

# Productivity Commission Inquiry into Early Childhood Education and Care

Submission from Gowrie Australia  
May 2023



**Lady Gowrie**<sup>QLD</sup>  
Educating and caring  
for children since 1940



# Introduction

Gowrie Australia welcomes the opportunity to respond to the Productivity Commission's (the Commission) initial call for submissions into its Inquiry into Early Childhood Education and Care (ECEC) sector in Australia.

ECEC in Australia plays an integral role in supporting children's outcomes and the opportunity for children to fulfil their potential, regardless of background or circumstances. Gowrie Australia supports the Commission's focus on mechanisms to support a more affordable, accessible, equitable and high-quality ECEC system that supports children's learning and development.

This inquiry is a critical opportunity for Australian governments, the sector and broader community to consider changes that can be made to improve the ECEC system as a whole. It comes alongside other significant inquiries and reforms in the ECEC space across Australia, including:

- The Australian Government's Early Years Strategy, due in October 2023
- The ACCC's Childcare Inquiry, which is due to report in December 2023
- The South Australian Royal Commission into ECEC, which is due to report in mid- to late-2023
- Reviews of the Inclusion Support Program and In-Home Care, currently underway
- Landmark industrial reforms, for which ECEC is likely to be an early test case for multi-employer bargaining
- Significant reforms being progressed at the state and territory level, including recent commitments by the NSW and Victorian Governments to expand access to 30 hours of preschool for children in the year before full time school.

With this in mind, our submission focuses on opportunities that Gowrie Australia considers are most relevant to the Commission's inquiry, and key considerations for how to design a system that delivers the greatest benefit for children, families, the sector and community as a whole. Our submission is based around four key facts:

- Every child deserves access to high-quality early childhood education and care, regardless of their circumstances, however children experiencing disadvantage benefit from greater access and higher quality.
- Gowrie has demonstrated that it is possible to provide high-quality services in diverse and challenging environments.
- Providing quality services in all communities and for all children relies on Gowrie's purpose driven commitment and ability to cross-subsidise, but this isn't scalable.
- Funding models need to reflect the cost of delivering quality education in all contexts and communities.

We acknowledge and thank the Productivity Commission for its openness to receive feedback and engage on matters relevant to the inquiry's terms of reference. Gowrie Australia would welcome the opportunity discuss our submission further with officers of the Commission and provide additional comments and feedback, including on the Commission's draft report, over the life of the inquiry.

# Part 1: About Gowrie Australia and our member organisations

## About Gowrie Australia

Gowrie Australia represents six member organisations who have been providing the highest quality early childhood education and care (ECEC) services for children and families for over 80 years.

Gowrie's vision is to ensure that all children participating in our ECEC services are provided with the best possible start in life and that we support the communities where they belong. We do this by delivering quality ECEC services for children in diverse communities to support their rights, demonstrate what's possible and support the wider sector and system with what we know and learn.

Our member organisations are committed to providing a safe, inclusive and nurturing environment for all children attending our services, actively encouraging children to express their culture and enjoy their cultural rights and promoting connection between children.

## Our history

Gowrie services were established in low socio-economic communities in each state capital in 1939/1940; an initiative championed by the wife of the Governor General, Lady Gowrie. They were intended to be demonstration services, showcasing the highest quality early learning combined with maternal and child health services and acting as a beacon for other services.

Over the years, each Gowrie organisation has continued to grow and evolve in response to changing social and economic conditions, while retaining this core commitment to modelling the highest quality early learning and to innovation. Today, the collective organisations operate a range of ECEC services, including long day care, family day care, outside school hours care, training and professional development programs for early childhood educators and parenting programs.

While each state-based Gowrie entity is governed by a voluntary Board of Directors, we work together under the banner of Gowrie Australia to collaborate and share best practices, with a focus on improving the quality of education, training, and professional development in the early childhood sector.

Drawing on our shared values and foundational principles, Gowrie Australia has a steadfast commitment to providing high-quality, accessible, safe, and affordable ECEC services to families throughout Australia. We are also dedicated to advocating for the rights and needs of young children and their families and are actively engaged in shaping policy and practice in the early childhood education and care field.

