



Submission: Productivity Commission Inquiry into Child Care

#BestStartInLife

June 2023



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Executive Summary

Our vision

“Creating strong foundations for a child’s success now and into the future into adulthood – good outcomes in the early years will lead to a better future.”

Early Childhood Education and Care (ECEC) is underpinned by four interwoven principles - affordability, access, equity, and quality. These principles help to inform the way ECEC service operates and deliver high quality education and care for child in their early years, supports into school transition and their lifetime learning.

Access to high quality early education and care through affordability measures ensures that no child is locked out with the systemic inequalities of the activity test. A child from a socially and financially vulnerable background will begin life with more challenges,¹ which impacts all domains of life and is evidenced by an increased likelihood of developmental vulnerability. The single most tangible and measurable change to create a more equitable access in the ECEC system is to remove the activity test. When the activity test was removed during the pandemic, there was an increased rate of ECEC participation by vulnerable families.²

For a universal 90 per cent child care subsidy to be equitable, every family needs to be eligible to receive it whilst ensuring the actual service delivery costs are factored in.

The following are key considerations around what needs to be included in a universal 90 per cent child care subsidy:

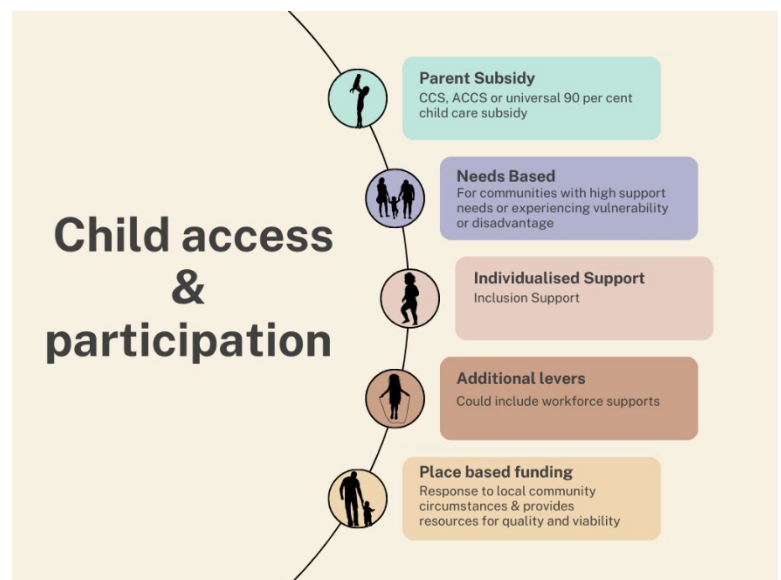
- Creating greater flexibility and simplifying systems for parents and providers
- Developing a funding model that supports differential funding for the most vulnerable communities
- Ensuring the ECEC workforce is appropriately paid
- Supporting viable, high-quality service delivery
- Making it simple and cost effective so that it delivers optimal outcomes and measures

¹ Tseng YP, Jordan B, Borland J, Coombs N, Cotter K, Guillou M, Hill A, Kennedy A and Sheehan J. (2019) *Changing the Trajectories of Australia's Most Vulnerable Children: 24 months in the Early Years Education Program - Assessment of the impact on children and their primary caregivers*, Report No. 4, University of Melbourne, Melbourne Institute and Kids First, Australia

² SNAICC (2022) The Family Matters Report 2022, Melbourne, available at: <http://www.familymatters.org.au/>

Investment into ECEC provides a return for early learning and interventions, workforce participation, and increased productivity with significant community and economic benefits. By supporting women to access ECEC there is an estimated increased female workforce participation to the value of \$6 billion cumulative to 2050.³

However, for many people who are single parents, casual workers or from vulnerable families, the activity test is a barrier to being able to return to work. The activity test has significant implications on gender equality, disproportionately affecting a woman's ability to return to employment, along with her future earning capacity, superannuation, and a child's early education opportunities.

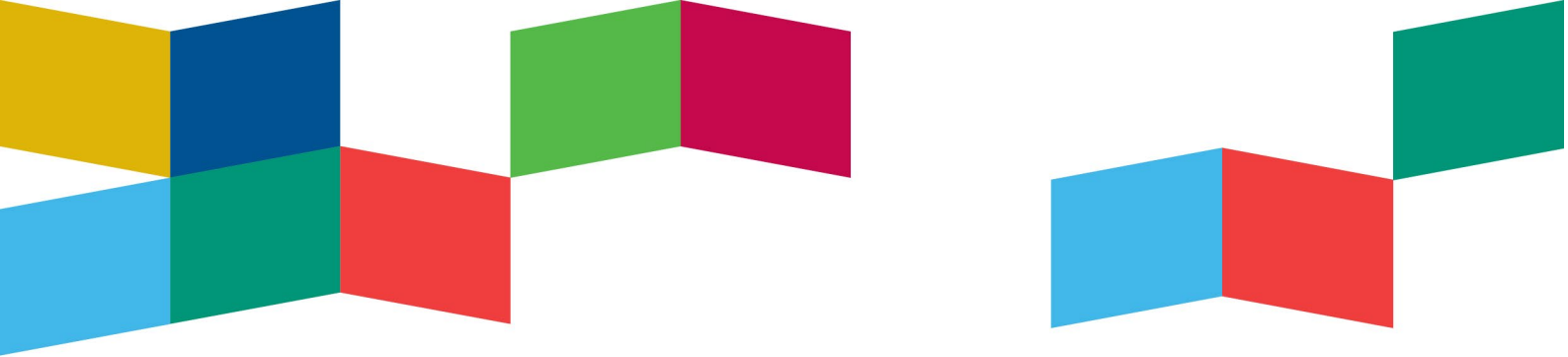


A strong ECEC workforce is the foundation for access, affordability, equity and quality within the sector.

Without addressing the critical ECEC workforce shortages, all efforts to move access, affordability, equity and quality forward will be affected. Currently, ECEC workforce shortages impact and highlight the following:

- Regulatory requirements that bring about nation-wide, consistent delivery of high-quality ECEC come at a cost – this needs to be recognised in funding models.
- Educator and teachers often do not receive the professional recognition or valued with adequate remuneration. Greater government investment in wage increases is needed to retain and attract qualified and experienced ECEC staff.
- Investment to support the ongoing professional development of educators is critical and long overdue (ie. being able to take the time to step away from their day-to-day role and continue build their skills and capacity).
- Critical shortages of educators – in the context of having to comply with appropriate educator-child ratios – means that services are forced to cap enrolments and therefore turn families away who rely upon the service to be able to work.
- ECEC is the first point in a child's formal education process, allowing for opportunities for early intervention to be identified, in those scenarios where additional needs and support for that child's healthy development is required. This process may be supported by ISP funding, effective system navigation and links to allied health services. Later interventions are less effective and come at a higher social and economic cost.

³ 24, PWC, 2014, Putting a value on early childhood education and care in Australia, <https://www.pwc.com.au/pdf/putting-value-on-ecec.pdf>



ACA calls for the government to address the issues outlined in this submission through funding levers to ensure child-focused funding responds through a needs-based funding model, so that every child and family have access to affordable, high quality ECEC. Needs-based funding responds to the needs and level of disadvantage of each child and family, based on their individual circumstances.

The current funding models that intend to support families experiencing social and financial vulnerabilities, create more inequity and lock these families out, through the activity test, complex systems, and administrative processes. The flow on effect is that children are not supported from their different starting places early in life, which hold them back in all domains. There is an opportunity to create a needs-based funding stream that responds to the needs and level of disadvantage experienced by a child and family.

ACA would like to see a reimagining of the existing ECEC systems in order to deliver accessible, affordable, equitable, and high-quality ECEC via an infrastructure that is easy to navigate, responds where required in a timely manner (particularly for families with urgent and complex needs), are culturally safe learning environments and responsive to needs of each family and child.



Foreword

This paper was developed by the Australian Childcare Alliance (ACA) in response to the Productivity Commission's call for relevant stakeholders to provide submissions to their inquiry examining the Early Childhood Education and Care (ECEC) sector.

The ACA is gratified that the Productivity Commission and the Australian Government is reviewing the cost and availability barriers that impact access to ECEC services, and ways to support better outcomes for children and families.

As the national peak body in the Australian Early Childhood Education and Care (ECEC) sector, the Australian Childcare Alliance (ACA) represents more than 2,500 members and approximately 360,000 families throughout Australia. We work on behalf of long day care service owners and operators, predominantly private, to ensure families have an opportunity to access affordable, quality ECEC throughout Australia.

The ACA has existed in various forms for more than 30 years. Our experience means that we understand the critical role a quality ECEC program plays in the life of families and the importance of a viable long day care sector in preparing children for the best start in life and learning.

This submission paper reviews the history of the sector, the key factors contributing to the most critical challenges for the sector today, and identifies solutions to set the foundation for the best outcomes, thus ensuring that **every child in Australia** has access to high quality, affordable and sustainable early learning services, and therefore the **best start in life**.

Yours sincerely,



Paul Mondo
President
Australian Childcare Alliance





Our Recommendations

What needs to change for the future of ECEC and children in Australia

Affordability

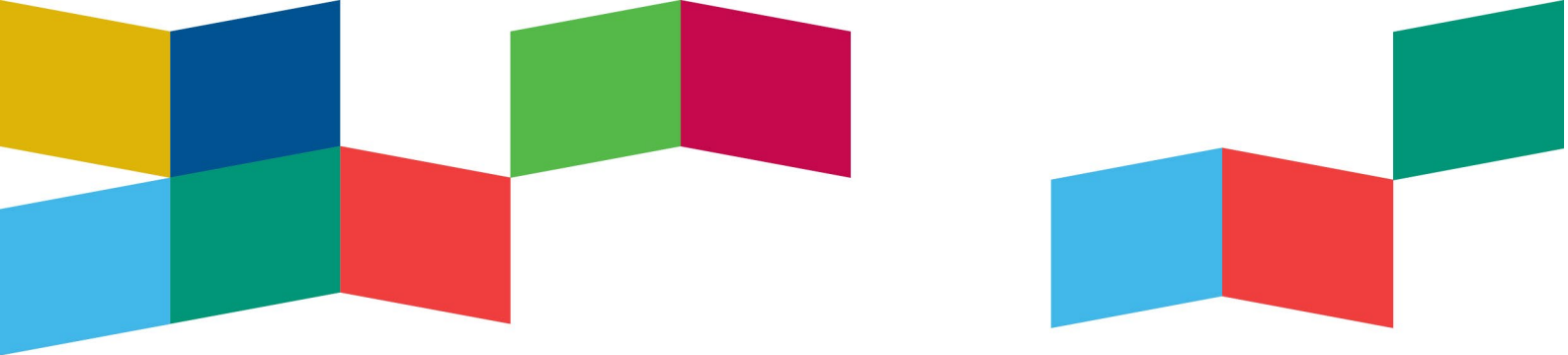
In order to achieve affordable ECEC for all children in Australia, ACA recommends the following:

- Abolish the activity test.
- Ensure that a universal 90 per cent child care subsidy reflects what it actually costs to pay educators and teachers to deliver high quality care and education.
- Establish a flexible funding model that reflect and respond to the cost variations in service delivery year on year.
- Move from hourly rate cap to a daily rate cap.
- Establish a legislated review process to ensure funding rates maintain currency recognising that indexation alone is not enough.
- Move towards greater simplification of ECEC systems, so States and Territories work collaboratively to deliver a more consistent approach.
- Ensure that children must be at least 5 years of age by January in their first year of formal schooling.
- Establish consistent terminology for the pre-school and first year of schooling nationally.
- Allocate funding to allow for the development of aggregated occupancy reports published quarterly via clusters of postcodes across Australia. Such reports would be invaluable to advise the market as to where oversupply and undersupply exist and therefore allow for assist in ensuring demonstrable need exists.
- Co-design a government grants process with the sector to create fit for purpose and realistic funding to attract and retain feasible, long-term and high quality centres in areas where viability is challenging.

Equity

In order to achieve equity in terms of ECEC for all children in Australia, ACA recommends the following:

- Abolish the activity test.
- Establish a new national needs-based funding program for children for all ECEC services that responds to local community needs - as determined by the Australian Early Development Census (AEDC) - and provides resources for additional support on a needs basis.
- Allocate funding for additional educators according to AEDC vulnerability measures.

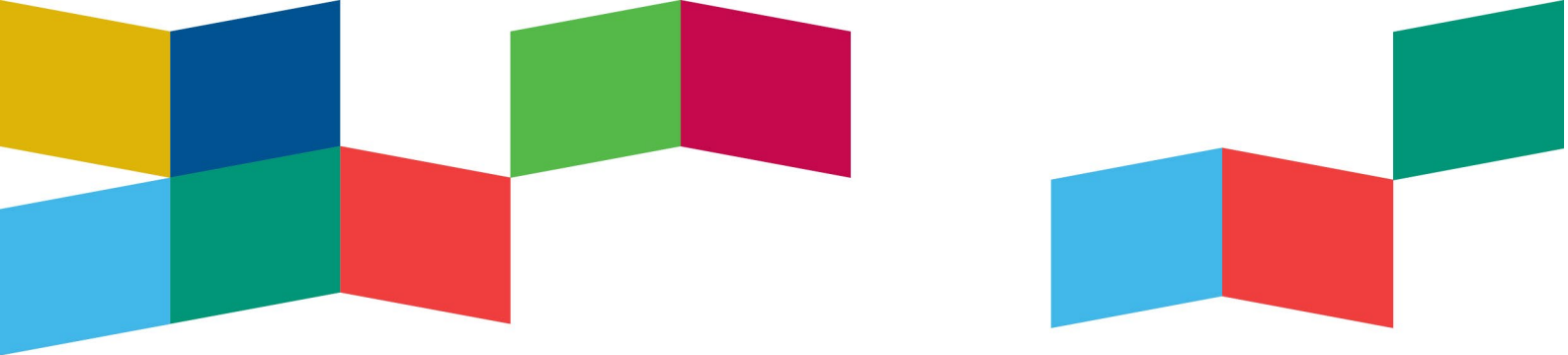
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- Review CCS systems and Services Australia processes to remove administrative burdens and confusion experienced by families.
 - Invest in building cultural competency through the professional development of educators and ECEC workforce through additional quality and culturally safe education, and promotion of community take-up.⁴
 - Ensure that the ISP is demand driven to ensure that the benefits of the program are delivered to as many children as eligible.
 - Increase the maximum number of hours for additional educator support to match the child's hours of attendance.
 - Increase the funding rate for additional educators to ensure it adequately covers the hourly rate and on costs for providers.
 - Review the administrative processes to apply for Inclusion Support funding and annual Strategic Inclusion Plans to ensure they are not overly burdensome.
 - Separate the application of funding from implementing inclusion principles in order to:
 - streamline the application process for additional educator funding to remove the excessive administrative burden for both the service provider and inclusion agencies; and
 - allow inclusion agencies to engage with services to promote more inclusive practices, outside of the process of separate funding applications.
 - Remove the need for a new application to be made when a child moves from one room (care environment) to another.
 - Allow the funding to follow the child from room to room and service to service.
 - Increase funding of Inclusion agencies to ensure that they are adequately supported to build capacity of the sector's inclusive practices and to meet the needs of the ever-increasing participation rate of children in ECEC in Australia.

Quality

In order to achieve high-quality ECEC for all children in Australia, ACA recommends the following:

- Provide sufficient funding that is responsive and can maintain high quality ECEC service delivery.
- Explore different levers to factor the cost of wages into the subsidy model and ensure it reflects ongoing changes to wages.

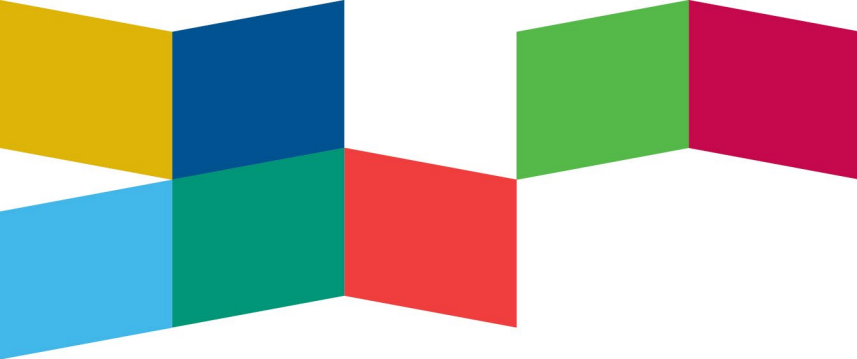
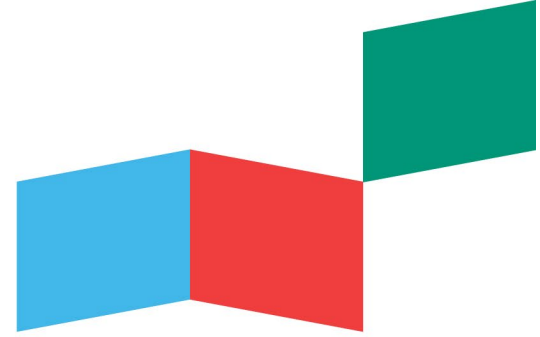
⁴ From SNAICC's 2023 Pre-Budget submission

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- Provide funding to cover 10 hours of backfill for every educator employed at the service per year, to allow for their ongoing mandatory professional development.
 - Engage with ACECQA to ensure a smooth qualification assessment (translation of international vocational and tertiary qualifications to recognised qualifications here), including reinstating the automatic public listing of overseas qualifications as accepted once such qualifications become approved for the first time.
 - Incentivise educators to take on a teaching (ECT) degree through a conditional waiver of HECS-HELP fees.
 - Immediately provide the funding and resources to create a nationally available skills-focused degree program to rapidly upskill existing Early Childhood Educators to the degree qualification level of early childhood teacher in a period of 18 months, instead of the usual three years.
 - Ensure that ACECQA and all jurisdictions recognise the transfer of aligned qualifications to work in the early childhood/child care sector. Eg. Diploma in Outside School Hours Care, Diploma of School Age Education.
 - Work with all jurisdictions and Teacher Registration Boards to ensure national consistency in recognising the Birth-to-Five Early Childhood Teaching Degree via mutual recognition.
 - Create a national, streamlined, and faster system to process Working with Children screening.

Access

In order to achieve accessible ECEC for all children in Australia, ACA recommends the following:

- Abolish the activity test.
- Allow all families to access between 3 and 5 days per week of subsidised high-quality, affordable ECEC .
- Develop flexible funding models that reflect and respond to the cost variations in service delivery across the country.
- Invest in ECEC workforce as part of the universal 90 per cent child care subsidy – funding needs to reflect what it actually costs to pay educators and teachers to deliver high quality care and education.
- Consider place-based solutions for communities with high support needs or experiencing vulnerability or disadvantage as determined by the Australian Early Development Census (AEDC).
- Ensure that the ISP is demand driven to ensure that the benefits of the program are delivered to as many children as eligible.
- Increase the maximum number of hours for additional educator support to match the child's hours of attendance.
- Increase the funding rate for additional educators to ensure it adequately covers the hourly rate and oncosts for provider.

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- Remove the need for a new application to be made when a child moves from one room (care environment) to another.
 - Allow the funding to follow the child from room to room and service to service.
 - Increase funding of Inclusion agencies to ensure that they are adequately supported to build capacity of the sector's inclusive practices and to meet the needs of the ever-increasing participation rate of children in ECEC in Australia..



Our 2014 Recommendations: What has changed?

ACA made a range of recommendations in our submission in response to the Productivity Commission Inquiry into Childcare and Early Childhood Learning in 2014. There were a range of measures implemented because of the Inquiry findings and recommendations. Despite significant changes to the ECEC sector with policy, funding changes, introduction of the NQF and CCS, there is more work to be done to create a more accessible, affordable, equitable and high quality ECEC system for all Australian children and families.

The original recommendations ACA made nearly 10 years ago in our submission to the 2014 Inquiry are still relevant to the present-day ECEC issues and challenges. These recommendations align with ACA's 2023 recommendations (above) and we highlight this for greater commitment to invest and action outcomes that continue to be issues experienced in the ECEC across the last 10 years.

In 2014, ACA recommended:

Viability


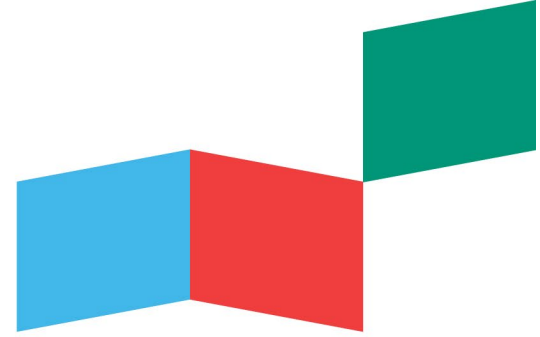
- The Australian Government's inequitably low funding of the 0-3 age groups is increased to assist with meeting demand.

Demand for Childcare

- A model to provide free or no cost access to ECEC services is developed for children from vulnerable families including generational welfare families.
- The Australian Government considers all potential funding models, including tax deductibility, on the principle of families being 'no worse off' than existing funding arrangements.

Vulnerable and Disadvantaged Families

- A targeted early intervention subsidy is implemented to fully fund the ECEC fees of disadvantaged and vulnerable children, with funding ongoing until a child starts school, administered via CCMS.
- The Australian Government works with the sector to develop the eligibility criteria for an early intervention subsidy, targeting Indigenous, culturally and linguistically diverse, refugees, parents with mental illness and families who are experiencing generational welfare issues.
- The Inclusion Support Subsidy Program is reviewed to:
 - Increase the ISS subsidy and pay the actual wage of the support worker;
 - Increase the subsidy hours to cover the child's time in the ECEC setting;
 - Ensure that services with children with high needs are able to access support staff who are qualified in special needs care.
- Attach funding to the child in need and ensure that it is continuous and portable should the family relocate;

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- Remove the existing cap of five hours per day for inclusion support to enable all children to participate in an approved ECEC program;
 - Address the need for all children to have received a medical diagnosis for the child to be approved for ISS to ensure that all children can effectively participate in ECEC as early as possible;
 - Develop specific strategies to progress the ECEC Workforce with specialist inclusion support skillsets;
 - Undertake consultation with the sector to develop and design a system of enhancement to current program prior to changing any program guidelines;

Role of Government

- The Australian Government should increase public expenditure on childcare services recognising the inability of the existing funding allocation to meet the needs of Australian families.



Affordability

The draft National Vision for ECEC defines 'affordability' as:

"Affordability: ECEC is within the means of all families. Sustainable, flexible funding systems are in place to support providers in reducing cost barriers for all children and families".⁵

ACA believes the concept of affordable ECEC needs to encompass financial assistance and support for **all families**, thus aligning with our vision to ensure that every child in Australia has access to high-quality, affordable and sustainable early learning services, and therefore the **best start in life**.

ACA supports initiatives that put affordability at the centre of access for all children and that respect the educational basis for participation in early learning.

Affordability is interwoven with equity and access, which each require different levels of government support and funding in order to successfully deliver on providing all families and children with adequate access to ECEC services.

Many lenses that need to be considered when we refer to 'affordability' in ECEC.

