

# PRODUCTIVITY COMMISSION DRAFT REPORT SUBMISSION

## Introduction – CEO

Ensuring children have the best possible start in life benefits families, society and the Australian economy. The Front Project welcomes the Productivity Commission’s review into the early childhood education and care (ECEC) sector and applauds the Australian government’s dedication to ensure ECEC is accessible and of the highest quality for all children and families.

The Front Project commends the Australian Government to:

- Put children at the heart of policymaking and investment decisions to prioritise their learning and development, recognising the impact of universal, high-quality ECEC
- Reform the ECEC funding system to enhance equitable, affordable, accessible and high-quality early learning and care
- Abolish the CCS Activity Test to ensure access to ECEC for children who stand to benefit the most
- Provide a guaranteed 5 days of universal access to children from low-income and disadvantaged backgrounds
- Ensure the ECEC workforce is properly remunerated and has professional working conditions as a matter of urgency
- Adopt a system stewardship role to usher in and coordinate the significant reforms required to transform the sector and ensure the ongoing performance and quality of the sector.

Australia nationally and across many jurisdictions is undergoing major reform in how we understand and provide ECEC. The government’s National Vision for Early Childhood Education and Care, the Early Years Strategy, ACCC Childcare Price Enquiry, and South Australia’s Royal Commission into ECEC are some examples of the breadth of analysis and change the sector is undertaking. As the evidence shows, focussing on addressing the systemic challenges existing for children and families in accessing ECEC will in turn increase Australia’s economic productivity. A strong ECEC system is vital for Australia and our children.

The Front Project looks forward to our ongoing engagement with the Productivity Commission to ensure no child is left behind in the early years of their education journey.

Jane Hunt

**CEO** The Front Project

## About the Front Project

The Front Project is an independent, national enterprise that works systemically to address disadvantage and improve outcomes for children, families, and society by realising the benefits of quality early learning.

Early Learning can address children's experiences of inequity, vulnerability, and intergenerational disadvantage, delivering both immediate and lifetime impacts.

To achieve this impact, we have developed evidence-based, meaningful, and pragmatic policy and system solutions through the Impact Foundry and the Apiary Fellowship.

## Acknowledgement

The Front Project respectfully acknowledges the Traditional Owners of the land on which we work and learn, and pay respect to Elders, past and present. Sovereignty has never been ceded. It always was and always will be, Aboriginal land.

## Findings

1.1	Evidence shows children benefit from attending high-quality ECEC. Benefits seem stronger for children experiencing vulnerability or disadvantage, although they can extend much more broadly.	Agree
1.2	There is more to learn about how ECEC programs can best improve children's outcomes.	Agree
2.1	Many Australian children attend ECEC services. Nearly half of one-year-olds attend some form of ECEC and participation rises until children start school. About 90per cent of four-year-olds are enrolled in ECEC and, once in primary school, about 14per cent of children aged 5–12 years spend time each week in outside school hours care.	Agree
2.2	Children who would benefit most from ECEC are less likely to attend.	Agree
2.3	It is unclear whether the National Quality Framework is fit-for-purpose for outside school hours care.	No view
2.4	It is unclear if the National Quality Framework adequately promotes cultural safety and capability.	Agree
2.5	Increased inclusion support funding will be needed for universal access.	Agree
2.6	Eligibility requirements for inclusion funding create barriers to access.	Agree
2.7	Subsidy design and rules for additional educators are restrictive.	Agree
3.1	Expected wage increases may relieve recruitment and retention challenges Any increase in wages will need to be funded by families or governments, or a combination of both. It is a decision for governments whether funding a wage increase for ECEC workers is a priority use of public funds.	Agree but strong and immediate government intervention required, rather than relying entirely on FWC processes.
3.2	Accelerated qualifications will help lift early childhood teacher numbers.	Agree but integrity of qualifications must be upheld to ensure graduates are ready to teach, together with early- career support to bolster retention.

3.3	Completion rates for early childhood teaching qualifications have fallen.  Only 48per cent of domestic students who started an early childhood teaching degree in 2016 had graduated by the end of 2022.	Agree
3.4	Unpaid professional experience requirements are a barrier to upskilling.	Agree
3.5	Innovative pathways could lift enrolments in early childhood teaching qualifications.	Agree
3.6	Inter-jurisdictional differences in teacher registration impose unnecessary workforce barriers.	Agree
3.7	The ECEC workforce faces barriers to professional development.	Agree
4.1	Low-income families are less likely to use ECEC.	Agree
4.2	Mothers' participation in the labour force has increased markedly.	Agree
4.3	ECEC is not the main barrier for most women who want a job or more hours.	Agree, however a sizeable proportion of women who want a job or more hours do cite childcare as being a barrier (48.3 per cent) <sup>i</sup>
4.4	Removing ECEC-related barriers could see an increase in labour supply equivalent to up to 118,000 full-time workers.	Agree
4.5	High effective marginal tax rates are largely due to the tax and transfer system.	No view
5.1	All children aged 0–5 years should be able to attend up to 30 hours or three days of quality ECEC a week for 48 weeks per year.	Agree, with children from low-income families and/or experiencing disadvantage able to access 5 days at no cost.
5.2	Expansion of for-profit providers has been the main contributor to increased supply of ECEC.	Agree

5.3	ECEC availability varies markedly around the country.  Only 8 per cent of children aged 0–5 live in communities with sufficient centre-based day care places to support access to 30 hours or three days of ECEC a week. Provision of preschool places by state and territory governments improves the broader picture for availability. However, these places only increase availability for some children aged three and over, and dedicated preschools often have more limited days of operation and / or shorter session lengths than centre-based day care.	Agree
5.4	Recent changes to the CCS and ongoing demand from parents will further support increases in supply in some regions; but in other areas, more support will be needed.	Agree
5.5	Family day care can be an effective solution to addressing thin markets.	Agree once quality and integrity concerns have been addressed.
6.1	ECEC is less affordable for lower income families.	Agree
6.2	Complex ECEC subsidy arrangements can be a barrier to access for some families.	Agree
6.3	CCS changes would reduce affordability barriers for lower income families	Agree
6.4	Broad-based CCS changes would make ECEC more affordable for all families but come at a substantial cost to taxpayers	Agree, however ECEC should be regarded as an investment with a strong return on investment, both in terms of the health, wellbeing and development outcomes for children and an economic return. Schooling is not necessarily viewed as a “cost.”
6.5	Lower income families would not benefit if the only change to the CCS were a 90 per cent subsidy rate for all families	Agree
7.1	ECEC services cater to many children and families, but some families need additional support	Agree

7.2	Playgroups are a valuable part of the early years system	Agree
7.3	ACCOs are well placed to provide early years and family services – but face funding challenges	Agree
7.4	Additional costs of providing ECEC during non-standard hours are not reflected in the hourly rate cap	Agree
7.5	Families do not use a significant amount of the ECEC that they pay for	Disagree
7.6	Dedicated preschools have difficulty providing additional subsidised hours of ECEC	Agree
8.1	The timeframe between service assessments is too long	Agree
8.2	Families tend not to use information about service ratings	Agree
9.1	A one-size-fits-all funding model would not be efficient or effective	Agree
9.2	Improving components of the funding model would support universal access	Agree
9.3	System stewardship is a missing part of the policy puzzle	Agree
9.4	States and territories are better placed to oversee and ensure availability of OSHC	Agree



## Recommendations

### **Draft recommendation: Ensure appropriate quality regulation for services outside the scope of the National Quality Framework**

The Australian Government should ensure that any future funding models or agreements for services receiving direct Australian Government ECEC funding that are out-of-scope of the National Quality Framework include mechanisms to ensure and monitor the quality of these services.

An ECEC Commission (draft recommendation 9.2) should be tasked with reviewing regulatory arrangements for out-of-scope services receiving direct Australian Government ECEC funding to ensure they meet the needs of children. As part of this work, the ECEC Commission, with Australian, state and territory governments should undertake a process of joint decision-making with Aboriginal and Torres Strait Islander services, communities and peaks to determine the appropriate way to regulate the quality of Aboriginal and Torres Strait Islander services out-of-scope of the National Quality Framework. **[Draft recommendation 2.1]**

### ***Support.***

The Australian Government should ensure that any ECEC services receiving direct funding outside the scope of the National Quality Framework (NQS) have mechanisms in place to monitor and maintain quality standards. Supporting quality standards across all early childhood education and care services is vital to ensure positive developmental outcomes for all children regardless of setting type they attend.

We note the Commission's view that the NQS may not always be the appropriate mechanism for applying and measuring quality standards for some services, and it is appropriate for a future ECEC Commission together with governments to review the current and future regulatory arrangements for these out-of-scope services. This should include any transitional arrangements and funding that needs to be enacted to ensure any newly scoped services are supported to achieve quality standards.

Appropriate regulatory and monitoring mechanisms should also be established that align with the unique cultural and educational needs of First Nations children and communities, by working collaboratively with Aboriginal and Torres Strait Islander services, communities, and peaks. It is important that respectful, collaborative decision-making processes meet the specific needs and aspirations of these communities, and we support the recommendation by SNAICC that consideration be given to developing a unique framework and standards which apply to First Nations ECEC services<sup>[1]</sup>.

### **Draft recommendation: Amend the Disability Standards for Education**

The Australian Government should amend the *Disability Standards for Education 2005* (Cth) to include all services within the early childhood education and care sector. [**Draft recommendation 2.2**]

#### ***Support.***

To meet its goal of truly universal and inclusive access to ECEC, government must take legislative steps to ensure all children have equal access to high-quality education and care services. No matter what type of ECEC service a child attends, there should be consistency in the provision of support and accommodations for children with disabilities and additional needs. Given the substantial number of children who attend childcare settings, and whom are currently not protected by the legislation, it's an oversight that needs correcting.

The Productivity Commission, consistent with the Australian Government's review of the ECEC Inclusion Support Program<sup>[2]</sup> has rightly recognised gaps with inclusion support, coupled with the pressures of increasing demand. Scoping all services within the ECEC sector is a positive step toward creating more inclusive environments across the sector, promoting the rights of children with disabilities and additional needs to access appropriate support and resources.

### **Draft recommendation: Amend eligibility requirements for inclusion funding**

The Australian Government Department of Education should work with Inclusion Agencies to communicate documentary requirements for receipt of Inclusion Support Program funding more clearly to services, including the eligibility of children without a formal diagnosis.

Evidence a child has additional needs other than disability should be accepted in all circumstances for services seeking to access the Inclusion Development Fund Subsidy for an Additional Educator and the Family Day Care Top Up.

Increasing the funding allocated to the ISP (draft finding 2.5) will ensure children have adequate support, regardless of a diagnosis. **[Draft recommendation 2.3]**

### ***Support.***

We welcome the Productivity Commission's focus on inclusion as a cornerstone of universal access, and identification of the systemic barriers that prevent all children from accessing or experiencing high-quality early learning. The Front Project advocates for a more inclusive ECEC system and individual services that meet the needs of every child.

Increasing government funding allocated to the Inclusion Support Program would be a significant step toward ensuring that every child, irrespective of diagnosis status, receives appropriate support. The Productivity Commission has identified a significant gap between the 1 per cent of children who currently receive ISP funding compared to the 5.2 per cent of children in Child Care Subsidy (CCS) approved services who have a disability<sup>[3]</sup>, and this does not account for children without a diagnosis but still require inclusion support. Improving access for these children must be accompanied by an adequate level of funding, and funding that is reviewed and indexed periodically. Such additional funding must be an investment of government and not be an additional cost to providers or come at the expense of increases to parent fees.

Inclusion funding must also move away from being capped toward a demand-driven model. The recent changes to ISP funding demonstrate the problems with an unsustainable funding model<sup>[4]</sup>. The requirement for services to reapply if they require additional educator funding from 1 July 2024 will result in unnecessary uncertainty for children, families, staff and providers.

We support the recommendation for the Department of Education to collaborate closely with Inclusion Agencies in communicating the documentary requirements for accessing Inclusion Support Program funding. The Department should also collaborate with organisations that represent people with disability. Clarity in these

requirements is important to ensure that all eligible children, including those without a formal diagnosis, can receive the necessary support and resources in a timely fashion. We also support a broader definition of additional needs beyond formal diagnoses, recognising that many children may require extra support without having undergone a formal diagnostic process, and that there can be lengthy delays in the process of seeking assessment and diagnosis. Accepting evidence of additional needs in all circumstances for services seeking access to the Inclusion Development Fund Subsidy and the Family Day Care Top-Up is crucial to ensure equitable access to ECEC.

### **Draft recommendation: Review and amend additional educator subsidies**

The Australian Government should amend the Inclusion Development Fund Subsidy for an Additional Educator and Immediate/Time-Limited support, including:

- increasing the current hourly subsidy rate so that it subsidises 100per cent of an additional educator’s wage, up to the median hourly wage of a certificate III qualified educator and ensuring it is indexed to the Wage Price Index
- removing limits on the weekly hours the subsidies can be approved for and ensuring they align with the child's enrolled hours
- allowing other human-services qualified staff and inclusion professionals, such as allied health or other relevant professionals to be employed as an additional educator, where the Inclusion Agency agrees this would be appropriate. [**Draft recommendation 2.4**]

### ***Support.***

We support the measures to amend the Inclusion Development Fund Subsidy to ensure adequate support for children with additional needs. Removing limitations on weekly hours for approved subsidies and aligning them with a child's enrolled hours is pivotal in providing tailored and continuous support. This flexibility is vital to meet the individualised needs of children and ensures that support is aligned with their specific requirements.

Increasing the subsidy rate, which has not been lifted since 2016, is critical to ensuring service providers are not disincentivised from employing the support that children need. The subsidy rate should be set at the median wage for a diploma educator plus oncosts and indexed appropriately. A subsidy set against a diploma wage rate signals an ambition for additional educators to hold more than just the minimum qualification of a certificate III, recognising that high-quality inclusive practice should be the goal for these children. Such a subsidy rate also provides adequate financial support where providers are employing diploma educators in these roles.