## Gowrie Australia members and services offered

Gowrie Australia currently operate over 70 not-for-profit early learning centres and kindergartens across the country. All Gowrie member organisations are not for profit, with any surplus reinvested directly into staff, programs and infrastructure for children and families. Gowrie Australia member organisations include:

- **Lady Gowrie Queensland** –Lady Gowrie Queensland has provided universal programs for early childhood education and care in Queensland, serving 9500 families through branch services and affiliate kindergartens state-wide. They prioritise excellence, innovation, and respectful relationships to promote the best possible outcomes. Acknowledging their presence on Aboriginal and Torres Strait Islander lands, Lady Gowrie promotes socially-just, sustainable, and culturally safe relationships, practices, and environments that celebrate childhood and promote play as a meaningful context for learning and development.
- **Gowrie Victoria** – Gowrie Victoria champions quality early learning. They run six early learning services across Melbourne and draw on this experience in their professional development

programs, accredited training, coaching and mentoring that support workforce strategies and improve the quality of early learning across Victoria.

- **Gowrie New South Wales** – Gowrie NSW provides early and middle childhood education, family support, and professional development across NSW and ACT. They offer services like Early Education and Care, Outside of School Hours and Vacation Care, and Early Learning Centres for migrant families. Gowrie NSW promotes inclusive practices through professional learning and is part of the NSW/ACT Inclusion Agency. They are committed to reconciliation and acknowledge the importance of Aboriginal and Torres Strait Islander people in Australia.
- **Gowrie South Australia** – Gowrie SA provides innovative services for children and families through long day care and kindergarten programs, professional learning, inclusion support, and parenting support programs. The non-profit organisation emphasises relational pedagogy, wellbeing and learning for all children, families, and educators, based on evidence-based research, internal inquiry-based practices and principles of reconciliation. Gowrie SA is governed by a Board of voluntary directors and remains committed to their founding values.
- **Gowrie Tasmania** – Lady Gowrie Tasmania provides a range of services prioritising quality education and care for children and families, with a focus on ‘Children First’. They are a non-profit community-owned organisation, committed to the best outcomes for children in early education, as well as reconciliation and building an inclusive workplace for Aboriginal and Torres Strait Islander peoples through a structured Reconciliation Action Plan. Lady Gowrie Tasmania also provides adult learning through an RTO, Inclusion Support Agency, in home care and a range of other government contracts in workforce development and early childhood education and care.
- **Gowrie Western Australia** – Gowrie WA operates three early childhood centres and one family and community centre that incorporate multifaceted and inclusive services and programs for children, families, and community. They are dedicated to providing high-quality education and care and building secure, trusting and strong relationships with children and families. Their strategic plan emphasises quality, childhood, lifelong learning, relationships and responsiveness.

## Part 2: Key considerations for further consideration by the inquiry

**Every child deserves access to high-quality early childhood education and care, regardless of their background or circumstances – but children experiencing disadvantage benefit from greater access and higher quality.**

Gowrie Australia’s shared commitment to providing the highest quality early childhood education and care, including for children and families experiencing significant disadvantage, reflects our recognition of the importance of providing all children with the best possible start in life. By high-quality, we mean providing early childhood education and care that aligns with the NQS standards and provides for a child’s rights in a way that is appropriate to their specific context, culture and needs.

All children benefit from access to early learning opportunities that help extend their language and communication skills, strengthen their ability to identify and regulate their emotions and build relationships with their peers, and grow their capacity to have the persistence, focus and creativity to solve problems. However, children experiencing disadvantage stand to benefit the most from high quality early learning.<sup>1</sup> Early experiences of adversity are known to impact children’s development and restrict their opportunities for learning – which means that the enriched learning environment skilled teachers and educators provide

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<sup>1</sup> Brookings Institute (2017), *Puzzling it Out: The current State of scientific Knowledge on Pre-Kindergarten Effects: A Consensus Statement*. New York.

play a critical role in growing their skills, building their confidence and reducing the gap between their more advantaged peers.<sup>2</sup>

