engaged in paid or unpaid work or study. There is no need to link the amount of subsidy to the amount of activity through further steps because the fee gap or co-contribution payment that parents will pay provides a disincentive for parents to access more hours of ECEC than they need. This avoids the problem of trying to assess and adjust hours of activity including travel time across the multiple types of activity that would be recognised.

We suggest that the Government looks more closely at how families can demonstrate eligibility and access additional hours in a short time frame. Where shift patterns are irregular there may be some benefit of the employee providing evidence over an indicative month. The maximum number of subsidised hours required in a week could then be used with that tier applying across the board as their level of access. If a family's work pattern change this could then be updated as applicable.

Recognised activities

If there is no minimum eligibility for all children regardless of activity, the number and diversity of recognised activities and exemptions is likely to become much more contentious and complex for families. Whereas if there is a strong universal provision, a much tighter and more limited activity test can be devised for subsidy above that minimum level. ECA supports the latter approach – give all families 24 hrs per week with a meaningfully activity test applied to subsidy levels above 24 hrs up to 50 hrs per week.

ECA supports volunteering as a recognised activity, including volunteering at a school. Volunteering plays an important role in strengthening communities and is a sensible idea to recognise it as an activity. The definition of volunteering recently developed by Volunteers Australia could be adopted for this purpose. The Government should specify what type of volunteering activity can be undertaken and that evidence is provided from a recognised volunteering organisation. A letter from a manager in the recognised volunteering organisation which details the type of volunteering activity and its duration and time period would provide sufficient evidence. The time period of volunteering may be ongoing and there should be flexibility to recognise and provide evidence for this type of activity.

ECA supports unpaid work experience being considered as a recognised activity. The activity could be recognised for the duration and time period of the activity with evidence provided by an employer through a letter or another comparable piece of evidence.

ECA supports a time period applying the recognised activity 'setting up a business' of six months. We see some risk with compliance in relation to this activity. For example it may be relatively easy to establish an ABN and claim that a business is being established, without undertaking genuine business activity. We suggest the Government looks closely at other evidence that could be provided to demonstrate a genuine business is being established.

Other activities which ECA considers reasonable to include are non 'face to face' hours associated with training (e.g. transport and study time).

ECA recommends:

2. ECA supports Option 1.3 in principle
3. ECA recommends that the definition of volunteering should be aligned to the Volunteering Australia definition

Exemptions

The research shows that vulnerable children have the most to gain from access to early learning, and that investing in providing this access has the greatest benefit to the whole community. If the base or minimum level of provision for children is increased, there is less need for an extensive regime of exemptions to the activity test but if the base remains low (12 hrs per week) and restricted (based on family income) then all vulnerable children should be exempt from the activity test.

This does just refer to narrow categories of children at risk of *serious* abuse or neglect, or children with families earning under \$65,000, but includes other children at risk of poor lifelong outcomes such as poor transition to school, low education attainment, early school leaving, long term unemployment or underemployment and poor mental health. This would mean defining 'vulnerable children' as those who:

- Children who have a disability, health condition or mental health issue
- Children with a parent or sibling who has a disability, health condition or mental health issue
- Refugee and migrant children
- Aboriginal and Torres Straits Islander children
- Children living in disadvantaged communities
- Children living in low income families or families affected by poverty
- Children at risk due to social exclusion homelessness, family violence
- Children at risk of abuse and/or neglect
- Children at risk of poor development – vulnerable in one or more domain of the AEDI
- Children in out-of-home care (who may no longer be 'at risk of serious abuse or neglect' but remain vulnerable)
- Children subject to a Family Court or Children's Court order
- Children being raised by grandparent or family carers

ECA particularly supports Aboriginal and Torres Strait Islander families being exempt from the activity test due to the high concentrations of vulnerability in their communities. Aboriginal and Torres Strait Islander children are more likely to be vulnerable in two or more domains under the

Australian Early Development Census (AEDC). In remote communities there is also a lack of work for families to enable them to meet the activity test. Providing an exemption would remove complexity and support greater engagement Aboriginal and Torres Strait Islander communities in the mainstream subsidy model.