Caution should be taken with measures to expand the range of professionals who can work as additional educators. Whilst we agree that workers from other relevant professions may bring appropriate skills and expertise to the role of an additional educator, maintaining the integrity of minimum qualification requirements is important to ensure staff are working with a reasonable understanding of early childhood pedagogy and practice. Beyond measures to comply with working with children check requirements, additional educators who do not have a minimum certificate III should be required to undertake some level of professional development relevant to

ECEC and should only be employed in above-ratio roles. Their role title should also reflect if they are not a qualified educator to avoid any confusion with ECEC qualified workers, i.e.: “education support worker.”

Whilst these recommendations to boost resourcing and expand the scope of eligibility for support are welcome and long overdue, associated workforce challenges will need to be addressed. Government is aware of challenges in attraction and retention of the allied health workforce in a more general sense, including a lack of data to inform policymaking for the workforce and competing and increasing demands from the mainstream healthcare sector, rural health care, aged care, mental healthcare, and disability services<sup>[5]</sup>. Issues of attraction, retention, supply and quality of the early intervention and allied health workforce for ECEC must be considered and addressed, along with the associated increase to providers’ wages bill because of more additional educators being employed for more hours for more children. Government funding should be the main source of funding these improvements to inclusion so associated costs are not borne by providers or passed on to families.

### **Draft recommendation: Reduce administrative burden of Inclusion Support Program applications**

The Australian Government should assess the application process required for the Inclusion Development Fund with a view to reducing the administrative burden on services. This should include considering whether requirements to seek reapproval when there are changes to the care environment could be relaxed and if further upgrades to the Inclusion Support Portal are required beyond those currently being implemented. [**Draft recommendation 2.5**]

#### ***Support.***

We support measures that make accessing inclusion support services more accessible, efficient, and responsive to the evolving needs of children with additional needs in early childhood settings. Streamlining administrative processes while maintaining quality and accountability is key to ensuring that the support reaches those who need it most without unnecessary barriers. Simplifying the application process for the ISP can ensure that eligible services can access necessary support more efficiently, including relaxing requirements when there are changes in the ECEC environment. This is particularly important for where children don't have a formal diagnosis but can access support without the burden of unnecessarily difficult paperwork or production of evidence. A reduction in administrative burden (across the system) is also something called for by SNAICC in respect of ACCOs, noting that streamlining processes would enhance access and participation<sup>ii</sup>.

### **Draft recommendation: Improve coordination of inclusion funding between governments**

Australian, state and territory governments should better coordinate inclusion funding to reduce complexity for services and families.

In the short-term, the Australian Government Department of Education and relevant state and territory departments of education should work together to streamline application requirements, to reduce the need for services to apply for funding multiple times.

In the long-term, governments should clarify responsibilities for inclusion funding as part of a National Partnership Agreement on ECEC. [**Draft recommendation 2.6**]

#### ***Support.***

Better coordination and streamlining of funding is an essential step toward creating a more inclusive and supportive environment for children with additional needs. The current complexities in accessing and navigating different funding streams across multiple levels of government is a barrier to universal access and inclusion. There is a need for immediate collaboration between the Australian Government Department of Education and relevant state and territory departments.

Streamlining application requirements could alleviate the burden on services by minimising the need for multiple funding applications. This should provide more immediate support to services, allowing them to focus more on providing quality inclusive care. Streamlining these processes can significantly benefit both ECEC services and families by reducing administrative burdens and making it easier to access the support they need. It also aligns with the goal of ensuring that children with additional needs can access inclusive care seamlessly without facing unnecessary obstacles.

In the long term, clarifying responsibilities for inclusion funding as part of a National Partnership Agreement on ECEC could help achieve a unified vision for inclusive practices across the country and outline funding allocations, responsibilities, and guidelines, ensuring a more cohesive and sustained approach to supporting inclusion in ECEC.

### **Draft recommendation: Reduce barriers to educator upskilling**

To improve pathways for educators seeking to upskill to become early childhood teachers (ECTs), the Australian and state and territory governments should:

- work with universities and the ECEC sector to develop and promote accelerated degree programs for upskilling diploma-qualified educators to ECTs
- expand wrap-around supports to educators who are undertaking university-level qualifications to become ECTs. Supports could include assistance to navigate enrolment processes, assistance to build academic skills, and regular mentoring. These initiatives should be underpinned by robust monitoring and evaluation.
- provide financial support to ECEC services so they can provide a reasonable amount of paid leave to educators for them to complete supervised professional experience requirements associated with completing early childhood teaching qualifications.

In addition:

- when providing information on teaching courses to potential students, universities should publish an indication of how prior ECEC qualifications will be recognised. This could take the form of a median or average amount of credit that students with ECEC qualifications have received in the past
- the Australian Children's Education and Care Quality Authority (ACECQA) should examine the supervised professional experience that is required in order for an early childhood teaching qualification to be approved for the purposes of the National Quality Framework, with a view of extending the ability of students to fulfil such requirements in their existing workplaces [**Draft recommendation 3.1**].

### ***Support.***

Governments need to play a stronger role in supporting aspiring teachers to enrol in courses, undertake their academic studies and transition into a teaching career, with the objective to lift attraction and retention rates and support early-career teachers to deliver quality programs.

Accelerated degree programs designed in collaboration with universities and the ECEC sector offer a pragmatic solution to upskill diploma-qualified educators efficiently. Such initiatives not only address the need for more qualified ECTs but also recognise the invaluable experience and skills that educators bring from their prior qualifications and professional practice. However, recognition of prior learning must be appropriate and recognise that there is a greater depth and breadth of academic knowledge attached to a degree compared to a diploma.

Expanding wrap-around supports for educators recognises that pre-service teachers need comprehensive assistance and guidance, and time to build their skills, confidence and professional knowledge. These supports, including assistance in navigating enrolment processes, building academic skills, and regular mentoring, are crucial for ensuring successful transitions and fostering a supportive learning environment for aspiring ECTs.

Practical support such as paid leave for educators to undertake teaching placements recognises that people need accessible pathways to upskilling opportunities. It also supports a wider diversity of teaching candidates who may be mature-aged students, career-changers, and people at different ages and stages with competing demands on their time and resources.

We support the recommendation for clear and transparent information to be provided by universities on credit for prior qualifications and learning. This information empowers individuals to make informed decisions about their educational pathways, acknowledging the value of their existing qualifications within the context of teaching courses.

Additionally, we support ACECQA examining the potential for students to undertake part of their professional practice in existing workplaces, provided that such placements are offering students the opportunity to engage in and observe quality pedagogy and practice. For such an arrangement to be available, ACECQA may require a service to meet a certain quality standard to be available for placement purposes. Pre-service teachers should still be required to undertake placements across a range of age ranges and setting types, for at least 80 days of supervised practice to ensure a depth and breadth of experience is achieved.

Any efforts to support attraction and retention must be accompanied by improvements to wages and conditions. Research conducted by Early Childhood Australia with teachers and educators who had recently left the profession found that the top reason for people leaving was the poor rate of pay (41%) and the main reason that would attract people back to work in the sector was improved pay (50%)<sup>iii</sup>

### **Draft recommendation: Support innovative delivery of teaching qualifications**

Governments should provide modest financial incentives to universities to facilitate trials of innovative approaches for providing Initial Teacher Education to early childhood teachers.

The Australian Children's Education and Care Quality Authority (ACECQA) should work with governments and universities to develop pathways for early childhood teaching qualifications that are awarded through innovative teaching approaches to be recognised under the National Quality Framework. [**Draft recommendation 3.2**]

#### ***Support.***

Supporting universities to trial innovative approaches in Initial Teacher Education could be beneficial to test different delivery methods that could suit students at different ages and stages of their life, and to attract more diverse candidates to become early childhood teachers.

Ultimately the focus should be on delivering the best early learning and care experiences and outcomes for children and ensuring that teaching courses prepare graduates for providing high-quality ECEC. Any innovative approaches must maintain the integrity of a teaching qualification and ensure that studies are completed to the depth and breadth expected of a teaching degree.

It is appropriate that ACECQA play a role to ensure any new qualification pathways meet the requirements of the National Quality Framework.

### **Draft recommendation: Improve registration arrangements for early childhood teachers**

State and territory governments should amend their teacher registration arrangements so that:

- early childhood teachers (ECTs) working in National Quality Framework-approved ECEC settings can be registered with the teacher registration body in their jurisdiction
- any ECT-level qualification that has been approved by the Australian Children's Education and Care Quality Authority (ACECQA) for recognition under the National Quality Framework should be automatically recognised as meeting qualification requirements associated with teacher registration.

In undertaking these actions, state and territory governments should also:

- review their teacher registration arrangements to ensure that there are accessible pathways for ECTs with an ACECQA-approved qualification to teach in primary school (including after they undertake additional study focussing on teaching in primary school settings)
- review their arrangements concerning highly accomplished and lead teachers (HALT) certification (in relevant jurisdictions) and act on opportunities to make it more accessible for ECTs. As part of reviewing these arrangements, governments should issue guidance on the eligibility of ECTs for HALT certification, the process through which ECTs can seek HALT certification (including in non-government operated ECEC settings), and the implications for ECTs if certification is achieved. [**Draft recommendation 3.3**]

### ***Support.***

The Front Project supports the recommendation for state and territory teacher registration bodies to register Early Childhood Teachers, where they work in NQF-approved ECEC settings, and where registration is not already available. Teacher registration is a significant step towards recognising the expertise and qualifications of ECTs and improving their status.

The automatic recognition of ACECQA-approved ECT-level qualifications for meeting teacher registration requirements would streamline the process for ECTs and recognises that ACECQA already plays an effective role in approving qualifications.

We support state and territories reviewing their arrangements to create accessible pathways for ECTs with ACECQA-approved qualifications to teach in primary school settings. This expansion of opportunities not only recognises the transferability of skills but also acknowledges the value of diverse teaching experiences.

Furthermore, the review and enhancement of arrangements concerning highly accomplished and lead teachers (HALT) certification, particularly in ensuring accessibility for ECTs, are crucial steps. Any requirements for achieving HALT certification must be inclusive of early childhood pedagogy and practice, recognising specialist skills and expertise. Early childhood teachers and recognition of their teaching practice should not be “tacked on” to the requirements for schoolteachers. Rather the requirements should be fully inclusive and reflect the speciality of early childhood teaching.

### **Draft recommendation: Lift support and mentoring for new early childhood teachers**

State and territory governments should develop structured mentoring and support programs for new early childhood teachers if they do not already have these in place. In developing these programs, state and territory governments should reflect the findings of the research underway by the Australian Education Research Organisation (AERO) on the effectiveness of existing support programs.

Jurisdictions that already operate programs to support and mentor new ECTs should review their programs to incorporate the findings from AERO's research once this is finalised. **[Draft recommendation 3.4]**

### ***Support.***

The Front Project supports the establishment, and ongoing delivery and resourcing, of structured mentoring and support programs for new early childhood teachers by state and territory governments. These programs are critical in nurturing and empowering new educators as they embark on their careers and is an important retention measure to strengthen workforce supply. Structured mentoring and support programs play a pivotal role in fostering a supportive environment for new ECTs, aiding in their transition into the workforce and promoting their ongoing development. Such programs not only support the professional growth of new ECTs but also contribute to the overall enhancement of early childhood pedagogy and practice.

We support the suggestion for state and territory governments to draw upon the ongoing research conducted by the Australian Education Research Organisation to inform the development and enhancement of these support initiatives. By leveraging the findings of AERO's research, governments can ensure that these programs align with evidence-based practices, addressing the specific needs and challenges faced by new ECTs. We support policies and initiatives that are underpinned by robust, local research and evidence.

### **Draft recommendation: Improve pathways and support for Aboriginal and Torres Strait Islander people to obtain ECEC qualifications**

In collaboration with Aboriginal and Torres Strait Islander people, communities and organisations, governments should trial and evaluate new pathways for Aboriginal and Torres Strait Islander people to obtain ECEC qualifications so they can participate in the ECEC workforce in greater numbers.

A central aim of these new pathways should be to better recognise the cultural knowledge and experience many Aboriginal and Torres Strait Islander people have when it comes to educating and caring for children.

In designing these pathways, governments should consider:

- using different approaches – such as culturally appropriate interviews – to better understand the prior knowledge, learning and experience of Aboriginal and Torres Strait Islander people, and to inform decisions about the extent that this can be recognised in the form of course credit (or other ways of recognising prior learning)
- using teaching assessment models that – while still ensuring rigour – might be more accessible or culturally appropriate for Aboriginal and Torres Strait Islander students, such as teaching in local languages or making greater use of observational assessments
- providing tailored, small group or one-on-one supports to Aboriginal and Torres Strait Islander students. [**Draft recommendation 3.5**]

### ***Support.***

The Front Project welcomes the proposal to trial and evaluate new pathways aimed at increasing the participation of First Nations people in the ECEC workforce. Recognising and valuing the cultural knowledge and experiences of First Nations communities is pivotal in fostering a more diverse and inclusive ECEC sector. Such work must be undertaken in partnership with First Nations peak bodies and organisations.

Central to these pathways should be a deep acknowledgment and respect for the rich cultural knowledge and traditions many Aboriginal and Torres Strait Islander individuals possess in educating and caring for children. We support the recommendation for greater integration of these cultural insights into the design of pathways for obtaining ECEC qualifications.

We support the consideration of different approaches, such as culturally appropriate interviews, to recognise the prior knowledge and experiences of First Nations Aboriginal and Torres Strait Islander individuals. Validating this knowledge through RPL or other recognition methods is crucial in acknowledging and respecting their expertise in childcare and education.

Utilising teaching assessment models that maintain rigor while being more accessible and culturally appropriate for First Nations students is key. This might include teaching in local languages or employing observational assessments, ensuring that assessment methods align with cultural contexts and learning styles.

Tailored, small-group, or one-on-one supports for First Nations students are essential for fostering an inclusive and supportive learning environment. Providing targeted assistance acknowledges the unique needs and challenges faced by these students, facilitating their success in obtaining ECEC qualifications.

### **Draft recommendation: Contribute to professional development for the ECEC workforce**

The Australian and state and territory governments should provide support for the ECEC workforce to undertake professional development activities. This should take the form of a contribution towards the cost of professional development.

