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## Submission to the Productivity Commission inquiry into the early childhood education and care sector - June 2023

### Background

The Royal Commission into Early Childhood Education and Care was established for South Australia in October 2022 to inquire into the role of ECEC in a child's first 1000 days, the delivery of quality preschool to three and four-year-old children and the role of out of school hours care to support families.

The Royal Commission's Interim Report, focusing on three-year-old preschool was published in April 2023.

The Royal Commission is currently preparing a final report for the South Australian Government (due August 2023) and makes this submission in the context of sharing insights with the Productivity Commission that may be beneficial as part of a wider national conversation.

This submission is made in the context of the Productivity Commission's inquiry and relevance to this Royal Commission. In particular, the Productivity Commission Terms of Reference include consideration of options that improve or support affordability of, and access to, quality ECEC services that meet the needs of families and children, and the efficiency and effectiveness of government investment in the sector. These are of great interest to the Royal Commission.

### Discussion

In its inquiries into universal preschool for three and four-year-old children, the Royal Commission has considered the reach of mainstream services, childcare deserts, and the policy challenge of understanding where children are not attending preschool. Witnesses have provided evidence around the impacts of poverty and social disadvantage on access to ECEC and how intensive interventions can work to disrupt disadvantage but only with intensive support for children and their families. The Commission has heard about 'the glue' which is all the invisible work that so many ECEC services do to support children and families, especially to support access and affordability when there are significant barriers in place. The Commission has also heard about the real impact that lack of childcare has on families and communities, most notably in regional areas, acknowledging that childcare deserts also exist in metropolitan areas.

The Royal Commission has heard from a wide range of experts and practitioners about the value of linked, system wide data to show progress, highlight areas of need and vulnerability and support a system that can learn and evolve. The Commission has had the privilege of accessing a range of data sources not usually available to the State Government, notably Child Care Subsidy data to show patterns of participation in ECEC.

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However, this data has not been linked to other data sets (including government preschool enrolments which are significant in South Australia), and so there is still a question around which children are missing out on preschool, and where they are. In its interim recommendations for designing and delivering three-year-old preschool from 2026, the Royal Commission has called out the need for commissioned services (around 1000 places) that are targeted toward vulnerable communities and children, and which are codesigned with community and local services. Improved data insight would add value to this exercise and to the ongoing challenge of ensuring universality for our most vulnerable children.

The Royal Commission has also made interim recommendations around data sharing between the State and Commonwealth to support system design and insight into system wide participation. This includes recommending an annual reconciliation of data sources by the State Government to identify where children have not enrolled in four-year-old preschool to inform local activity to enrol children, and that this data is published at a disaggregated level (Interim Recommendation 23). This submission reiterates this recommendation to the Productivity Commission's current inquiry.

Beyond the essential provision of services to families and children every day, the Royal Commission envisions an early child development system, which is informed by rich data, is connected to a strong research agenda and which will learn and evolve over time. The quality and strength of such a system will depend on the system governance (including Indigenous data sovereignty and community trust in the system) and data quality, integration and strength. In the Commission's view, there remains a live question around system stewardship and the roles of the Commonwealth and the State Governments, including where responsibilities lie for quality compared to accessibility (and in turn, cost). The Royal Commission will make further comment on this in its final report.

The Royal Commission is also interested to understand the impact of new providers on the long day care market and workforce tensions. There appears to be concern that new providers often enter areas where there is already sufficient supply, rather than commissioning new services in undersupplied locations. Such behaviour is likely driven by an analysis that it is easier to attract share in well developed markets. Questions arise such as are new entrants attracting workforce away from existing providers? What is the impact of supply in certain locations on both cost and quality? The secure sharing of data to show patterns of use in these areas of new supply/oversupply would add value to government decision making around markets, workforce and the need (or not) for government interventions.

Governments are increasingly seeing the value of data and evidence-based policy in service and system design. While there is more work to be done in the early years to build the evidence and design the systems to support healthy development in all children, the Royal Commission is encouraged by the goodwill of researchers, practitioners and governments at all levels to invest in this important reform. The Royal Commission holds the view that collectively, the efforts being made now will form the basis for genuine reform in South Australia and nationally for future generations.