These include:

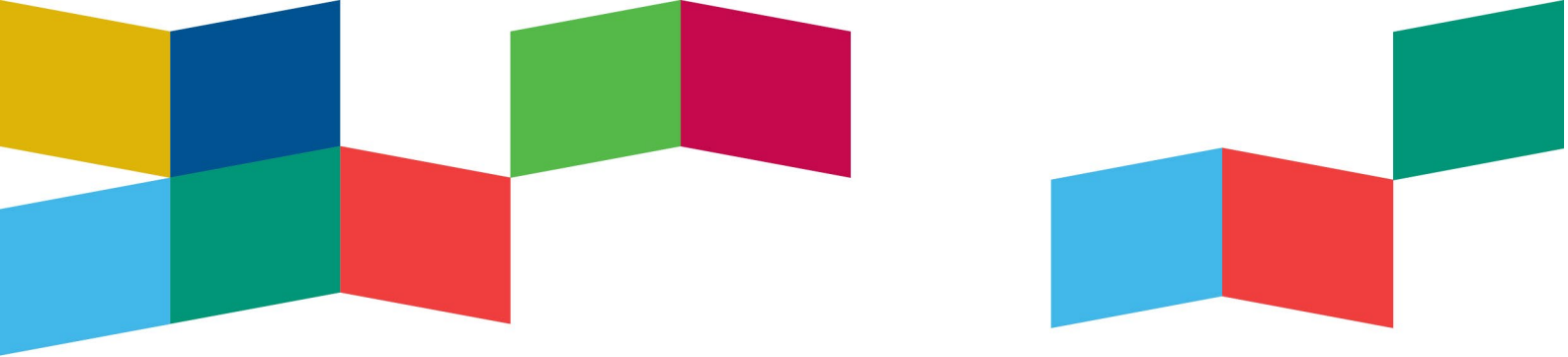
- universal 90 per cent child care subsidy rate
- impact on parents and families
- implications of a child's early education and care based on financial decisions
- investment by different levels of government in a child's early education and care
- costs associated with the operation and running of ECEC services
- implications of potential increases in Workforce Participation

ECEC systems are influenced and affected by a wide range of factors and are further complicated by the variations in the system across different jurisdictions and the lack of one whole, consistent system.

Currently, across the States and Territories there are different:

- school starting ages
- terminology for pre-school and first year of schooling
- funding models and programs

⁵ A National Vision Education and Care, Australian Government, Department of Education (2023)



When discussing affordability, there needs to be an understanding of the elements contributing to the costs associated with the short and long-term operations of ECEC and the challenges of delivering a high-quality, sustainable and consistent service for the children and families, in an era of significantly growing costs.

Universal 90 Per Cent Child Care Subsidy Rate

The *Cheaper Childcare Bill* will improve affordability for families once they move to new funding rates from 1 July 2023.⁶ The intention of the government to create more affordable access for families and children to ECEC is commended.

A Truly 'Universal' Subsidy - Considerations of Equity and the Activity Test

The proposed move towards a universal 90 per cent child care subsidy rate is important because it places children at the centre of decision making for participation in ECEC and not a family's financial circumstances, however, we must be concerned about unintended consequences and consider any risk to equity. Specifically, a move to a universal 90 per cent child care subsidy for all will not improve the circumstances of all families in the system if and when it is implemented. In fact, when implemented a cohort of families will be in the same position as they would be from July 2023 and that is they would maintain their current 90 per cent child care subsidy.

For families that earn \$80,000 or less, they will not see any additional benefit if and when a universal 90 per cent child care subsidy is introduced. This is based on affordability, access, and equity. These families earning less than \$80,000 and not eligible under the activity test, we refer to them as families who sit in the most vulnerable financial circumstances.

"...when we are talking about equality and equity, the vulnerable families that I work with in this area are already behind when they start and that doesn't get improved if they don't have access to quality education and care. And as we all know that that's not just about starting school, it's importance of the early years education and care."

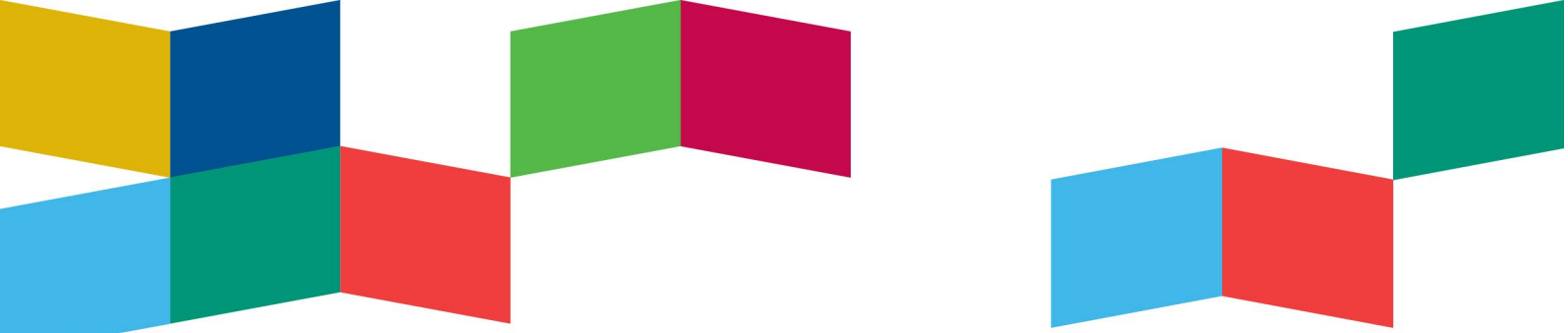
ACA Member and service Provider, Focus Group 4

Families experiencing vulnerable financial circumstances (ie families earning under \$80,000) will continue paying a 10% gap fee. The gap of 10% for a family earning \$300,000 per year vs a family earning \$60,000 per year is a significant contrast. This does not discount the fact that each family should be able to access ECEC for their child, but the gap costs will be felt considerably differently in those families.

ACA asks:

- Is it fair and reasonable for a family earning \$80,000 or less, to be paying the same fee as a family earning \$500,000?
- What are the circumstances where additional financial support is provided for families to make it either free or further reduce the gap fee?

⁶ Cheaper Childcare Bill

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- Is there a way to ensure that some of these financially vulnerable families can have the burden of the 10% gap reduced?
 - Would a tiered subsidy model be more equitable?
 - 95% for families up to \$100,000
 - 90% subsidy for families between \$100,000 and \$250,000
 - 80% subsidy for families above \$250,000

A program must be maintained to support free access for the most vulnerable families and children in our communities using the ACCS model as a basis albeit simplifying access to ensure that there are no systemic barriers limiting inclusion of these families.

Defining Universal 90 Per Cent Child Care Subsidy

The current Productivity Commission Inquiry was instigated by the Albanese Government with a view to exploring how to achieve a universal 90 per cent child care subsidy for ECEC service for all families. There have been significant discussions about universal 90 per cent child care subsidy, but of what? What does it need to include?

The risk of not clarifying what the universal 90 per cent child care subsidy includes creates assumptions, confusion, and expectations that may be relied upon by families, services, and the wider community. This creates more complexity in the ECEC that already has multilayers of funding and jurisdictional complexities.

Key considerations around what should be included in the universal 90 per cent child care subsidy:

- Ensuring ECEC workforce is appropriately paid
- Creating greater flexibility and simplifying systems for parents and providers
- Developing a funding model that supports differential funding models for the most vulnerable communities
- Supporting viable high-quality service delivery
- Making it simple and cost effective so that it delivers optimal outcomes and measures

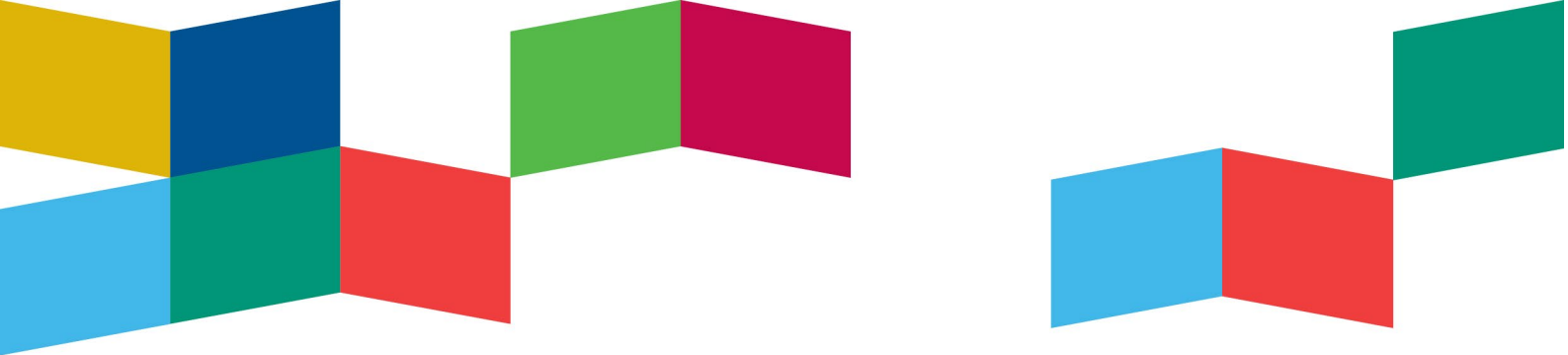
Investing in ECEC Wages

Wages are the largest expense associated with delivering a high quality ECEC service. Based on Dandolo's research⁷, wages represent between 55% and 85% (with a median of 70%) of costs within an ECEC.⁸ Wages that attract and retain high quality, experienced and appropriately qualified staff are essential for high quality ECEC.

The universal 90 per cent child care subsidy needs to consider how important workforce is for the ECEC sector, Early Childhood Educators and Early Childhood Teachers underpin everything. When determining what falls within the universal

⁷ Dandolo Partners (2023), The cost and impact of different funding approaches to increase ECEC sector wages: Report for the Australian Childcare Alliance

⁸ 22, Dandolo Partners (2023), The cost and impact of different funding approaches to increase ECEC sector wages: Report for the Australian Childcare Alliance



90 per cent child care subsidy, it needs to factor in the associated costs to pay staff at their respective qualifications and experiences levels to deliver high quality care and education including any increase in wages including on costs and conditions resulting from the Governments Multi- Employer bargaining provisions.

The current shortages of ECEC sector workforce places increased pressure on the existing workforce. The costs of staffing for quality reflects in the more intensive staffing requirements for younger children and babies. *See Quality Section for more details about staffing for quality.*

Hourly Rate Caps

Beyond the limit of the current activity test hours, there needs to be consideration around how to better support flexibility. Currently, hourly limits driven by the activity test can restrict access and flexibility for the needs of families.

The current CCS system has a cap based on an hourly rate and the number of hours prescribed in the activity test. This was intended to promote flexibility of sessions for families and provide a cap on price increases. Ultimately this has failed because service providers need to set fees based on their underlying operating costs and not the CCS hourly rate cap.

Service providers are limited in extending a huge variety of session offerings as they impact service viability. These two mechanisms have also added considerable complexity to the system for families. If we are to move to a universal 90 per cent child care subsidy for all, we recommend that this moves to a daily subsidy rate rather than hourly. All services charge by the day/session and this seeks to simplify the system and provide greater flexibility for families.

Cost Variations Considerations

For a universal 90 per cent child care subsidy to be equitable, there is a range of factors that affect the costs associated with an ECEC located in one region as opposed to another. The costs associated with a service in a remote location servicing a lower socio-economic community and supporting families experiencing vulnerable financial circumstances would be significantly different to a service in a wealthier, metropolitan area with access to health and other support services in a close proximity.

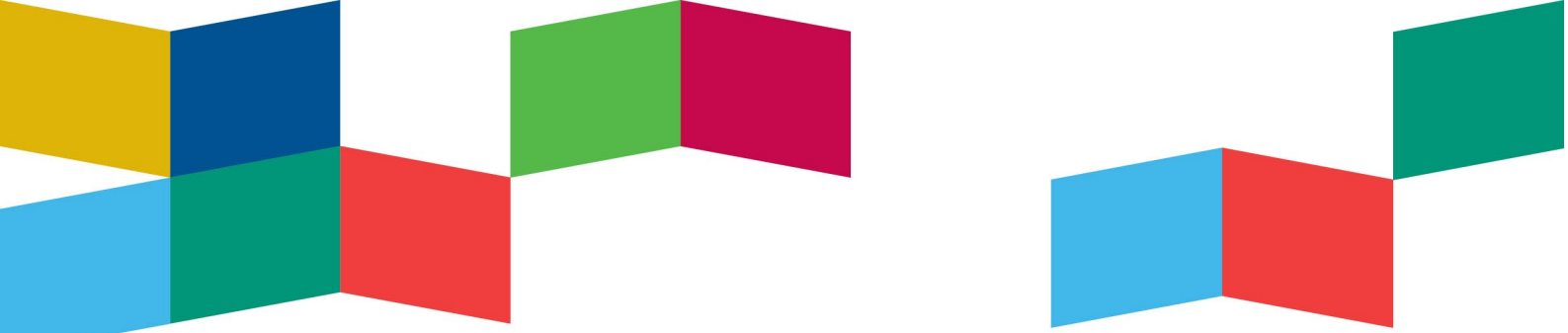
Case Studies: Additional Expenses for Remote Services

Speaking with ACA's members who are ECEC service leaders and providers across Australia, the below are two examples from services in remote regions of Western Australia about the real freight costs for consumables.

Esperance service (in their own words) - 698km out of Perth metro

- There is a significant cost of freight on everyday items, and with no choice or competition of alternative shops (they only have Woolworths and IGA) and have found that bulk supplier is not cheaper.

An example of this is that there are no choice of multiple services and suppliers i.e. power, tagging of electric items and fire inspection and testing. Consequently, prices are at a premium with no competition.

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- Significant freight costs on items for centre, i.e. furniture, art and craft based on limited choice in local shops.
 - Recent freight for stationary supplier WINC has doubled from \$16 to \$32 for the freight alone.
 - This region experiences higher cost of fuel and need to commute larger distances (compared to many metropolitan areas that have services, shops, and resources in closer proximity).
 - ECEC services find it difficult to attract and access professional development opportunities for staff, as most services are based in Perth. Consequently, all professional development services come at higher cost to factor in flights and fuel for trainers.

Carnarvon service (in their own words) - 891Kms from Perth metro

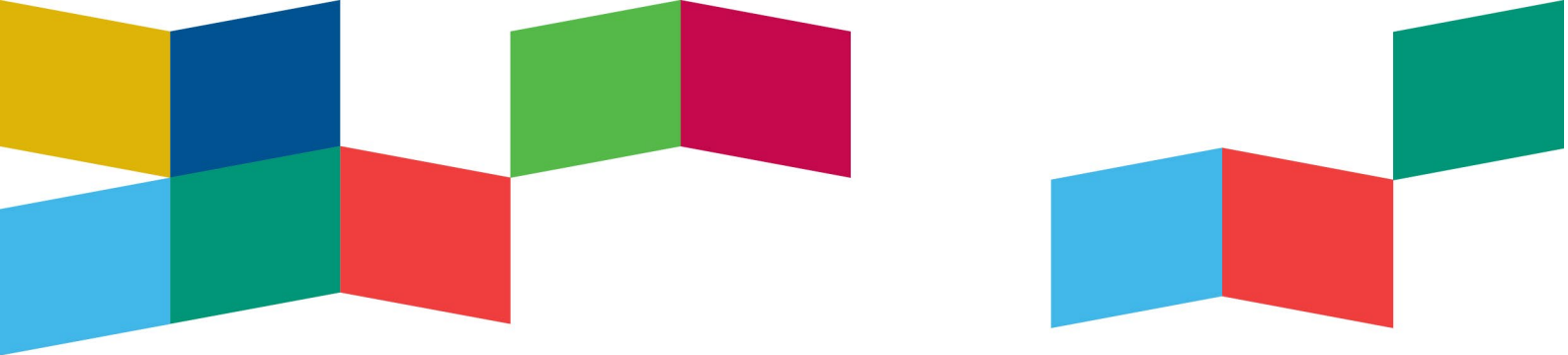
- We ordered 6 sunscreens of 1 litre each yesterday.⁹ They are around \$33 each but the shipping cost is \$80, and the town's chemist does not stock these.
- Our maintenance costs are very high due to the rate practised in remote areas and freight to ship materials and resources that are not available, stocked or accessed from town.
- Essential shopping like groceries (for the child's lunches), nappies and craft materials are more expensive due to having very limited shops and choice in town.

When reflecting upon a universal 90 per cent child care subsidy with these significant points of variation in the geographic location, demographics of the community, access to additional support services and ability to support the diverse needs of the child and family – how do we ensure cost variations to respond to a child and family's needs are adequately resourced and reflect the true costs of the service delivery?

Furthermore, it is known that it is difficult to attract an experienced and appropriately qualified workforce into remote and regional areas of Australia. To remain competitive or incentivise new staff that has the experience and qualifications to a remote centre to maintain high quality education and care, this may come at an additional cost. High quality ECEC looks and costs different in different parts of Australia and in response to the local community's need, which a universal 90 per cent child care subsidy would need to factor in.

ACA further recommends prescribed regulatory levers to ensure that universal 90 per cent child care subsidy is reviewed and changed to reflect the underlying operating expenses for high quality services. Historically, ECEC funding has been indexed using CPI. However, indexation alone has not been enough to keep up with the impact of regulatory changes and the increase in delivery costs from year to year. Both the current Child Care Subsidy and the previous Child Care Benefit were significantly devalued year on year due to the limitations of indexation without capturing the changing operating

⁹ ACA member confirmed the timing of these freight costs, and the order was placed on 17 May 2023. These examples are shared to reflect the current pricing and costs of freight experienced in ECEC's remote locations.



environments of service delivery. All subsequent funding models face the same risk without a legislated mechanism to review rates of funding to ensure their currency.

Research indicates that there is significant return on investment for the child, family, community, and government with targeted funding mechanisms for the most financially vulnerable families.¹⁰ This speaks to the current barriers these families experience through the activity test.

There is an opportunity to reimagine an equitable ECEC system, that supports access and seeks to create meaningful, and positive tangible outcomes for a child through a needs-based funding model. *See Equity Section for more details about needs-based funding.*

The universal 90 per cent child care subsidy is a good foundation from which other mechanisms can be activated to make it simple and cost effective, equitable and delivers optimum outcomes for the needs of all children and families.

Recommendations to immediately achieve greater affordability for all families:

- Abolish the activity test.
- Invest in ECEC workforce as part of the universal 90 per cent child care subsidy ensuring that funding needs, reflects what it actually costs to pay educators and teachers to deliver high quality care and education.
- Implement flexible funding models that reflect and respond to the cost variations in service delivery.
- Move from hourly rate cap to a daily rate cap.
- Establish a legislated review process to ensure funding rates maintain currency recognising that indexation alone is not enough.
- Ensure that funding reflects the underlying operating expenses for high quality services.

Parents and Families

The costs associated with enrolling and continuing enrolment of their child into ECEC is a significant financial consideration for parents and families. Feedback received from our member's centre's families indicate high levels of financial pressure and rental or mortgage stress associated with increased interest rate rises.

For many parents, the financial implications of ECEC may often become the critical factor influencing their decisions for their child and take greater priority than high quality early education that supports the child's growth, learning, social and emotional development in a safe and caring environment.

¹⁰ PWC, 'Putting a value on early childhood education and care in Australia', 2014, <https://pwc.docalytics.com/v/putting-value-on-ecec>

A Choice between Childcare or Career

Affordable access to early learning has long been a determinant of when predominantly mothers may choose to return to work and for how many days per week. There have been a variety of policy decisions taken by successive governments to improve affordability over the years culminating in the current government's Cheaper Childcare Legislation coming into effect from July 2023 which will improve affordability for almost all families as well as increasing the upper income threshold from \$350,000 to \$530,000.

Specifically, it is important that funding policies continue to not disincentivise women working a fourth or a fifth day should they choose to. The removal of the annual Child Care Subsidy (CCS) cap as well as the Additional CCS for multi-child families have also been a factor in improving the choice for families, particularly mothers who are the most likely parent to be forced to make these choices¹¹.

Low Income, Single Parents and Casual Workforce

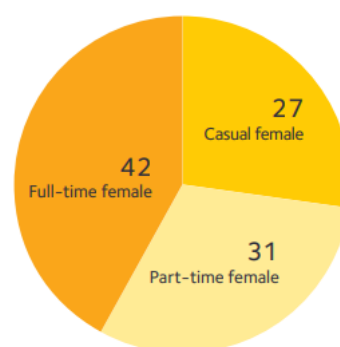
Many women experience barriers when returning to work and attempting to access childcare through the support of the CCS. This is based on the eligibility criteria (the activity test) for CCS. The activity test has significant implications on gender equality affecting a woman's ability to return to employment, future earning capacity, superannuation, and a child's early education opportunities.

The report by Impact Economic and Policy found that:

*The extent to which the activity test limits access to subsidised childcare, is likely to reduce the participation of women in the workforce. And it is likely to restrict the benefits of early education for children's development.*¹²

The activity test fails to consider a range of circumstances that affect women, including being a single mother or the sole income earner in a partnership on a lower wage, casual employment, or being responsible for additional unpaid caring roles within her family. Each of these situations would impact eligibility under the existing activity test for CCS. The removal of the activity test is one of the fastest actions that can be undertaken to create meaningful and tangible gender equality.

Female employees by employment status (%)



WGEA's 2021-22 employer data, sourced from Australia's Gender Equality Scorecard: Key results from the Workplace Gender Equality Agency's Employer Census 2021-22

¹¹ The Grattan Institute, Cheaper child care: A practical plan to boost female workforce participation, August 2022, p. 3.

¹² Impact Economics and Policy 2022, *The Child Care Subsidy activity test: Undermining Child Development and Parental Participation*



Affordable ECEC on Gender Equality

It is well known that on average women often do not earn as much as men in Australia, with the earning gap currently sitting at 22.8 percent.¹³ When women are returning to work after having a child, parents often debate financial considerations that inform their choices around the child's early childhood education. The outcome of these decisions directly impacts a woman's long-term earning capacity, career progression and impact long term on her superannuation.

The Workplace Gender Equality Agency (WGEA) highlighted:

The prime child-rearing years coincide with what is known as the 'Golden Decade' for career development, from age 30 to 40, and being out of the workforce during these years – or working in jobs that may be career-limiting rather than career-enhancing – makes it highly unlikely that this parent will be able to reinvigorate their career later in life. The length of parental leave taken also impacts on employees' abilities to re-enter the workforce and maintain their career momentum.

This combination of factors has flow-on effects in terms of less accrued human capital, substantially reduced superannuation savings and lower lifetime earnings, all of which impact on financial security after exiting from paid employment.¹⁴

In 2014, Price Waterhouse Cooper estimated that in supporting women to access ECEC there would be an increased female workforce participation to the value of \$6 billion cumulative to 2050.¹⁵

A child's early education is frequently considered from a financial consideration first, when this decision will have lifelong implications for the child, family and community. An example of this is when parents determine at what age to send their child from school. This may not be to the child's social and emotional readiness, but instead parents are deciding on what is affordable.

If parents and families may not be able to afford ECEC, the child may be moved into primary school sooner than the child is socially and emotionally ready. The child's outcome and wellbeing for their education is being decided from the financial perspective of their parents.

"A lot of parents will send their children early because they can, and overwhelmingly it's not because they're so bright and ready to go. It's because it means they don't have the extra cost of early childhood."

NSW Education Minister Sarah Mitchell was advocating for pre-kindergarten and more standard of starting school ages.¹⁶

¹³ WGEA 2022, *Australia's Gender Equality Scorecard 'Key results from the WGEA Employer Census 2021-22'*, WGEA

¹⁴ Workplace Gender Equality Agency 2014, *Submission to the Productivity Commission of Australia 'Inquiry into Child Care and Early Childhood Learning'*, Workplace Gender Equality Agency

¹⁵ 24, PWC, 2014, Putting a value on early childhood education and care in Australia, <https://www.pwc.com.au/pdf/putting-value-on-ecec.pdf>

¹⁶ <https://www.smh.com.au/national/nsw/lift-school-age-to-six-to-put-students-on-more-even-footing-says-education-minister-20220802-p5b6ja.html>



School Starting Ages

Australia has a complex series of early education and education systems that vary from one state to another. There are difficulties with:

- different names for the ECEC and school transition stages,
- different programs a child can participate in,
- complicated CCS systems that is challenging for families to qualify for,
- models of preschool that differs from one state to another, and
- different state and territory funding models.

There are multilayered complexities that vary across jurisdictions, when there could be a move to simplify these through a unified national approach with funding mechanisms and systems that support the child and family with greater ease, efficiencies, and effectiveness.