Government contributions to professional development should be targeted toward activities that will improve the quality and inclusivity of ECEC practices, including activities that build staff capability to:

- remain up to date with the latest pedagogical research and how to apply this in their teaching
- understand and apply the National Quality Standard and the national approved learning frameworks
- deliver more inclusive ECEC, including for children with disability, developmental delay or additional needs, children who have experienced trauma and Aboriginal and Torres Strait Islander children, particularly those attending in mainstream settings
- work with families – including families in complex or challenging situations – to engage with and participate in ECEC. [**Draft recommendation 3.6**]

### ***Support.***

Continuous professional development for all educators is instrumental in ensuring high-quality education and care for young children. However, several barriers prevent staff from accessing affordable, quality PD including staffing shortages and workload pressures, financial constraints and limited budgets, geographic barriers, and competing work/life demands faced by a predominantly female workforce.

Government and employer support in the form of financial contributions toward staff professional development is crucial in addressing these barriers. Support should be considered in the context of the various financial barriers including cost of registration fees, travel, accommodation, backfill, and payment for out-of-hours attendance when professional development cannot be accommodated during usual work hours. Ideally, support should be provided for individuals and teams of staff to engage in professional development during work hours, with paid time “off the floor” and through the provision of child-free days (as occurs in preschools and schools), balanced against the needs of children and families to access ECEC.

Special attention should be given to professional development opportunities that focus on children with disability, developmental delay or additional needs, children who have experienced trauma and Aboriginal and Torres Strait Islander children, and the associated support that families of these children often need. The quality of the training is also important. Educators need more than one-off training. For example, when it comes to working with children who have experienced trauma, educators

need ongoing, expert support to bring to life what they have learned about trauma-informed practice within their own services. And ideally services should be supported to become trauma-informed at an organisational level, placing educators in the best position to support children and families.

Encouraging and facilitating professional development opportunities ensures that the early childhood education sector retains a highly qualified and competent workforce and is a vital component to deliver on the promise of universal access. It also demonstrates a commitment by governments to the ongoing growth and skill development of early childhood educators, with an investment that ultimately benefits the entire early childhood education and care sector.

### **Draft recommendation: Improve the ECEC Workforce Strategy**

To maximise the value of the National Children’s Education and Care Workforce Strategy (*Shaping our Future*), the Australian, state and territory governments should:

- articulate a clear objective for the strategy against which its effectiveness can be measured
- include projections of the number of educators and teachers the sector is expected to require (over different timeframes) in the strategy
- clarify how each action in the strategy will be resourced
- commit to individually producing annual updates about how the actions, initiatives and reforms they are undertaking are contributing to the strategy’s implementation. These updates should be published alongside the broader assessment of progress in implementing the Strategy published by the Australian Children’s Education and Care Quality Authority (ACECQA). [Draft recommendation 3.7]

### **Support.**

The Productivity Commission rightly identifies the ECEC workforce as the key to success in delivering universal access. It therefore makes sense to review and strengthen the National Workforce Strategy for it to be a comprehensive plan that address the current and future needs of the ECEC sector. This is work that is long overdue and demands immediate attention.

However, the sector cannot wait for the strategy to be reviewed, updated and acted upon to deal with some of the most pressing problems associated with low pay and inadequate conditions. The National Workforce Strategy cannot be the sole vehicle for addressing workforce challenges. Likewise, the sector cannot wait nor rely upon industrial processes and mechanisms via the Fair Work Commission to deliver the urgent uplift needed to salaries and conditions. More urgent action is required to address the chronic undervaluing and low pay of teachers and educators, along with addressing issues of workforce wellbeing. The Front Project recommends the Australian Government introduce a 25 per cent wage supplement to achieve greater parity with the school system and for this to be funded in the 2024-25 federal budget.

As part of a greater stewardship role, governments need to directly address the workforce challenges, including those identified in the Strategy, and be directly accountable for setting targets, projecting workforce needs, implementing initiatives and reforms with appropriate resourcing, and measuring the success of each initiative. Transparent and up-to-date reporting on how initiatives are progressing is also crucial to holding governments to account and assessing the success or otherwise of various initiatives along with the overall strategy. Where states and territories have developed or are developing their own ECEC workforce strategies,

these should be coordinated and aligned where possible with a clear articulation of roles and responsibilities.

### **Draft recommendation: Support universal access in persistently thin markets via supply-side funding**

To ensure that up to 30 hours or three days a week of quality ECEC is available for all children aged 0–5 years whose families wish for them to participate, the Australian Government should provide additional support in markets where it is clear that ECEC providers are unlikely to invest, even with the changes recommended in this inquiry.

This support could take the form of:

- grant funding to establish a service in communities that are able to cover the operating costs of a service (such as wages, rent and other overheads) via child care subsidies and families' out-of-pocket gap fees, but expected earnings would not cover the capital costs of building or expanding physical facilities
- block grants to cover capital and operating costs in communities where the level of demand is too low to support all of the costs of operating a service or there are substantial barriers to accessing child care subsidies. Funding in these markets should generally be ongoing, with periodic review to determine if a service can be self-sustaining with child care subsidies
- specific arrangements for Aboriginal Community Controlled Organisations to be co-designed with Aboriginal and Torres Strait Islander communities.

The Australian Government could use a process of competitive tendering to provide services in markets where community representatives do not apply for grants.

Centre-based day care, family day care and mobile care should all be considered for funding to help address the varying needs of thin markets.

An advisory program should be established that works with community representatives and enables them to get the support they need. **[Draft recommendation 5.1]**

### ***Support.***

The Front Project supports the recommendation for the Australian government, as system steward, to utilise supply-side funding to deliver on the promise of universal access and ensure that all children have access to a local, high-quality ECEC service. It will be important for government, or any agency such as a future ECEC Commission to appropriately define a “thin market” and how funding models can be tailored to solve for specific local problems. We note that the ACCC has also called for greater consideration of supply-side funding for underserved and unserved communities. But rather than this be a longer-term consideration for policymakers

(as recommended by the ACCC) we suggest it is a more pressing priority and government could take steps now to intervene.

We support specific arrangements for Aboriginal Community Controlled Organisations. Co-designing ECEC services with First Nations communities acknowledges the need for culturally sensitive care and recognises the existing expertise within these communities. More must be done to close the gap between outcomes for Aboriginal and Torres Strait Islander children and non-Aboriginal and Torres Strait Islander children. Australian Early Development Census data from 2021 shows that 42.3 per cent of Aboriginal and Torres Strait Islander children are considered developmentally vulnerable in one or more children's development domains by the time they start school compared to 22 per cent of the general population<sup>[6]</sup>.

Inadequate access to ECEC is an issue that many local communities are grappling with. Our *Work and Play report*<sup>[7]</sup> found that 39% families of living in regional/remote Australia do not currently use paid early learning and care because of the difficulties in securing a place. This is a considerable proportion of families and children unable to access a place and the associated benefits of early education. The current funding system, which does not adequately address thin markets, results in the uneven distribution of supply and impedes access and equity.

Access to grant and block funding via a competitive tendering process and community consultation should be used alongside existing data and information to ensure the pressures of thin markets and inadequate access are addressed as urgently as possible. Any grant or tendering process should privilege providers that have a strong track record on quality. Smaller providers, particularly not-for-profit providers, could have access to application-writing support from the Department in acknowledgement that it can be a resource-intensive process and not all providers have the internal expertise or human-resources infrastructure to pursue grant/tender applications.

### **Draft recommendation: Monitor rises in fees and out-of-pocket expenses**

The Australian Government should monitor changes in fees and out-of-pocket expenses on a regular basis to identify services where movements are out of step with sector norms. Increases that vary markedly should prompt closer investigation, and a regulatory response should be considered if they are not reasonable. To inform judgements about what reasonable increases might look like, the Australian Government should commission a detailed investigation of costs and profits across the sector every three years, along the lines of the work that the Australian Competition and Consumer Commission has been undertaking. This work would also signal if the hourly rate cap needed to be reset. **[Draft recommendation 6.1]**

#### ***Support.***

For any funding system to be successful in delivering accessible, affordable, quality ECEC, there must be stronger regulation of prices and intervention to deal with uncompetitive behaviour by providers in the sector and we welcome the ACCC's recommendation for government to play a stronger role to monitor prices, costs, profits and outcomes, supported by a credible threat of regulatory intervention <sup>[10]</sup>. Regulation and ongoing market monitoring is important to ensuring that the sector is comprised of high-quality providers. Without strong policy and regulatory settings, a for-profit motive can allow providers to reduce quality or inflate prices to retain more government funding as profit. Another risk with the Child Care Subsidy system, is that some markets are oversupplied resulting in an inefficient use of government resources. Simply adjusting the CCS may not deliver the outcomes we need for a fairer system for all Australian children and families.

The ACCC has identified significant problems with the CCS including supply issues, lack of transparent information, complexity navigating the system, and lack of competitive pricing. Our Families Survey<sup>[8]</sup> similarly finds that the CCS is not working with 39 per cent of families not using early learning and care due to not being able to afford it. In July 2023 74 per cent of surveyed parents and guardians were using childcare and aware of the CCS changes. Of these parents, 61 per cent reported that their providers took the opportunity to increase fees.

Parents in our survey indicated that they find the current funding system complex and difficult to understand, with CCS payment records and invoices confusing and half of parents surveyed indicating that childcare costs are opaque. There is a lack of transparency around what determines the prices that are charged and why these vary so much from service to service. Parents report a lack of transparency around how services apply government subsidies that are intended to increase affordability.

It will be critical for the Productivity Commission and government to be informed by the ACCC report to guide any next steps on price monitoring and regulation. Further detailed investigations by government of costs and profits across the sector at regular intervals is an appropriate undertaking for government as system steward, and signals to the market that inappropriately high fees and profits will not be tolerated, but only if this monitoring is accompanied by strong action and intervention by government, as recommended by the ACCC.

### **Draft recommendation: Modify the Child Care Subsidy to improve affordability and access work**

The Australian Government should modify the Child Care Subsidy to allow:

- all families to access up to 30 hours or three days of subsidised care per week without an activity requirement
- families with annual income at or below \$80,000 should be eligible for a subsidy rate of 100 per cent of the fee, up to the hourly rate cap.

In addition, the Australian Government should review the hourly rate cap associated with the Child Care Subsidy, and set a new cap based on the average efficient costs of providing early childhood education and care services. This should include consideration of a higher hourly rate cap for non-standard hours (draft recommendation 7.3). The hourly rate cap should be reviewed every three years to ensure it continues to reflect costs (in conjunction with other work mentioned in draft recommendation 6.1). In between these reviews, the hourly rate cap should be indexed at a rate that best reflects changes in the costs of provision such as wage indices or CPI. [**Draft recommendation 6.2**]

### ***Support.***

The Front Project welcomes the recommendations to provide up to 30 hours or three days of subsidised ECEC per week for all children, and to effectively make early learning and care free for families earning up to \$80,000. Government should go a step further and ensure that these low-income families or families experiencing disadvantage can access five days of free ECEC. Ensuring equitable access to quality early childhood education and care is fundamental to fostering children's development and supporting families. Relaxing the activity requirement is a positive step towards ensuring accessibility for all families, but we want to see the Activity Test abolished. Access to early learning and care should not be contingent on a parent's work, study or volunteering activities.

Providing universal access to high quality early learning and care should be seen as an entitlement for all children and families, and a wise investment for Australia to make. Our economic analysis of the benefits on investing in early learning and care, specifically the year before school, identified a strong return on investment<sup>[9]</sup>. Most importantly, intervening early is good for children, families, and the country. Early intervention can improve the lives of children and young people and strengthen our communities, while reducing pressure on government budgets, enabling more efficient and effective spending, and boosting workforce skills and capabilities. The cost to government of late intervention in Australia is \$15.2bn each year. This equates to \$607 for every Australian, or \$1,912 per child and young person<sup>[10]</sup>.

The Prime Minister and his government have made a commitment to “bring the principle of universal, affordable and quality service to Child Care”<sup>[11]</sup>. This can only be achieved by removing all barriers to access. The Activity Test is a particular barrier to children and families experiencing vulnerability and disadvantage - children who stand to benefit the most from engaging in early education. In removing the Activity Test, consideration should be given to managing any unintended consequences such as exacerbating pressure on demand for places. This could be addressed with supply-side funding.

The recommendation to review and potentially revise the hourly rate cap associated with the CCS is an important action for government to take, with the cap helping contain fee increases and support affordability. A risk with setting a cap based on the average efficient cost is that there is wide variability of costs across the sector, and it could deliver a lower cap for services, driving up fees and impacting accessibility. A more effective approach would be to reset the hourly rate cap based on fees charged, as it was originally intended, and cap government assistance for high fee services, at around the 85<sup>th</sup> percentile of fees. This should be indexed each year based on a composite index that reflects growth in the costs (e.g. 70% wage cost to be indexed to wage cost increases, 30% other costs to CPI).

This would ensure that the cap did not become an impediment to affordability, while still acting as a restraint on Government subsidies at the high end, with local market competition and the income taper for subsidy continuing to put downward pressure on fees within local markets.

A higher cap for non-standard hours, reflects an understanding of the evolving dynamics within the sector, and meeting the needs of families especially those working non-standard and casual hours.

Families in our Work and Play report identified the need for more flexible ECEC options to support parents and guardians in casualised or insecure work as well as families who face underemployment or underutilisation. Of families currently not accessing any form of paid ECEC, 17 per cent reported that the days or hours did not suit the family’s needs<sup>[12]</sup>.

Committing to regular reviews of the hourly rate cap, along with indexing the hourly rate cap to reflect changes in costs ensures that subsidies remain aligned with the actual expenses incurred in delivering ECEC services, thus maintaining the quality and accessibility of early childhood education and care. We welcome the recommendation from the ACCC for government to play a stronger role in monitoring prices, costs, profits and outcomes and to intervene through regulatory measures.

Enacting these recommendations will pave the way for a more inclusive, accessible, and responsive early childhood education and care system in Australia. They prioritise the needs of families while recognising the importance of maintaining quality standards within the sector.



