Early Years Quality Fund Special Account Bill 2013

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Early Years Quality Fund Special Account Bill 2013

Date introduced: 30 May 2013

House: House of Representatives

Portfolio: School Education, Early Childhood and Youth

Commencement: 1 July 2013

Links: The links to the Bill, its Explanatory Memorandum and second reading speech can be found on the Bill’s home page, or through http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation. When Bills have been passed and have received Royal Assent, they become Acts, which can be found at the ComLaw website at http://www.comlaw.gov.au/.

Purpose of the Bill

The purpose of the Early Years Quality Fund Special Account Bill 2013 (the Bill) is to establish a Special Account to administer the Early Years Quality Fund (EYQF).

The EYQF will provide $300 million over two years to assist long day care (LDC) services to offset the costs of employing higher qualified staff who are required as part of the National Quality Framework for Early Childhood Education and Care (the NQF) from 1 January 2014.¹

Background

The National Quality Framework for Early Childhood Education and Care

The NQF is part of an inter-governmental agenda to improve the provision of early childhood education and care services, established by a Council of Australian Governments National Partnership in 2009.²

It includes a National Quality Standard that has requirements covering educational program and practice, children’s health and safety, the physical environment, staffing arrangements, relationships with children, collaborative partnerships with families and communities and leadership and service management.³

The NQF commenced on 1 January 2012 with a staged implementation process. The next major stage begins on 1 January 2014 when the staffing requirements for early childhood teachers and higher qualifications for other staff (known as ‘educators’) take effect.

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1. Under clause 4 of the Bill, ‘approved centre based long day care service’ has the same meaning as in the A New Tax System (Family Assistance) (Administration) Act 1999, accessed 5 June 2013. See section 3 of that Act.

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By next year, all LDC and preschool services must have access to an early childhood teacher for varying amounts of time depending on the size of the service. The requirements for higher qualifications for educators apply to LDC services, preschools and family day care services:

Within each long day care centre or preschool, half of all educators who are required to meet the relevant educator to child ratios will need to have (or to be actively working towards) an approved diploma-level education and care qualification or above, and the remaining educators will all be required to have (or be actively working towards) an approved certificate III level education and care qualification, or equivalent.

All family day care coordinators will need to have an approved diploma level education and care qualification or above.

All family day educators will be required to have (or be actively working towards) an approved certificate III level education and care qualification, or equivalent.  

Prior to the NQF, the Government introduced measures (initially in the 2008–09 Budget) to support the training of the early childhood education and care (ECEC) workforce. These include the removal of TAFE fees for child care qualifications, reducing the HECS-HELP debt of early childhood teachers who work in disadvantaged areas and providing additional university places for early childhood education (phased in from 2009 to 2011).

The NQF’s introduction raised concerns about the burden of its implementation on the ECEC sector, resulting in other training-related government measures to facilitate its implementation. These included:

- an exemption from the formal qualifications requirement for those centre-based workers employed continuously in an ECEC service for 15 years or more, or who were employed by the same ECEC provider immediately before the NQF’s implementation date
- one-off grants (up to $5,000 each in 2011–12 only) to LDC services in disadvantaged areas to be used for new equipment and to support staff training and
- Recognition of Prior Learning (RPL) grants (up to $3,500) for eligible early childhood educators in regional and remote locations to assist with the costs of undertaking an RPL assessment for Certificate III, Diploma and Advanced Diploma in Children’s Services.

5. J Gillard (Minister for Education) and M McKew (Parliamentary Secretary for Early Childhood Education and Child Care), Ensuring a high quality early childhood education workforce, joint media release, 13 May 2008, accessed 3 June 2013.
8. W Swan (Treasurer) and P Wong (Minister for Finance), Mid-year economic and fiscal outlook 2011-12, pp. 225–6, accessed 3 June 2013.