The first year of formal school sets the tone for a child's perception and attitude towards learning in a school environment. Without a nationally consistent school starting age, it is extremely difficult (both in a practical and pedagogical sense) to:

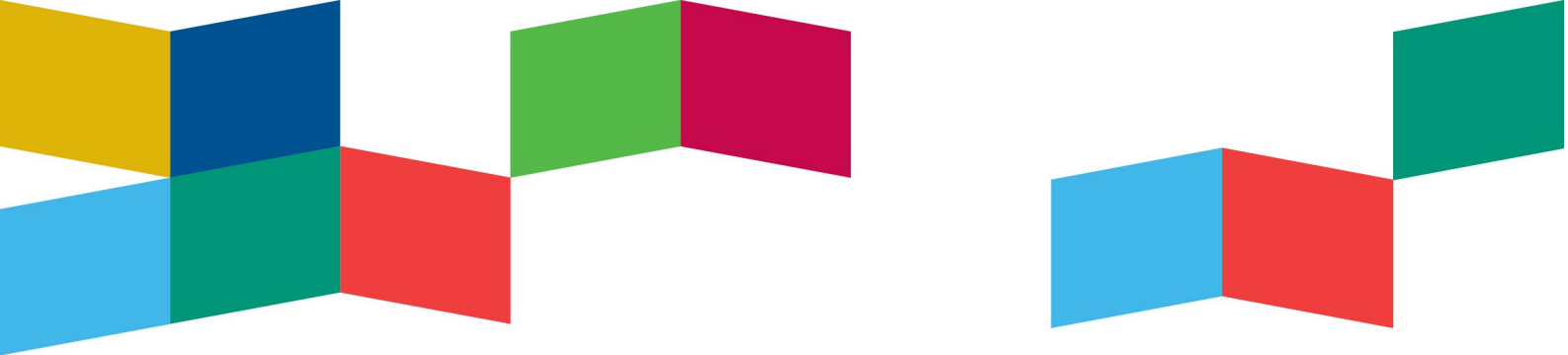
- implement funding and programs for the two years before school given the enormous variances in age and development milestones that the programs and funding would apply to.
- Measure learning outcomes against global data on educational achievement.

Current Situation

In Australia the minimum school starting age is regulated at the state government level, and the minimum school starting age varies from state to state. The table below shows the various minimum school starting ages across the country.

ACA would like to see Australia's Federal and State Governments form a well-informed opinion on what would be the most appropriate standardised school starting age, encompassing the key learnings from other countries with successful Early Childhood Education and Care programs and using them as policy benchmarks.

State	Name of the preschool year	Minimum age of enrolment at 1 Jan	Name of first year of school	Minimum age of enrolment at 1 Jan	Compulsory School start age
VIC	Kindergarten	3 years and 8 months (4 years on or before April 30)	Prep	4 years 8 months (5 on or before 30 April).	The year a child turns 6.
NSW	Preschool	3 years and 5 months (4 years on or before July 31 st)	Kindergarten	4 years and 5 months (5 by 31 July in the enrolment year)	The year a child turns 6.
QLD	Kindergarten	3 years and 6 months (4 years on or before 30 June)	Prep	4 years 6 months (5 on or before June 30)	At least 6 years and 6 months
SA	Kindergarten/Preschool	3 years 8 months (4 years old by 1 May).	Reception	4 years and 8 months (5-years-old by 1 May)	By 6 years of age.
WA	Kindergarten	3 years and 6 months (4 years old by June 30)	Pre-Primary	4 years and 6 months (5 years old by June 30)	The year a child reaches the age of 4 years and 6 months.
NT	Preschool	3 years and 6 months (4 years old by June 30)	Transition	4 years and 6 months (5 years old by June 30)	By 6 years of age.
ACT	Preschool	3 years 8 months (4 years old by 30 April).	Kindergarten	4 years and 8 months (5-years-old by April 30)	By 6 years of age.
TAS	Kindergarten	4 years	Prep	5 Years	Years at 1 Jan



Recommendations to bring about greater uniformity:

- Move towards greater simplification of ECEC systems, that States and Territories to work more collaboratively together to deliver a more consistent approach.
- Ensure that children must be at least 5 years of age by January in their first year of formal schooling.

Consistency of Terminology

The impact of different terminology in the transition from ECEC into preschool and foundational schooling in different States and Territories creates confusion, assumptions, and barriers for families (particularly in border state communities or relocating across states). The diverse terminology with school and preschool transitions includes Pre-School, Kindergarten, Prep, Pre-Primary and Reception.

Recommendations:

- Establish nationally consistent terminology for preschool/kindergarten/foundation and the first year of schooling across Australia.

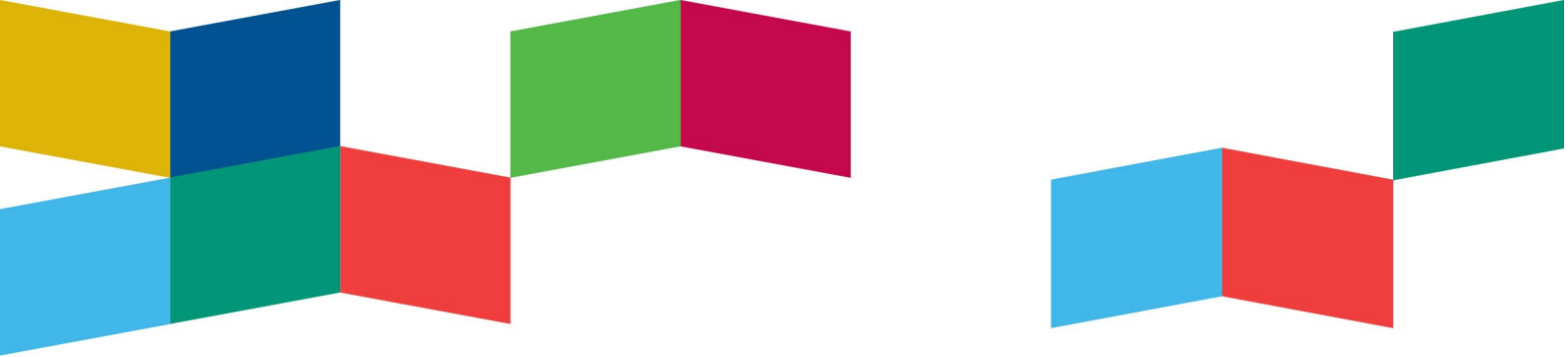
A Child's Social and Emotional Readiness for School

Parents may be making decisions to send their child to school earlier than the child is socially, emotionally, or developmentally ready, based on the financial implications of keeping the child in ECEC. Child psychologist Dr David Elkind described these implications as 'hurried child syndrome' which can bring about:

*"a set of stress-linked behaviours, which result when a child is expected by his (her) parents to perform well beyond his or her level of mental, social or emotional capabilities."*¹⁷

There is a growing disparity between affordability, choice and the best interest of the child which is evidenced by studies that indicate the more affluent parents who have the financial means are more commonly holding their child back from

¹⁷ Dr. David Elkind, 2001, *The Hurried Child: Growing Up Too Fast Too Soon*, Third Edition cited in *Linda Stade, 2020, "Why are we rushing our children?"*
<https://www.inspiringgirls.info/post/rushing-children#:~:text=Dr%20David%20Elkind%2C%20is%20the,mental%2C%20social%20or%20emotional%20capabilities.>



school an extra year. The research followed 100, 000 children starting school in NSW with 26% that were delayed from starting school until the child turned six, with a majority of these from wealthier backgrounds.¹⁸

There is evidence to support that a child's school starting age has ramifications on their short and long-term academic achievements. Researchers found that children who went to school later measured better against developmental milestones in the Australian Early Development Census (AEDC):

*"Every month of age made a difference, and when you consider that some children start school at four-and-a-half and some at six, this 18-month developmental disparity definitely adds up."*¹⁹

Some school teachers raised concerns about the diverse age range within their classrooms and the difficulties of trying to cater to these differing needs to support each child, while balancing the needs of the whole class.

Investment in Each Educational Stage of a Child's life

Each child has the right to be adequately supported in their learning, growth and development. Investing in these early years is critical in supporting each child's healthy growth and development and positive lifelong outcomes.

There is substantial evidence to illustrate the benefits a child receives from ECEC, including improved emotional and social skills, advanced language and communication skills and importantly the early detection of any learning and additional needs. ECEC also supports parents by facilitating pathways to connect with health practitioners and mental health professionals for their child and even their own needs.

Government investment in the ECEC sector is an effective spend of taxpayers' dollars,²⁰ with long term capital savings via a lower spend on human services across the lifetime of each individual child.²¹ Every dollar invested on high-quality, birth-to-five programs for disadvantaged children delivers a 13% per annum return on investment.²² These economically significant returns account for the taxation costs to finance the program and survive a battery of sensitivity analyses.²³

¹⁸ 337, Mark Hanly, Ben Edwards, Sharon Goldfeld, Rhonda G. Craven, Janet Mooney, Louisa Jorm, Kathleen Falster

School starting age and child development in a state-wide, population-level cohort of children in their first year of school in New South Wales, Australia, (2019) Early Childhood Research Quarterly, Volume 48, 3rd Quarter 2019,

¹⁹ 338 Mark Hanly, Ben Edwards, Sharon Goldfeld, Rhonda G. Craven, Janet Mooney, Louisa Jorm, Kathleen Falster

School starting age and child development in a state-wide, population-level cohort of children in their first year of school in New South Wales, Australia, (2019) Early Childhood Research Quarterly, Volume 48, 3rd Quarter 2019,

²⁰ Economic Analysis - Investing in early childhood education doubles the return to Australia, The Front Project - <https://www.thefrontproject.org.au/economic-analysis>

²¹ A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia, The Front Project June 2019 - https://www.thefrontproject.org.au/images/downloads/ECO_ANALYSIS_Full_Report.pdf

²² Ibid?

²³ The Heckman Equation - <https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program>



Government Contribution

The financial contributions required at the state and federal level for each child's ECEC, primary and secondary education are complex and differ across jurisdictions.

Based on the 2021 data, the Australian Government invests the following each year into a child's education:

- \$8,458 on each child's early childhood education
- \$12,099 on each child's primary school education²⁴ and
- \$15,204 on each child's secondary school education²⁵

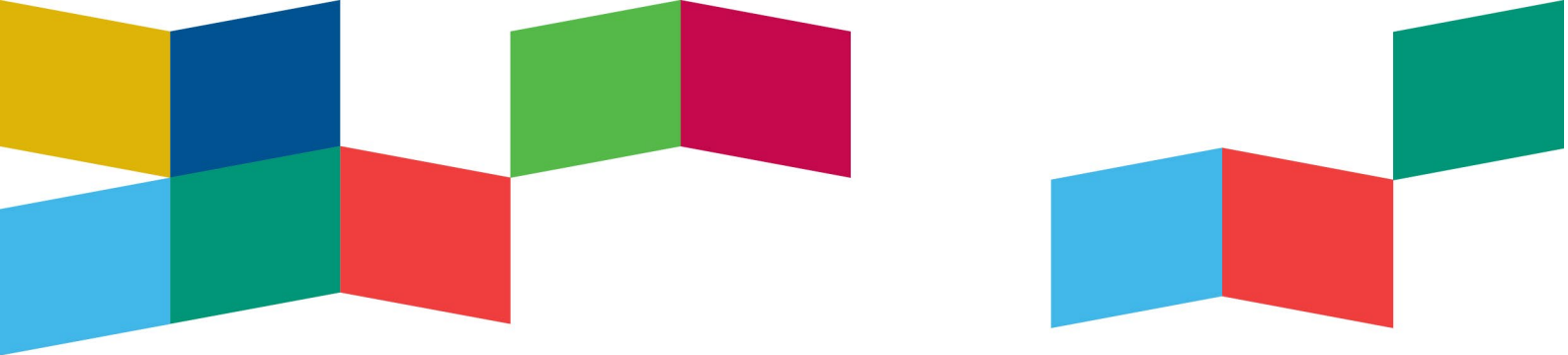
These are approximate costings and are variable based on a range of factors, including the different state and territory programs funded to target different cohorts in the community, combined funding programs (i.e. Health) as an intervention that may go into centres or schools.

There is an additional range of factors that also play into the need for additional funding for a school including the number of students with a disability, that have English as a second language, who identify as from an Aboriginal and Torres Strait Islander (ATSI) background, the location of the school in a low socio-economic area, rural, regional, or remote region, and size of the school.

The table overleaf provides a breakdown of the cost per child to attend ECEC by the Commonwealth government based on the *Report on Government Services 2023*.

²⁴ P6 Australian Government Schools Funding Report 2021, Report on financial assistance paid to the schools sector and relevant decisions under section 127 of the Australian Education Act 2013, Department of Education (2021)
<https://www.education.gov.au/school-funding/resources/australian-government-schools-funding-report-2021>

²⁵ Ibid The determination of how much each school is funded is based on a "base amount [that] is calculated each year in accordance with section 33 of the *Australian Education Act* 2013. The number of students enrolled at the school for the year is multiplied by the SRS funding amount for the year for each student.



2020-21	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
Cth, State and Territory recurrent government expenditure on ECEC services per child	\$7,993	\$9,963	\$8,078	\$7,935	\$7,461	\$6,480	\$7,797	\$12,404	\$8,458

Table content: **Real recurrent expenditure on ECEC services per child in ECEC, 2020-21 dollars**²⁶

It should be noted that the expenditure on ECEC services per child includes Outside School Hours Care (OSHC) and may not fully reflect if a child is not in attendance at ECEC or attending only one day a week. Like all data, there are variable factors to consider.

Different State and Territory Governments contribute to the costs associated with 4-year-old preschool and in some areas 3-year-old preschool. The different funding models across jurisdictions add greater levels of complexity, confusion, inconsistency and inefficiencies that flow onto the child, family, ECEC sector, ECEC workforce and wider communities.

These implications are seen as follows:

- The ECEC services offered to families and children differ from one jurisdiction to another (Eg There is 3-year-old preschool available in some states but not all). Families often have assumptions and expectations of the ECEC as a whole system. This fragmentation across each jurisdiction not only causes confusion and complexities, but also let families down who rely on a state-funded ECEC program which is not available if they relocate interstate and the impact on the child’s early education transitions.
- There is no consistency or standardised system – this makes it difficult for families to navigate and understand the system.
- The roles and responsibilities of State Governments vary.
- There is no uniformity with training and qualifications nationally, creating a lack of consistency among the workforce.

²⁶ Report on Government Services 2023, Part B Child care, education and training,



Infrastructure

Most of ACA's members are small business owners and operators of ECECs. The biggest operating cost ECECs have is wages, followed by the expense of renting or leasing which makes up 10-20% of the expenses.²⁷ There are a few models of rent provision that operate in the ECEC sector, which can have enormous implications in the overarching operational costs of the individual service.

For example, a Peppercorn rent or lease agreement means that a property is leased at a nominal amount, sometimes as low as \$1 a month. This might be a local council holding this agreement with a community early learning (childcare) provider in a lower socioeconomic area to support more availability for the community.

Consequently, that service would have considerably lower rental overheads, when compared to an ECEC service with full commercial rents that have scheduled annual increases at between 3 and 4 %.²⁸ A 2014 Ibis Report identifies rent to be 9.4% of revenue although this varies significantly depending on the life cycle of the service and also its occupancy rate. In real terms commercial rent is more likely to sit at between 12-14% of revenue at about 90% occupancy.²⁹

In addition to commercial rent prices, there are ongoing costs associated with the building, infrastructure, and ongoing maintenance of a premises. The State and Commonwealth governments have joint funding partnerships to support school buildings infrastructure, upgrades, and maintenance.³⁰

The ECEC sector has a range of costs (in addition to staff wages) including:

- buying, building, and/ or leasing
- insurances
- general operating costs
- electricity costs
- commercial water costs
- commercial Council rates

These factors are further compounded by the current cost of living pressures, increased cost of electricity, food and other factors resulting in more overall costs. ECECs must factor these into the operational considerations to ensure the centre can remain consistent and sustainable for the children and families they serve.

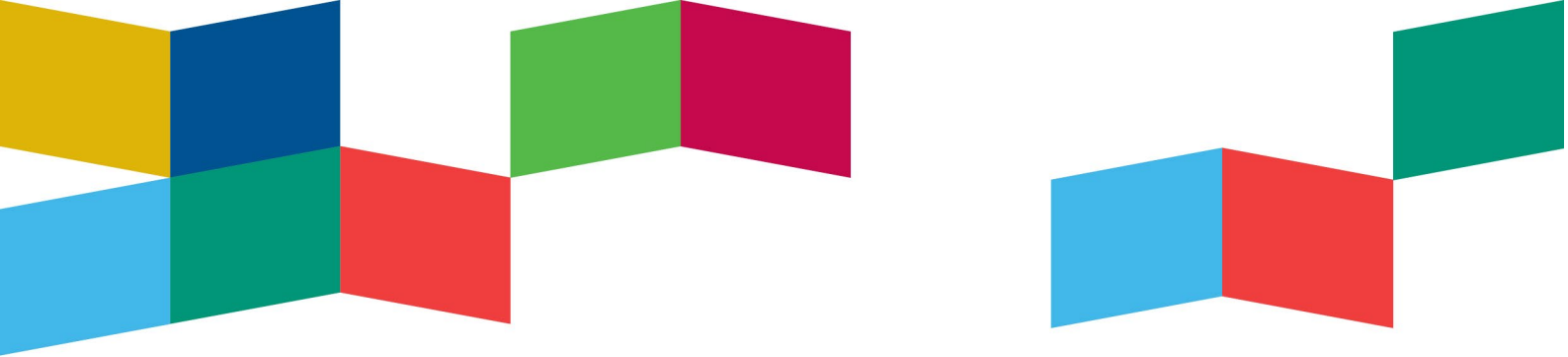
²⁷ IBIS Report – IBIS 2014 - The rent, lease or hire cost of childcare facilities is a more significant expense for for-profit organisations, comprising roughly 10 per cent of their total costs, whereas for not-for-profit providers such costs are only about 1 per cent of costs on average (figure H.15(b)).

²⁸ Larry Schlesinger, 2022, Childcare centre landlord lifts payout as inflation boosts rents

<https://www.afr.com/property/commercial/childcare-centre-landlord-lifts-payout-as-inflation-boosts-rents-20220211-p59vmw>

²⁹ IBIS Report – IBIS 2014

³⁰ *Australian Education Act 2013*



During May 2023, ACA held several focus groups with ACA members from across rural, regional, remote, and metropolitan areas. These group discussions provided meaningful ACA member's feedback and insights on what affordability means to their families, communities and their centre. The extra below provides an insight into some of the operational costs and challenges experienced by centres.

"... my operating expenses for the last well, if I compare six months to six months, 2021 to 2022, there's been about a 30% increase in operational costs. That's your food, your cleaning, all those sorts of things.

I would assume most private operators out there probably have a loan for their business and interest rates, these have also had a huge impact at the moment on the cost of delivering services."

ACA Member and Provider, Focus Group 4³¹

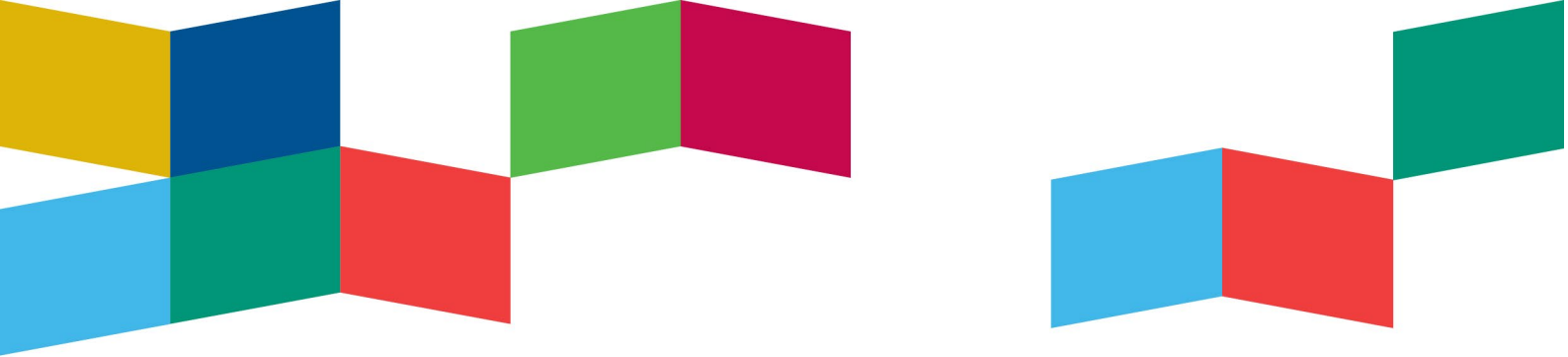
Operational Costs

The operational costs associated with running an ECEC service are significant. There have been long-held public comparisons between school and ECEC costs for families, with the assumption that these costs should be on par with each other. However, these are not equitable comparison points, because these are entirely different models of operation, in what is supplied for the child and a range of other factors which contribute to the expenses.

Below are a set of key factors that are directly relevant in the comparison of ECEC and school costs to families:

- Provision of meals – unlike early learning services, schools do not provide three meals a day. ECEC's often provide nappies, and other consumables to support the toilet training of children.
- Extended hours of education and care at an early learning service, across 12 hours a day rather than six hours a day at school. ECEC's operate through school holidays, often only closing for public holidays comparison to schools that operate on four term basis.
- Schools have dedicated pupil free days funded for professional development and curriculum development. These are not available/ as well supported in ECEC, with a minimum of two hours prescribed in the awards of non-contact time for educators each week to plan curriculum. The centre must roster around professional development and mandatory training time (first aid, child protection, etc.), balancing the educators available to service the child ratios with required training. This additional expense

³¹ Extract from ACA Members Focus Group 4 – Affordability, May 2023



of backfilling staff is incurred by the ECEC service.

- Structural requirements like staffing ratios require more teachers and educators for babies, 2-year-olds, and 3-5 year old children, as their needs are higher than older school aged children.
- Pricing models and operational planning with children under three years old are more expensive to care for, than 3 - 5 year olds. This means there is often a balance to offset the costs of younger children with the age-mix model in a centre.
- There are costs associated with educationally and developmentally age-appropriate and needs-based equipment and resources to ensure high-quality educational and developmental programs for all children.

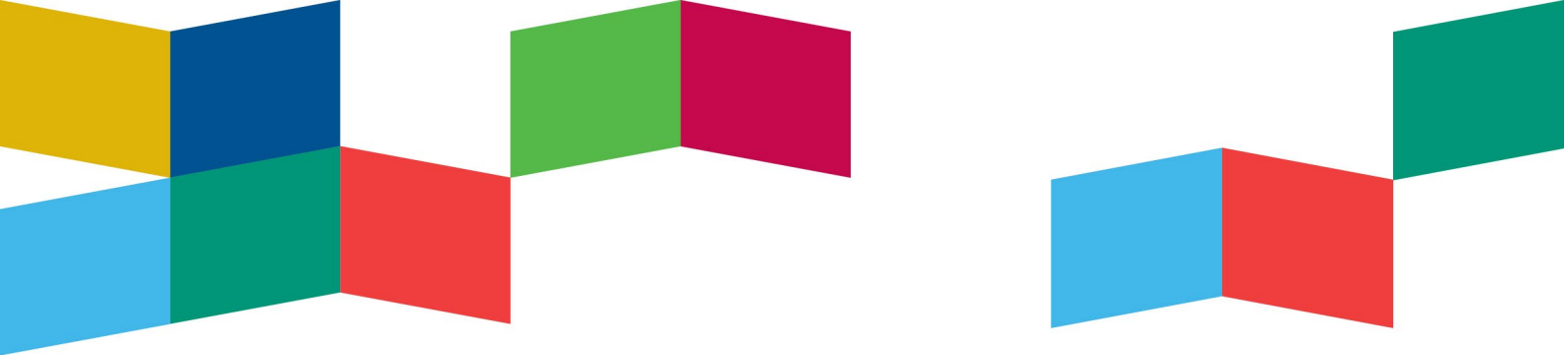
Balancing Supply with Demand: Aligning early learning service locations to support demonstrable need

Early learning services should be made available where needed, as part of good, local community planning to allow for better access at a price that facilitates participation by all families, strengthens the local community and allows for sustainable, high-quality services. There are some areas that currently are not resourced with ECEC services, and those children, families and communities are missing out.