ECA supports grandparents with care for their grandchildren being exempt from the activity test irrespective of their circumstances or income. Many grandparents are retirees and should not be expected to work in order to receive a subsidy, under what may be difficult family circumstances. The care of children is often a significant burden on grandparents and access to ECEC can provide stability for children and grandparents, while children also benefit from the opportunity to access early learning experiences with other children.

ECA suggests that the Government should also exempt children in families with domestic violence, a family death or a separation.

Allowable absences

ECA supports Option 2.1 – no change to current allowable absences, which provides 42 days with the capacity for additional days.

ECA believes that this provides maximum flexibility for parents in managing their work, family and ECEC. Families typically accumulate absences across the year as a result of a number of events – children are sick, parents or siblings are sick, family holidays and time together, public holidays etc. Many young children have older siblings that are school or preschool age, taking allowable absences during school holiday periods is entirely reasonable. We also believe that there are strong reason to provide absences for cultural reasons, for example it is important for Aboriginal and Torres Strait Islander people to maintain connection to people and country through sorry time and other customs requiring leave.

Where children are sick, there are strong public health reasons for them taking absences from ECEC settings, which should also be promoted by the Government consistent with NHMRC Guidelines around exclusion of ill children (NHMRC, 2013, p13).

The consequences of using the maximum allowable absences are also potentially significant, and may include the removal of eligibility for subsidies which may cause disruption to children's development and family workforce participation. These drastic measures are usually not considered under current arrangements, but reducing the days suggests that greater compliance measures are likely to be taken in the future.

While the alternative options provide for the ability to request additional absence days, this may be burdensome for families, particularly where the absence relates to a difficult family situation. We also think this would place an unnecessary extra burden on ECEC services.

We also suggest that the risk to the Commonwealth of families abusing the availability of absence days is low compared with other areas of the system. Insufficient evidence has been provided in the RIS to suggest otherwise.

Innovations such as IT systems that allow days to be resold when children are absent, reducing the fees charged to parents, will help to reduce the impact of absences on services and on costs borne by families.

ECA recommends:

4. Option 2.1 – No change – 42 days irrespective of usage with capacity to extend.

Service eligibility for Child Care Subsidy

Approval process

ECA supports option 3.3 – align process with the National Quality Framework with an Approved Provider Assessment and Approved Services assessment including the ability to impose conditions upon approval, and the addition of being able to apply a probationary period for new providers and services.

A criterion for approval must be that all services are operating under the National Quality Framework. If a service is not in scope (which should not be the case) the criteria should be as far as possible based on the National Quality Framework requirements. This ensures consistency of regulatory approaches and ensures the safety and wellbeing of children. As noted in ECA's submission on the Nanny Pilot Programme Guidelines, not including ECEC services in the NQF provides a risk to children and government and is inconsistent with the evidence on what supports children's developmental outcomes in early childhood settings.

The process for transferring existing service to approved provider should be streamlined with the notification period reduced as much as possible.

In relation to probationary periods imposed, these should be applied to new providers. Except in the case of any sole traders or partnerships, this should apply to changes in incorporated association or company, but not to changes in individual committee/board members.

ECA recommends:

5. Option 3.3 – align process with the National Quality Framework with an Approved Provider Assessment and Approved Services assessment including the ability to impose conditions upon approval, and the addition of being able to apply a probationary period for new providers and services.

Suitability to operate a service

ECA supports the proposed strengthening of eligibility requirements.

A probationary period should apply where a service is in non-compliance with the Family Assistance Law, regulations and other instruments, or breaches of the Education and Care Services National Law or Regulations. Poor assessment and ratings outcomes, including any 'Significant Improvement Required' rating outcome should automatically trigger a probationary period. Multiple assessments of 'Working Towards' without significant improvement should also trigger a probationary period.