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The Early Years Quality Fund

The EYQF was first announced in March 2013 and is another measure designed to facilitate the implementation of the NQF. The 2013–14 Budget has provided $314.2 million over five years (2012–13 to 2016–17) for the EYQF and an associated initiative. This funding includes:

- $300 million over two years for the EYQF
- $8.2 million over three years for the administration of the EYQF, including the establishment of the Early Years Quality Fund Advisory Board to oversee the EYQF’s operation and
- $6.2 million over four years to establish a Pay Equity Unit in the Fair Work Commission—the ECEC sector will be its first task.

The EYQF’s aim is to assist LDC services to offset some of the costs associated with the NQF requirement to employ higher qualified staff. It will be used to supplement wage increases of $3 per hour for Certificate III qualified educators with ‘proportionally higher wage increases for diploma and degree qualified educators’. The Government has not disclosed the amount of wage supplementation for higher qualified staff. However, United Voice, the union which represents ECEC workers, in its response to the EYQF, revealed that educators will receive ‘$3.00 to $5.23 an hour ($114 to $198.74 a week) depending on their classification’.

The measure is a limited one. Only LDC services will be eligible to apply for the funding. Preschool and family day care services, which are also required to meet the NQF qualification requirements by next year, will not be covered by the EYQF.

LDC services will also have to meet certain requirements to receive the funding. These requirements include limiting fee increases to ‘actual’ operating cost increases and instituting enterprise bargaining agreements.

Implementation arrangements for the EYQF have already commenced, with the Minister for School Education, Early Childhood and Youth, Peter Garrett, announcing the appointment of the EYQF Advisory Board.

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10. P Garrett (Minister for School Education, Early Childhood and Youth), K Ellis (Minister for Early Childhood and Child Care) and B Shorten (Minister for Employment and Workplace Relations, Financial Services and Superannuation), Boost for quality early childhood education, media release, 19 March 2013, accessed 3 June 2013.
13. Ibid.
15. For a full list of these requirements, see: Department of Education, Employment and Workplace Relations (DEEWR), The national quality agenda – early years quality fund, fact sheet, DEEWR, accessed 4 June 2013.

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The EYQF is intended as a ‘first step’.17 The Minister has indicated that ‘longer term consideration’ will need to be given to the future remuneration of the sector, presumably by the proposed Pay Equity Unit in the Fair Work Commission.18

Reaction to the EYQF

The criticisms of the EYQF by those within the ECEC sector and by the Opposition broadly concern its limitation to LDC services for a two-year period only, the belief that it is an inadequate substitute for a broader wage increase for a low paid workforce, and the composition of the EYQF Advisory Board.

The Australian Childcare Alliance has said it cannot support the EYQF because it ‘appears’ that it will create wage inequity by reaching ‘less than 40 per cent of educators working in the LDC sector’.19 Similar concerns about the EYQF’s scope have been raised by Early Childhood Australia (ECA). While ECA has acknowledged the EYQF is a ‘step in the right direction’, it is concerned that its limited scope will raise ‘ethical and practical dilemmas for employers’.20

The Independent Education Union NSW ACT (IEU) supports the EYQF but is concerned about how it will operate: ‘While we support the fund we are concerned about the two-year limit, the lack of detail and that the monies will not allow all centres to have access.’22 The IEU is also critical of the membership of the EYQF Advisory Board because it does not have a teacher union representative. It has since written to the Prime Minister requesting representation on the Advisory Board.23

The Opposition agrees with these various concerns. The Shadow Minister for Childcare and Early Childhood Learning, Sussan Ley, has reported that she has received ‘hundreds of calls and emails from childcare staff raising concerns about the inequity of this fund [the EYQF] and the entire process’.24 She considers the EYQF funding inadequate and argues that, instead, a ‘proper’ wage case should be run through the Fair Work Commission.25 The Shadow Minister is also concerned that