In Australia, nearly a quarter of children start school with developmental vulnerabilities that impact their ability to thrive, achieve at school and throughout life – a figure that has barely changed for the last 15 years. This reflects a significant gap in the experiences and opportunities of young Australians, and shows we are not yet doing enough to give all children the best start in life.<sup>3</sup>

Access to high-quality ECEC has been proven to reduce the gap between advantaged and disadvantaged children.<sup>4</sup> We know that:

- Early learning is able to foster children’s development, lay the foundations for future health and wellbeing, and reduce downstream expenditure.<sup>5</sup>
- Children experiencing disadvantage benefit the most from quality ECEC, and in high-quality, well-delivered programs, can catch up to their peers.<sup>6</sup>
- The benefits of ECEC are only realised if children have access to learning opportunities that are sufficiently high-quality to substantially impact their development.<sup>7</sup> Children experiencing disadvantage need higher levels of quality.
- Children experiencing disadvantage are at additional risk from low quality ECEC, as they often experience the dual challenge of complex home learning environments and stressful ECEC environments, further compromising their development.

The benefits to children’s development and lifelong outcomes stand alongside the adjacent objective of supporting parents and carers to balance work and parenting responsibilities, and the substantial individual and collective economic benefits of greater workforce participation. Importantly, enabling workforce participation can make the most significant impact for families in more challenging economic circumstances, where income gains can make material impacts to health and wellbeing outcomes for a whole family, including children.<sup>8</sup>

The current system, however, is not delivering equitable access to quality services. Across the Australian ECEC system, the children with the greatest need have the least access, and service quality is variable and often lowest in disadvantaged communities. For example, one study showed that only 7 per cent of children in the most disadvantaged communities received the highest levels of quality teaching, and there are well-established structural barriers that make accessing ECEC more challenging for children and families experiencing vulnerability.<sup>9</sup>

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<sup>2</sup> Gormley, W (2017), ‘Universal v Targeted Pre-Kindergarten: Reflections for Policy Makers’ in The Current State of Scientific Knowledge on Pre-Kindergarten Effects, Brookings Institute, New York.

<sup>3</sup> AEDC (2022). *Australian Early Development Census National Report 2021*, Australian Government.

<sup>4</sup> Fox and Geddes (2016), *Preschool – Two Years are Better than One: Developing a Preschool Program for Australian 3 Year Olds – Evidence, Policy and Implementation*, Mitchell Institute Policy Paper No. 03/2016. Mitchell Institute, Melbourne.

<sup>5</sup> For example, a longitudinal study from the UK funded by Department of Education that explored preschool as a predictor of outcomes over time found that it has positive and long-term impacts on children’s attainment, progress and social-behavioural development. At school entry age, the study found that attending preschool improved children’s academic and social outcomes and attending a high-quality setting being particularly beneficial: See Taggart, B., Sylva, K., Melhuish, E., Sammons, P., & Siraj, I, *Effective pre-school, primary and secondary education project (EPPSE 3-16+): How pre-school influences children and young people’s attainment and developmental outcomes over time*, 2015. See also PwC (2019), *A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia*, commissioned by The Front Project, Melbourne.

<sup>6</sup> For example, research undertaken in the United States in 2013 considered how much income-based gaps in cognitive ability and academic achievement could be closed by preschool. Data from the Infant Health and Development Program, which randomly assigned treatment to low-birth-weight children from higher- and low-income families between the ages of 1-3 showed much larger impacts among low-than higher income children. The research showed that the program offered to low-income children would essentially eliminate the income-based gap at age three and between a third and three-quarters at age 5 and age 8 gaps: Duncan, G. J., & Sojourner, A. J., *Can intensive early childhood intervention programs eliminate income-based cognitive and achievement gaps?*, Journal of Human Resources, 2013. See also Fox and Geddes (2016), *Two Years are Better than One: Developing a universal preschool program for Australian 3 year olds – evidence, policy and implementation*, Mitchell Institute, Melbourne.

<sup>7</sup> Torrii K, Fox S and Cloney D, *Quality is key in early childhood education in Australia*, Mitchell Institute Paper No.01/2017, October 2017.

<sup>8</sup> Monks, H., Mandzufas, J., & Cross, D. (2022). ‘The Impact of Poverty on the Developing Child: A Narrative View’, Life Course Centre Working Paper Series, 2022-06. Institute for Social Science Research, The University of Queensland.