ECA recommends:

6. Option 4.5 – Both Options 4.3 and 4.4.

Operating requirements

ECA supports option 5.3 to remove the restrictions on operating hours per day/week and give services in rural and remote locations the option to apply for exemptions to the number of weeks required.

Currently, long day care and family day care services must be available to provide care for at least eight hours on a normal working day. While there is flexibility under the current system to provide early, late, short, long and multiple sessions within this period this is rare because it is more difficult to manage (ECA, 2014, p.41). We are aware of services that could operate shorter hours on certain days of the week to accommodate local working patterns. We are also aware of services excluded from applying of childcare subsidy approval because they can't operate the 8 hrs per day, 5 days per week and remain viable. Removing restrictions could increase flexibility and the diversity of service options available to families.

There are also issues for rural and remote services subject to seasonal fluctuations such as the wet season in tropical areas and mining towns when operations shut down for periods of time. Allowing regional and remote providers, greater flexibility could be provided to these services based on localised evidence. This would, for example, enable a service to open for three days per week which may accord with local need. This may be due to a training provider running classes on certain days, or may just not be viable to be open for more than a few days in these locations.

ECA is concerned that the proposal to remove minimum operating requirements might have adverse effects on the working conditions of early childhood educators and may result in higher fees, because many of the fixed costs remain the same but would be potentially spread across a shorter day. The families that are potentially most affected are those using longer hours which are most likely to be those working full-time. We recommend that further modelling is done to better understand the potential impact of this measure on services and families, some safeguards may be warranted to reduce the potential for adverse impact.

ECA recommends:

7. Subject to further modelling on impacts and safeguards, ECA supports option 5.3 to remove restrictions on minimum operating hours with the capacity of services in rural and remote locations to apply for exemptions to the number of weeks required.

Priority of Access (POA) Requirements

Early Childhood Australia supports the existing Priority of Access (POA) requirements. We think that there is enough flexibility in the guidelines for services to make local decisions with reference to the Guidelines and that additional enforcement is unnecessary.

Priority could also be considered for vulnerable children, which is a much wider (and crosscutting) category of children than the current POA categories.

ECA recommends:

8. Option 6.1 – No change – maintain existing POA requirements associated with service eligibility

Child Care Safety Net

Additional Child Care Subsidy

ECA supports children in out of home care including kinship care having access to Additional Child Care Subsidy (ACCS), in addition to children at risk of abuse or neglect. These children may no longer be at risk of abuse or neglect but are often suffering from significant trauma or ongoing psychological difficulties. They are also likely to continue to have poorer long term outcomes than other children and may benefit from access to quality early childhood education care.

In addition, we support grandparents with primary care of their grandchildren being provided with access to ACCS, consistent with previous GCCB arrangements which previously provided 100% fee relief for these families.

Children in families with family violence issues should also be considered for access. These children may not be considered at risk of serious abuse or neglect, but may nonetheless be emotionally affected by violence.

Asylum seekers and humanitarian entrants should also be eligible for a greater level of assistance. Children in these circumstances may no longer at risk of serious abuse and neglect, but are often suffering significant multiple traumas of loss, uprooting from culture and place and damaging experiences in refugee camps and detention centres.

Evidence requirements for ACCS should not be prescriptive to provide flexibility and reflect the range of different circumstances.

Children at risk of serious abuse and neglect

ECA supports a more comprehensive definition of children at risk of serious abuse and neglect.

The definition should align with the National Framework for Protecting Australia's Children.

The critical aspect of the definition is the phrase 'at risk', *as well as the subject* 'abuse and neglect'. We think the Government should consider the definition of risk factors which have been put forward by the Australian Institute for Family Studies '*Risk and protective factors for child abuse and neglect*' (AIFS, 2013) to inform the program guidelines.

ECA notes that access to early childhood education and care may be a protective factor for children, and the removal of this protective factor may then re-expose some children to risk. It is therefore important that an assessment of whether children are at risk of serious abuse and neglect are made by professionals and consider the role of ECEC as protective factor in the child's life.