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18. P Garrett (Minister for School Education, Early Childhood and Youth), K Ellis (Minister for Early Childhood and Child Care) and B Shorten (Minister for Employment and Workplace Relations, Financial Services and Superannuation), Doorstop, transcript, 19 March 2013, accessed 4 June 2013.
20. Early Childhood Australia, Early years the missing piece in federal budget, media release, 14 May 2013, accessed 3 June 2013.
22. IEU NSW ACT, Garrett snubs teachers: time for Prime Minister to intervene, media release, 29 May 2012, accessed 4 June 2013.
23. IEU NSW ACT, IEU submission: early years fund lacks fairness and equity, op. cit.
the Australian Childcare Alliance, which represents private LDC providers, does not have a position on the EYQF Advisory Board.26

Committee consideration


The Bill has also been referred to the Senate Education, Employment and Workplace Relations Legislation Committee with a reporting date of 17 June 2013. Details of this inquiry are at: http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=eet_ctte/early_years/index.htm.28

No submissions to either of these inquiries were available at the time of the writing of this Bill's Digest.

Financial implications

The Bill provides for $300 million over two years to be credited to the EYQF Special Account as follows: $135 million to be credited on 1 July 2013 and $165 million to be credited on 1 July 2014.

By placing the funds in a Special Account, the funds will stay in the Consolidated Revenue Fund and will not be available to be used for any other purpose. Legislation abolishing the Special Account would be required to release the funds to be used for other purposes.

The Bill does not appropriate funds for the other measures associated with the EYQF; namely, the EYQF Advisory Board and the Pay Equity Unit in the Fair Work Commission. These funds (a total of $14.2 million) will be provided through the Appropriation Acts when passed.

Special appropriations

The Bill does not appropriate any money. However, the establishment of a special account by the Bill (once enacted) will activate the standing appropriation mechanism for special accounts under subsection 21(1) of the Financial Management and Accountability Act 1997 (Cth).29

Statement of Compatibility with Human Rights

As required under Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011 (Cth), the Government has assessed the Bill’s compatibility with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of that Act. The Government considers that the Bill is compatible.  

Key provisions

Clause 5 of the Bill establishes the EYQF Special Account as per subsection 21(1) of the Financial Management and Accountability Act 1997:

21 Special Accounts established by other Acts

(1) If another Act establishes a Special Account and identifies the purposes of the Special Account, then the CRF is hereby appropriated for expenditure for those purposes, up to the balance for the time being of the Special Account.

Note 1: An Act that establishes a Special Account will identify the amounts that are to be credited to the Special Account.

Clause 6 of the Bill provides for credits totalling $300 million to be deposited in the EYQF Special Account in 2013 and 2014: $135 million to be deposited on 1 July 2013 and $165 million to be deposited on 1 July 2014.

Clause 7 of the Bill sets out the purpose of the EYQF Special Account. It will be used to provide funding to approved LDC services for remuneration and other employment-related costs and expenses, as listed in the Explanatory Memorandum.

Concluding comments

As the Minister has indicated, the EYQF is intended as a first step in a process that may in time see an overhaul of the remuneration of the entire ECEC workforce. However, in the short-term, only a proportion of the ECEC workforce will benefit and there is uncertainty amongst the ECEC sector about what will happen to the EYQF and the wage increases it will fund beyond the two years for which it is funded.

The EYQF is also being implemented in such a way so as to contain child care fee increases. According to research by United Voice, child care fees have risen on average by 11.2 per cent in the

30. The Statement of Compatibility with Human Rights can be found at page 5 of the Explanatory Memorandum to the Early Years Quality Fund Special Account Bill 2013, accessed 31 May 2013.
31. FMA Act, op. cit.
32. As required under subsection 21(1) of the FMA Act, op. cit.
33. Explanatory Memorandum, Early Years Quality Fund Special Account Bill 2013, op. cit., p. 2.
last 12 months, from $63.21 to $70.29 per day. Both the ECEC sector and families are under pressure in this regard. With its requirement to contain child care fee increases, the EYQF may help to compensate some families for the effect of the Government extending its freeze on the indexation of the annual cap on the Child Care Rebate until 1 July 2017.36


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