<sup>9</sup> Torrii, Fox and Cloney (2017). *Quality is key in Early Childhood Education in Australia*. Mitchell Institute Policy Paper No. 01/2017, Mitchell Institute, Melbourne: <https://www.vu.edu.au/sites/default/files/quality-is-key-in-early-childhood-education-in-australia-mitchell-institute.pdf>.

## **Gowrie has demonstrated that it is possible to provide high quality services in diverse and challenging contexts.**

It is harder to provide the level of quality needed to close the gap in opportunity and outcomes for disadvantaged children. But our work shows it's possible to provide accessible and high-quality ECEC services for children from all backgrounds and all communities. In disadvantaged communities:

- There are usually higher proportions of children with developmental delay and experiences of trauma.
- Higher proportions of children exhibit challenging behaviours that require careful attention and individualised support from carers.
- Children may have more diverse underlying skills and capabilities and may need more support with self-regulation and routines like eating and toileting.
- It can take longer to build trust with families, to ensure they feel safe and supported to enrol and attend regularly, but trust is often low to begin with and takes time, sustained effort and skill to build.
- Staff often live and work in the community and may themselves be experiencing complex life circumstances and the impacts of trauma.

Many children will need support from other agencies (i.e. funded through the NDIS) or referrals to other supports. Access to these services can be limited in disadvantaged communities, which can lead to longer wait times to access services and limited availability of specialist supports.

In these scenarios, the complexity is higher, the skill needed to deliver quality education and care is greater, and the support teachers, educators and service leaders need is greater. In addition, the cost of delivery is much higher. Additional costs include:

- **Staffing**, including higher costs for more experienced and qualified staff (or to attract teachers and educators to a 'hard to staff' centre), staffing over-ratio to support children who have experienced trauma or who need extra support to regulate their emotions and behavior, additional inclusion-focused educators where children fall outside of funding guidelines, paying above award salaries, additional roles for outreach, and expanded scope and requirements for leaders.
- **Staff support**, including additional time for reflection and coaching (including opportunities for collaboration to ensure shared approaches to working with children who require additional support), wellbeing initiatives, clinical supervision for staff working with children and families experiencing trauma, and additional support for staff who may themselves have experienced trauma.
- **Providing the basics**, including providing food that meets the nutritional needs of children, and having the capacity to meet children's needs and address barriers to access – including at times providing shoes, lunch boxes, clean clothes, or groceries for the family.
- **Providing transport**, for example, in some communities it is necessary to pick children up and drop them off to ensure they are able to attend regularly.
- **Administrative resources** to support families in enrolment processes, onsite translation, support for accessing CCS and Additional Child Care Subsidy (ACCS), including support to Navigate Services Australia to access CCS initially and each time there is a change to circumstances, and completing funding applications for inclusion support, including liaison with third parties such as Child Protection for payment of fees.
- **Time for engaging with partner organisations**, including coordinating on-site services like maternal and child health, family violence, playgroups, and allied health; and collaborating with external partners like allied health providers, local government, and community and child protection services.
- **Safety measures** to ensure staff safety in difficult situations, such as when parents with Apprehended Violence Orders (AVOs) attend the service.

- **Capital costs**, including maintaining or upgrading facilities and resources to support the inclusion of children with additional needs, investments and upgrades in IT needed to coordinate integrated services and access to housing in regional/remote areas. There are likely further costs of providing high quality learning resources in clean, appealing and welcoming environments in disadvantaged communities.
- **The opportunity cost of where and how staff are spending their time.** For example, in some services, a Centre Director would be focused on coaching staff, organising wellbeing initiatives or improving processes, while in a disadvantaged community a higher proportion of their time is likely to be spent on other activities, like coordinating with child protection services, arranging for a child to be assessed for a developmental disability, reviewing family payments, creating payment plans or writing off debts.