ECA recognises the imperative to tighten the program parameters to reduce the opportunity of non-compliance. However, we are concerned about the short time period of 6 weeks in which to lodge evidence of the child being at risk of abuse and neglect. We believe that the cap on Additional Child Care Benefit will help to mitigate the risk of non-compliance.

ECA recommends:

9. Align the definition of 'at risk of serious abuse or neglect' with the National Framework for Protecting Australia's Children and the evidence on risk and protective factors for child abuse and neglect.

Community Child Care Fund

Community support in disadvantaged areas

BBF services

ECA is particularly concerned about the transition of BBF services from current funding to the Community Child Care Fund and Child Care Subsidy. We reiterate concerns that there is not enough detail in the RIS for services to understand the impact of a new programme on BBF services and the children and communities that they serve. ECA recommend that the Government conducts additional consultation based on identified program parameters, and implements a transition support program.

ECA is not opposed to the transition of BBF services to mainstream funding as we would like to see a funding model which supports the growth of services and participation of children in regional and remote communities. The current BBF program does not allow for this.

However, there is currently not enough detail on impact the alternative funding mechanisms, or case studies or modelling available about how the CCCF in addition to Child Care Subsidy will deliver improved funding outcomes. It is also clear that there are a range of unique issues that BBF services face in engaging families in a payment model for the first time, as well as difficulties of implementing the technology in remote areas.

We are prepared to work with the Government to assist in the implementation of the Community Child Care Fund and how it might be delivered flexibly to better support regional and remote communities.

ECA recommends that a grants based programme like the CCCF should take into account a range of criteria in the tender process, including ongoing connection to community, the quality and access provided.

Further support is required to support the transition BBF services into the NQF, ahead of any tender process which considers quality as a criterion. While many services will transition well to the NQF, other services require additional support.

ECA recommends:

10. The Government conducts additional consultation on BBF services based on identified program parameters, and implements a transition support program for BBF services including support for transition to the NQF and the new Subsidy system.

Place based approaches

ECA supports the suggestions in other submissions that place based approaches and integrated services be funded in disadvantaged areas to provide holistic support for families in addition to ECEC. While a range of benefits might expect in terms of family's outcomes, the core outcome should be increasing the participation of children in high quality ECEC with the aim of improving their developmental outcomes under the AEDC domains.

We would like to see the Child and Family Centres (CFCs) provided with a source of support from the Commonwealth Government for the delivery of integrated services, in addition to Child Care Subsidy, even though there may be buy in from a range of community organisations, and other governments. This will help the expansion of this successful model into other communities.

Sustainability support

ECA supports a more flexible definition of sole provider which takes into account the distance and the time that families must travel. We also believe that the geography and transport should be considered. The current sustainability support guidelines under the Community Support Programme are too rigid in this regard.

ECA believes that the definition of sole provider should be the only service type in the community (including family day care), to provide families with flexibility in the ECEC options available.

When another provider proposes to open an additional service in the community, causing the existing service to lose eligibility for sustainability support, the Government should require evidence from the new provider about community need before providing approval for the service.

Capital support

ECA welcomes the provision of capital support under the CCCF. ECA believes that the program should encourage non-profit services as well as private providers.

The lack of capital funds available for new developments is a particularly significant issue for not-for-profit organisations that can face challenges in raising capital or securing debt due to the personal liability of directors. It is also an issue for small private operators who have limited personal funds.

We believe that capital support should include interest-free or low-interest loans to experienced service providers (not-for-profit, public and private) to establish or expand facilities in areas of need due to market failure.

Co-contributions will not always be possible on an equal basis to government grants, despite community need. We suggest that providing evidence of community support or buy-in should be the main criteria, though contributions should be encouraged particularly through fundraising, sponsorship or partnerships. In rural and remote areas the scheme might also support the expansion of mobile services or other flexible delivery models.

We also suggest that an additional criteria should include a needs or market analysis of the area which could include independent evidence of the supply and demand for places, children's participation, and the level of vulnerability of children in local community (under the AEDC). In all cases the capital support should be linked to improving community outcomes, especially children. This could include capital to fund better quality environments for children as well as other outcomes.