**Draft recommendation: Make information about CCS eligibility easy to find and understand**

The Australian Government should explore options to make information provided on government websites about CCS eligibility easy to find and easy to understand by families. [**Draft recommendation 6.3**]

***Support.***

Parents in our Work and Play research<sup>[13]</sup> indicated that they find it complex and difficult to understand the funding system, including information on government websites and CCS payment records and invoices. There is a lack of transparency around what determines the prices that are charged and why these vary so much from service to service. Parents report a lack of transparency around how services apply government subsidies that are intended to increase affordability. This in turn can limit their decision-making.

Government needs to look at both the StartingBlocks website and the provision of information more broadly to ensure parents have access to information that is more transparent, current, accurate and translated to a diverse range of languages.

### **Draft recommendation: Improve the CCS calculator on the Starting Blocks website**

The Australian Government should improve the functionality of the Child Care Subsidy calculator on the Starting Blocks website so that families can estimate their Child Care Subsidy eligibility under different scenarios (such as different working hours or income levels).

The Australian Government should investigate the best way to improve awareness of the availability of the CCS calculator on the Starting Blocks website. **[Draft recommendation 6.4]**

#### ***Support.***

Our Families Survey revealed that parents' ability to make decisions in the best interests of their family is constrained by a complex web of internal and external factors, including limitations in their awareness of and access to information.

Parents discussed the challenges associated with navigating the CCS system and the lack of transparency in understanding fees and out-of-pocket expenses. Issues raised included:

- Complex and difficult to understand payment records/invoices.
- Lack of transparency around what determines the prices that are charged and why these vary so much from service to service.
- Lack of transparency around how services apply government subsidies intended to increase affordability of ECEC, including the CCS and subsidies for pre-school programs.
- Having to pay fees for services even if they are not used or provided, for example on public holidays.
- Services with low vacancy rates requiring parents to pay fees in advance to hold a place for their child.

We support the recommendation for parents to have access to up-to-date information that enables them to easily estimate their CCS eligibility including under different scenarios such as fluctuating incomes, irregular working hours, multiple children, or changes in care arrangements. This should include information available in multiple languages.

Access to more meaningful, up-to-date information is most helpful where it supports parents and guardians to make choices. However, in areas where there are limited or no choice of service, information is unable to be acted on with families taking whatever they can get.

### **Draft recommendation: Prompt families to update their details with Services Australia**

The Australian Government should use Single Touch Payroll information from the Australian Tax Office to prompt families to update their activity and income level details with Services Australia. **[Draft recommendation 6.5]**

#### ***Support.***

We support measures to reduce the complexity and burden associated with the CCS and families needing to report their information manually. Families should have confidence in the system that they are receiving the correct subsidy amount and are not subject to overpayment or underpayment issues, which exacerbates economic inequities in the system. This is a particular concern for parents and guardians who are employed on a casual basis. For many families, risking underpayment and a subsequent debt notice from Centrelink can deter them from using the ECEC system<sup>iv</sup>

While leveraging payroll data to prompt updates has the potential to streamline and improve the accuracy of subsidy calculations, addressing privacy concerns, accommodating diverse employment scenarios, ensuring timely updates, and educating families about the process are critical factors to consider for successful implementation.

**Draft recommendation: Provide better information to families about CCS withholding rates**

The Australian Government should provide clear and easy to find information to families about the Child Care Subsidy withholding rate during the Child Care Subsidy application process and when families update their details with Services Australia. **[Draft recommendation 6.6]**

***Support.***

Providing clear and easily accessible information about the CCS withholding rate during the application process and when families update their details with Services Australia is crucial for transparency and informed decision-making.

In our Work and Play report families told us they want more transparency when it comes to childcare payments and records, and that the system can be complex to navigate. Clear information about the withholding rate and why it exists would assist families to understand their subsidy payments and their ability to adjust this rate according to the rules. It could also help families budget their out-of-pocket expenses accurately if there is greater information available about the childcare subsidy and out-of-pocket expenses more generally.

### **Draft recommendation: Ensure integrated services are available where needed**

An ECEC Commission (draft recommendation 9.2) should be responsible for advising governments on the need for integrated early years services involving ECEC and the communities in which they are needed. [Draft recommendation 7.1]

#### **Support.**

We welcome the recommendation for an ECEC Commission to further investigate and advise on integrated services, acknowledging that there is an evidence base and history of service provision,<sup>[14]</sup> albeit not a coordinated policy approach across Australia. Data analysis and local consultation should be employed as the means to identify where integrated services would best serve communities.

Our families research<sup>[15]</sup> identified that families are looking for a more responsive and connected ECEC system, and that for many families, their needs are not being fully met. Parents talk about a lack of availability and flexibility, with work, school and ECEC systems not coordinating with each other as one of the main challenges. When asked what improvements could be made to the system, two responses attracted a high level of support: more ECEC services should be co-located with workplaces (71 per cent) and the ECEC system being integrated with the school education system (68 per cent).

Integrated services can offer significant benefits to all children and families, especially those who are being supported by social services<sup>[16]</sup>. Integrated support services can assist in redressing complex issues, including mental and physical ill health, stress and depression, unemployment, low adult literacy levels, limited or no income, and poor housing and neighbourhood living conditions. These issues impact the home environment and prevent early childhood development messages from being implemented<sup>[17]</sup>. Social Ventures Australia research showed that there are at least 100,000 additional children aged birth to six, across 706 communities, who need an integrated ICFC but do not have access<sup>[20]</sup>.

Integration can enable the children's services system to respond efficiently and effectively to the diverse and complex needs of children and families in the one place, community or system and address service fragmentation (particularly for families with children with multiple needs who may need to navigate a complex array of diverse services in medical and allied health, education and social work). According to Moore et al<sup>[18]</sup>, in addition to building more supportive communities, an ideal service system would be one that is based on a strong and inclusive universal set of services, has well-developed 'horizontal' linkages between the various forms of services that directly or indirectly support families of young children, and also has well developed 'vertical' linkages with secondary and tertiary services that enable varying levels of additional support to be provided to those with particular needs<sup>[19]</sup>.



### **Draft recommendation: Support connections between ECEC and child and family services**

As part of its role in assessing access to ECEC, an ECEC Commission (draft recommendation 9.2) should be responsible for examining connections between ECEC and other child and family services and identifying the most suitable way to address any gaps. **[Draft recommendation 7.2]**

#### ***Support.***

The Front Project supports an integrated approach across sectors such as education, health, social services, and community support, understanding that children develop holistically, and no single part of the system operates in isolation. Systems interact with each other and collaboration between these sectors ensures a more comprehensive support system for children and families and enhances healthy development and wellbeing. This is particular the case for families experiencing disadvantage or vulnerability<sup>[21]</sup>. Ideally, families need access to a connected system of services and supports from the earliest stage of a child's life, including maternal child health, allied health, family services, parenting support, and playgroups, together with formal ECEC, and transitioning into school and outside school hours care. A system stewardship approach can help enhance each part of the "system" working in a coordinated fashion to benefit children and families.

The Front Project supports an evidence-based approach, examining data and research, ensuring that initiatives are based on evidence and best practices. By identifying areas where services could be better integrated or coordinated, an ECEC Commission could inform policy to ensure better access to comprehensive support for children and families.

### **Draft recommendation: Introduce a higher hourly rate cap for non-standard hours**

The Australian Government should raise the hourly rate cap for ECEC delivered during non-standard hours. In designing the higher rate cap, the Australian Government should ensure:

- families are required to provide evidence that both parents work non-standard hours to access the higher rate cap
- the higher rate cap is only available during non-standard hours, with the definition adopted in the *Children's Services Award* (weekdays before 6.00am and after 6.30pm and weekends) offering a useful anchor point (but is not available if services offer care for a short period either side of standard hours)
- the higher rate cap is applied to all service types, although different rates should be set for each service type to reflect differences between them in costs of provision

The higher rate cap should be set based on the costs of providing early childhood education and care during non-standard hours and subject to regular review and indexation as outlined in draft recommendation 6.2. [**Draft recommendation 7.3**]

Support.

In each of our Work and Play studies, families emphasised the need for more flexible hours of ECEC, meeting the needs of parents who work non-standard hours, shift work, weekend work, and in casualised jobs. In our 2023 study:

- 83 per cent of families want more casual care options
- 75 per cent want the ability to pay for services on an hourly basis rather than a daily basis, and;
- 64 per cent want services that operate on weekends and outside of office hours for people who work casual or shift jobs.

The Productivity Commission rightly identifies that there are associated costs with operating services with non-standard hours and across different setting types, and funding would need to reflect this.

**Draft recommendation: Examine planning restrictions related to operating hours**

State, territory and local governments should examine their planning regulations to ensure they do not unnecessarily restrict the ability of services to provide ECEC during non-standard hours. [**Draft recommendation 7.4**]

***Support.***

Our families' research shows strong support from parents for the provision of ECEC during non-standard hours. It makes sense for state, territory and local governments to examine any planning restrictions that are a barrier to providers establishing services to deliver non-standard hours.

Removing unnecessary constraints fosters greater inclusivity, ensuring that ECEC options are available and accessible to a broader range of families, particularly those working non-traditional shifts, including healthcare workers, emergency services personnel, or others in essential industries.

**Draft recommendation: Ensure occasional care is available where needed**

An ECEC Commission (draft recommendation 9.2) should be responsible for advising on the need for additional investments in occasional care and the communities in which these services are needed. Where additional investments are required, funding should be available through a more flexible Community Child Care Fund. **[Draft recommendation 7.5]**

***Support.***

The Front Project supports the involvement of an ECEC Commission in assessing community needs for occasional care especially in communities where overall supply is underserved or unserved and we emphasise the importance of engaging stakeholders and local communities in any process. The call for more casual care was certainly a feature of our research with families: 83 per cent of families want more casual care options<sup>[23]</sup>.

Occasional care plays an important role in supporting families who do not require consistent patterns of ECEC and supports parents with irregular work schedules or those attending appointments. It acknowledges that families have diverse needs and enhances access for more children. A more flexible Community Child Care Fund could allow for targeted allocations, addressing gaps in occasional care provision where traditional funding mechanisms might be insufficient.

In addressing the needs of some families who would benefit from access to occasional care, high-quality provision must be prioritised, so it is not seen as some type of “babysitting” service but rather another type of valid ECEC bound by the National Quality Standards.

### **Draft recommendation: Support out of preschool hours ECEC**

To support greater access to outside preschool hours ECEC, the Australian Government should amend Family Assistance Law to:

- allow dedicated preschools to claim the Child Care Subsidy (CCS) for additional ‘non-preschool’ hours by creating a separate ‘wrap-around preschool’ care type that would:
  - not be subject to minimum operating periods or restrictions that it must not predominantly provide a preschool program in the year before full-time school
  - attract the CCS for hours of ECEC delivered beyond jurisdiction-specific standard preschool hours, with services required to report on the length of the preschool session delivered
- make it easier for providers to establish a CCS-eligible ‘outside preschool hours’ service, by creating a separate ‘outside preschool hours’ care type that would cater primarily to preschool aged children and would not be subject to the minimum 48-week operating period. [**Draft recommendation 7.6**]

#### ***Support.***

We welcome the recommendation to enable preschool services to deliver funded wrap-around hours of early learning and care. Families in our Work and Play research<sup>[24]</sup> identified that a consideration in the current economic climate and making decisions about work and education and care, is the ability to drop off and pick up around sessional preschool hours. A mismatch between preschool hours and employment presents an obvious challenge for many families and can limit their choices and access to ECEC. Providing preschools with more flexible, funded options might encourage more providers to offer such an option, reducing the need for some families to “patch together” their care arrangements. This has the added benefit of children being in a single service for all their care needs, enhancing consistency and reducing the number of transitions for children.

### **Draft recommendation: State and territory regulatory authorities should improve their performance reporting**

To improve the transparency of the ECEC regulatory system, all regulatory authorities should publish an annual report detailing progress against key objectives, including metrics on the number of assessments performed, average time between assessments, funding and other monitoring, compliance and enforcement activities. **[Draft recommendation 8.1]**.

#### ***Support.***

We support the recommendation for greater transparency by all regulatory authorities, to ensure greater accountability and to enhance quality standards and outcomes. It will also improve the efficiency and effectiveness of the system if we know what works and why.

One such study seeking to understand the impact of policy decisions and outcomes for children is the Educational and Developmental Gains study (EDGE) in partnership between the Victorian Department of Education, the Front Project and the University of Melbourne<sup>v</sup>. Whilst this study goes beyond regulatory matters, the evaluation and measurement of the impact of two years of preschool will provide important evidence to inform future decision making.

It's also important that any reporting is easily accessible and comprehensible to a wide audience, particularly for parents seeking to access information about services in a way that is meaningful. Families in our Work and Play<sup>[25]</sup> study reflected that they do not always have the information that they need to assess the quality of a centre, and once in service some families are seeking improved communication about the learning and development outcomes of their children. Parents sense good and bad quality education and care, but they lack the opportunity, information and tools to make ECEC decisions that fully and objectively consider quality. Parents do not see quality ratings or other sources they use providing information on indicators of quality that are meaningful to them, such as how staff interact with children and each other. They also don't feel that ratings and other information sources are transparent enough and would like to know how specific services are meeting outcomes for children, and have access to user satisfaction, issues and complaints data.

More regular and transparent reporting also has the potential to lift quality provided that suitable measures, monitoring, compliance and enforcement activities are employed, accompanied by appropriate resourcing of the regulatory authorities.

### **Draft recommendation: A new review of the National Quality Framework**

Australian, state and territory governments should, through the Education Ministers Meeting, commission ACECQA to review the National Quality Framework, with a specific focus on the way in which services are assessed against the National Quality Standard, and if assessments could be made more accurate, consistent and efficient.

NQF reviews should be conducted on a regular basis to enable regulators to incorporate feedback from ECEC providers as well as new findings from research on links between ECEC quality and children's outcomes. **[Draft recommendation 8.2]**

#### ***Support.***

The Front Project supports recommendations that help deliver high-quality early education and care for all children and families, and measures that positively impact children's outcomes. Regular reviews of the NQF and more specifically the assessment process, acknowledges the need for ongoing evaluation and improvement to ensure the system is delivering on what it promises. Ultimately the NQF needs to remain relevant, responsive, and reflective of best practices and research-backed methodologies.