Gowrie has demonstrated that it's possible to provide quality despite these challenges – and that quality does not have to be compromised because of complex circumstances. All our services are noted for:

- **Their accessibility.** We engage families who might not otherwise access ECEC and enable the regular attendance of children experiencing disadvantage – we build strong local relationships, meaning we're trusted by the community and have a strong 'word of mouth' reputation within the communities we are trying to reach.
- **Their inclusivity.** We have very strong inclusive practice for children with developmental delays and disability, which means our services are often sought out by parents who do not trust other services or cannot find a service willing to take a child with disability.
- **Their quality.** Many Gowrie services have higher quality ratings than average, with many receiving a rating of Exceeding NQS. Some Gowrie services, including Gowrie Broadmeadows (case studied below), have achieved consecutive Excellent ratings, the highest rating a service can achieve.

Gowrie services have a staffing model that means we can deliver sustained support for children with high and complex needs, and means we retain high quality staff – so they have ongoing relationships with children and their families. We invest heavily in our leaders, ensuring they have the skills and support to build effective teams, grow the skills of teachers and educators, and drive quality improvement. We run nation-leading coaching and mentoring programs. And we prioritise building the connections to other local services and supports that ensure our services can link families to the sources they need.

The case studies below highlight what we do, how we do it, and what impact it has.

### Case study 1: Gowrie Broadmeadows (Victoria)

Gowrie Victoria commenced service delivery at their Broadmeadows Valley service in 2016, taking over from another service provider that had been unable to meet the complex needs of the community. The aim was to demonstrate high-quality ECEC in a complex community at an affordable price. To ensure that the level of high-quality provision is sustained, Gowrie invests additional resources into the operating model, such as:

- **Staffing profile:** Most staff hold Diploma qualifications or above. The service also employs additional educators to work with small groups of children in targeted ways, additional administrative staff to support families to enrol and access funding, and a family practitioner and Koorie Assistant to support outreach and attendance.
- **Leadership:** The service has a leadership structure that ensures leaders have dedicated time, resources and opportunities for relationship building with the local community and for working with the team to support the needs of children and families. There are also dedicated roles focused on operations, compliance, pedagogy, and partnerships.
- **Roles and responsibilities:** There are dual leadership roles in the kindergarten programs to ensure the teacher is focused on implementing strong educational programs and practice, and the Diploma-qualified leader is focused on engaging with other professionals to support individual children, access inclusion support, and leading the team.
- **Professional learning:** There is additional funding for professional learning and professional support through: supervision sessions for staff, an embedded coach, a focus on assessing children's learning outcomes, and the development of culturally responsive learning environments.

Gowrie has achieved its objectives for the service to be:

- **High-quality:** In September 2022, Gowrie Broadmeadows Valley was awarded a second Excellent rating by ACECQA.
- **Affordable:** Fees at Gowrie Broadmeadows Valley are affordable, with the higher cost of delivery offset by Victoria's School Readiness Funding and cross-subsidisation from other Gowrie Victoria services.
- **Accessible:** The service supports families experiencing disadvantage – two-thirds of families speak English as an additional language, 37% have inclusion support plans, and 64% of children have identified complex needs and are involved with the child protection or other family services systems. In 2016 there were 38 children enrolled per day there are now 120 enrolled per day demonstrating the success in community engagement.

## Case study 2: Lady Gowrie George Town (Tasmania)

The Gordon Square Education and Care Service in George Town in Northern Tasmania is a small service previously operated by the local council. It contains 30 licensed places and was transferred to Lady Gowrie Tasmania about four years ago after like many local government organisations and other institutions, the operator was struggling with profitability, workforce and the regulatory environment.

It is operated in a heavily subsidized council owned property with low rent, and with a landlord with low to no appetite to invest in capital upgrades. This means that as the tenant we have had to invest in interior and exterior works to provide a better level of quality facility for our families.

George Town is in an area with high levels of vulnerability compared to Tasmanian and Australian averages in the AEDC data. It is also low on the SEIFA Index of Relative Disadvantage, indicating very high levels of disadvantage in this community.

There are jobs in this area but no other education or care provider. Whilst it is only 30 minutes from Launceston, local community members see this is a significant barrier to travelling to George Town to work or to Launceston access education and care with many community members relying on a poor public transport system.

Lady Gowrie Tasmania agreed to take on the operations fully aware that if we didn't operate this service the community would not receive one. It is subsidised by Child Care Sustainability grants due to its community factors, high levels of unemployment and ATSI community members.