However there needs to be more accountability on local councils in their planning roles to ensure the supply of ECEC services match the geographic needs, and new builds only take place when there is a demonstrable need. This process could include the requirement for due diligence and a set of criteria met, to ensure that the supply meets the specific local demand.

As part of this process, there could be more investment to generate accessible data to help inform and identify the supply and demand across Australia. Building a support, and current evidence base will ensure decisions are from an informed space that could affect long term planning, policies and investment in areas that are difficult to attract centres, staff, or investment.

There are opportunities to review and assess the effectiveness of current government grants that seek to incentivise providers to establish centres in 'child care desert' areas. Often these grants fail to be responsive to the true costs associated with and the challenges of setting up and the feasibility long term in some of the targeted regions. For



example, the recently implemented Community Child Care Fund for unmet demand to assistance with the cost of building and operating services was up to \$900, 000.³²

However, greater consultation with the sector and local communities (where centres are sought to be established) would indicate the costs to build and operate a service would exceed the grant amount, with an average centre build cost being approximately \$2 to \$3 million.³³ Note this figure would likely increase if the region was remote, to allow for additional freight costs, travel of trades and other professionals to complete the build.

Recommendations to bring about greater uniformity:

- Allocate funding to allow for the development of aggregated occupancy reports published quarterly via clusters of postcodes across Australia. Such reports would be invaluable to advise the market as to where oversupply and undersupply exist and therefore allow for assist in ensuring demonstrable need exists.
- Co-design a government grants process with the sector to create fit for purpose and realistic funding to attract and retain feasible, long-term and high-quality centres in areas where viability is challenging.

Investing in Affordability

Affordability is a critical factor to a child and family being able to access high quality ECEC.

The sector has undergone rapid and significant changes over the last few years. There are some important lessons based on these changes that can be reflected and responded to in the policy, systems design, and funding mechanisms so as to not repeat previous mistakes.

The challenge is to embed nation-wide policies that create more equity and affordable ECEC for all families while not devaluing ECEC staff and responding to increased costs in the delivery of the service.

³² Community Child Care Fund, <https://www.education.gov.au/early-childhood/community-child-care-fund/community-child-care-fund-grants-new-services-areas-limited-supply>

³³ Perth Building Projects reported the cost to purchase land and build a centre in Perth city area would be between \$1-4 million, Perth Building Projects, 2021, What does it cost to set up a childcare centre from scratch?, <https://perthbuildingprojects.com.au/what-does-it-cost-to-set-up-a-childcare-centre-from-scratch/>



Access

The draft National Vision for ECEC defines accessibility as:

“Geographic or cultural barriers to attending a high quality ECEC are removed. Services are supported to provide flexible models that meet the needs of their community and link with support services where families need them.”

ECEC provides a strong foundation for the child’s lifelong journey of learning and achieving success. For children to learn and benefit from ECEC programs, they need to consistently participate and attend a service for adequate hours at each session.

Barriers to families accessing ECEC can include:

- Individual cost of local service
- Extent of support of Child Care Subsidy (CCS)
- Available spaces and capacity of the service
- Workforce capacity at the service
- Geographic location of the service
- Availability and flexibility of service hours
- Service’s capacity and skillsets for additional support for diverse and higher needs of children
- Service’s cultural settings/environment (i.e. Is it a culturally safe learning environment for the individual child?)

Activity test

Families who struggle to access ECEC are generally those experiencing high levels of financial vulnerability and who may not be eligible for the CCS, due to the activity test.

The activity test was designed to incentivise workforce participation through more affordable ECEC for those families with working parents. This model automatically disadvantages the children of parents who may not be working or undertaking other eligible activities, and unfairly denies these children of the best start in life via adequate access to high-quality early learning.

Increasing the CCS rate via the introduction of a universal 90 per cent child care subsidy rate would support many Australian families by giving them access to more affordable ECEC. However, without an additional amendment to increase the **number of hours** available to families with low incomes and less than 16 hours of work, study or training, those families that are most in need of lower ECEC costs would still miss out, due to the current design of the activity test which only provides them with **limited hours** of subsidy.

The current inequity existing in the system is outlined in the graph below, which compares the gap fee for families accessing:

- CCS for 24 hours per fortnight (CCS24),
- CCS for 36 hours per fortnight (CCS36) and
- CCS for 72 hours per fortnight (CCS72) over two days per week and three days per week patterns of attendance over a fortnight.

Two days per week (under \$80,000)



Three days per week (under \$80,000)



Removing barriers to affordable early childhood education and care for the children who need it most – an equity measure Report

At a time when the Federal Government is trying to increase productivity in the context of the skills shortage across the economy, the activity test criteria will exacerbate existing inequity and increase financial disincentives and barriers to work, study and training for parents of young children.

This is an outcome that perpetuates disadvantage, excluding too many vulnerable families with young children who do not qualify for a minimum level of subsidised access due to their work/life situation. These children are already disadvantaged. They need to be better supported – not further discriminated against by being denied the same equity of access to quality early education and care.



Benefit To Families and Children

The latest research³⁴ estimates that changes to the activity test proposed benefit up to 80,000 families and would reflect greater access to ECEC for:

- 12,000 families³⁵ with removal of CCS24,
- 41,000 families³⁶ with removal of CCS36, and
- a further 20,000 – 30,000 families currently locked out of the system.³⁷

The cost of the proposed changes to the activity test would likely be returned in increased tax revenues from parents working more and potentially administrative savings for Services Australia.³⁸ Thousands of Australian families who must report activity changes to Centrelink fortnightly often complain they find it complex and experience unnecessary red tape.

ACA believes that it is also technically feasible to introduce this change via the CCS rate change legislation and such a change would be a relatively simple systems change for Services Australia.

"I'm located in a very low socioeconomic area and the activity test is such a barrier for families being able to access what they need. They should be able to come to the centre and the children need to attend more. These are the most vulnerable children. They're the children who their parents may not have money for books. Their parents may not have time to sit and spend that quality interaction with the children."

ACA Member and service provider, in Focus Group 4

Greater, reliable access to high-quality early learning for all families will result in generations of better socially-adjusted children with better academic outcomes and less requirement for government welfare years down the track.

Recommendations for greater access:

- Abolish the activity test
- Allow all families to access between 3 and 5 days per week of subsidised high-quality, affordable ECEC

³⁴ Removing barriers to affordable early childhood education and care for the children who need it most – an equity measure Report

³⁵ *ibid*

³⁶ *ibid*

³⁷ *ibid*

³⁸ *ibid*



Supply and Demand

Families rely on access to ECEC to help inform critical decisions that affect their child, family and financially including planning when to return to work, change in career or study, relocation to a new area.

LDCs operate 12 hours a day, across 52 days a year with the current ECEC workforce shortage of over 30,000 means there is increased pressure on the existing workforce to deliver high quality care and education with less resources.

Areas of High Demand

Rural, regional, and remote demands often reflect areas of high demand. These are mapped areas that do not appear to have sufficient or any ECEC in that area. What appears to be a simple solution (build more centres in areas that need it), is far more complex. In building a new centre in some of these locations, it fails to consider attracting and retaining appropriately qualified and experienced Early Childhood Educators and Teachers. This wicked problem is further exacerbated with the 30, 000 shortage in the ECEC workforce.

The current and highly sought after existing ECEC workforce may be more inclined to stay in communities they live, have families and social connections in, with closer proximity to infrastructure and resources that are often not as easily available in some areas where ECECs are not servicing.

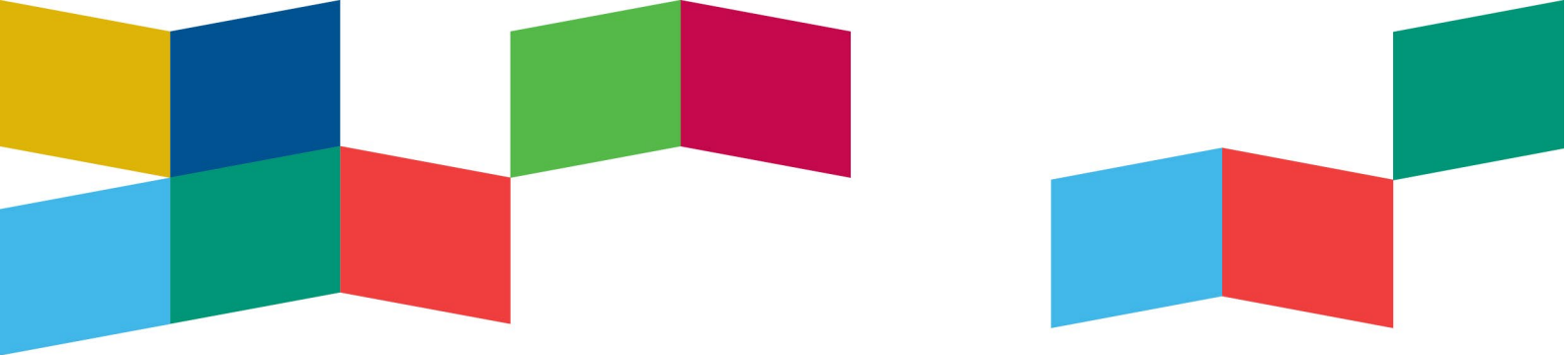
There is opportunity to understand the needs of the different communities for care, and that it may not be uniformed. What is the need from the community and what does that look like for a service? There may be scope for flexible hours of operation. For example, there is a service in northern Queensland that operates for 9 - 10 months of the year because of the wet season and floods means that service cannot operate, staff cannot reach the service.

"Once upon a time you would be thinking that around access, for example at our remote, rural services like out in Mount Isa. And they were the ones who were originally so heavily impacted with finding qualified staff. But now it doesn't matter where the service is, it's they're all impacted. It doesn't matter if they're in the city, or in Townsville, Bundaberg, Brisbane, or Gold Coast- they are all experiencing exactly the same thing."

ACA Member and service provider, Focus Group 3

There is an increased demand in rural and regional areas for ECEC, which requires educators and teachers to satisfy the relevant regulations. There has been an increase by 323 per cent in the number of ECEC roles advertised for the Riverina and Murray regions.³⁹ The increased populations of families relocating to regional areas during, and post pandemic has been one contributing factor to the increased demand on ECEC and call for workforce in those regions.

³⁹ Regional Australia Institute (2023) Regional Jobs 2022: The Big Challenge



The recent Regional Jobs 2022: The Big Skills Challenge Report highlighted the lack of available housing supply is a significant barrier in the attraction and filling ECEC roles in these regions.⁴⁰ The lack of suitable housing stops the number of people who can move into the areas that have high job vacancies.

The Regional Jobs 2022: The Big Skills Challenge Report gave an analysis of the investing in regional demands for ECEC based on a ratio of one educator to seven children, it estimates that:

- 1,670 advertised child carer roles in regional Australia⁴¹
- This would enable up to 11,690 parents/guardians to participate in the workforce (or move from part-time to full-time).⁴²
- These 11,690 jobs enabled by childcare represent \$1.10bn in wages to regional residents, and a further \$1.00bn in IVA.⁴³

Most data relating to ECEC workers group them within the 'carers and aides' category which also includes disability support workers, personal carers and ECEC staff. All data and research across Australia recognizes the high demand of Carers and Aides across the childcare, education and health sectors, and these are represented the third highest group of vacancies.⁴⁴

The increased demand for this category is reflected with regional vacancies for Carers and Aides:

- In December 2022 was 3,506 higher than five years earlier, and
- three times higher than what was advertised a decade ago.⁴⁵

This category is based on the Australian and New Zealand classifications of occupations and has recently undergone a national review which will assist in reclassification of categories to correctly represent and differentiate classifications, like ECEC educators and teachers and not simply group them into a broad category of Carers and Aides (that also captures disability, aged and personal categories).

ACA commends the government in undertaking this review to give professional recognition to the roles within the ECEC and to enable better data collection, analysis and inform policy and funding decisions for the ECEC sector.

⁴⁰ ibid

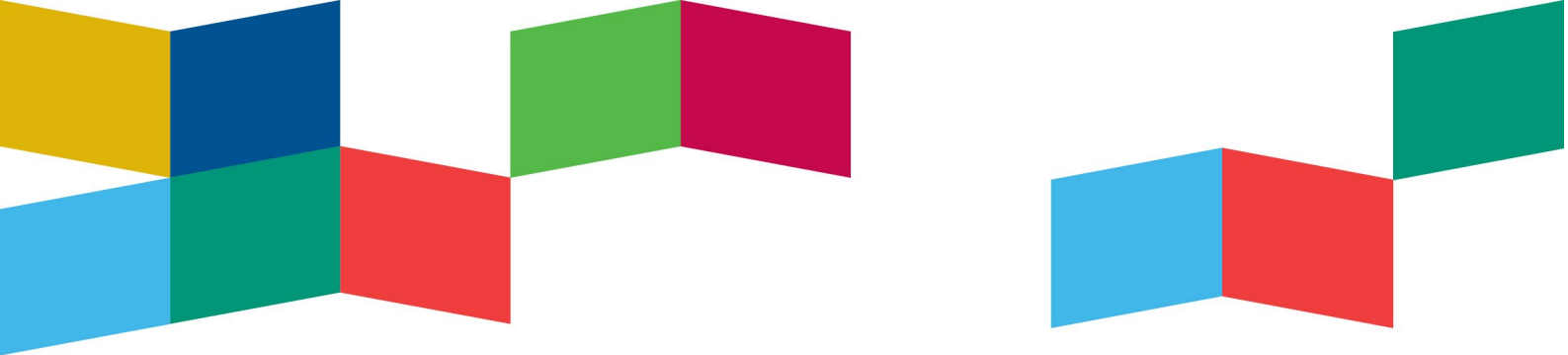
⁴¹ ibid

⁴² ibid

⁴³ This figure is based on the assumption that the 11,690 parents/guardians enabled to enter the workforce, work in one of the top 10 jobs with high vacancy rates, ibid

⁴⁴ ibid

⁴⁵ ibid



Spaces for Babies

In terms of demand not meeting supply, the largest gap is the birth to 3-year-old age places for parents wishing to return to work or study. These parents may struggle to find a place for their child and be forced postpone their planned arrangement whilst sitting on waiting lists.

The underlying issue relates to ECEC staffing shortages and the mandatory staffing requirements within centres. The staffing requirements for children birth to 24 months is one educator to four babies. This ratio is standard across all states and territories in Australia.

The ratio is essential for the adequate age-appropriate care of the children and providing a high-quality service. However, the care of children in the birth to 24 months age group within ECECs reflects the highest staffing resources needed across all the ages in centres. That is, this age bracket incurs the highest costs per child in terms of the staffing and resources required to provider adequate care.

Case Study: Example of Educator in Under 2’s Room

The example outlined below illustrates the estimated operational costs for one educator in a room of under 2 year olds. These costs may vary across service and jurisdiction.

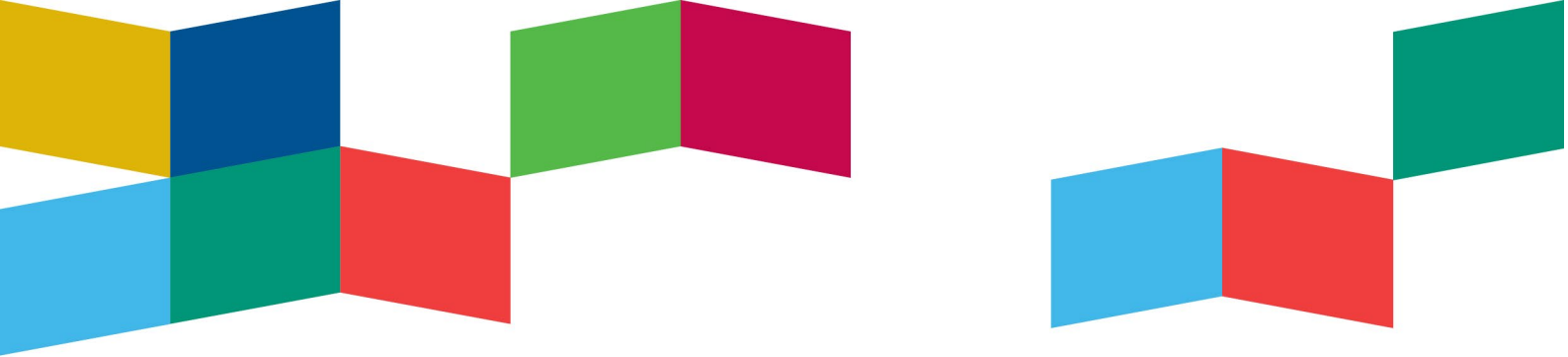
Educator at Level 4.3	\$30.05 per hour	38 hours	\$1, 141.90
In addition to super, annual leave and personal leave	25%		\$285.48
Payroll tax and Workcover costing	5%		\$57.10
		Total	\$1, 484.48

Note that in under 2 year olds’ room, staffing ratios would require two or nearly three staff for 11 children compared to the over 3's room which would require one educator for 11 (based on the Qld staffing ratios).

Due to the undersupply of entrants into the sector, over 12,500 early learning service providers across the country are struggling to meet the demand for places and to meet the regulatory requirements for the educator-to-child ratios. As a result, families are being forced out of their beloved services and out of the workforce.

Occupancy Rates

There is a growing proportion of the ECEC services which are capping enrolments due to staff shortages, which will only see increased demand once the *Cheaper Child Care Bill* comes into effect on 1 July 2023.



Lack of available staff, award restrictions and lack of demand are the key barriers preventing providers from offering more flexible care. The flow on effect is felt by services in their capacity to offers spaces to families, while balancing the staff ratio requirements.

ACA held two surveys in February and May 2023 to understand how ECEC staff shortages impacts on child placements available. Respondents were asked to estimate the number of child placements they had been forced to withdraw per week, during the week that they completed the survey, because of a lack of staff.

The February survey – focussing on placements during 9 – 22 February 2023, with 672 respondents across Australia who operate a LDC - revealed that **67%** of respondents were capping their enrolment numbers and turning families away due to lack of staff, with a total of **16,300 places** removed from Australian families across one week alone in February 2023.

The May survey – focussing on placements during 8 – 12 May 2023, with 482 respondents across Australia who operate a LDC – revealed that **56% of respondents** were capping enrolment numbers, with a total of **10,961 places** withheld from families during the week of 8-12 May. The change in place numbers reflects a drop in survey respondents (survey respondents fell from 672 in February to 428 in May) rather than an improvement in access.

The ACA survey results reflect how ECEC services have been forced to cap enrolments as a direct result of critical shortages of educators and the strict educator-ratio rules that govern how many children can be enrolled on any one day.

These figures are the tip of the iceberg, with capped enrolments anticipated to be much higher across the board as a result of the national workforce crisis. This problem will continue to grow unless effectively addressed.

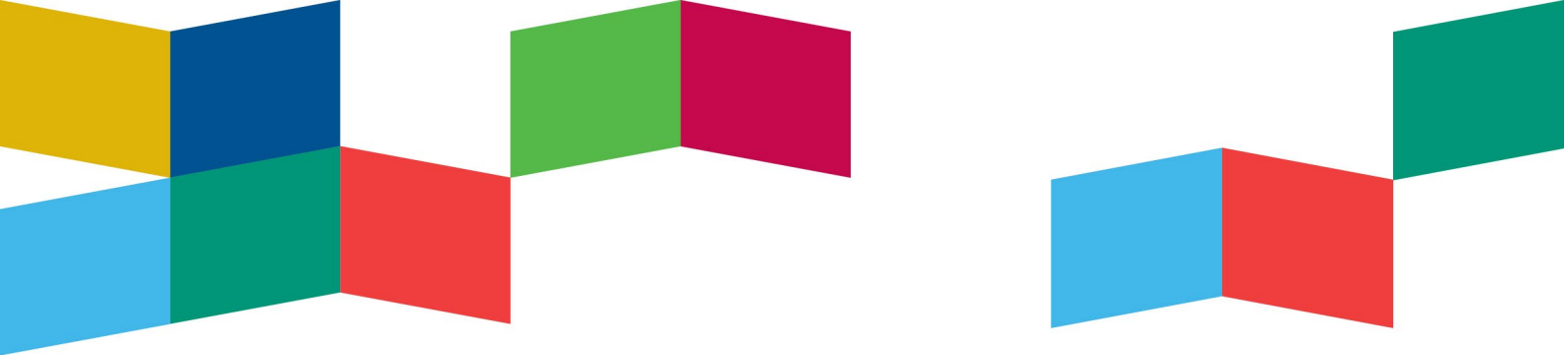
“When we call the parents to let them know we can’t take their child on a particular day, they often respond with anger and disbelief as to how ratio requirements apply. Our parents have very little understanding of the requirements within our environment. We consistently explain our difficulties, but I honestly believe they do not see the full picture.”

ACA Member and service provider in regional NSW

ECEC services are taking steps to recruit and train new educators into their services, however, so are majority of services. Consequently, there is exceptionally high demand for prospective ECEC staff new to the sector and attracting already qualified and experienced ECEC staff into services.

The latest National Skills Commission data shows there were over 7,000 ECEC roles advertised nationally at the end of September 2022.⁴⁶ Meanwhile national figures from employment marketplace Seek.com tracked a 40 per cent increase in

⁴⁶ <https://www.nationalskillscommission.gov.au/insights/2022-skills-priority-list>



job advertisements for early childhood teaching jobs and a 34 per cent increase for childcare and outside school hours care jobs from April 2021 to April 2022.⁴⁷

Flexible Models of Care

There are often calls for more flexible care models, this requires ECEC staff to work outside of regular hours, with different work conditions and agreements in place. Without funding mechanisms to support these extended hours of care in addition to the 6am to 6pm LDC model, and the critical workforce issues – this often seems out of reach.

The impact is that shift workers or seasonal workers during critical peak periods, like grain growing and harvest season, may not have the support of an accessible ECEC service to be able to care for their child and complete essential work. The lack of flexible care is further compounded by the workforce shortage in the sector which has been growing over the last ten years and now reached critical levels.

Many early learning service providers across the country are unable to attract and retain adequately qualified, experienced and capable Early Childhood Educators. This situation is now impacting the ability of many services to offer places for children on a daily basis, with families struggling to find consistent care.

There is opportunity for more investment into other services that can support greater flexibility in hours of care through Family Day Care. These exist across all areas of Australia with high quality care, operating in a different model that compliments LDC model of care.

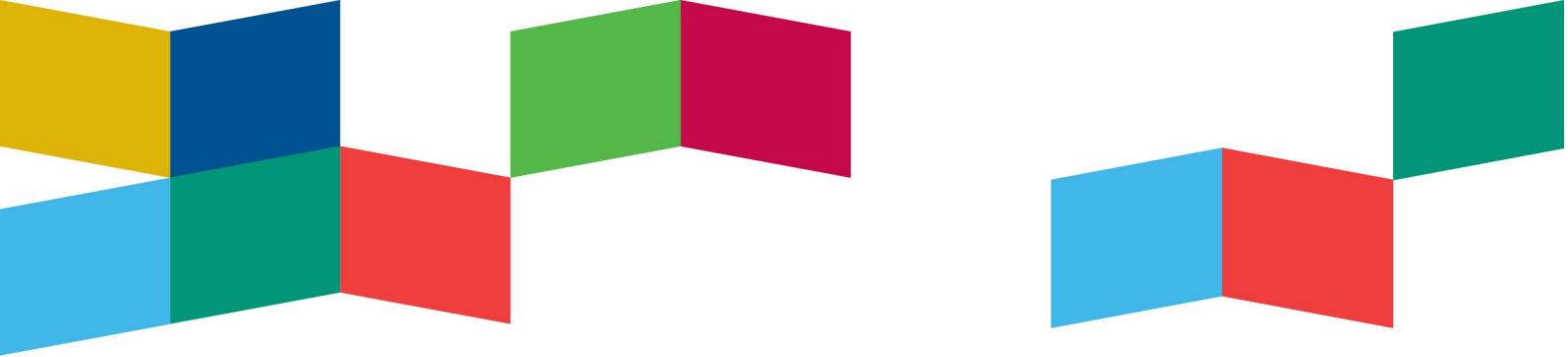
Recommendations:

- Flexible funding models that reflect and respond to the cost variations in service delivery.
- Invest in ECEC workforce as part of the universal 90 per cent child care subsidy – the funding needs to reflect what it actually costs to pay educators and teachers to deliver high quality care and education.