Government should be mindful of the impact of any changes arising from the review process, to ensure that providers and the workforce are supported in any transition or adopting changes. A careful balance should be struck between responding to new research and evidence, and giving the sector the tools, resources and time to adapt.

### **Draft recommendation: Ensure regulatory authorities are adequately resourced**

The operations of the state and territory regulatory authorities that administer the National Quality Framework should be independently reviewed. This review should examine the timeliness of assessments, and whether additional funding is required to enable authorities to improve timeliness.

Based on the outcomes of this review, the Australian Government should ensure additional funding is provided to state and territory regulatory authorities, to provide updated assessments within agreed timeframes. **[Draft recommendation 8.3]**

### ***Support.***

The Front Project supports the call for independent reviews of the state and territory regulatory authorities to assess the effectiveness, efficiency, and overall operations of these authorities. Specifically, examining the timeliness of assessments is important as it directly impacts how quality and safety is measured and assessed, facilitating interventions and support for services to improve on quality. Timely assessments are vital for ensuring that ECEC services meet quality standards, or that needs are identified early, so that services provide optimal learning environments for children.

The withdrawal of federal funding to the National Quality Agenda in the 2018-19 federal budget impacted the practical support and resourcing to state and territories to implement their regulatory function. It also signalled a lack of support for a national approach to quality regulation<sup>[26]</sup>. This has impacted the schedule of assessment and ratings and seen an increase in safety issues and reportable incidents.

Ensuring that regulatory authorities have the necessary resources and funding to carry out assessments in a timely manner contributes to maintaining and enhancing the quality of early childhood education and care. Such funding should be about optimising the system for high-quality early learning and care for children, not just providing the bare minimum for the regulatory authorities to undertake their functions.

### **Draft recommendation: Incentivise quality provision in new ECEC services**

State and territory regulatory authorities should be required to consider the performance of a provider's existing services when making decisions on an application to approve new services from that provider, and prioritise new service approvals from higher rated providers over those with lower existing service ratings. **[Draft recommendation 8.4]**

#### ***Support.***

We support regulatory authorities considering the performance record of providers when determining new service approvals, and prioritising applications from higher rated providers as an incentive to continually lift quality for children. We propose that unless a provider has 95 per cent or above meeting NQS, they should be prohibited from adding a new service.

This approach should be combined with a system that encourages lower-rated providers to address deficiencies in their existing services through support, guidance, and improvement plans before expanding into the provision of new services, a role which governments can play as system stewards. Careful monitoring should be undertaken to ensure no unintended negative consequences on supply of places and exacerbating access issues.

### **Draft recommendation: Improve policy coordination and implementation**

The Australian, state and territory governments should form a new National Partnership Agreement (NPA) for Early Childhood Education and Care (ECEC) by 2026.

The NPA should articulate the national vision for ECEC and clarify roles and responsibilities between all governments.

- The Australian Government should remain responsible for early childhood policies in the years before preschool and for associated funding responsibilities and for the funding of outside school hours care through the CCS.
- State and territory governments should remain responsible for preschool, school readiness and take on the responsibility of ensuring the delivery of outside school hours care in government schools.
- Governments should build upon the Preschool Reform Agreement to ensure funding supports the desired outcomes, regardless of the preschool delivery model adopted in each jurisdiction.

The NPA can also help to establish a more formal stewardship approach, underpinned by an ECEC Commission (draft recommendation 9.2). [**Draft recommendation 9.1**]

### ***Support.***

The Front Project supports the proposal for a new National Partnership Agreement for Early Childhood Education and Care as a positive step towards achieving a cohesive and coordinated approach to ECEC across Australia. This agreement could potentially offer a framework for articulating a unified vision for ECEC, thereby clarifying roles and responsibilities among various levels of government, moving to a system of stewardship which we have long advocated for. However, any NPA should be underpinned by a legislated entitlement to universal access to ECEC, including a right for children to access two years of preschool education. Enduring legislation provides certainty for the sector and the community, with a supplementary NPA providing the detailed arrangements between commonwealth, states and territories.

The delineation of responsibilities between the Australian Government and state/territory governments regarding early childhood policies, preschool, and outside school hours care could bring more clarity and help ensure better coordination and allocation of resources to support the sector more comprehensively.

The Preschool Reform Agreement, set to expire in 2025, should be expanded in its next iteration to deliver and help fund three-year-old preschool, recognising the important educational and social benefits on investing in two years of preschool education<sup>[27]</sup>. Whilst several jurisdictions are already delivering or on the path to deliver three-year-old preschool, the Australian Government should take a

partnership approach to financial support, and strengthen any NPA with a legislated entitlement.

### **Draft recommendation: Establish an ECEC Commission**

A stewardship model – where the Australian, state and territory governments better coordinate their roles in the ECEC system and share accountability for sector outcomes – should be implemented to address some of the challenges observed in the market, coordinate a more cohesive policy response and steer the sector towards universal access. This should be underpinned by an ECEC Commission, jointly established by the Australian, state and territory governments as part of a new National Partnership Agreement (draft recommendation 9.1). The ECEC Commission should have two main functions:

- support the Australian, state and territory governments to better coordinate and deliver ECEC policies, by providing information and advice
- provide a mechanism to hold the system stewards publicly accountable for achieving the objectives of ECEC policy.

The ECEC Commission will require high quality data to execute its advisory and reporting functions effectively. It should have the authority to collect data from the Australian, state and territory governments, as well as mechanisms to safely store and share data between jurisdictions. [**Draft recommendation 9.2**]

### ***Support.***

The Front Project welcomes the recommendation to adopt a system stewardship approach, recognising our work that identifies the benefits of a more coordinated approach and what it can deliver for children, families, the sector and ultimately, society <sup>[28]</sup>.

The idea of establishing a more formal stewardship approach, potentially through an ECEC Commission, could provide a centralised mechanism for oversight, coordination, and improvement within the sector. Such an entity could drive continuous improvement, share best practices, and ensure a cohesive approach to ECEC policies and practices across Australia. This aligns with our goal of ensuring equitable and high-quality early learning and care for all children.

## Information Requests

	<b>Cultural safety in ECEC services</b>
	<p>The Commission seeks information on cultural safety in ECEC services for Aboriginal and Torres Strait Islander and culturally and linguistically diverse families and children.</p> <ul style="list-style-type: none"> <li>• What factors most effectively promote the provision of culturally safe ECEC?</li> <li>• Should there be changes to the National Quality Framework to promote cultural safety and capability, beyond the updated learning frameworks? Would a national cultural competency framework help improve the cultural safety of ECEC services for Aboriginal and Torres Strait Islander families and children?</li> <li>• Does the structure of the Inclusion Support Program adequately prioritise and allow provision of culturally safe ECEC in mainstream services? If not, what are the issues and how could these be addressed?</li> <li>• Would professional development in cultural capability (draft recommendation 3.6) be adequate to promote inclusion in ECEC services, or are there other components required? [<b>Information request 2.2</b>]</li> </ul>

We welcome the Productivity Commission’s interest in strengthening the cultural safety of ECEC services and looking at both individual centres and their practices together with system-wide frameworks and support. Cultural safety is a key underpinning factor to facilitate universal access, enhancing inclusion and belonging and relationships between children, families and staff. Cultural safety should be embedded in practice and not viewed as a problem to be solved, or an “added extra.” It should be viewed through the lens of social cohesion and a rights-based approach for all children. Culturally safe ECEC services and workplaces are the key to wellbeing, identity, belonging and connection to community. Most importantly, by enabling people to be themselves and contributing to feeling safe in themselves<sup>[29]</sup>, it strengthens outcomes for children and supports staff to work in a culturally safe environment.

The National Quality Framework, including learning frameworks, should be reviewed and updated to reflect contemporary best practice in cultural safety. One improvement should be lifting the bar on a NQS theme that is currently required to demonstrate an “exceeding” rating: *Exceeding Theme 3: Practice is shaped by meaningful engagement with families and/or the community*<sup>vi</sup>. The requirements to build meaningful, respectful relationships with families, to draw upon and reflect diversity in practice, and a commitment to embed First Nations perspectives in curriculum should be a bare minimum and a requirement for “meeting” the NQS. A cultural and social inclusion plan could be part of the Quality Improvement Plan, to

elevate the requirement for services to meaningfully address and embed cultural safety, provided it is accompanied by resourcing and support for staff.

The Inclusion Support Program as it stands does not address cultural safety and is designed for children with disability and additional needs. Cultural diversity is not an additional need.

Professional development for all teachers, educators and service leaders is an important part of understanding and providing culturally safe services and workplaces. Government should play a role in supporting Aboriginal and Torres Strait Islander-led and Culturally and Linguistically Diverse-led organisations to develop and provide high-quality professional learning to the sector. Government support could also take the form of paid time release for individuals and teams to undertake training. Professional development on cultural safety should begin during pre-service/initial training and be an ongoing element of professional learning. It cannot be a tokenistic “tick-a-box” exercise. It must have integrity and facilitate a deep understanding of cultural safety and application to practice. Such professional development could be tied to teacher registration requirements in the same way that some jurisdictions require teachers to undertake a portion of their mandated professional development hours on disability and inclusion.

Government, in its work on the ECEC workforce strategy should also develop a better understanding of cultural diversity within the ECEC workforce and consider policy settings and initiatives that ensure the workforce is rich in diversity. Having a multicultural ECEC workforce may be advantageous in establishing a culturally safe place for families to bring their children with confidence. Currently the ABS ECEC Workforce Census does not collect data on the cultural and linguistic backgrounds of the workforce. There is *no* data collected on the cultural diversity of the ECEC workforce<sup>[30]</sup>.

A workforce that is more culturally diverse and reflective of the community we live and work in could be a way to close the attendance gap of Culturally and Linguistically Diverse children with non-CALD children. In 2018 13 per cent of CALD children and 7 per cent of non-CALD children did not attend any form of ECEC service.<sup>[31]</sup> Culturally and linguistically diverse children are also more likely to be developmentally vulnerable (the AEDC identified that over 80,000 CALD children are developmentally vulnerable<sup>[32]</sup>).

Research by Gide, Wong, Press and Davis<sup>[33]</sup> note: *Our observations and experience lead us to believe that there are large numbers of CALD educators in the ECE workforce, at least in metropolitan areas. We suspect that the workforce may be stratified along the lines of cultural background with CALD educators concentrated in certificate III and diploma positions. However, we cannot test these assumptions because there is an absence of data on the CALD workforce in the ECE sector.* Their research identifies the variety of benefits that a more culturally and linguistically diverse workforce brings to children, families and other staff. One such workforce initiative is the Victorian Government’s Early Childhood Aboriginal Pathways Scholarship Program<sup>[34]</sup> with financial support for people seeking to study at all levels from certificate III to masters.

Some state governments provide additional funding and support to strengthen cultural competence in preschool services. The Victorian government provides School Readiness Funding which enables services to purchase programs from a menu of supports including Aboriginal cultural supports, access to allied health and additional educators, cross-cultural responsiveness training, cultural inclusion support packages, and supporting multilingualism<sup>[35]</sup>. The Queensland government similarly provides its Kindy Uplift Program<sup>[36]</sup>. Both programs prioritise cultural competence and safety. The Victorian government also funds a preschool language program for around 7,000 children at 176 services to learn a second language, along with 21 bilingual kindergartens <sup>[37]</sup>.

## Potential modifications to the activity test

The Commission is seeking views on the costs and benefits of options to modify the Child Care Subsidy activity test. Draft recommendation 6.2 would relax the activity test to allow all families to access up to 30 hours of subsidised care a week (60 hours per fortnight) regardless of activity, providing a step towards universal access. Options for the levels of activity that should be required for hours above 60 hours of subsidised care per fortnight could include:

- retaining the current activity test for hours of care over 60 hours per fortnight. This would allow 60 subsidised hours for all families, up to 72 hours of subsidised hours for families with 16 to 48 activity hours per fortnight, and up to 100 hours of subsidised care for those with more than 48 activity hours
- simplifying the number of activity test tiers further by allowing 60 subsidised hours for all families and up to 100 subsidised hours for those with more than 48 activity hours
- simplifying the number of activity test tiers by allowing 72 subsidised hours for all families and up to 100 subsidised hours for those with more than 48 activity hours.

The introduction of a modified activity test could also be phased, for example, starting with lower income families, in order to allow time for supply to respond to increased demand and to evaluate the effects of the change before relaxing the activity test more widely. The Commission is seeking views on the costs and benefits of a phased introduction, and which cohorts of families would benefit most from being able to access a relaxed activity test earlier. **[Information request 6.1]**

The Front Project recommends the activity test be abolished.

The Productivity Commission noted in its interim report that the activity test limits participation in ECEC, particularly for families that are already experiencing disadvantage, who also stand to gain the most from participation. Research suggests the activity test is contributing to at least 126,000 children missing out on ECEC<sup>vii</sup> (Impact Economics and Policy, 2022). This means that children and families are missing out on the educational and developmental benefits to the child, a protective space for children who may be exposed to safety risks or neglect at home and parents and guardians, particularly women, are supported to engage in the workforce. Research demonstrates that children who miss out on ECEC are more likely than their peers to start behind at school and may never catch up (Impact Economics and Policy, 2022). ECEC services can also act as an important place to provide families with the information and connections that they need to support their own health and wellbeing, as well as enabling parents to work or study.

The activity test can act as a deterrent to work for many parents and guardians who are in or want to be in casual work due to the uncertainty around how it will apply to

their circumstances (10 Year Plan for Women's Economic Equality, 2023). The complexity and risks around inadvertently acquiring a debt due to overestimating activity hours, even with the 5 per cent buffer, can act as a deterrent to using ECEC.

Estimates by the Productivity Commission show that removing the activity test 3 days per week will increase women's participation in the workforce by 9,840-81,680 women. A middle of the road estimate of 39,620 would boost GDP by \$4.5 billion per year and would offset the direct costs to government from abolishing the test, which is estimated at \$1.3 billion. While we are unable to calculate the GDP and workforce participation benefits for completely removing the activity test, when coupled with improved affordability measures for low-income families, more children who are experiencing disadvantage will be able to attend and benefit from ECEC. The Productivity Commission found that parents and guardians in the lowest income quintile would have the largest increase in their hours of work as a result of relaxing the activity test along with targeted subsidies. Evidence also suggests that abolishing the activity test will increase Aboriginal and Torres Strait Islander participation in ECEC. For example, when the activity test was removed temporarily during the pandemic, childcare usage amongst Aboriginal and Torres Strait Islander children increased by 12 per cent in the 9 months to June 2021 (Commonwealth of Australia (2022), Education and Employment Legislation Committee - Official Committee Hansard, 7 April 2022, page 6).