In this community workforce is a challenge, and we do provide traineeship pathways for potential workforce members to join, become qualified through our own subsidization of our RTO. Due to the population in this community, we charge reduced fees to families to make accessibility higher and we know that over 70% of our families receive 70% CCS, (indicating low incomes) a number receive inclusion support packages and a number receive Additional CCS as well.

Gordon Square is one of three isolated community education and care services that Lady Gowrie deliberately operates at a loss in order to fulfill our social mandate and uses our balance sheet and other more successful services to cross subsidise.

### Case study 3: Gowrie Orange (NSW)

Gowrie NSW purchased the historic site called Newstead in Orange (Central West NSW) in 2020, with a vision to establish a service that not only provided early childhood education to families in community, but also acted as a lighthouse of demonstration of practice in a regional area of NSW that often does not receive opportunities for professional learning / development. The organisation has aspirations of developing a precinct of early learning in partnerships with the TAFE, and university, allied health to support improved outcomes for children.

The offering of something different to the community of Orange, with an evidence base program resulted in a substantial waitlist of over 300+ families prior to opening.

The establishment of Newstead along with Gowrie NSW's original site, in Erskineville, the organisation has been able to create a metro and regional model of demonstration for the sector which supports an exemplar of high-quality care for children under 5 years. Key features of the site include:

**Design (considerations of structural elements of quality):** Structural elements of quality were highly considered in the design of the service. Including room sizes, only being double the ratio in most spaces, the garden space for children which has been described as 'park-like', large piazza for dining and multi-purpose (which could have been used as licence space however consideration was made to have this as extra space and only licence for 90 children).

**Staffing:** A commitment to a university teacher in every room – has seen the employment of 5 university qualified teachers in addition to the university-trained teacher as the Centre Director. Additional float roles have also been included to ensure programming and break coverage. A full-time administrator supports operations and an auxiliary role takes care of all 'housekeeping' duties such as laundry, preparation of craft, pack away etc.

Around centre support includes a General Manager, supporting pedagogy and practice as well as operational issues. A teacher mentor role supports the teachers across the organisation. Centralised enrolments team helps the transition of families into the centre. Finance, marketing, facilities management IT, HR, WHS is all supported centrally ensuring the centre team can focus on the program.

**Professional development:** There has been significant investment in professional development opportunities, in the establishment phase such as in-residence support by an infant and toddler expert from New Zealand on a 4-6 weekly cycle. The Centre Director has received mentoring including conference attendances for key roles.

**Support to the sector:** Along with professional learning offered by Gowrie NSW's education arm, the team have offered 'twilight' tours to teachers in the area, including allied health. This will be a growing activity in this area.

#### Case study 4: Gowrie Thursday Island (Queensland)

Lady Gowrie Queensland commenced service delivery at their Thursday Island service in 2015, aiming to provide a quality ECEC program, with qualified First Nations staff to ensure a sustainable program for the future for the community at an affordable price for all families. The Service originally was operated under the Torres Shire Council and was suffering considerable economic losses and was unable to meet the National Quality Standard in almost all areas.

**Implementation by Gowrie:** 98% of our staff identify as First Nations people and lead this Service in partnership with Lady Gowrie Queensland. Since the commencement of operation over 35 staff have completed a qualification with over half of these staff enrolled for further upskilling into a Diploma qualification. In the second half of 2023 we will support 2 of our team to commence a Bachelor of Teaching (Birth – 5 years), The team is supported by a Practice Manager and an external Educational Leader who regularly visit the Island and through online methods build connections and support practice.

Building a sustainable model for the Community requires us as an organisation to learn new ways of working in context of the community and encourage local leadership capability. Together with our commitment to community context we also have organisation roles that focused on operations, compliance, pedagogy and partnerships. Our service provides:

- Additional support – Including supporting housing, food service for staff and children (noting that families are paying three times the amount for food than normal mainland prices)
- Additional remuneration and wellbeing initiatives – Including 3.5% above award rates, paid ferry and boat fuel as required to get staff to work, 3 paid sorry business days above NES, wellbeing days, work anniversary day and Mabo Day.
- Professional learning – While this continues to be a key focus and online mandatory training is provided as well as access to ECA Hub Learning. The face-to-face training continues to be at a considerable cost to the Organisation with \$5K required annually to meet the First Aid requirements of the Service.