Implications of Increased Demands on ECEC Workforce Mental Health

The issues outlined across the section above and this entire submission speak to significant increased demand on ECEC services over the last few years, particularly during and post pandemic. In addition to staffing ratio requirements, services need to cap numbers and desperately seeking to recruit new qualified educators while supporting their very tired existing staff.

⁴⁷ SEEK Employment Report data, SEEK Employment Dashboard - April 2022



The overarching issue is the supply of qualified and experienced Early Childhood Educators and Early Childhood Teachers across Australia. Without addressing this issue, the existing workforce are carrying additional burden and there are not sufficient staff to take personal or holiday leave needed for rest downtime, time with their friends and family, and support their mental wellbeing.

“Educators are frequently putting off leave entitlements, family functions and commitments to ensure that the centre is adequately staffed. This is placing further mental strain on our very dedicated educators to please absolutely everyone to their on physical and mental detriment. Several team members have ongoing plans in place due to mental health/impacts with having no real relief from the anxiety that we continue to deal with on a day-to-day basis and the ever-increasing workload. Several of our educators have left the industry, never to return.”

ACA Member from regional NSW

There is immense pressure being placed on the remaining educators to fill in for a lack of staff and work far beyond the normal hours for sustained periods. This is harming their mental health and overall wellbeing. Despite all attempts by providers to protect their staff, the situation is simply unsustainable. Being under-resourced and understaffed is creating a strong incentive for educators to seek employment outside of the early childhood sector thus exacerbating the problem of staff retention. This is a dire situation that has long been recognised by the sector since the Productivity Commission Inquiry in 2014.⁴⁸

The ongoing impact of Covid 19 is still having a significant impact on staff absences, like additional days off sick and trying to find educators available to cover.

“I have seen is shift in the way that sick Leave is used prior to the pandemic. Previously someone had a sniffle or a cold, and in some cases they come to work or they might take a day off. Now they're taking three or four days off.”

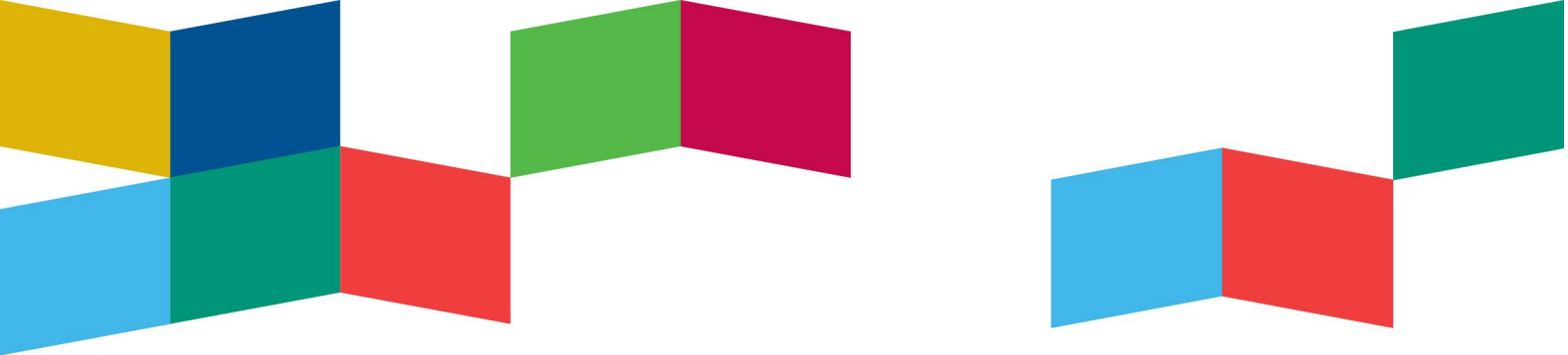
ACA Member, Focus Group 4

Whilst the pandemic has amplified the problems, inadequate resourcing has been an issue for nearly a decade in the ECEC sector.

“Staff are feeling stressed and under pressure as they are trying to pick up the slack where they can. Float team members have also been hard to find so breaks and other support backfill has been a challenge. The Director and AP have been spending time in rooms to assist with compliance requirements, but that in turn has put huge pressure on the Director with her admin work which is relentless as well.

Our team of staff is a wonderful group of people and they are doing everything they can to support us all as a

⁴⁸ Page 327 – 336 - <https://www.pc.gov.au/inquiries/completed/childcare/report/childcare-volume2.pdf>



team, but it does come at a price. They are tired, feeling pressured and worried about what the future holds for them.”

ACA Member from Maroochydore, Queensland

As part of ACA’s dedication to better protect the health and wellbeing of overstretched early learning educators and support staff, ACA is now working in partnership with TELUS Health– a globally recognised mental health and wellbeing partner – to offer the sector a comprehensive modern Employee Assistance Program (EAP). However, this is simply not enough - the long-term issues of a critical educator shortage needs urgent action by government, working hand-in-glove with the sector

The Australian Government can do better to support the retention of qualified, experienced educators already working in the sector as well as attracting qualified and experienced candidates back to the sector by maximising workplace benefits.

Parents Returning to Work

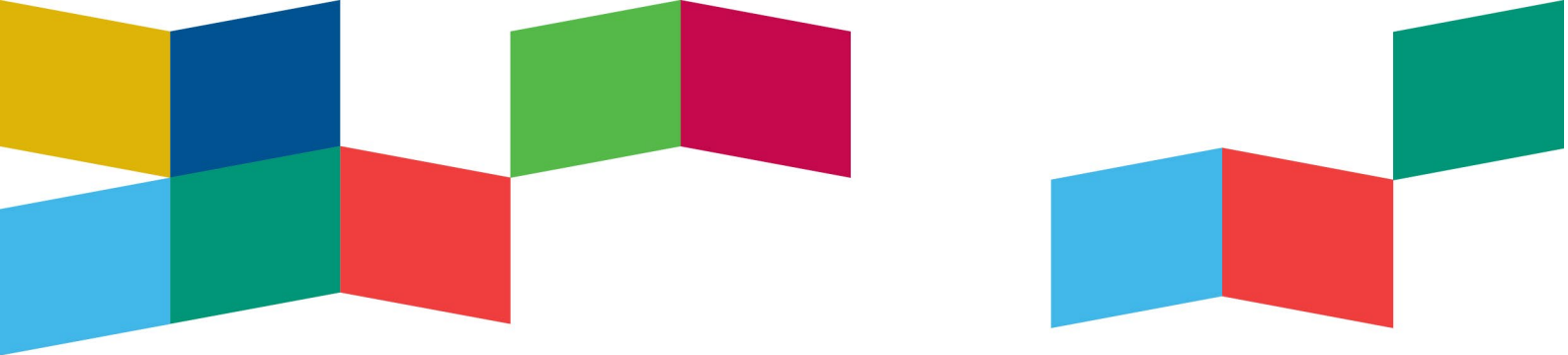
Many parents often rely upon access to ECEC to return to work, with no extended family support or care networks close or available to them. The LDC sector played a pivotal role in enabling all working parents – emergency and healthcare workers amongst them – to continue in the workforce during the time across the pandemic with the care for their children prioritised as ‘essential workers’. Moreover, LDCs are essential to the economic security of women – allowing mothers to return and remain in the workforce.

The case study of the importance of ECEC to support parents return to work, speaks also the implications of significant roles parents play within their community. Without adequately support for ECECs and investment in the workforce, there is wider implications and costs to communities who rely upon the parents in various professions. This is particularly the case in rural, regional and remote areas as outlined below with the floods of 2022 created greater demand on first responders to assist.

Case study: Essential Workers access to ECEC

Information below was provided by Luke Elías, Director of Operations and Engagement at Healthy North Coast (North Coast Primary Health Care Network)

Primary Health Care providers have reported impacts to service continuity and access with disruptions to child care services. This has come to light through reports of frontline clinical service providers and clinical support roles in Primary Health Care (medical reception and administration officers). Evidence of how a lack of childcare services impacted the frontline workforce was most evident during the recent floods in the Northern Rivers in March 2022.



With damage to roads, staff were unable to access child care services or faced significantly longer transit journeys to pick up or drop off their children. Around the Tweed and Lismore Local Government Areas (LGAs), additional transit times to access child care services of over 45 minutes each way due to road damage or closures. Whereas, these trips would have normally been under 15 minutes.

The direct impact was a reduction in the available frontline service time for health care providers, reducing on average 8 hour clinical service days to 6.5 hours. The impact on access to services was most evident in high need community areas, which was significantly heightened post floods with presentations of injuries, illnesses, trauma, and renewed prescriptions.

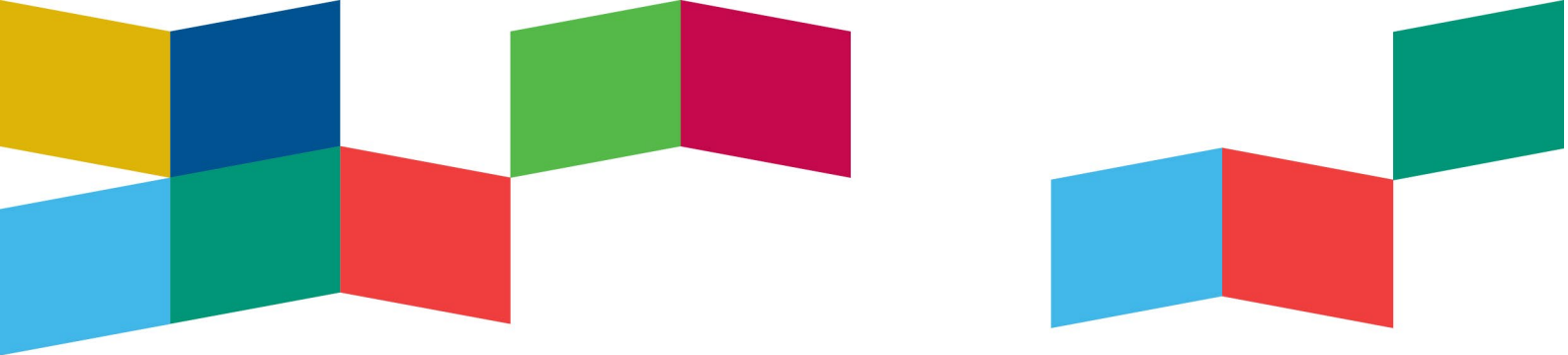
Other examples were noted in areas where child care services were closed or temporarily unavailable. In response to this, medical clinic staff would rotate and stagger shifts that in order to have someone available to care for their children. We received reports from the Pharmacy and Allied health services in Richmond Valley and Lismore LGAs where clinical staff were unavailable to work. They could not access child care services and to minimise disruption to multiple FTE, children were brought together for and the parent rotated supervision between them.

Regardless of the source or genesis of the problem, reduced access to child care services has a direct impact to frontline service workers across our regional communities. A reduction in the access, availability or practicality of using child care services for frontline health workers directly reduces the amount of time they can allocate to frontline urgent patient and community care. When this is combined in areas of disadvantage or vulnerable communities, heightened post natural disaster - the impact and risk is amplified for healthcare service provision.

For some communities, the parent needing access to ECEC for their child may be the only the pharmacist, doctor, health clinician or mental health practitioner in the town or region. There may not be transport available, or the distance significant to seek an alternative health service and treatment. This is significant intangible cost to community, with little study or data to support what ACA hears from the families, communities, and services across Australia.

Recommendations:

- Consider place-based solutions for communities with high support needs or experiencing vulnerability or disadvantage as determined by the Australian Early Development Census (AEDC).



Post Covid Implications on staff, behaviours of children

The short and long-term impacts of the recent years of living through a pandemic, lockdown restrictions and significant change in family daily routines are now beginning to emerge in the behaviours of children in ECEC settings. Research found that young children were most affected by changes to routines, missing important events and not seeing close family members or friends⁴⁹

Research held in Victoria, regarding children aged birth to 5 years who experienced a second lockdown, found that these children displayed significantly increased mental health difficulties (up to 12 per cent 'very high' levels of mental health difficulties and 21 – 47 per cent 'high' levels) compared to previous years. Parents reported the biggest mental health concern was anxiety, followed by symptoms of depression and attachment seeking behaviours.⁵⁰

Comments from parents below reflect the concerns about their child's behaviour or development included:

"My son has GDD (Global Development Delay) and has challenging behaviours. Worry about him not getting the support he needs as structured activities have stopped for him".

"Child becoming more clingy and co-dependent because his world has shrunk (currently only seeing people in two households)".

"Worried about daughter's learning and development as she only recently started nursery and was starting to develop but going back to her pre-nursery phase now"⁵¹

Additional international research indicates that parents were not able, equipped or had the capacity to support their younger children (birth to five years) in their learning and development during the lockdown (often working from home and home school their other children).⁵²

⁴⁹ (De Young, 2021) cited on page 9 of The impact of the COVID-19 pandemic on children in Australian early childhood education and care

⁵⁰ (De Young, 2021) city in page 9 ibid

⁵¹ (Gibson et al., 2021) cited on page 10 ibid

⁵² (Barnett, 2020) cited page 10 ibid

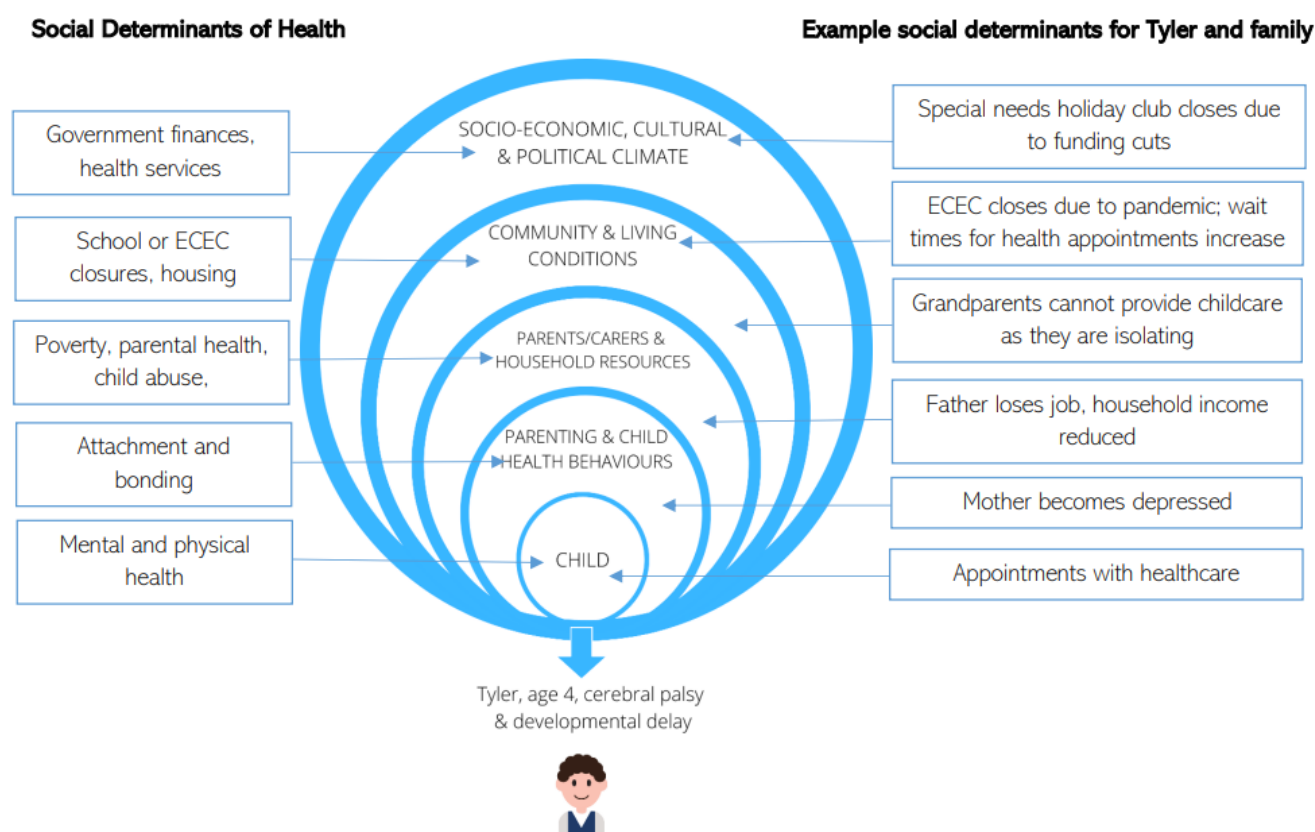
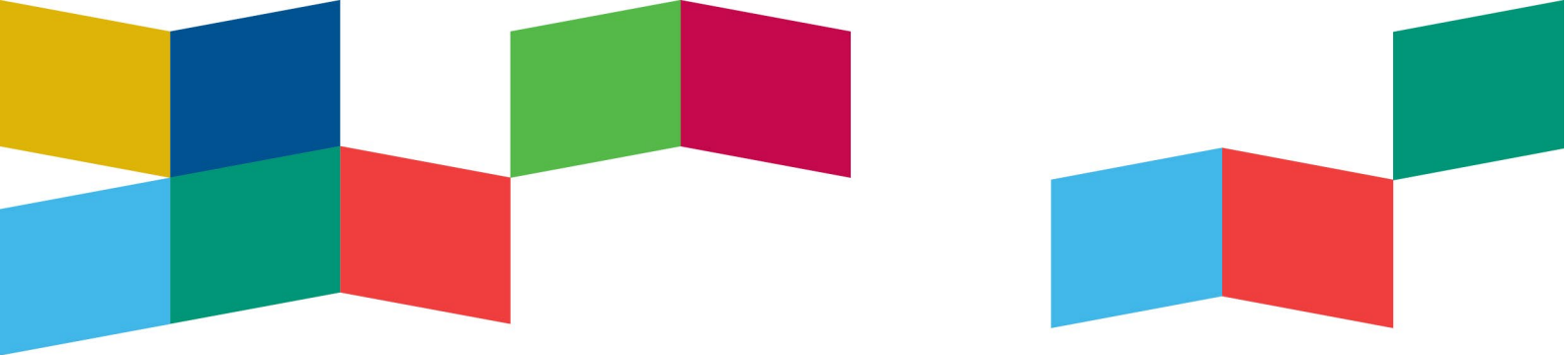


Figure 1 Example of the implications of the Covid pandemic on younger children (birth to five years)
The impact of the COVID-19 pandemic on children in Australian early childhood education and care page 5

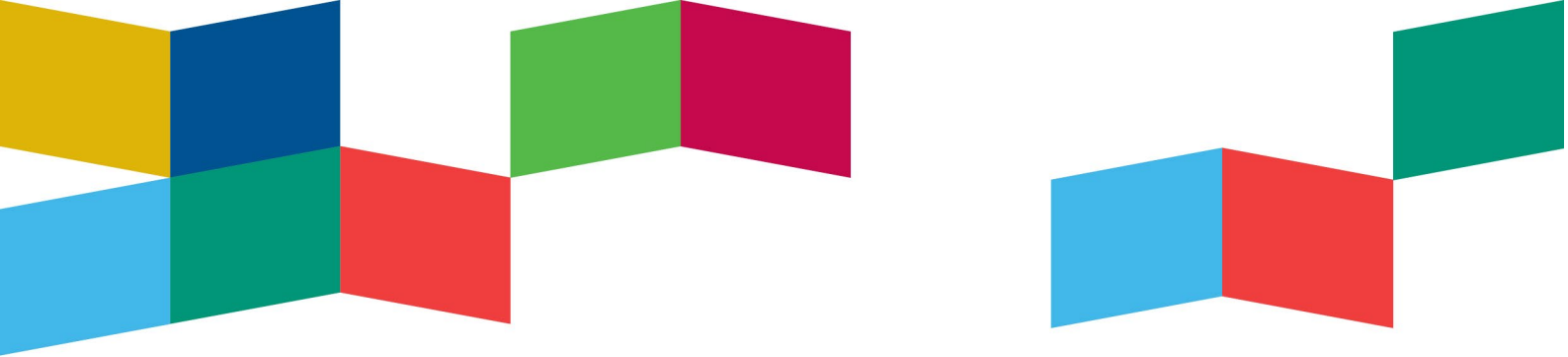
One US study determined that based on these factors, it appears that children lost, on average, three months of learning time during these lockdown periods. Furthermore, the research indicated that most parents did not make up for the lost learning at home, most likely due to their own work and home responsibilities and pandemic-related stresses.⁵³ The researchers concluded that the consequences of the pandemic in the effects on younger children's learning and development were substantial.⁵⁴

There has been a range of negative impacts reported by those whose children had been unable to attend ECEC during lockdown, compared to those who had been able to continue (for example, children of essential workers) or those who had not attended ECEC before the pandemic.⁵⁵

⁵³ Ibid Barnett

⁵⁴ Ibid Barnett

⁵⁵ Ibid page 18



The implications of the increased and higher levels of needs presenting in children, affect other children within the service and the flow effect onto increased pressure onto ECEC staff.

"We are seeing more and more children in our centre who have additional needs in some way or another post pandemic. And very often those are extreme behavioural issues, and our staff are actually coping with a tremendous amount of additional stress in trying to help these children, because that is not our skill set.

We do not have the training to cope with such diverse problems that are arising in a class. And we're really struggling. My staff are struggling. Sometimes they are being physically harmed by children who have these extreme behaviour issues and other children are being harmed."

ACA Member, Focus Group 3

"...the impact that high needs children have on staff and their well being, can put at risk your staff base. You have to look at staff resignations if you're taking on children who are too difficult when your staff don't have the skills or the support to deal with that. And our staff needs, their mental health which if they don't get the support, if the child doesn't get inclusion support early enough, then the reality is we can't help everyone."

ACA Member, Focus Group 2

Inclusion Support Program

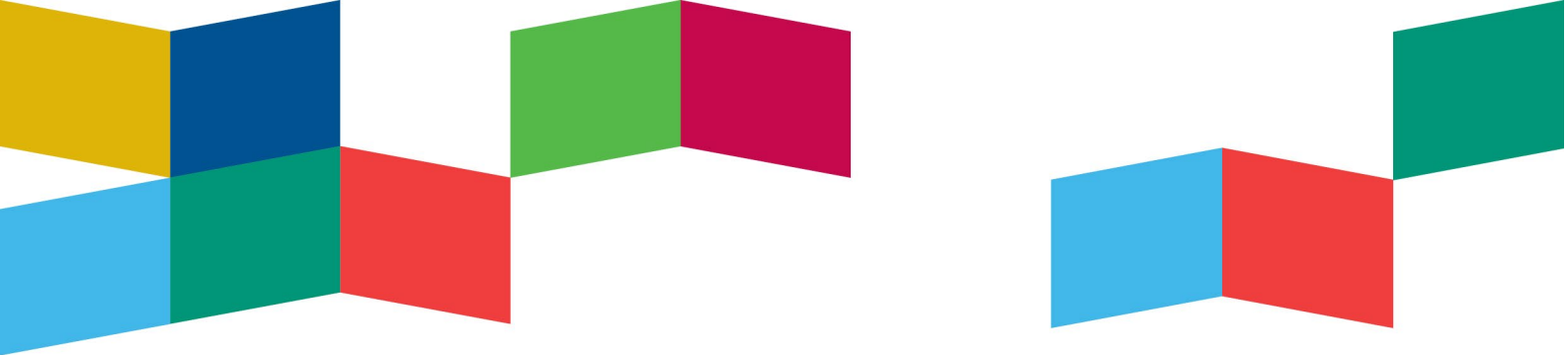
Families who have a child with additional needs may also experience difficulties firstly identifying or understanding the nature of their child's challenge. This is where ECEC teachers and educators as first responders are best placed to observe, identify, and measure if the child is tracking to key developmental milestones, then communicate concerns to parents.