The Productivity Commission noted that applying for ECEC subsidies and administering them is complex (p45). Abolishing the activity test would simplify the CCS system for parents, providers, and governments alike. Red tape would be reduced, and it would likely make it easier for families to calculate their out-of-pocket expenses to help estimate the cost of different service options (10 Year Plan for Women's Economic Equality, 2023).

While the Front Project recommends abolishing the activity test, an interim or phased approach may be needed to make it sustainable. However, abolition should remain the objective. The Australia's 10 Year Plan for Women's Economic Equality supports this saying removing the activity test would be "an immediate first step towards universal access to ECEC". The ACCC also recommended it be removed, or substantially revised.

	<b>Child Care Subsidy taper rates</b>
<p>The Commission is seeking views on how Child Care Subsidy taper rates could be designed if the top rate of subsidy was increased to 100% of the hourly rate cap, as proposed in draft recommendation 6.2. This includes options to adjust taper rates for the Higher Child Care Subsidy, available to families with multiple children aged five or younger in ECEC who are eligible for a subsidy. <b>[Information request 6.2]</b></p>	

The Front Project supports lifting the maximum subsidy rate to 100 per cent for low-income earners. The taper rate should be amended with the objectives of making ECEC more equitable and affordable. Another important consideration is ensuring the taper rate is smooth and even, with no sudden drops in subsidy, particularly for low to middle income earners. If the current taper rate was applied to the 100 per cent maximum ceiling, it would zero out at \$575,000. This would increase the cost to government with additional high-income earners becoming eligible for the CCS. To reduce costs to government, one option is to slightly reduce the taper rate from 1 per cent reduction for every \$5,000 to 1 per cent reduction to every \$4,000, which would retain the existing cut off at \$530,000.

Families with more than one child in ECEC should not be worse off under any reforms.

Furthermore, currently a child isn't eligible for the CCS if they are six years old and over. However, this may inadvertently disadvantage some children and families. For example, children who may require a second year of four-year-old kindergarten in a long day care setting due to developmental delays or additional needs and who will be six years old before they attend school. Measures should be adopted to ensure these children and families are not disadvantaged by the 5 years and under cut off.

	<b>Level and indexation of the hourly rate cap</b>
<p>The Commission is seeking information on how the level and indexation of the Child Care Subsidy’s hourly rate cap could be adjusted to better reflect costs of provision over time, including a higher hourly rate cap for non-standard hours, as proposed in draft recommendations 6.2 and 7.3. <b>[Information request 6.3]</b></p>	

Due to the unique operation of the ECEC market, the hourly cap rate isn’t having a sufficient impact on affordability.<sup>53</sup> The Productivity Commission notes that since 2018 there has been an upward trend in the share of centre-based day care and family day care services with fees above the hourly cap rate, increasing from 13 per cent to 22 per cent and 24 per cent to 45 per cent respectively<sup>54</sup>.

Currently the averaged out hourly cap doesn’t factor in the higher costs associated with caring for younger children, for services operating in remote areas and for services operating outside standard hours. The ACCC report found younger children cost more, due to higher needs and staff to child ratios. This can lead to services capping enrolments to offer fewer places for younger children to save costs, which in turn means less available places.

While the Front Project supports a new funding model, as an interim measure we support the ACCC’s recommendation to align the hourly rate cap more accurately within the current CCS to more closely align with the actual costs of delivering childcare services<sup>56</sup>. For example, considering actual labour costs (factoring above award levels of pay that promote quality and workforce stability), providing services in rural and remote areas or outside standard hours of operation and/or to children with higher levels of need and considering different fee caps for different types of ECEC services<sup>57</sup>. South Australia’s Royal Commission also recommends introducing differential pricing in the CCS for younger children with higher educator-to-child ratios<sup>58</sup>. One option is to set the hourly cap rate at the average fee, plus 17.5 per cent, which was the original intended value. The cap should be indexed to factor in inflation and an expected lift to wages.

<b>Potential expansions: CCS to families with restricted residency; Assistance for Isolated Children Distance Education Allowance to preschoolers in isolated areas.</b>
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The Commission is seeking views on the costs, benefits and practicalities of:

- expanding CCS eligibility to include families who have restricted residency in Australia such as temporary protection visa holders
- expanding the Assistance for Isolated Children Distance Education Allowance to include children receiving a preschool education in geographically isolated areas. **[Information request 6.4]**

The Front Project supports expanding CCS eligibility to families who have restricted residency in Australia. We support it being opened up to multiple visa types beyond a partner provisional or temporary protection visa, where families are on low incomes or face other forms of hardship. Families who have restricted residency in Australia often face social exclusion, poor mental health, financial stress and discrimination (University of NSW, Refugee Mental Health, 2023). Due to visa restrictions, they are also generally not able to access important social supports such as Centrelink or Medicare. If a family on a temporary visa is permitted to work, because they are ineligible for the CCS, they must pay full fees for childcare. For many families the average Australian daily fee of \$123.64 is higher than their wage, especially if families are paying for the care of multiple children. This makes working an unviable option. Expanding eligibility to all temporary visa holders - especially for those who have working rights - would be a catalytic investment. It would not only support labour force participation, but it could also help plug employment gaps in high-demand sectors such as ECEC and aged care and the child would experience the life-long benefits of ECEC.

While all people on temporary or restricted visas should be eligible for the CCS, it is particularly critical for people who have or are experiencing family violence. 52 specialist family violence, migration and community legal agencies are calling for the expansion of CCS eligibility to all women on temporary visa types who are experiencing family, domestic or sexual violence (Recommendation 2.3, National Advocacy Group on Women on Temporary Visas Experiencing Violence, 2023). Furthermore, if a victim-survivor is granted permanent residency through the Family Violence Provisions of the Migration Act, they should not be subject to the four year Newly Arrived Waiting Period. This is because they likely have no income or housing due to the family violence. Along with work rights, accessing the CCS would support their recovery, enable labour force participation and provide a positive and protective space for their child while the victim-survivor recovers and works to establish a new life free from violence.

The Front Project supports equity provisions for children and families living in isolated areas. Children in rural and remote areas have higher rates of developmental vulnerability with one in four children in outer regional areas likely to be developmentally vulnerable (The Front Project, 2021). This increases to one in

two children in very remote areas (The Front Project, 2021). Furthermore, one in five services are 'working towards the NQS and one in three in very remote areas' (Community Early Learning Australia, 2021). This highlights the importance of boosting quality and service provision in these areas.

While the focus should be on establishing services in rural and remote areas, it is not practicable for every child to attend a preschool close to home. Offering financial relief to cover the additional costs associated with attending a distant service such as through the Second Home Allowance, Distance Education Allowance or the Pensioner Education Supplement may help alleviate some of the additional costs to families' or remove barriers to ECEC attendance. While the Front Project supports a new funding model that better facilitates universal provision, under the current funding model, expanding the Distance Education Allowance is one way to support preschool or kindergarten attendance for children in isolated areas.

## Potential measures to reduce CCS administrative complexity

The Commission is seeking views on the costs and benefits of potential measures to reduce Child Care Subsidy (CCS) administrative complexity. These may include:

- streamlining the Higher Child Care Subsidy rate to be more aligned with the CCS rate over time
- allowing families who are already eligible for income support payments or a Health Care Card to be automatically eligible for CCS, and aligning processes that are similar across CCS and other payments
- extending the initial length of eligibility for Additional Child Care Subsidy (Child Wellbeing) from six weeks to 26 weeks and subsequent lengths of eligibility to between 26 and 52 weeks
- extending the length of eligibility for Additional Child Care Subsidy (Child Wellbeing) for those children on a long-term protection order, in formal foster care or in a formal kinship arrangement, while their circumstances remain unchanged
- extending Additional Child Care Subsidy (Grandparent) to recognise informal kinship carer arrangements
- maintaining a child's eligibility for CCS for a period of eight weeks when there is a change of guardian. [**Information request 6.5**]

We support the suggested measures to reduce CCS administrative complexity. The CCS is complex, with several variable components making it difficult for families to calculate out of pocket expenses. Streamlining the process to make application and explanation of the CCS clearer for families should be a high priority.

We support the range of measures put forward by the Productivity Commission to simplify and streamline the CCS application process including automatic eligibility with a health care card or other support payment, extending the length and eligibility to the ACCS payment, and maintaining access to CCS where there is a change of guardian. Longer periods of access to CCS or ACCS recognise that children do not move in and out of risk for 6–13-week periods. As many barriers to access should be removed or minimised.

Our 2023 Work and Play study<sup>[38]</sup> found that 56 per cent of parents and guardians state it's unclear what the main cost drivers are for ECEC services or why some cost more or less. Separate from application processes for CCS, explaining to families how the CCS will benefit them is also an important factor. The current funding model makes it difficult for families to understand why they are paying what they are, and to estimate out of pocket payments, which then makes comparing services particularly challenging. Furthermore, the online tool designed to calculate out-of-pocket expenses, StartingBlocks, isn't widely known or used by parents and contains outdated information.

Our Work and Play report also found that many families were not aware of the July 2023 changes to the CCS. While most of the ways in which CCS was changing were

welcomed by parents once the changes were described to them (the increased subsidy for a second child), changes to eligible income limits did surprise parents. Many were shocked that the upper income limit was increasing to \$530,000, questioning whether households who earned this much really needed government support for ECEC fees. The view among these parents was that it would be better to focus on increasing affordability for low-medium income households, or strategies to increase the number of places available to families in areas with high demand/low vacancy.

New South Wales' Independent Pricing and Regulatory Tribunal (IPART) inquiry into ECEC<sup>[39]</sup> has recommended the Australian Government improve the CCS application process, including better linking existing online systems that are touchpoints for families, for example single touch payroll information from the ATO to prompt families to update activity and income levels.

	<b>Scope for broader funding reform</b>
<p>The Commission welcomes views on the implications of broader funding reform in ECEC for children, families, service providers and governments, including the benefits and costs of expanding the use of supply-side funding mechanisms.  <b>[Information request 9.1]</b></p>	

The benefits of ECEC to children is well established. Children from all backgrounds are significantly less likely to be developmentally vulnerable when they start school if they attend quality ECEC<sup>17</sup>. There are particularly profound impacts for children from disadvantaged backgrounds<sup>18</sup>. The Front Project supports a universal but not uniform approach to ECEC - as recommended by the Productivity Commission. We also support the recommendation for a universal entitlement of a three day or 30 hour per week entitlement for all Australian children<sup>19</sup>.

Aligning with research that shows children who experience disadvantage or vulnerability stand to benefit the most from ECEC, the Front Project strongly supports zero or very low-cost additional days/hours for these cohorts of children. This approach is also supported by recent research from the Front Project. The 2023 Work and Play study revealed that 84 per cent of 1,000 surveyed parents and guardians agree that some families need more support than others to ensure their young children receive quality ECEC due to historical or situational factors<sup>23</sup>. The Productivity Commission found that currently two thirds of children who already attend ECEC do so for up to three days per week<sup>24</sup>. They also report there is some capacity within the system to support reaching universal access<sup>25</sup>. However, to achieve this universality, improvements in inclusion, flexibility, and availability, along with significant workforce investment will be necessary<sup>26</sup>.

The funding system is a core component of the overall ECEC system, and getting the settings right will be critical for success. Broader funding reform, including supply-side funding, should be considered by the Australian Government, as the current system of predominantly demand-side funding is failing children and families and impacting the prosperity of the country. We appreciate that this requires a significant investment by government, and there will be costs/benefits to consider in the sequencing and implementation of any changes to the funding model, including options to addressing more urgent issues such as the Activity Test, more support for low-income families, inclusion support, and the workforce.

### **Challenges with existing model**

There are a range of challenges with the existing funding model that impact the affordability, accessibility and quality of ECEC. These include, but are not limited to:

- Affordability challenges for many families. Data indicates that childcare in Australia is more expensive for households than in most other OECD countries, with a couple on average wages having net childcare costs of 16

per cent of net household income<sup>[40]</sup>. Research conducted with families by the Front Project confirms the pressure of affordability with 61 per cent of families having to make significant financial sacrifices to afford ECEC, an increase from 47 per cent of families in 2021<sup>[41]</sup>.

- Availability of ECEC varies greatly across Australia, as found by the Productivity Commission and the ACCC. Availability tends to be poorer in regional and remote areas and in communities experiencing higher levels of socio-economic disadvantage. Our 2023 Work and Play study confirmed this finding with 49 per cent of respondents agreeing that they have had to change work arrangements to fit in with the care that they can find/afford<sup>[42]</sup>. This number increases to 58 per cent for First Nations Australians<sup>[43]</sup>. Furthermore, 39 per cent of respondents living in regional/remote Australia do not currently use paid ECEC due to having issues securing a place<sup>[44]</sup>.
- The unique characteristics of childcare markets mean that the CCS and the hourly rate cap are having limited effectiveness as a price signal and constraint on prices<sup>[45]</sup>, and if CCS settings are increased, this will be even less effective<sup>[46]</sup>. Further, the “inherent complexity”<sup>[47]</sup> of the CCS “can make it very difficult for parents to understand what they are entitled to and their choices”.
- Market dynamics mean that those with the highest willingness to pay are being provided with higher quality services<sup>[48]</sup>. Providers' supply decisions are highly influenced by expectations of profitability within a particular area or markets, which is driven by expectations of demand and willingness or ability to pay. This is resulting in inequitable educational and/or developmental outcomes across all children and households and reduced workforce participation in some areas<sup>[49]</sup>.
- The current system, with undifferentiated subsidy levels and an undifferentiated hourly rate cap, does not recognise this cost difference between younger and older children<sup>[50]</sup>.
- The system is based on a one-size-fits-all approach that assumes that all children have the same needs and require the same support.
- The system does not recognise the higher costs of delivery in more vulnerable or disadvantaged communities, including adequate support for First Nations children.
- The Inclusion Support Program (ISP) does not fully cover costs of inclusion and has narrow eligibility.