Gowrie has achieved its objectives for the service to be:

- Quality: In December 2022, after a 7-year journey for Lady Gowrie and our staff team we achieved the rating of Meeting rating by ACECQA. Continuous Improvement was our driver, and the success brought such joy to our Service community.
- Affordable: Fees at Thursday Island are affordable, with the higher cost of delivery off set by decreasing CCCFR funding and cross-subsidisation from other services.

**Accessible:** The Service supports 51% attendance of First Nations children with English as a second language with various Island dialects, mainly Thursday Island creole. Fees at the Service remain low to support equity in access for all families sitting 30% under the CCS Cap rate.

**However, providing quality services like this relies on Gowrie’s purpose-driven commitment and ability to cross-subsidise. This isn’t scalable.**

While accessible, high quality ECEC for children experiencing disadvantage is demonstrably achievable, it is the exception rather than the norm in our current system. The base settings of the CCS are not adequate to cover the cost of quality in disadvantaged communities. Gowrie’s services – and others like them – are only achieved when there are purpose-oriented organisations making deliverable decisions to invest in additional resourcing and support.

Our ability to deliver quality education in these contexts depends on:

- **Extraordinary, beyond ‘business as usual’ efforts from teachers, educators, service leaders and the organisations that employ them.** For example, teachers that work additional hours to meet with families having a difficult time or services that have gone ‘above and beyond’ to support families in crisis, such as supporting them to buy shoes, providing meals or teaching them how to access local public transport options.
- **Cross-subsidisation between services in advantaged and disadvantaged communities.** For example, Gowrie Victoria’s services in affluent areas help cover the additional staffing costs in its Broadmeadows service in the outer suburbs, and Gowrie NSW’s inner-city services help resource their Lithgow site.
- **Preparedness to sustain services that are subscale and are not financially viable on their own.** For example, Gowrie Queensland operates a small service in Blackall, Queensland.
- **Additional resourcing from philanthropy or specific government initiatives.** For example, Gowrie Victoria’s partners with the Colman Foundation through the Carlton Learning Precinct, which is located next to inner-city social housing towers and provides a range of wrap-around outreach and support services for children and families. Gowrie Victoria’s services also benefit from the needs-based School Readiness Funding model in Victoria. However, such options are rare.

Further, in some contexts, even with the extraordinary efforts Gowrie services choose to make, there are still constraints on ideal delivery and on the level of quality education provided. For example, on Thursday Island there are significant challenges attracting and retaining quality staff, in part because of challenges with the provision of suitable housing, isolation, and the cost of living on the Island. After seven years of concerted effort, Gowrie Thursday Island has achieved a Meeting rating, which is an exceptional achievement in the context – but Gowrie are making do without the kinds of systemic support provided in other systems (such as housing, wage supplements and loadings for remoteness) and will struggle to achieve higher levels of quality without that kind of systemic investment.

In effect, Gowrie is independently helping to solve for thin markets and taking up a role that is played by government in other sectors – but it’s not always enough to provide equitable access to quality early learning, especially in regional and remote Australia.

**Fundamentally, the core challenge is that the funding model doesn’t recognise the higher cost of delivering quality ECEC for children experiencing disadvantage.**

As outlined previously, it costs more to deliver quality education in communities experiencing disadvantage. However, this is not reflected in the main funding instruments for ECEC. The Child Care Subsidy (CCS) is a demand-side subsidy that aims to reduce out-of-pocket costs for families, not a supply-side payment that addresses the cost of delivery. In effect, it solves for affordability for low-income households but not for the increased cost of delivery for children and families with more complex needs. Indeed, the operation of the CCS means that services in more advantaged communities are able to charge higher fees and attract more revenue, and therefore tend to have more access to resources to invest in their workforce and other key drivers of quality education. In general, as the proportion of children who need additional support increases, the capacity of parents to pay decreases, and the fewer resources a service has access to as a result.