Access and affordability support

ECA supports access and affordability support under the mainstream subsidy model rather than a separate programme. As the grants would only last for 12 months, the programme as proposed will be unlikely to deliver its intended outcomes over the long term, would be ad hoc and unfair for other families and services.

Inclusion Support Programme

ECA supports the Government's increased investment in inclusion support subsidy for children with additional needs and children from culturally and linguistically diverse backgrounds.

ECA supports a broader definition of inclusion being used to inform a more flexible approach to funding. ECA is currently developing a statement of Intent on the inclusion of all children in early childhood education and care which provides a wider definition of inclusion for early childhood services to consider.

ECA would particularly like to see flexibility provided to young children with additional needs but without a diagnosed disability who require support. We would also like to see improvements made to streamline the evidence requirements for inclusion support and the application process, particularly where children's circumstances are unlikely to change.

ECA does not support quarantining of funds for specific circumstances in the inclusion support programme, on the basis that this may limit the capacity to deliver inclusion support for other children in more challenging circumstances.

Professional development is important to embedding inclusive practices in early childhood services and we recommend that support should be continued beyond 2016 as part of a new Early Childhood Workforce Strategy.

Links with Additional Child Care Subsidy

There are links between Inclusion Support Programme and Additional Child Care Subsidy. Both programmes aim to support certain categories of vulnerable children to access to early childhood education and care. Some children would be eligible under a range of categories.

ECA therefore sees an opportunity to combine both of the programmes to further streamline the programme arrangements and improve flexibility. The programme could still have different eligibility requirements and subsidy levels for each type of vulnerability or circumstance.

Inclusion support subsidy could therefore be used more flexibly - rather than only funding a teacher's aide, options could be provided for the funding to be used as a top up payment for children with a disability on top of the Child Care Subsidy for longer period, reducing out of pocket costs and improving access, if that is the best outcome for the child in their circumstances.

Under this approach services could have discretion to apply for additional payments for the purpose of:

- Reducing or eliminating gap fees
- Providing additional hours of service
- Engaging additional or specialist educators to work with children affected by trauma
- Participating in collaborative cross-disciplinary work to wrap support around a family and integrate services (family support, health services etc).

The program could be designed to give service discretion for a specified period of time (6-13 weeks) with a more substantial application and approval process to apply after that. Clear guidelines can be developed for circumstances that do or do not warrant additional subsidy. This was not previously possible under the current subsidies that are paid to parents but with the new subsidy to be paid to services, it becomes feasible. This would allow the application and approval process to be streamlined across service types and reduce the need for training educators on all of the various elements of the safety net.

Summary of recommendations

1. To reduce complexity and improve children's outcomes, a minimum of 24 hours per week of subsidised early childhood education and care be provided for children whose parents are not meeting the activity test.
2. ECA supports Option 1.3 in principle
3. ECA recommends that the definition of volunteering should be aligned to the Volunteering Australia definition.
4. ECA supports Option 2.1 – No change to 42 days of allowable absences irrespective of usage with capacity to extend.
5. ECA supports Option 3.3 – align process with the National Quality Framework with an Approved Provider Assessment and Approved Services assessment including the ability to impose conditions upon approval, and the addition of being able to apply a probationary period for new providers and services.
6. ECA supports Option 4.5 – both Options 4.3 and 4.4
7. Subject to further modelling on impacts and safeguards, ECA supports option 5.3 to remove restrictions on minimum operating hours with the capacity of services in rural and remote locations to apply for exemptions to the number of weeks required.
8. ECA supports option 6.1 – no change to the existing Priority of Access requirements associated with service eligibility.
9. Align the definition of 'at risk of serious abuse or neglect' with the National Framework for Protecting Australia's Children and the evidence on risk and protective factors for child abuse and neglect.
10. The Government conducts additional consultation on BBF services based on identified program parameters, and implements a transition support program for BBF services including support for transition to the NQF and the new Subsidy system.

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