- The activity test significantly restricts some children’s access to ECEC. It has been estimated that the activity test is contributing to at least 126,000 children missing out on ECEC<sup>[51]</sup>. This means that families miss out on the full range of benefits of participating in ECEC, including not only educational and developmental benefits but also a protective space for children who may be exposed to safety risks at home. ECEC services are also a place to provide families with the information and connections that they need to support their own health and wellbeing.
- A lack of pricing transparency makes it very difficult for families to compare quality, price and out-of-pocket costs across services.
- Funding arrangements do not efficiently or effectively support increases in wages and conditions for the workforce.
- There are minimal conditions placed by government on services to receive the CCS, with services receiving funding even if they fail to meet the NQS.
- The complex interaction between long daycare funding and preschool funding, with shared responsibility between the Australian Government, States and Territories and differences in the Australian Government’s contribution to different states and territories for 15 hours of universal access. This is further complicated by each State and Territory having their own system of preschool funding and some states now delivering, implementing or considering provision of three-year-old preschool, currently without any contribution from the Australian Government. This interplay can also create complexity and confusion for families and service providers.

Funding models and levers play a key role in supporting systems to achieve their objectives and influence levels of accessibility, equity, and affordability in ECEC. Well-designed funding arrangements support the sustainability, responsiveness, transparency, efficiency, and accountability of the system by influencing the way in which funders, service providers and system participants interact with each other. Funding models must work with all components of the broader system architecture to produce an environment which enables – and ideally drives – the desired outcomes. In 2021 the Front Project produced research on funding and investment mechanisms *Funding Models and Levers for Early Childhood Education and Care*. In this report we suggest that a combination of different funding types is required to achieve system objectives<sup>[52]</sup>. The Front Project therefore supports the Productivity Commission draft finding that a mixed funding approach that includes a mainstream funding mechanism with additional targeted expenditure for children and families with additional or higher needs could “effectively and efficiently” underpin a universal system<sup>[53]</sup>.

### **Towards a new funding model**

The Front Project recommends that a future funding system should be grounded in optimising outcomes for children, equity, addressing disadvantage for children and

families and supporting workforce participation for parents and guardians. A well-designed and well-functioning universal system, underpinned by an appropriate funding model has the potential to provide services to all children, delivered with an intensity and a scale that is proportionate to their level of need and using a delivery model that works for their circumstances.

ECEC must be available to everyone, but where children have higher needs, they should receive more support. 'Progressive universality', whereby services are available to everyone, but delivered with an intensity and scale proportionate to the level of need, combines the benefits of a universal system with the benefits of a targeted system. The Productivity Commission finds one way to achieve this is to improve components of the existing funding model to make ECEC more accessible to families experiencing barriers, including through reforms to the CCS, Additional Child Care Subsidy (ACCS), Inclusion Support Program (ISP) and Community Child Care Fund (CCCF)<sup>[64]</sup>. While this is likely to make important steps towards universality, once the system objectives, roles and responsibilities are clearly stated, a new funding model may be required to more efficiently and effectively meet the objectives of the iterated ECEC system.

Any future funding model should be chosen according to its ability to deliver more equitable outcomes for children and families experiencing disadvantage, support simplicity for families so they understand their entitlement and make informed decisions that best suit their needs. It also needs to be simple and easy to understand for providers, many of whom are small and may not be able to manage a complex funding approach. The funding model should support flexibility and choice for parents. Families have diverse needs and preferences, for example for different lengths of ECEC sessions and access to different types of services.

## **Principles**

A set of principles that are aligned with the national ECEC vision and co-designed with the sector should be developed and used to assess the funding options available. They would need to be sequenced so that they can clearly support the achievement of the stated objectives of the ECEC system. Principles for a future funding model could include:

- Accessibility – focuses on delivering universality.
- Affordability – funding to deliver reasonable cost of quality provision.
- Quality – high-quality provision ensures children receive full benefits of ECEC.
- Adequacy - funding must be adequate to meet cost of sustainable, high-quality ECEC.
- Equity and inclusion – the differing needs of children is reflected in ECEC design, delivery and funding.

## **Proposed funding model**

Given the limitations of the CCS in addressing affordability, the Front Project recommends an alternative funding model that is introduced over time that provides the following:

- Base level of per capita (demand-side) funding that covers the core costs of providing high-quality ECEC including reasonable workforce costs.
- Equity funding and/or loadings that account for the needs of children attending the service including First Nations children, children with disability or additional needs, children from non-English speaking backgrounds, together with loadings that reflect additional costs to deliver services in certain geographic areas and the varying costs of different age groups, for example 0–3-year-olds.
- Supply-side funding to address the needs of local communities where supply and access is impeded.
- Preschool funding, in partnership with state/territories, to deliver 2 years of preschool access for at least 15 hours / week.
- A reasonable parent contribution that supports government in funding the system, but is based on an equity approach and parents' capacity to pay.

We support more use of supply-side funding and greater market stewardship by the Australian government, and the recommendations of the Productivity Commission and the ACCC to intervene to support universal access in persistently underserved markets<sup>[55]</sup>. Inherent to this will be investigating the needs of local communities and what is driving low provision and tailoring local solutions including supply-side funding. This approach is also recommended to support Aboriginal Community Controlled Organisations that provide childcare and additional support services for First Nations children, parents and guardians<sup>[56]</sup>.

## 'System navigator' roles in the ECEC sector

The Commission is seeking views from inquiry participants on 'system navigator' roles in the ECEC sector.

- Are current initiatives to support families experiencing additional barriers to navigating the ECEC system sufficient? Do they require additional information or support to perform this role?
- Is there a need for national investment in system navigator roles?
  - If so, who would be best placed to perform these roles? Examples could include Inclusion Agencies or contracted delivery by a range of ECEC services, community organisations, local councils or ACCOs.
  - How could this be delivered across different groups of families (for example, regional or remote, Aboriginal and Torres Strait Islander and culturally and linguistically diverse families), including ensuring delivery in a culturally sensitive manner? **[Information request 7.2]**

We welcome the Productivity Commission's interest in system navigator roles and how they could contribute to the objective of universal access. System navigators in ECEC play a crucial role in improving access and equity, by connecting families to available services and resources. This is especially important for reducing access barriers for disadvantaged or marginalised communities.

In the first instance barriers need to be identified and addressed and if possible, removed. For example, there can be inconsistent and confusing policies and advice around the need for birth certificates or proof of identity to enrol a child in an ECEC service. The only relevant legislation governing this is the requirement for a parent or caregiver to prove their identity to obtain a CRN for their child and access CCS. Different jurisdictions and individual providers then add their own requirements making a child's birth certificate necessary for enrolment or relaxing this requirement somewhat to also allow for proof of identity (this also includes services outside the CCS, such a preschool)<sup>[57][58][59][60]</sup>. The Australian Government's Department of Education website for enrolling in childcare does not refer to a birth certificate or proof of identity, only the requirements to be eligible for CCS and have a Complying Written Arrangement with the centre<sup>[61]</sup>. Some of these basic and obvious barriers to access could be addressed to enable families to enrol in services in the easiest, most welcoming way possible.

Navigator roles can then address other barriers to access and inclusion and address particular needs of local communities such as difficulties navigating different services, completing paperwork, access to digital tools and literacy, in a way that is culturally appropriate and sensitive. A range of organisations already do this work and are well placed to continue with government support and resourcing (i.e.: ACCOs, local councils, community and charity organisations). Support for families can also take the form of enhanced maternal and child health, supported playgroups, and outreach

workers. Government could take a more proactive role via national investment and coordination of these roles and support.

	<b>Barriers and potential solutions to providing more flexible sessions of ECEC</b>
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The Commission is seeking information on barriers and potential solutions to providing shorter sessions of ECEC that more closely mirror attendance patterns and are less expensive than full-day sessions, particularly in centre-based day care. Suggestions for ways that unused hours ('air pockets' in the system) might be made available to families who want access to ECEC on an occasional basis are also sought. **[Information request 7.3]**

A vast majority of families, 73 per cent (n=1,000), surveyed in our Work and Play research agreed that there should be more casual care options for people who work casually or flexibly<sup>[62]</sup>. It was one of the key ways that families suggested improving the ECEC system.

Post-COVID flexible working arrangements have added an additional dimension to calls for more flexible ECEC options that have persisted for some time. It is now not only shift and casual workers who require or would benefit from a more flexible type of care and education arrangement than ECEC services currently provide. Since the 2021 Work and Play study was conducted, parents have more varied flexible working arrangements and those returning to work are considering a wider range of options for what this could look like – fully or partly working from home or changing on a regular, semi-regular or as needed basis. More casual daily and hourly care options that allow parents to match care with work and other obligations in a truly flexible way are required but are rare. There is a lack of centre-based services that charge on an hourly basis or that allow attendance days to be set over a longer period such as a fortnight or a month. Joining shift and casual workers, parents with young children and other flexible work are either locked out of work opportunities or centre-based care. There is a risk we'll see increasing reliance on informal care, arrangements that combine services or service types, families paying unnecessarily for set days they don't need or rarely can use, or greater juggling of care and work schedules between partners where one or both can work from home. Flexible working in this way is likely to add to the stress and cost of balancing work and family life rather than supporting it.

Of the families surveyed, 28 per cent were not currently using any type of formal ECEC. Of that group, 17 per cent identified that the reason for not using formal ECEC is because the hours and days don't suit the family's needs.

We agree with the Productivity Commission's findings that Governments should remove impediments to the provision of flexible services including improving incentives for services to operate during non-standard hours and for services to be more responsive to the needs of families. The goal of universal access is only achieved when access is truly available to all children and families. But the Commission has rightly identified that providing more casual or flexible options is a challenge.

A future ECEC Commission should identify opportunities to pilot local, community-led, tailored solutions where there is a need for more flexible options, with appropriate levels of funding to support the employment of staff for non-standard hours or in more

flexible shifts so that providers can operate sustainably. It is likely more difficult to offer flexibility across the system (i.e. offering “air pockets” because this doesn’t offer enough certainty to providers or staff, but there may be opportunities to identify locations where there are clusters of workers who need more flexible ECEC including non-standard hours and weekends, such as for hospital or factory shift workers). Some services may also have an adequate number of families preferring half-days or shorter sessions and it is feasible for enough blocks of time to be utilised and structured to still provide stability around funding and rostering. Providers can track attendance patterns and consult with staff of the feasibility of associated rostering arrangements, but additional government funding would be required to support and incentivise more flexibility.

## Provision of service ratings information for families

The Commission is seeking information on how service ratings information could be made more useful and more accessible to families. For example:

- requiring services to display ratings information on their website
- changing how ratings information is communicated:
  - to specify which element/s of the National Quality Standard a service did not meet
  - to make clearer what is meant by a rating of Working Towards
- requiring services to inform:
  - prospective families of their current National Quality Standard rating
  - current families of a new National Quality Standard rating.

Would these changes be desirable, and how would they best be implemented? Are there other options that should be considered? **[Information request 8.1]**

Our Work and Play research<sup>[63]</sup> found that families are not relying heavily on service ratings to choose an ECEC service, rather they are selecting for convenience, location and availability of a place. When surveyed specifically on what families see as the indicators of quality, the service AQECQA rating ranked 20th out of 28 options. However, 89 per cent of respondents felt that the quality ratings are an extremely or somewhat high indicator of quality. This could show that families are not using the NQS to choose where to enrol but do see the value in these ratings.

It should also be emphasised that having a choice between providers is a luxury that some families simply do not have. Many parents are operating in an environment where they lack free choice over the services they use and encounter barriers to determining quality, so the NQS becomes a secondary driver of ECEC decision-making. Some families report feeling locked into services they do not perceive as high quality because they lack other options.

Though parents and ECEC professionals are concerned about quality, there are many barriers that prevent quality being fully considered in decision making, and parents lack the skills and tools to monitor quality over time. Services should be required to publicise and explain what quality looks like to families, including the current and any new NQS rating, to both prospective and current families. We support the requirement for services to display rating information on their websites and providing information to families in a way that is accessible and understandable.

	<b>Regulatory actions against serial underperformers</b>
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The Commission is seeking views about the most appropriate regulatory actions for serial underperformers, while considering the effects on families and children from more severe measures (such as service closure). Would this be best addressed by additional powers for regulatory authorities, or by regulators making more use of existing powers? **[Information request 8.2]**

Striving for the best possible care within ECEC should be the focus for all services. If a service is struggling to achieve an adequate NSQ rating, they should firstly be supported to improve by the regulatory authority before severe measures are undertaken (as the current regulatory system is designed to do).

Generally, if a service receives a low NQS rating, around 83 per cent improve on second assessment. However, 17 per cent of services rated the lowest rating of 'significant improvement required' did not improve after reassessment. Similarly, 68 per cent of services rated Working Towards NQS improved their overall quality rating at reassessment with 32 per cent not improving<sup>[64]</sup>. These are the services that should be targeted for additional support and regular monitoring.

If a service continually does not improve their NQS rating, existing powers should be used in the first instance before harsher penalties such as closure. The impacts of potential closure should also be weighed up against the local impact (i.e. if it's the only service in a remote area and closure would mean no ECEC access for children and families).

A full suite of powers is already available to regulatory authorities, but these may need to be acted on more regularly and consistently. Unscheduled visits, monitoring, compliance notices and directions, enforceable actions, through to suspension, cancellation, and prosecution are all available. But state and territory authorities need to be resourced and supported appropriately to undertake this work.

	<b>Support for services to meet the NQS</b>
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	The Commission is seeking information and evidence about the extent to which services need more support to meet the NQS, and the types of support required. For example, would the Quality Support Program offered in New South Wales provide the type of support needed by services in other states to meet the NQS? <b>[Information request 8.3]</b>
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The Front Project endorses a program such as the NSW Quality Support Program to help services ranked as ‘working toward’ NQS to improve their ranking. Another successful program has been the Victorian Department of Education Kindergarten Quality Improvement Program which has supported over 500 kindergarten services since 2018 to improve their quality<sup>viii</sup>.