In some states, there is an equity element to preschool funding, but even when states do provide funding to LDCs, it applies only to the year before school, is a relatively small proportion of the operating costs of a service and is not a reasonable substitute for reflecting the full costs of delivery in the core ECEC funding system.

The reality of different costs and the importance of providing additional resources to ensure equitable access to a quality education has been recognised in the school system, with the Gonski Review leading to additional funding based on the individual circumstances of students and their families as well as geography.<sup>10</sup> The ECEC system is more complex than schools – the ‘service offer’ differs markedly (i.e. not all children attend for a set number of hours per day), the organisations providing ECEC are more diverse (in number, scale and sophistication), and ECEC is part of the private rental market in a way that schools are not (contributing to significant variation in the cost of delivery). This means that the simplicity of the school funding model cannot be easily applied to an ECEC context, but two of the core principles underpinning the funding model are readily applicable:

- Funding should be needs-based and reflect the genuine cost of delivering educational outcomes for children; and
- Loadings should be based on the individual circumstances of children and their families (not just in specified low SES communities).

The ACCC Inquiry will deliver an unprecedented insight into the genuine cost of delivering quality ECEC, and the higher costs borne by high quality providers operating in areas with high levels of disadvantage. This will provide a new evidence base upon which to design a funding model that reflects the cost of delivering quality in all contexts and for all children.

### **We also cannot significantly rely on family choice to drive quality.**

It is also important to note that the ECEC market is not driving quality improvement, and that it is not possible to rely on family choice to drive poor-quality providers out of the market. In a hypothetical market economy, consumer choice has the potential to drive competition between services. Competition acts as an incentive to providers to improve the quality of their offerings to attract and retain customers. Yet, this assumes a perfectly functioning market with transparent information and an even playing field. This is not always the case in practice, particularly in complex markets such as ECEC.

There are a number of constraints that limit family choice in practice, including:

- Families do not always have knowledge about the drivers of quality or have access to reliable information about the quality of different ECEC services.
- Families do not always understand the difference between different types of ECEC services or have the time or resources to research all their options thoroughly to make informed decisions.
- Availability of services sometimes limits family choice – a service might not meet the family’s preferences for quality but is the only service providing a place for the days/times the family needs.
- Quality ECEC costs more to deliver, while high quality services generally have long waiting lists, so they can be out of reach for those who need it most.

The Australian Children’s Education and Care Quality Authority (ACECQA) has undertaken dedicated research to understand parent perceptions of ECEC quality.<sup>11</sup> This research found that although parents thought quality ratings would be useful for narrowing down a list, for many it resulted in information overload and significant ‘frustration and uncertainty’.<sup>12</sup> These practical constraints on family choice are heightened and compounded in communities experiencing disadvantage, resulting in some circumstances in a lack of choice altogether.

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<sup>10</sup> Australian Government (2011), *Review of Funding for Schooling—Final Report*, Canberra.

<sup>11</sup> See Australian Children’s Education & Care Quality Authority, Families Qualitative Research Project, 2018, available at: <https://www.acecqa.gov.au/sites/default/files/2018-11/FamiliesQualitativeResearchProject2018Report.PDF>.

<sup>12</sup> See Australian Children’s Education & Care Quality Authority, Families Qualitative Research Project, 2018, available at: <https://www.acecqa.gov.au/sites/default/files/2018-11/FamiliesQualitativeResearchProject2018Report.PDF>.

# Conclusion

As outlined in this submission, it is both critical and possible to offer high quality education for children experiencing disadvantage. However, the current model of funding and delivery in the ECEC market is not sufficient to ensure equitable access to high quality ECEC. Currently:

- Government is relying on Gowrie and for-purpose services like ours to cross-subsidise and deliver extraordinary efforts to provide a sufficient level of access and quality to deliver on the educational and workforce participation objectives of the ECEC system. In doing this, we are taking on a role – in thin markets and in the distribution of funding – that is often held by government in other sectors.
- This limits the capacity of the system to fully deliver improved outcomes for children and reap the long-term benefits of investment in ECEC.

The key priority for reform is a funding model that reflects the cost of delivering quality for the children who stand to benefit most.