Many services report the difficulty in the efficiencies and processes to access ISP support for a child in their service, which significant delays contribute to the effectiveness of interventions and the child's outcomes.

Some of these challenges include:

- Limited number of hours for additional educator support to match the needs.
- ISP requires excessive administration through an annual Strategic Inclusion Plan (SIP) which could be more efficiently part of a services Quality Improvement Plan (QIP) as part of the National Quality Standards (NQS).
- The Inclusion Portal is a difficult piece of technology to navigate and creates a significant administrative burden for services (some services report the portal is too difficult to operate that they do not even submit applications)
- the hourly funding rate has not increased since 2016 and the current figure does not adequately cover the hourly rate of the additional educator.

These points above were reoccurring themes across the multiple focus group sessions ACA held with members who are service providers, owners and operators representing services across Australia.



"It takes you about six weeks to wrap your head around the system, and currently they are very busy, so the inclusion support professionals can meet with you about once a month.

We've probably had four meetings this year and we're at the submission stage next month, and it is nearly halfway through the year and these children have needed the support from the start of the year.

The educators are being really overworked and they're being burnt out because they're not getting the inclusion support, but the ability for us to get inclusion support. The process is so difficult and it's actually quite prohibitive to be able to get the support through."

ACA Member in Focus Group 3

"They are slow to act when you raise your when you need inclusion support. It can take a whole term or even up to six months before somebody actually has support in the centre because of the bureaucracy involved in that."

ACA Member in Focus Group 2

"Parents tell us that '...we can't get in to see a specialist for nine months'. So that holds everything up. Inclusion support applications across almost an entire calendar year before we can even apply, so that's a failure of the system. Outside of childcare, that's working with us or not working well."

ACA Member in Focus Group 2

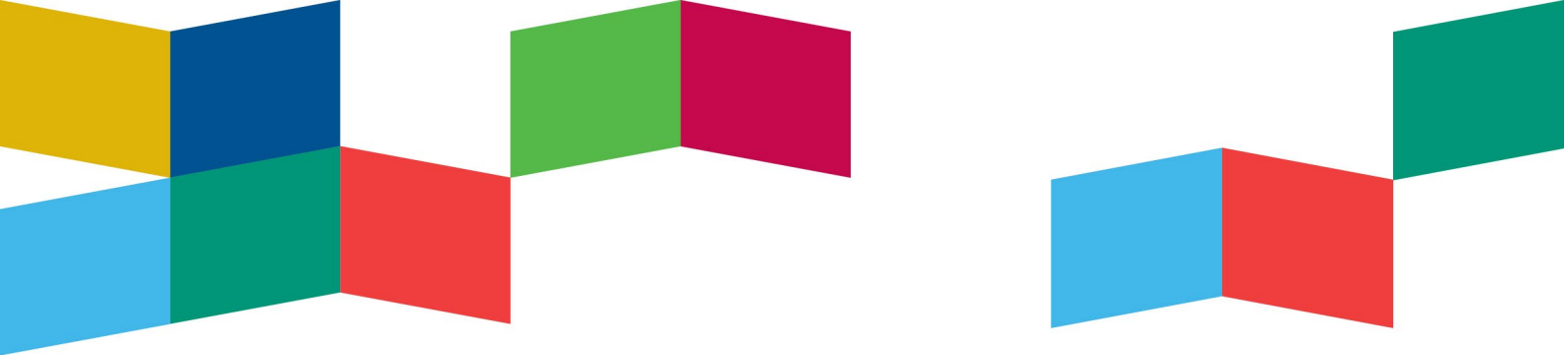
"...the end game of obtaining Inclusion support - that often doesn't even actually cover the cost of the educator who's performing that support. It's a system that just doesn't work. And you know what breaks my heart more than anything is just seeing this trend."

ACA Member in Focus Group 2

ACA urges the government to review structural changes for ISP funding and recognise that access is limited due to the current ECEC system for developmentally vulnerable children. There needs to be greater commitment to streamline services for a cohesive approach to supporting families of young children, especially those with multiple and complex needs without delay. Particularly as good service integration is a valuable method to meet the holistic needs of children and families while reducing disadvantage.⁵⁶

ECEC services have strong relationships with both the child and their family, in which trust and rapport are built over the frequency of the engagement in the service. These relationships open more difficult conversations about what additional

⁵⁶ Wong, S., & Press, F. (2012). Integrated services in Australian early childhood education and care: What can we learn from our past? Australian Journal of Social Issues, 47(2), 153–173



needs a child may need, and supporting the parents to understand this, the importance of early interventions and the systems to start to navigate.

“...the mechanisms that determine eligibility for disability services for children are typically complex, inconsistent and subject to change, thereby placing additional stress on parents.”⁵⁷

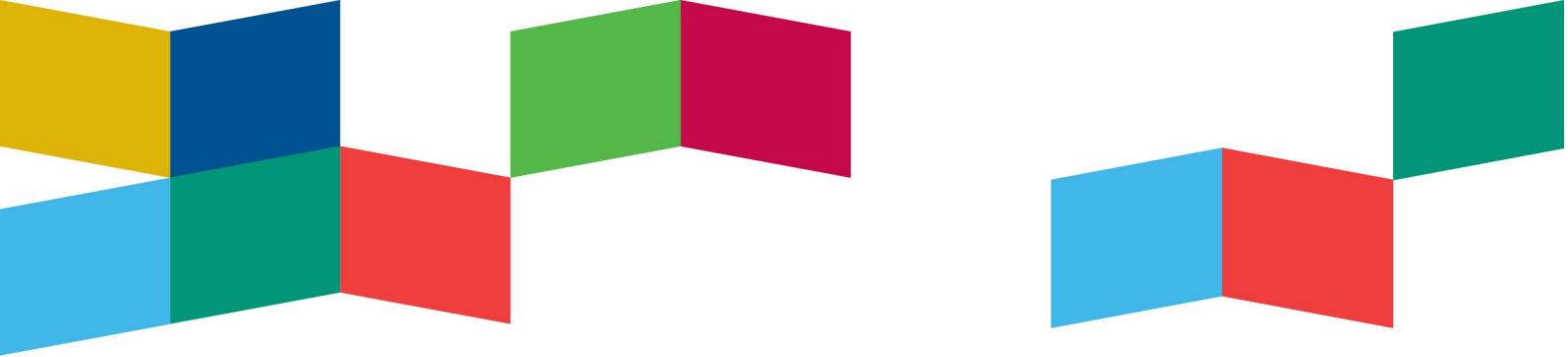
When inclusion in the ECEC environment is done well, the ECEC can be the centre of an ecosystem of additional support. This would look like a child having access and attending ECEC 3, 4, or 5 days a week, child who can have learning from peers from this program, access to additional education and curriculum support.

Inclusion done well in an ECEC setting would also allow environment for allied health professionals to observe and to provide strategies for better outcomes for the child. These outcomes could be cultivated and embedded into the ECEC’s program to support the child through structure and consistency. Furthermore, the educators would continue to make observations of the child’s developments and identify areas of additional support needed to assist with tracking and measuring their outcomes.

Recommendations:

- Ensure that the ISP is demand driven to ensure that the benefits of the program are delivered to as many children as eligible.
- Increase the maximum number of hours for additional educator support to match the child’s hours of attendance.
- Increase the funding rate for additional educators to ensure it adequately covers the hourly rate and on costs for providers and matches the hours attended by children.
- Remove the need for a new application to be made when a child moves from one room (care environment) to another.
- Allow the funding to follow the child from room to room and service to service.
- Increase funding of Inclusion agencies to ensure that they are adequately funded to build capacity of the sector’s inclusive practices and to meet the needs of the ever-increasing participation rate of children in ECEC in Australia.

⁵⁷ Ray, (2005) cited in Moore, T., McDonald, M. & McHugh-Dillon, H. (2014), *Evidence Review: Early Childhood Development and The Social Determinants of Health Inequities*, Vic Health P6



Investing in Access

As the backbone of the Australian economy, the early learning sector's viability and sustainability are critical components of achieving the Australian Government's objectives of full employment and productivity growth for the benefit of all Australians, along with women's economic participation and equality.



Equity

The draft National Vision for ECEC defines 'equity' as:

"All children are supported to succeed, regardless of their circumstances and abilities. Carefully designed strategies and targeted investment provide additional support to children and families when and where they need it."

ACA believes equity should reflect developmental, financial, and social vulnerabilities experienced by a child and family. A truly equitable system will remove barriers for all types of vulnerability which includes the ease of access, low or no cost options, and systems that can adequately support vulnerability in practice so that **all children from all backgrounds, circumstances and abilities are supported to succeed.**

For all children to succeed, there needs to be considerations of the existing funding systems/models. The current funding models have aspects of embedded inequality which can be reviewed and adapted. ACA believes in reimagining ECEC systems that are easy to navigate, respond in a timely manner (particularly with urgent and complex needs families), are culturally safe and responsive to needs of each family and child.

Children and Families Experiences of Vulnerability

In ECEC there are two core ways to understand and approach experiences of vulnerability:

- Developmental vulnerability, and
- Social and financial vulnerability

Developmental Vulnerability

The Australian Early Developmental Census (AEDC) measures children's development across five domains:

- physical health and wellbeing
- social competencies
- emotional maturity
- language and cognitive skills (school-based)
- communication skills and general knowledge

Children are classified as being at:

- 'Developmentally at risk' if they score between the 10th and 25th percentile (based on national data) in one or two domains.
- 'Developmentally vulnerable' if they score below the 10th percentile (based on national data) in one or two domains.

The most recent AEDC data was collected between May and July 2021, nationally across 305, 000 children in their first year of school in 7,500 primary schools.⁵⁸ The data indicated that children who are developmentally vulnerable slightly increased:

- Children assessed as developmentally vulnerable on one or more domain increased from 21.7% in 2018 to 22% in 2021.⁵⁹
- Children assessed as developmentally vulnerable on two or more domains also increased from 11% in 2018 to 11.4% in 2021.⁶⁰

The AEDC data is collected every three years nationally and helps to inform all levels of government with targeted funding and programs that support children from vulnerable communities. The government use AEDC to help track and measure impact of programs that Closing the Gap targets for children and families from Aboriginal and Torres Strait Islander communities.

Social and Financial Vulnerabilities

ECECs see families from diverse backgrounds experiencing significant challenges of social and financial vulnerability in many areas of their life daily. However, not all families and children have the access to daily support, care, and early education to support parents, children and connect to additional services.

We know that families who are from non-English speaking, recent migrants and refugees, culturally diverse communities, and Aboriginal and Torres Strait People, live in SEIFA regions, are from lower economic backgrounds and may experience intergenerational poverty are



⁵⁸ AEDC National Report 2021

⁵⁹ AEDC National Report 2021

⁶⁰ Ibid

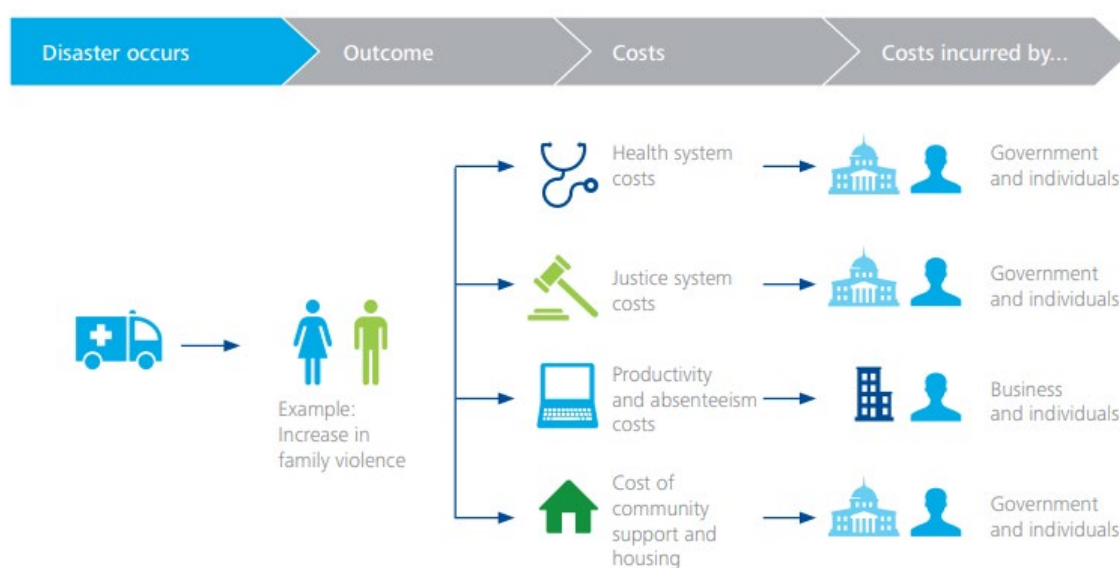
often at greatest risk of social and financial vulnerability.

Families may experience significant challenges with family violence, financial vulnerability, housing insecurity, mental health issues, chronic health conditions, exposed substance abuse and neglect. The impact on a child is carried into their life as short and long term trauma and has ongoing implications in all areas of life. There is growing evidence about the experiences of children and long term impacts heightened during the pandemic and post lockdowns.⁶¹

Following the first lockdowns in 2020, the Federal Government reported a 75% increase in google searches for “domestic violence support”.⁶² In March 2020 there was an increase by 94% to the Men’s Referral Service⁶³ which followed the announcement of Australia-wide Stage Three restrictions⁶⁴.

In Victoria, police crime trends reflected the monthly number of family violence incidents was higher in every month during 2020 than during 2019⁶⁵. Family violence practitioners reported difficulties because of restrictions when trying to support

women
and
children
with



Source: Deloitte Access Economics

Figure 2 Deloitte Access Economics, *The economic cost of the social impact of natural disasters*, 2016

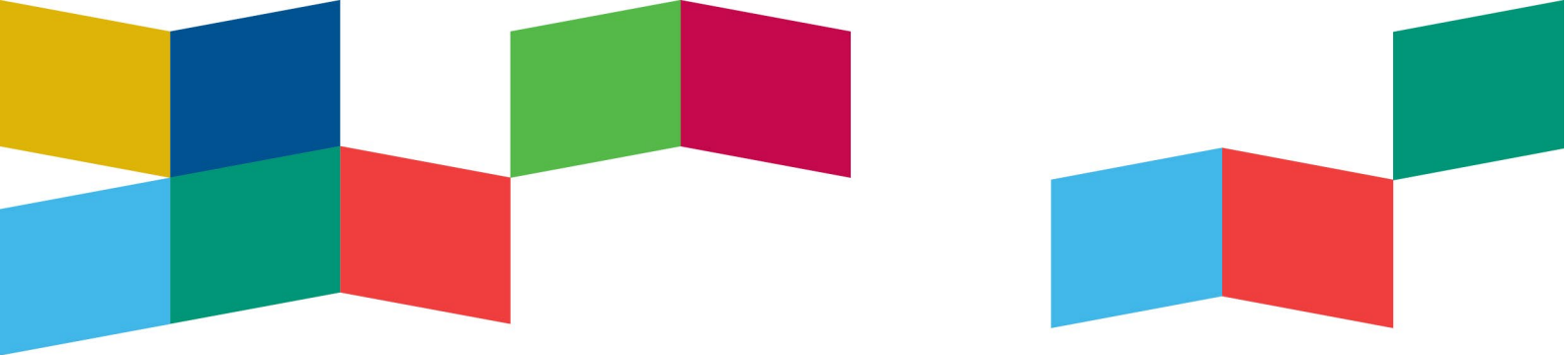
⁶¹ Centre for Community Child Health. (2022). The impact of the COVID-19 pandemic on children in Australian early childhood education and care. Rapid review prepared by the Centre for Community Child Health, Murdoch Children’s Research Institute for the Commonwealth Department of Education, Skills and Employment.

⁶² Yihan Sun, Claire Blewitt, Victoria Minson, Rachael Bajayo, Lee Cameron, and Helen Skouteris, (2023) Trauma-informed Interventions in Early Childhood Education and Care Settings: A Scoping Review, TRAUMA, VIOLENCE, & ABUSE vol 1–15

⁶³ Men’s Referral Service is a free telephone helpline for men with anger, relationship or parenting issues as well as women and other family members experiencing violence or controlling behaviour by men - <https://www.betterhealth.vic.gov.au/health/ServiceProfiles/mens-referral-service>

⁶⁴ Impacts of the COVID-19 pandemic on Victoria’s family violence primary prevention workforce – Final Report for Respect Victoria - <https://www.respectvictoria.vic.gov.au/sites/default/files/documents/202012/COVID-19%20and%20primary%20prevention%20workforce%20full%20report.pdf>

⁶⁵ <https://www.crimestatistics.vic.gov.au/research-and-evaluation/publications/police-recorded-crime-trends-in-victoria-during-the-covid-19>



safe interventions to leave unsafe homes.

Consequently, victims were unable to report, seek assistance or leave violence within their homes. Supporting research has found that there is an increase to violence to women during disasters, including natural disasters which many communities across Australia have felt in recent years.⁶⁶

Educators often see children who have been exposed to domestic violence are more likely to have behavioural and emotional problems which is supported by research.⁶⁷ Children of victims experience significant trauma which may often manifest into continuing violence with their own children and partners, alcohol and drug abuse and delinquency in later life⁶⁸.

Early intervention affects a range of outcomes and future government expenditures, some include (not an exhaustive list):

- Family violence and child protection – protective services, out-of-home care services, intensive family support services, family services, mental health services, primary health care services, police, and courts
- Youth justice (10-17 years) – detention-based justice services, community-based justice services, group youth justice conferencing services, legal support, courts, police
- Adult justice (over 18 years) – incarceration, community support, legal support, courts, police
- Youth unemployment – Youth Allowance, Newstart Allowance, Rent Assistance
- Youth homelessness – primary health care, hospitalisation care, mental health services, police, and community services
- Mental health and substance abuse – mental health services, primary health care, hospital admissions, pharmaceutical benefits scheme for medication, drug and alcohol community services, police

In in 2018-2019, Australia spent \$15.2bn on late interventions, with child protection accounting for nearly 40% of the total cost of late interventions.⁶⁹

⁶⁶ *Destroy the Joint*, i

⁶⁷ Schnurr, M. P., and Lohman, B. J. (2013). Longitudinal impact of toddlers' exposure to domestic violence. *J. Aggress. Maltreat. Trauma* 22, 1015–1031. doi: 10.1080/10926771.2013.834019 and Isabelle Mueller, Ed Tronick, 2019, Early Life Exposure to Violence: Developmental Consequences on Brain and Behavior, Frontiers in Behavioural Neuroscience, Developmental and Brain Sciences Program, Department of Psychology, University of Massachusetts Boston, Boston, MA, United States, 2Department of Newborn Medicine, Harvard Medical School, Boston, MA, United States <https://www.frontiersin.org/articles/10.3389/fnbeh.2019.00156/full>

⁶⁸ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/Publications_Archive/archive/Domviolence

⁶⁹ (ABS, 2018; ROGS, 2019). cited in P19 How Australia can invest in children and return more: A new look at the \$15b cost of late action

Table below extracted from 2021/22 ROGS data to contrast the Commonwealth government expenditure on youth Justice interventions (before the age of 18 years).

Service per child (0-4 years) / young person (aged 10-17 years)	Unit (time in each service)	Cost
Average ECEC Daily in LDC per child	Cost per average day (12 hours)	\$130
Australian Government CCS approved child care services per child	Median weekly cost of 50 hours	\$543
Detention -based supervision per young person	Cost per average day ⁷⁰	\$2, 720.01
Community -based supervision per young person	Cost per average day ⁷¹	\$280.31
Community-based youth justice services per young person	Cost per average day ⁷²	\$151.17
Group youth justice conferencing per young person	Cost per average day ⁷³	\$17.16

In the Productivity Commission on Childcare and Early Childhood Learning 2014 report⁷⁴, the Commission outlined key features an ECEC system to aim for, which included:

- In at least the year before school, children are guided by an early childhood teacher; for those at risk or developmentally vulnerable, this may extend to several years before school age, and
- Additional needs children have (at a minimum) access to ECEC on the same basis as other children.

Investing in Early Years - Economic Policy

Investing in a child's early years from an economic policy perspective tends to focus on where the government directs funds and the outcomes achieved with the cost benefit measured for the government, different systems (education, health, justice system, etc.) taxpayers, and entire the community.

Investment in a child's early education and care from an economic policy perspective recognises that:

- for every dollar spent on effective early childhood intervention (on an international model/scale), there is as much as a US\$7 return to society.⁷⁵

⁷⁰ Table 17A.21 ROGS 2021-22

⁷¹ Table 17A.20 ROGS 2021-22

⁷² Table 17A.10 ROGS 2021-22

⁷³ ibid

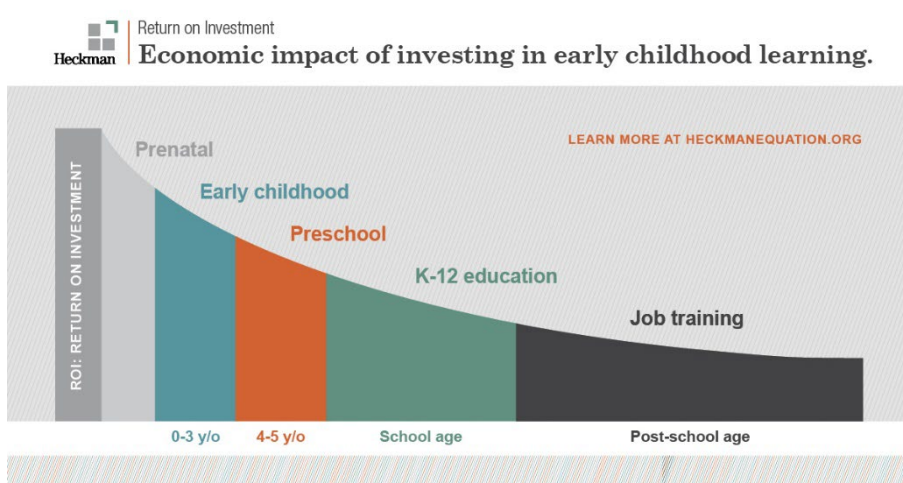
⁷⁴ P 15 Childcare and Early Childhood Learning: Productivity Commission Inquiry Report Overview and Recommendations, No. 73, 31 October 2014

⁷⁵ . A. Reynolds, et al., 'Age 21 Cost-Benefit Analysis of the Title I Chicago Child-Parent Center Program - Executive Summary', Chicago Longitudinal Study, 2001, <http://www.cehd.umn.edu/icd/research/clsc/Cbaexecsum4.html>

- for every dollar invested into quality early childhood education, Australia receives \$2 back over a child's life.⁷⁶
- It delivers a \$4.75bn of benefits to children, families, government, and business.⁷⁷
- the return on investment in high quality early years' interventions ranged from 75% to over 1,000% higher than costs.⁷⁸

We know that high-quality early learning is important for all children, however, this has the greatest benefit for children experiencing high levels of vulnerability.