A Quality Support Program has been shown to improve NQS ratings for the services that have used this resource<sup>[65]</sup>, however broader systematic change is needed to ensure all services are providing the best quality care. Investing in the ECEC workforce, so every teacher and educator can provide high quality education and care should be a priority. This includes ensuring all ECEC professionals are properly remunerated for their work, have access to training, professional development, and career pathways. Services with higher trained and better paid staff achieve a higher level of NQS rating<sup>[66]</sup>. It makes sense to invest in systemic ways that lead to higher quality services and outcomes for children, rather than wait to intervene when services are underperforming.

<b>An ECEC Commission</b>
The Commission is seeking views on: <ul style="list-style-type: none"><li>• how the proposed ECEC Commission should be structured</li><li>• what the scope of its functions should be</li><li>• whether it should include the national regulator, the Australian Children's Education and Care Quality Authority (ACECQA). <b>[Information request 9.2]</b></li></ul>



We welcome draft recommendation 9.2 to establish an ECEC Commission as a stewardship model to drive and coordinate the significant set of reforms recommended in this report. A Commission has the advantage over the current forums of Education Ministers Meetings and the Australian Education Senior Officials Committee in that it can be tasked to play an enduring and independent role, able to attend to and advise on a range of matters, not just those selected for the attention of EMM which has competing demands across the whole education sector. As the Productivity Commission identifies, the adoption of such wide-ranging reform as recommended in its report would best be coordinated through a national, independent body such as an ECEC Commission. The independence of such a commission will be important, in its ability to provide frank and fearless advice to government and to hold government to account to achieve its objectives.

We suggest that an ECEC Commission comprises federal, state and territory representation to ensure appropriate representation from all levels of government and a line of sight across the different jurisdictions. Working parties or reference groups could be established on an as-needs basis to undertake work on specific matters. Governance of the Commission must include all actors within the ECEC system.

Functions should include:

- Policy development and advice for governments and the sector.
- Oversight and coordination of a national ECEC research agenda.
- Collection and sharing of data, as appropriate, including mapping state-territory ECEC initiatives and identifying where there may be overlap, gaps, inconsistencies or opportunities for coordination or partnership. A commission should have access to government data.
- Oversight of national issues such as the National ECEC Workforce Strategy, ensuring robust monitoring of initiatives and measurement and reporting of outcomes.
- Monitoring system performance and measurement against objectives, and regular reporting and feedback loops against stated objectives.
- Review the current and future regulatory arrangements for out-of-scope services
- Work with other commissions/commissioners where there is policy intersection or opportunities to help progress policy reform (i.e.: Productivity

Commission, Australian Competition and Consumer Commission, Fair Work Commission, Australian Human Rights Commission and National Children's Commissioner and National Disability Discrimination Commissioner).

A future ECEC Commission should incorporate ACECQA to optimise coordination and stewardship. AQECQA should continue performing its functions of system regulator, with support from the Commission to enhance its focus on quality and to ensure a cohesive approach is taken to address the recommendations of this inquiry.

- <sup>[1]</sup> <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft-full.pdf> p142.
- <sup>[2]</sup> <https://www.education.gov.au/early-childhood/resources/inclusion-support-program-review-final-report>
- <sup>[3]</sup> <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft-full.pdf> p157.
- <sup>[4]</sup> <https://www.education.gov.au/early-childhood/inclusion-support-program#:~:text=We're%20making%20changes%20to,subsidy%20from%201%20July%202024.>
- <sup>[5]</sup> [https://www.health.gov.au/sites/default/files/documents/2022/09/allied-health-workforce-data-gap-analysis-issues-paper\\_1.pdf](https://www.health.gov.au/sites/default/files/documents/2022/09/allied-health-workforce-data-gap-analysis-issues-paper_1.pdf)
- <sup>[6]</sup> <https://www.education.gov.au/early-childhood/early-childhood-data-and-reports/australian-early-development-census-aedc>
- <sup>[7]</sup> <https://www.thefrontproject.org.au/images/downloads/Final%20Families%20Report%20-%20Work%20and%20Play%20.pdf>
- <sup>[8]</sup> <https://www.thefrontproject.org.au/images/downloads/Final%20Families%20Report%20-%20Work%20and%20Play%20.pdf>
- <sup>[9]</sup> <https://www.thefrontproject.org.au/impact-foundry/research/economic-analysis>
- <sup>[10]</sup> [https://www.thefrontproject.org.au/images/downloads/THE\\_COST\\_OF\\_LATE\\_INTERVENTION/Technical\\_Report-How\\_Australia\\_can\\_invest\\_in\\_children\\_and\\_return\\_more.pdf?vers=1.1](https://www.thefrontproject.org.au/images/downloads/THE_COST_OF_LATE_INTERVENTION/Technical_Report-How_Australia_can_invest_in_children_and_return_more.pdf?vers=1.1)
- <sup>[11]</sup> <https://anthonyalbanese.com.au/media-centre/budget-reply-2022>
- <sup>[12]</sup> <https://www.thefrontproject.org.au/images/downloads/Final%20Families%20Report%20-%20Work%20and%20Play%20.pdf>
- <sup>[13]</sup> <https://www.thefrontproject.org.au/images/downloads/Final%20Families%20Report%20-%20Work%20and%20Play%20.pdf>
- <sup>[14]</sup> <https://researchoutput.csu.edu.au/ws/portalfiles/portal/8888888/54870+published+article.pdf>
- <sup>[15]</sup> <https://www.thefrontproject.org.au/images/downloads/Final%20Families%20Report%20-%20Work%20and%20Play%20.pdf>
- <sup>[16]</sup> <https://researchoutput.csu.edu.au/ws/portalfiles/portal/8888888/54870+published+article.pdf>
- <sup>[17]</sup> <https://www.earlychildhoodaustralia.org.au/wp-content/uploads/2019/02/SNAICC-ECA-Early-Years-Position-Paper-.pdf>
- <sup>[18]</sup> <https://apo.org.au/sites/default/files/resource-files/2014-11/apo-nid52533.pdf>
- <sup>[19]</sup> <https://apo.org.au/sites/default/files/resource-files/2014-11/apo-nid52533.pdf>
- <sup>[20]</sup> <https://www.socialventures.com.au/assets/Enhancing-the-impact-of-our-Integrated-Child-and-Family-Centres-in-Australia-full-report-1-May-edit.pdf>
- <sup>[21]</sup> <https://aifs.gov.au/research/family-matters/no-89/families-views-coordinated-family-support-service>
- <sup>[23]</sup> <https://www.thefrontproject.org.au/images/downloads/Final%20Families%20Report%20-%20Work%20and%20Play%20.pdf>
- <sup>[24]</sup> <https://www.thefrontproject.org.au/images/downloads/Final%20Families%20Report%20-%20Work%20and%20Play%20.pdf>

- <sup>[25]</sup> <https://www.thefrontproject.org.au/images/downloads/Finalper cent20Familiesper cent20Reportper cent20-per cent20Workper cent20andper cent20Playper cent20.pdf>
- <sup>[26]</sup> <https://www.earlychildhoodaustralia.org.au/wp-content/uploads/2019/07/ECA-Submission-NQF-review.pdf>
- <sup>[27]</sup> <https://www.vu.edu.au/mitchell-institute/early-learning/preschool-two-years-are-better-than-one>
- <sup>[28]</sup> <https://www.thefrontproject.org.au/media/attachments/2022/10/25/TFP-case-for-system-stewardship-full-3-new.pdf>
- <sup>[29]</sup> [https://www.snaicc.org.au/wp-content/uploads/2023/09/210501\\_8\\_Keeping-Our-Kids-Safe.pdf](https://www.snaicc.org.au/wp-content/uploads/2023/09/210501_8_Keeping-Our-Kids-Safe.pdf) p7.
- <sup>[30]</sup> Gide, S., Wong, S., Press, F., & Davis, B. (2022). Cultural diversity in the Australian early childhood education workforce: What do we know, what don't we know and why is it important? *Australasian Journal of Early Childhood*, 47(1), 48-61. <https://doi.org/10.1177/183693912111057292>.
- <sup>[31]</sup> Rajwani H., Culos I., McMahon T. (2021). *Stronger starts, brighter futures: Exploring trends in the early development of children from culturally and linguistically diverse backgrounds in Australia*. Settlement Services International. <https://apo.org.au/node/312414>.
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- <sup>[33]</sup> Ibid.
- <sup>[34]</sup> Ibid
- <sup>[35]</sup> [https://www.education.vic.gov.au/childhood/providers/funding/Pages/SRFmenu\\_tiles.aspx?queryid=Access](https://www.education.vic.gov.au/childhood/providers/funding/Pages/SRFmenu_tiles.aspx?queryid=Access)
- <sup>[36]</sup> <https://earlychildhood.qld.gov.au/grants-and-funding/kindy-uplift-program>.
- <sup>[37]</sup> <https://www.vic.gov.au/early-childhood-language-program>
- <sup>[38]</sup> <https://www.thefrontproject.org.au/impact-foundry/research/273-work-and-play-report-2023>
- <sup>[39]</sup> <https://education.nsw.gov.au/early-childhood-education/engagement-and-insights/insights/ipart-review#:~:text=Theper cent20Independentper cent20Pricingper cent20andper cent20Regulatory,aper cent20transparentper cent20andper cent20impartialper cent20process>.
- <sup>[40]</sup> ACCC Childcare Inquiry - September Interim Report 2023, p 187 and p 188
- <sup>[41]</sup> <https://www.thefrontproject.org.au/impact-foundry/research/273-work-and-play-report-2023>
- <sup>[42]</sup> The Front Project, Work and Play Report, 23.
- <sup>[43]</sup> Ibid
- <sup>[44]</sup> Ibid
- <sup>[45]</sup> ACCC, Childcare Inquiry - September Interim Report 2023, p 22
- <sup>[46]</sup> ACCC, Childcare Inquiry - September Interim Report 2023, p 199
- <sup>[47]</sup> ACCC, Childcare Inquiry - September Interim Report 2023, p 23
- <sup>[48]</sup> ACCC, Childcare Inquiry - September Interim Report 2023, p 17
- <sup>[49]</sup> ACCC, Childcare Inquiry - September Interim Report 2023, p 17
- <sup>[50]</sup> ACCC, Childcare Inquiry - September Interim Report 2023, p 85

<sup>[51]</sup> Impact Economics and Policy (2022) Child Care Subsidy Activity Test: Undermining Child Development And Parental Participation. Since this report was prepared, the Commonwealth has modified the activity test for Aboriginal and Torres Strait Islander children and families so they can access at least 36 hours of subsidised care per fortnight (from July 2023). See Australian Department Education (2022) Changes to the activity test for families with Aboriginal and Torres Strait children attending child care.

<sup>[52]</sup> The Front Project (2022) Funding models and levers for early childhood education and care, 12.

<sup>[53]</sup> Productivity Commission (2023), Supplementary Paper 9, Governance, Funding and Stewardship, 493. Productivity Commission, A Path to Universal Early Childhood Education and Care, draft recommendation 9.2.

<sup>[54]</sup> Productivity Commission, Funding, Governance and Stewardship, 499.

<sup>[55]</sup> Productivity Commission, A Path to Universal Early Childhood Education and Care, draft recommendation 5.1. ACCC Childcare Inquiry Second Interim Report, draft recommendation 6.

<sup>[56]</sup> ACCC, Childcare Inquiry Second Interim Report, draft recommendation 5, 34.

<sup>[57]</sup> <https://www.acecqa.gov.au/sites/default/files/2018-11/EnrolmentandOrientation.pdf>

<sup>[58]</sup> <https://www.vic.gov.au/how-enrol-child-care>

<sup>[59]</sup> <https://www.vic.gov.au/how-enrol-kindergarten>

<sup>[60]</sup> <https://childrensprogramms.ymca.org.au/early-learning/how-to-enrol>

<sup>[61]</sup> <https://www.education.gov.au/early-childhood/child-care-subsidy/enrolling-children>

<sup>[62]</sup> <https://www.thefrontproject.org.au/impact-foundry/research/273-work-and-play-report-2023>

<sup>[63]</sup> <https://www.thefrontproject.org.au/impact-foundry/research/273-work-and-play-report-2023>

<sup>[64]</sup> 2023 National Quality Framework Performance Report, ACECQA, [https://www.acecqa.gov.au/sites/default/files/2023-11/2023-NQF-Annual-Performance-Report-FINAL\\_0.pdf](https://www.acecqa.gov.au/sites/default/files/2023-11/2023-NQF-Annual-Performance-Report-FINAL_0.pdf), page 9

<sup>[65]</sup> <https://education.nsw.gov.au/early-childhood-education/regulation-and-compliance/regulation-assessment-and-rating/quality-support-program>

<sup>[66]</sup> [https://www.acecqa.gov.au/sites/default/files/2023-11/2023-NQF-Annual-Performance-Report-FINAL\\_0.pdf](https://www.acecqa.gov.au/sites/default/files/2023-11/2023-NQF-Annual-Performance-Report-FINAL_0.pdf)

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<sup>i</sup> <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/barriers-and-incentives-labour-force-participation-australia/latest-release>

<sup>ii</sup> [https://www.snaicc.org.au/wp-content/uploads/2023/09/230502\\_8\\_Stronger-ACCOS-Stronger-Families-Report.pdf](https://www.snaicc.org.au/wp-content/uploads/2023/09/230502_8_Stronger-ACCOS-Stronger-Families-Report.pdf)

<sup>iii</sup> [https://www.pc.gov.au/data/assets/pdf\\_file/0005/362570/sub154-childhood.pdf](https://www.pc.gov.au/data/assets/pdf_file/0005/362570/sub154-childhood.pdf)

<sup>iv</sup> 10 Year Plan for Women's Economic Equality, (2023).

<sup>v</sup> <https://education.unimelb.edu.au/REEdCh/projects/edge>

<sup>vi</sup> <https://www.acecqa.gov.au/national-quality-framework/guide-nqf/section-3-national-quality-standard-and-assessment-and-rating/national-quality-standard>

<sup>vii</sup>

<sup>viii</sup> <https://www.vic.gov.au/kindergarten-quality-improvement-program>