High-quality ECEC program for a child experiencing higher levels of vulnerability has significant impacts on the child's cognitive, developmental, social, and emotional skills. Evidence supports this with one study found a 7 point increase in IQ, a 5 point increase in resilience, and a 30% decrease in clinically-significant social and emotional issues.⁷⁹



The children's participation in the ECEC programs helped shift developmental and emotional markers so significantly of these children, to align with population norms of children their age.⁸⁰

National Early Childhood Development Strategy acknowledged that "there is good evidence that many programs aimed at alleviating disadvantage during the early years of life are both effective for improving child outcomes and often yield higher returns on investment than remedial interventions later in life"⁸¹

⁷⁶ Landmark Australian study cited in A Smart Investment for a Smarter Australia, commissioned by The Front Project and conducted by PwC,

⁷⁷ (PwC, 2019 cited in P14 How Australia can invest in children and return more: A new look at the \$15b cost of late action

⁷⁸ Analysis of nine of the most comprehensive and credible international studies indicates UK Department for Education & Wave Trust (2013). Conception to age 2 – the age of opportunity. Surry, UK sourced from SNAICC's budget submission

⁷⁹ (Tseng et al, 2019). Cited in P14 How Australia can invest in children and return more: A new look at the \$15b cost of late action

⁸⁰ ibid

⁸¹ (COAG, 2009, p. 6)

In a 2014 report,⁸² PwC estimated the economic benefit of investing in vulnerable children at \$13.3 billion in cumulative additional contribution to GDP to 2050⁸³. This is larger than the already substantial \$10.3 billion benefit to GDP from children receiving a quality education and care program.⁸⁴

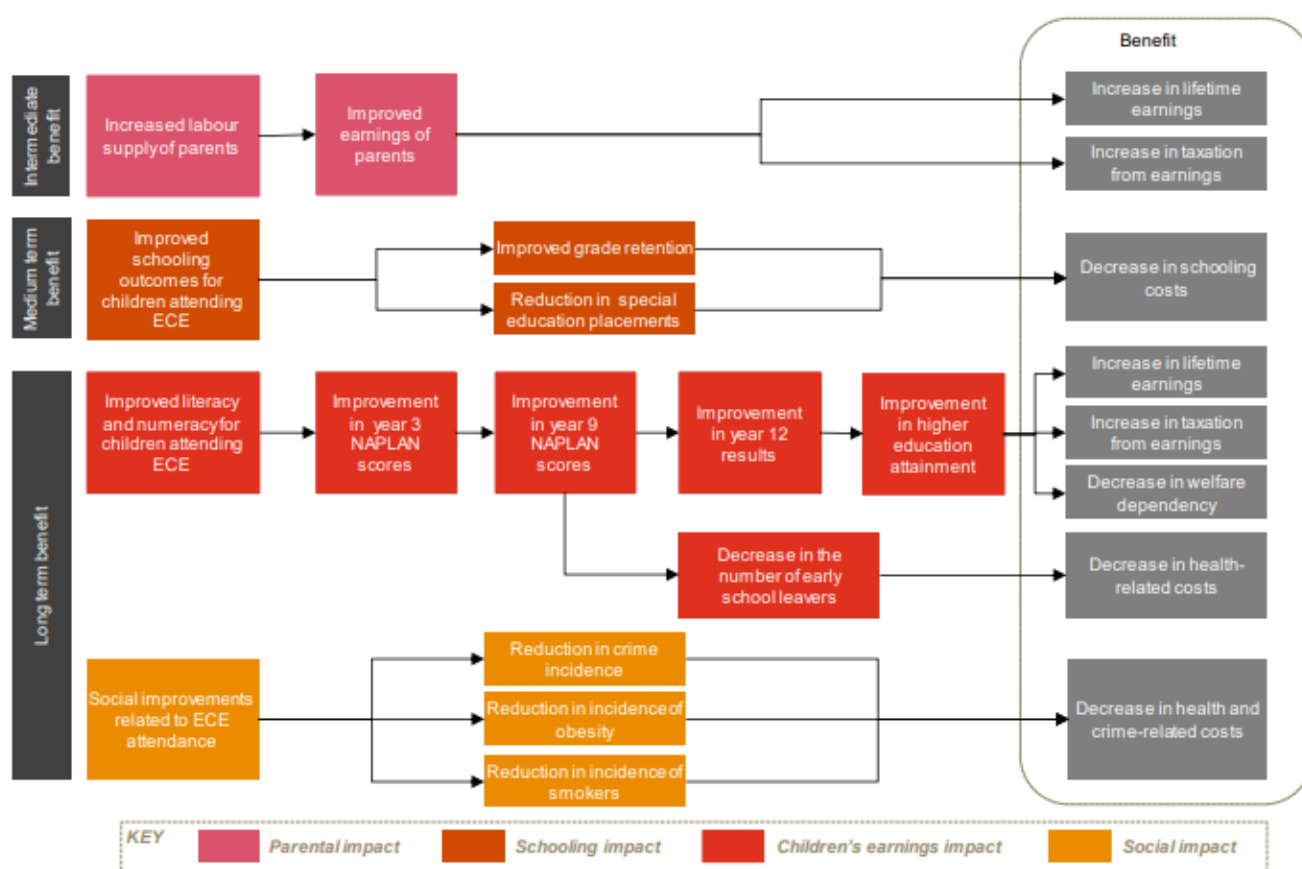


Figure above -Page 30, A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia, The Front Project, June 2019

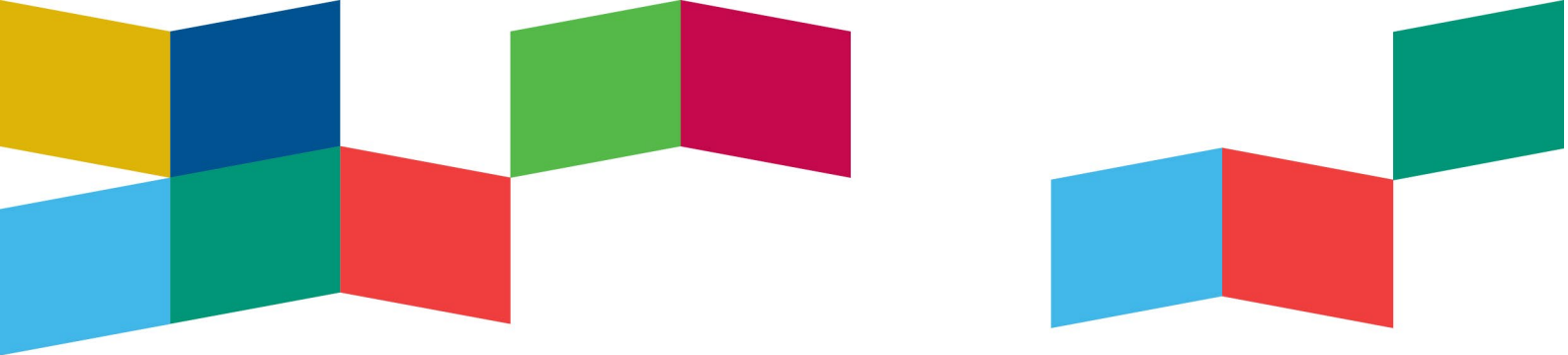
Invest Early for Lifelong Benefits - Social Policy

If we place the child at the centre of all decisions to inform policy and funding from the 'best interests of the child' and to create more equitable outcomes, this adopts a strengths-based approach for ECEC and social policy. This goes the heart of social investment to support each child to grow into happy, healthy, and successful adults who are connected and

⁸² PwC, 'Putting a value on early childhood education and care in Australia', 2014, <https://pwc.docalytics.com/v/putting-value-on-ecec>

⁸³ ibid

⁸⁴ ibid



contributing to their communities in positive ways. Early intervention through investment creates lifelong benefits, with the opportunity to disrupt unhealthy patterns and experiences of intergenerational poverty that may otherwise be carried through into adulthood.

Heckman argues for the equity and efficiency in targeting children aged birth to three years:

“...the traditional equity-efficiency trade-off that plagues most policies is absent. Early interventions promote economic efficiency and reduce lifetime inequality. Remedial interventions for disadvantaged adolescents who do not receive a strong initial foundation of skills face an equity-efficiency trade-off, are difficult to justify on the grounds of economic efficiency and generally have low rates of return.”⁸⁵

There is reduced effectiveness of later interventions and significantly higher costs for a child. The implications on the child are felt not just on a learning level academically, but also the child’s self-esteem, belief and confidence that carries into teen years, adulthood and may create greater barriers to opportunities in the future.

A move towards stronger investment for children experiencing higher levels of vulnerability in their early years, will relieve future demands on intervention services later in that child’s life. This requires a balance of social and economic policy considerations with the child’s starting point, experience of vulnerability and individual needs. This approach embeds equity and requires a comprehensive and coordinated commitment from all levels of government for a long-term vision for the ECEC system, rather than relying upon late intervention.⁸⁶

“Policies that make it easier for families experiencing disadvantage to access high quality early childhood education and care will help to reduce the gap between children from advantaged and disadvantaged backgrounds.”⁸⁷

Investing in the early years, creates long term impact for a child and improves outcomes. ECEC’s can respond to what the child and family needs at that time of their engagement with the service. When working with a child and their family, there are more variables in ECEC compared to schools.

For example, it is reasonable to assume that a child has received a minimum level of education when they reach age eight based on enrolment and participation in primary school. In contrast, children engaged in ECEC across a vast scale, some children have participated in ECEC since birth and others may have only participated as a four-year-old child. There is a large variation in entry age into ECEC, and the level of engagement with ECEC, consequently educators see children with

⁸⁵ (Heckman, 2008, p. 22)

⁸⁶ How Australia can invest in children and return more: A new look at the \$15b cost of late action

⁸⁷ P61 Evidence review: Early childhood development and the social determinants of health inequities, Dr. Tim Moore, Dr. Myfanwy McDonald and Harriet McHugh-Dillon, Vic Health

https://www.rch.org.au/uploadedFiles/Main/Content/ccch/151014_Evidence-review-early-childhood-development-and-the-social-determinants-of-health-inequities_Sept2015.pdf

diverse, individual needs and some may need additional support. Each child's starting point is different based on the circumstances they are born into and touch points with ECEC.

Funding that is Responsive to Needs

Needs based funding responds to the needs and level of disadvantage of each child and family, based on their individual circumstances. The existing ECEC structure has a 'one-size-fits-all' approach which fails to respond to the diverse needs of a child and family.

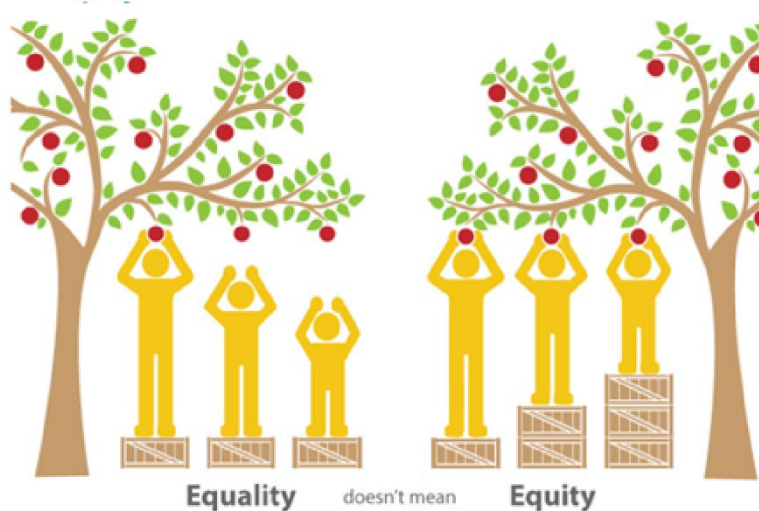


Figure 3 - A visual representation of the difference between equality and equity

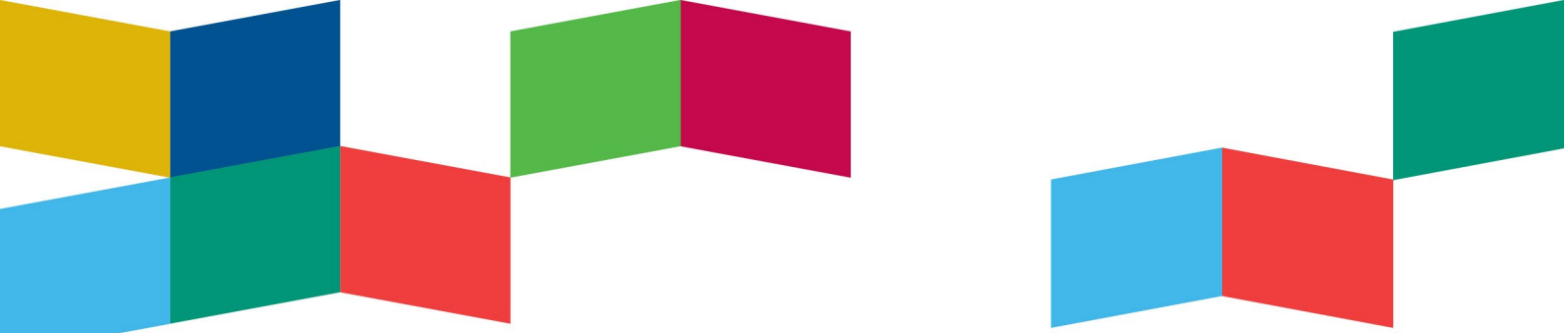
We know that some communities - as supported by Socio-Economic Indicators For Areas (SEIFA) data and Australian Early Development Census (AEDC) data - are at greater risk of financial and developmental disadvantage.

“Governments do not have to choose between a universal or targeted approach. The best approach is one where every child receives a baseline level of quality early childhood education, and disadvantaged and vulnerable children and their families receive additional support.”⁸⁸

The current funding model takes a general approach for the whole population. The effect is that it magnifies the disadvantage from one to another, fails to consider different circumstances and contextual challenges (like remote vs metro communities). In highlighting these current issues based on the existing funding model, it raises the need for a more responsive approach, with community led solutions and appropriate funding that is unique and represents individual needs.

ECEC can be a disruptor to affect intergenerational poverty. Participation rates to get greater outcomes in a child's life – we know that more hours of ECEC at an earlier age will benefit long term into a child's lifelong learning.

⁸⁸ Susan Pascoe and Professor Deborah Brennan, Lifting Our Game: Report of the Review to achieve educational excellence in Australian Schools through Early Childhood Interventions,



“Obstacles children encounter early in life can set off a negative chain of events so hard to break that they can transcend generations. Poor education leads to limited job options, which lead to lower income, living in poor neighbourhoods with poor housing, higher crime, more violence, limited access to nutritious foods, safe places to exercise or medical care—all of which leads to poorer physical and mental health.”⁸⁹

The government needs to place greater focus to explore how to access local community knowledge, from the ground up, to inform policy, responds to need, measuring, documenting, and giving opportunities for children and families to have a voice.

Building ECEC’s Workforce Capacity to Respond

ECEC plays an important role as often the first responders and soft engagement for a child and family into additional support needs. This comes through the support and investment in the ECEC workforce to build the transferrable skills for educators to support all children through high quality safe learning environments.

“It always comes back to the question: do we know [if early intervention] works? We know that if you deliver high-quality services to people who need them—the right features of quality, delivered at the right time—they can be transformative in most circumstances...”

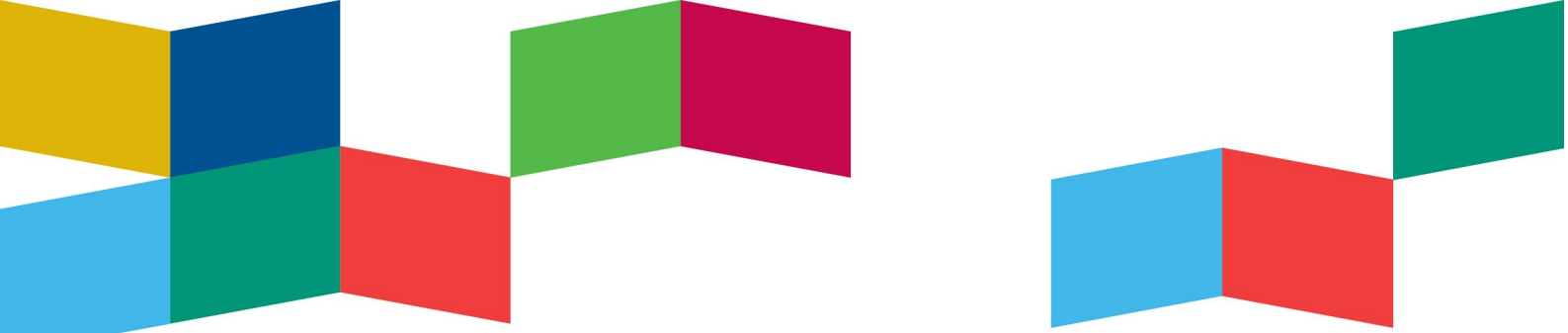
...the question is not whether it works; the question is when it works and how to make it work more.”

Professor Leon Feinstein, Director of Evidence, Office of the Children’s Commissioner (UK)⁹⁰

⁸⁹ Risa Lavizzo-Mourey, President and CEO, Robert Wood Johnson Foundation cited in Heather Dubiel, Alyson Shupe, Rickey Tolliver, (2010) *The Connection between Health Disparities and the Social Determinants of Health in Early Childhood*, Health Watch.

<https://www.cohealthdata.dphe.state.co.us/chd/Resources/pubs/ECHealthDisparities2.pdf>

⁹⁰ P13 How Australia can invest in children and return more: A new look at the \$15b cost of late action



BENEFITS	PATHWAYS LINKING EARLY CHILDHOOD DEVELOPMENT TO HUMAN CAPITAL			
	EDUCATION	HEALTH	SOCIAL CAPITAL	EQUALITY
FOR CHILDREN IMMEDIATE	Higher intelligence, improved practical reasoning, eye and hand coordination, hearing and speech reading readiness, improved school performance less grade repetition and dropout increased schooling	Less morbidity, mortality, malnutrition, stunting, child abuse better hygiene and health care	Higher self-concept more socially adjusted less aggressive more cooperative better behaviour in groups increased acceptance of instructions	Reduced disadvantages of poverty improved nutritional status, cognitive and social development and health
FOR ADULTS LONG-TERM	Higher productivity increased success (better jobs, higher incomes) improved childcare and family health greater economic wellbeing	Improved height and weight enhanced cognitive development less infections and chronic diseases	Higher self-esteem improved social competence, motivation, acceptance of norms and values less delinquency and criminal behaviour	Equality of opportunity, education, health and income
FOR SOCIETY	Greater social cohesion; less poverty and crime lower fertility rates increased adoption of new technologies improved democratic processes higher economic growth	Higher productivity less absenteeism higher incomes	Improved utilisation of social capital enhanced social values	Reduced poverty and crime better societal health increased social justice higher sustainable economic growth

Figure 3 A summary of the benefits of ECEC, Van der Gaag J, 2000, 'Human Development'



According to the Royal Commission's *Family Violence Report* in 2015, ECEC services can fulfil three important roles:

- High quality ECEC services provide healthy environments for children that can promote their social and emotional wellbeing.
- Trained staff can focus on child development, identify early signs of concern, and communicate these to parents.
- ECEC services can act as a gateway into the broader mental health system or provide parents with information and education on social and emotional development and the support services available in the community⁹¹.

The ECEC systems are complex and multilayered across different jurisdictions. The funding is child focused and distributed across the service (for individual support like Inclusion Support Program), and parent subsidies (CCS, ACCS). These are a strong foundation from which further funding streams can be built upon to support children and families in SEIFA locations, and experiencing social and financial vulnerabilities.

"The socioeconomic structure of the childcare system, I think, is a good foundation stone. But it needs additional investment for those high needs. I personally have no problems with if centre got a bit more government money to help with those children [in a disadvantaged or lower socio-economic area], I wouldn't necessarily object to that.

Some extra funding being able to deliberately direct that special funding when needed, to support our educators who know when something's wrong or there is additional support need with the child."

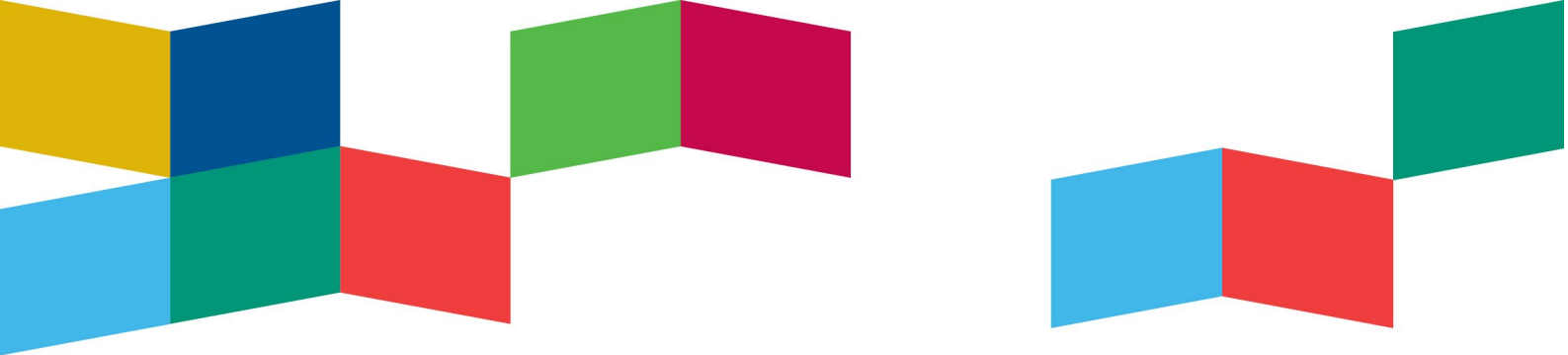
ACA Member in Focus Group 4

CASE STUDY – School Readiness funding model in Victoria

Victoria government introduced the School Readiness funding rolled out in three phases between 2019 to 2021, Funds are directed to the service where the child (3 and 4 year olds) is enrolled, based on the needs of the family from Student, Family, Occupation and Education (SFOE data). This funding varies on the range of:

- \$1,000 for services with lower levels of need and/or small enrolment numbers
- more than \$200,000 for services with higher levels of need and large enrolment numbers.

⁹¹ Oberklaid, F., Baird, G., Blair, M., Melhuish, E. & Hall, D. (2013), *Children's Health and Development: Approaches to Early Identification and Intervention*, University of Wollongong <https://ro.uow.edu.au/sspapers/1205/>



There is an established data collection process through the Kindergarten Information Management system, complete with a mid-year review, and end of year acquittal. This data helps to inform the Department of Education in the needs of children, funding allocations and policy decisions that affect these children, future children in these areas and services. The service must work with their Early Childhood Improvement Branch to plan how the funding will be used for their service, on a local level.

The three areas for school readiness priority areas are communication (language development), wellbeing (social and emotional) and access and inclusion. The service works with additional support services to support the child's learning and development through:

- programs and services that target speech, language and literacy
- allied health supports (speech pathologists, psychologists, occupational therapists)
- programs and services that inform educators and families about trauma-informed practice, secure attachment and mental health
- resources and programs to improve the social and emotional wellbeing of children
- support for culturally and linguistically diverse children, and families tools for parents to support their child's development.

Measuring the School Readiness Funding (SRF) Impact

In 2021, it was reported that:

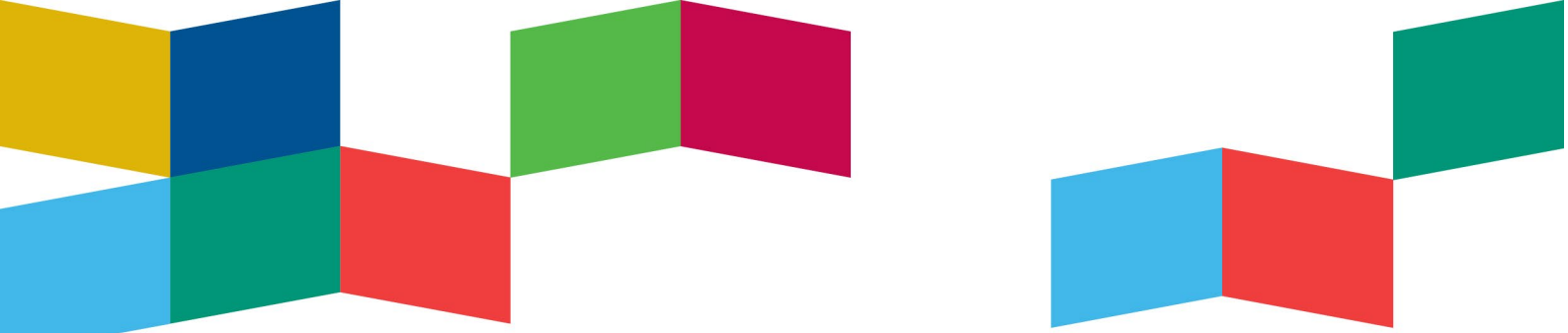
- 95% of services reported that SRF was impacting identified outcomes,⁹²
- 65% of services noting these outcomes had been met and/or exceeded,⁹³ and more than 80% of teachers report that outcomes for children are improving, including changes in social and emotional development, language development and service engagement.⁹⁴
- More than 75% of kindergarten services agree SRF has led to an improved capacity of services and staff to respond to the needs of children and families.⁹⁵

⁹² Victorian Department of Education and Training, 2022, School Readiness Funding 2021 end of year acquittal data, not published cited in School Readiness Funding: Future Directions, September 2022, Department of Education and Training Victoria

⁹³ *ibid*

⁹⁴ ACIL Allen, 2022, School Readiness Funding Evaluation: Final Report, prepared for the Victorian Government Department of Education and Training, not published cited in School Readiness Funding: Future Directions, September 2022, Department of Education and Training Victoria

⁹⁵ Hsien, M., et al., 2022, School Readiness Funding (SRF) Process Evaluation: Final report, prepared for the Victorian Government Department of Education and Training, Centre for Program Evaluation, Melbourne Graduate School of Education, The University of Melbourne, not published cited in School Readiness Funding: Future Directions, September 2022, Department of Education and Training Victoria

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- Teachers reported an increased capacity to assess and identify the different needs of individual children.⁹⁶ The outcome is that teachers report they have adjusted kindergarten program planning to better reflect children's needs.

CASE STUDY – Equity Funding in New Zealand ECEC Sector

In New Zealand, the ECEC services can access 'equity funding' (which is another name for needs-based funding) and was first introduced in March 2002. As part of the funding there is an eligibility criterion the service must adhere to, and the funds are paid to the service. The categories for eligibility include lower socio economic communities (defined by an Equity Index in the same way Australia uses SEFIA), additional needs children, children from non-English speaking backgrounds, funding for cultural programs and for isolation. Funding must be acquitted and reported on by the service.

The Equity Funding is for all early learning services that are licensed, children from birth to five years are eligible to receive support.

The New Zealand government's intention with the ongoing support for the Equity Funding is to reduce the disparities between the different cohorts in the community, reduce barriers for underrepresented families to participate in ECEC, and support services to raise children's educational outcomes.

Recommendations:

- Establish a new national needs-based funding program for children for all ECEC services that responds to a local communities needs and provides resources for additional support on a needs basis.
- Allocate funding for additional educators according to AEDC vulnerability measures.
- Consider place-based solutions for communities with high support needs or experiencing vulnerability or disadvantage as determined by the Australian Early Development Census (AEDC).

⁹⁶ ACIL Allen analysis of 2021 survey data, 2022 cited in School Readiness Funding: Future Directions, September 2022, Department of Education and Training Victoria



Activity Test

The activity test is another barrier that creates systemic inequality for many families trying to access ECEC. Families who are financially vulnerable earn less than \$80,000 and are not eligible under the activity test.

Those families that are already in the system are receiving the benefits and are accessing ECEC more easily, than other families who do not able to qualify because of the activity test or are currently in the system. These families continue to be left out of the ECEC systems. These families are often most in need, and are most socially and financially vulnerable within Australia.

In reflecting upon the draft National Vision for ECEC definition of 'equity', then the activity test fails to "...provide additional support to children and families **when and where they need it.**"

ACA acknowledges that the universal 90 per cent child care subsidy aims to create more affordable access for families and children to ECEC which is commended. However, the universal 90 per cent child care subsidy for all will not improve the circumstances of all families in the system if and when it is implemented. In fact, when implemented a cohort of families will be in the same position as they would be from July 2023 and that is they would maintain their current universal 90 per cent child care subsidy.

Implications on Workforce Participation

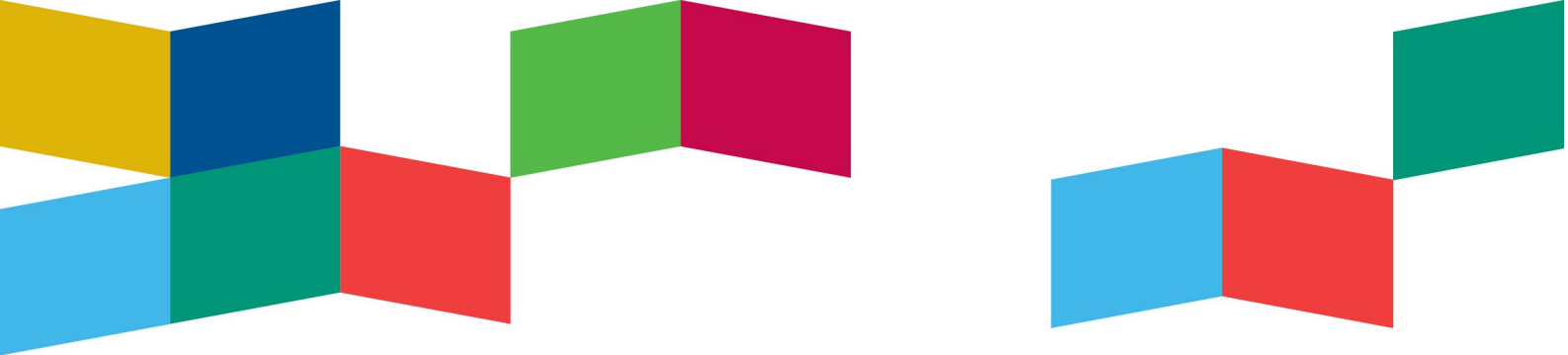
Families experiencing financial vulnerability may be single parents, be casually or part time employed, parents working low income roles, may have additional extended family caring roles or may have challenges like additional commute times, all factors that affect their ability to participate in full time work while raising a child. The activity test eligibility requirements fail to adequately consider these factors and equitably support these families.

Eligibility to CCS would support financially vulnerable families to access ECEC and support parents' opportunities to participate in the workforce. The Productivity Commission Inquiry into Childcare and Early Childhood Learning in 2014 acknowledged "the need to improve the system and stated that low-income women and their families face the greatest barriers to work."⁹⁷

Case Example:

Vrushali is a single mum to Ravi who is two years old. Ravi attends Happy Days Long Day Care one day a week - usually Tuesdays. The daily fee at Happy Days is \$126.50; Vrushali pays \$25.30 and claims \$101.20 CCS.

⁹⁷ Australian Government Productivity Commission, 'Childcare and Early Learning: Productivity Commission Inquiry Report – Volume 1', pg. iv & 243, 2014, <http://www.pc.gov.au/inquiries/completed/childcare/report/childcare-volume1.pdf> cited in Social Ventures Australia, Education report 2016



Vrushali works as a casual retail assistant at Coles; she is offered shifts at short notice and often has to turn them down when she does not have care for Ravi.

The team at Happy Days try to be flexible but they cannot always offer a spot for Ravi on other days and Vrushali cannot afford to send Ravi to Happy Days for 2 days/week because she doesn't qualify for the subsidy – it would cost \$126.50 and she usually only earns \$116 per shift. If she wasn't limited to 24hrs/fortnight, Ravi could attend Happy Days more frequently and Vrushali could take more shifts.⁹⁸

The Impact Economics and Policy 2022 report⁹⁹ found that the activity test contributed to at least 126,000 children from the most financially vulnerable families missed out on ECEC, with:

- single parent families are over three times more likely to be limited to one day of subsidised child care per week,¹⁰⁰
- First Nations families are over five times more likely to be limited to one day of subsidised child care per week,¹⁰¹ and
- non-English speaking families are over six times more likely to be limited to one day of subsidised child care per week.¹⁰²

In March 2022, the *Australian Institute of Family Studies* released an evaluation report into the CCS, finding: “there are significant challenges in the provision of early childhood education and care, including the balance between childcare as an enabler of parental workforce participation and the role of early childhood education and care in child development and as an instrument to address disadvantage”¹⁰³

The inequality of the activity test is felt by parents but also flows onto their child:

“Any policy that focuses on unemployed people risks increasing the stigma associated with unemployment in Australian society; therefore, it is important that the messages pertaining to the policy do not support those stigmatising views. If policies enhance stigma, and cause people to feel less self-worth, they will increase people’s

⁹⁸ Removing barriers to affordable early childhood education and care for the children who need it most– an equity measure report by ACA and joint

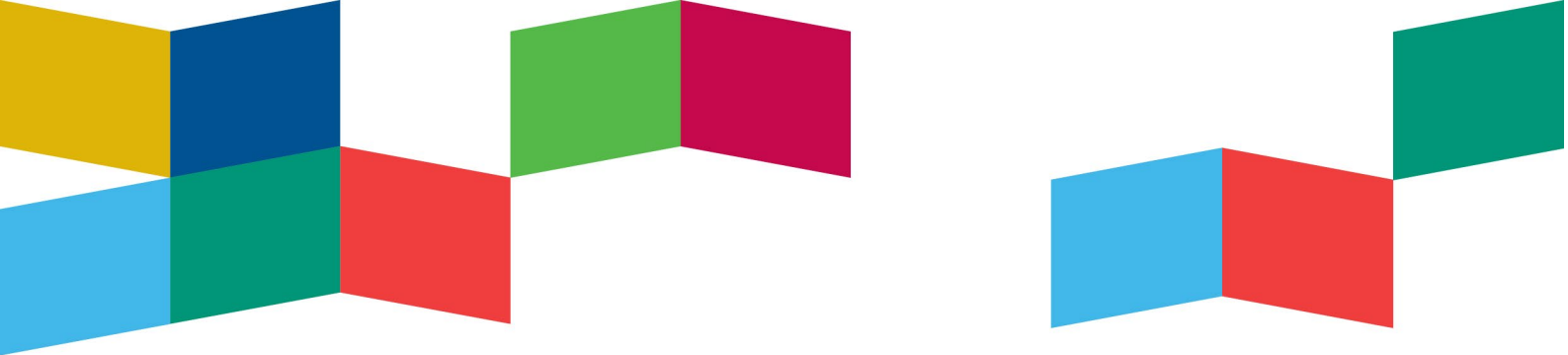
⁹⁹ Impact Economics and Policy, 2022, Child Care Subsidy Activity Test: Undermining Child Development And Parental Participation

¹⁰⁰ Ibid page 10

¹⁰¹ Ibid page 4

¹⁰² Ibid page 5

¹⁰³ Removing barriers to affordable early childhood education and care for the children who need it most– an equity measure report by ACA and joint



levels of stress. This is particularly detrimental for young children, for whom stress within the family can have life-long negative effects.”¹⁰⁴

The single most tangible and measurable change to the ECEC system to create more equitable access would be to remove the activity test. This is supported with data that showed increased levels of ECEC participation of vulnerable families when the activity test was removed during the Covid period.¹⁰⁵ In June 2021, there was an increase in Aboriginal and Torres Strait Islander children’s participation in ECEC by 12 per cent in the 9 months.¹⁰⁶

The Productivity Commission in 2014 acknowledged the challenge which is still relevant: “...the two policy objectives that the Australian Government is seeking to meet — child development and workforce participation — are not always mutually consistent and their interaction needs to be carefully considered in ECEC policy design.”¹⁰⁷

Simplifying Systems for All

For a CCS system to be equitable, people need to understand, access, and navigate the system with ease. Some families experiencing social and financial vulnerability find the CCS system very difficult. This is based on difficulty understanding the information based on low literacy and numeracy levels, English as a second language, limited or no digital literacy or access to technology (internet or phone reception particularly in remote areas).¹⁰⁸ The CCS tends to require a strong understanding of technical knowledge of how the system works which further disadvantages those who are already vulnerable, not confident or have the capacity to navigate it.

An example of this was when the CCS was introduced in 2018, there was significant drop in ECEC engagement by Aboriginal and Torres Strait Islander families. This was largely reported to because of the administrative complexity of engaging with the system and reduced access to the minimum 24 hours per fortnight based on families who failed to be eligible under the activity test.¹⁰⁹

When discussing equity, the need for families experiencing vulnerability to be able to access CCS and funding systems in the most efficient and effective way is critical. If funding models are created to target vulnerable pockets of the

¹⁰⁴ p 62 Evidence review: Early childhood development and the social determinants of health inequities, Dr. Tim Moore, Dr. Myfanwy McDonald and Harriet McHugh-Dillon, Vic Health
https://www.rch.org.au/uploadedFiles/Main/Content/ccch/151014_Evidence-review-early-childhood-development-and-the-social-determinants-of-health-inequities_Sept2015.pdf

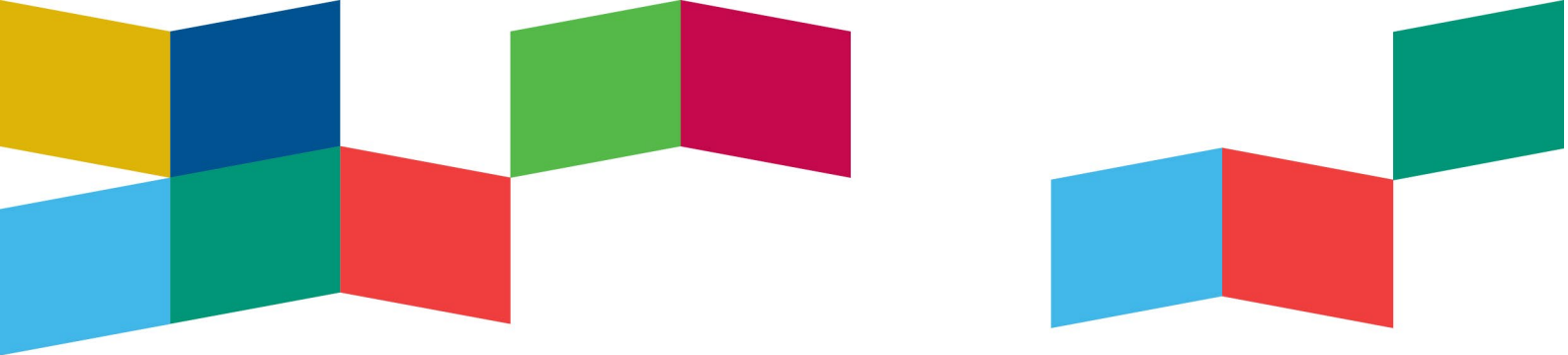
¹⁰⁵ SNAICC (2022) The Family Matters Report 2022, Melbourne, available at: <http://www.familymatters.org.au/>

¹⁰⁶ SNAICC (2022) The Family Matters Report 2022, Melbourne, available at: <http://www.familymatters.org.au/>

¹⁰⁷ P16 Childcare and Early Childhood Learning: Productivity Commission Inquiry Report Overview and Recommendations, No. 73, 31 October 2014

¹⁰⁸ Ashley Schram, Sharon Friel, Toby Freeman, Matthew Fisher, Fran Baum, Patrick Harris, 2018, Digital Infrastructure as a Determinant of Health Equity: An Australian Case Study of the Implementation of the National Broadband Network, Australian Journal of Public Administration

¹⁰⁹ Closing the Gap (December 2021) Sector Strengthening Plan: Early Childhood Care and Development accessed 25/01/23
<https://www.closingthegap.gov.au/sites/default/files/2022-03/sector-strengthening-plan-early-childhoodcare-development.pdf>



community, but they are effectively out of reach because of complex systems, this is a major systemic failure that defeats the purpose of the policy and denies vulnerable families access to ECEC services and fails to improve the child's life outcomes.

ACA believes that the move towards universal 90 per cent child care subsidy would create opportunities to reimagine a CCS system that is simplified, removes administrative barriers and complication.

Recommendations:

- Remove the activity test
- Review CCS systems and Services Australia processes to remove administrative burdens and confusion experienced by families.

Cultivating Culturally Safe Learning Environments

An early years learning environment needs to be culturally safe, with inclusive programs to support the learning, engagement and ongoing participation of children from Aboriginal and Torres Strait Islander backgrounds.

"Learning that is not tailored or responsive to the culture and setting of the children receiving it will not have the anticipated benefit and will waste resources."¹¹⁰

Supporting the engagement and consistent participation of Indigenous children in ECEC settings seeks to improve the child's developmental domains. In the 2021 AEDC census, only 34.3% percentage of Aboriginal and Torres Strait Islander children were on track in all five developmental domains, compared to 56.2% of non-Indigenous children.¹¹¹

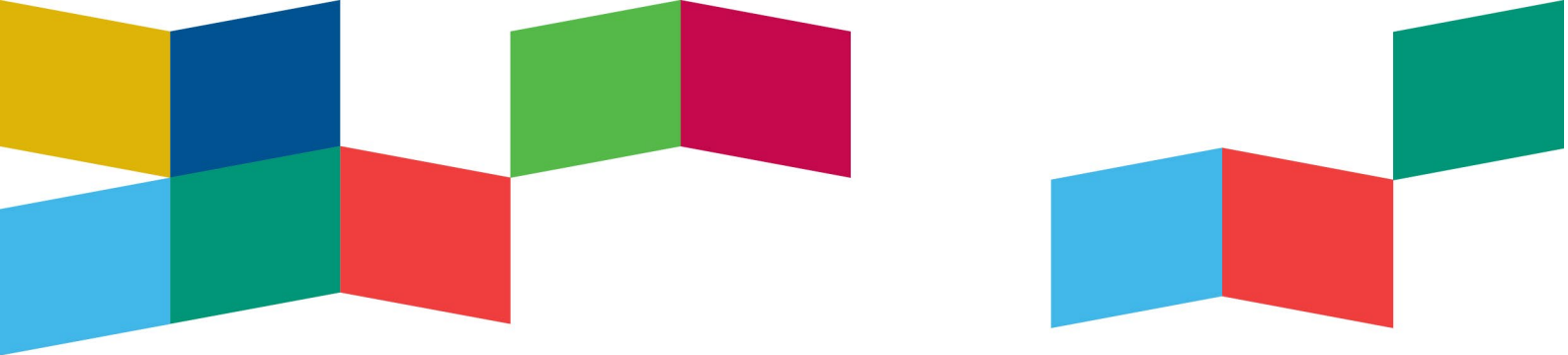
ACA supports the Secretariat of National Aboriginal and Islander Child Care (SNAICC) 2023 Pre Budget submission to creating ECEC programs that are holistic focuses on the whole child, and combines health, nutrition, child and social protection, culture, and learning.¹¹² This approach adopts a Social and Cultural Determinant of Health approach for a child's early years of health, education and overall wellbeing outcomes.

"For Aboriginal and Torres Strait Islander people, factors such as cultural identity, family and kinship, country and caring for country, knowledge and beliefs, language and participation in cultural activities and access to traditional

¹¹⁰ P11 Social Ventures Australia PERSPECTIVES | EDUCATION Report 2016

¹¹¹ 2021 AEDC census

¹¹² Nurturing care: promoting early childhood development (Britto et al., 2017; Sims & Brettig, 2018; SNAICC, c 2012a; Wise, 2013)



lands are also key determinants of health and wellbeing.

For many Indigenous Australians, good mental health is indicated by feeling a sense of belonging, having strong cultural identity, maintaining positive interpersonal relationships, and feeling that life has purpose and value.”¹¹³

There is opportunity for place-based funding model that supports community engagement and integration of services that reflects each different country, language and could more trust with Aboriginal and Torres Strait Islander families – with greater immersion and connection to community.¹¹⁴

Recommendation:

- Invest in building cultural competency through the professional development of educators and ECEC workforce through additional quality and culturally safe education, and promotion of community take-up.¹¹⁵

Social determinations of health and improved outcomes

Approaching ECEC with a Social Determinants of Health and Wellbeing¹¹⁶ lens highlights the importance of ECEC as earlier intervention. Investing in the early interventions for a child will achieve better outcomes with benefits that flow into the child, family, community and save the government long term costs.

Early childhood teachers and educators work with children on a daily basis and build awareness of each child’s unique characteristics, strengths, challenges and development. These educators talk to the parents almost every day. They observe the children closely - how they play, how they interact with each other. They provide them with their early learning stepping stones.

Evidence indicates that birth to five years is a critical period of brain growth and development for a child. These early years are the foundation of a child’s health, wellbeing and overall the life path which can be measured through what are known

¹¹³ Dudgeon et al. 2014; Dudgeon & Walker 2015 cited in <https://healthinfor.net.ecu.edu.au/learn/health-topics/social-and-emotional-wellbeing/country-culture-spirituality/> and <https://www.aihw.gov.au/reports/australias-health/social-determinants-and-indigenous-health>

¹¹⁴ Harrison, L., Goldfeld, S., Metcalfe, E., & Moore, T. (2012). Early learning programs that promote children’s developmental and educational outcomes. Resource Sheet No. 15. Produced for the Closing the Gap Clearinghouse. Canberra, ACT / Melbourne, Vic.: Australian Institute of Health and Welfare / Australian Institute of Family Studies

¹¹⁵ In support and endorsing of the recommendation from SNAICC in their 2023 Pre-Budget submission

¹¹⁶ World Health Organisation Commission used the Social Determinants of Health to explore how to reduce inequities in power, money and resources and people’s daily living conditions to improve health equity.

World Health Organisation (2008), *Closing the Gap in a Generation: Health Equity Through Action on The Social Determinants of Health, Final report of the Commission on Social Determinants of Health*, World Health Organisation Commission

as “Social Determinants of Health”. Social Determinants of Health are a range of factors that are non-medical factors that contribute to and influence health.

“One way of reducing inequities during early childhood at the daily living conditions level is through the provision of high-quality early childhood education and care... learning and development are cumulative – the skills acquired early form the basis for later skill development.”¹¹⁷

Following on from considering Social Determinants of Health, ACA strongly believes the ‘Rights of the Child’ as listed in the United Nations (UN) Convention on the Rights of the Child¹¹⁸ are relevant all Australia’s youngest children so that they can:

- have access to services such as health and education;
- be protected from abuse, exploitation, and harm; and
- participate, have their voices heard in the community and in relation to the decisions that affect them.¹¹⁹

It is critical there is a collaborative commitment from diverse stakeholders working with a child from birth to five years and their families across education, health, social care, and Commonwealth departments for better outcomes. This requires a holistic lens of what contributes to all areas of life, education, health and wellbeing and safety to grow our children now and into the future.

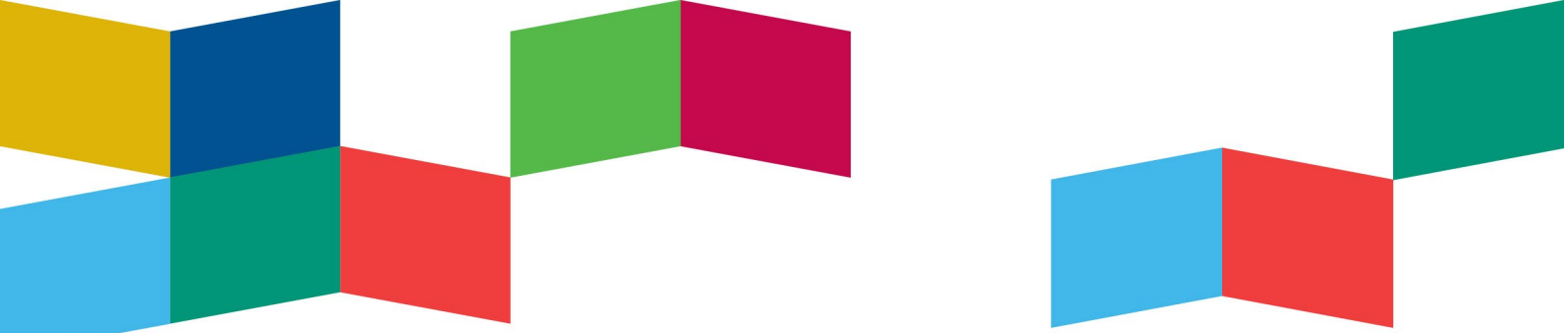


*Example of Social Determinants in Health
- how it operates in an ECEC and children's services lens in America
Sourced from the Family Nurturing Centre*

¹¹⁷ Alexander et al., 2001; Cunha et al., 2006; Field, 2010; Meisels, 1998; Rigney, 2010; Stipek, 2001, 2005, cited in Moore, T., McDonald, M. & McHugh-Dillon, H. (2014), *Evidence Review: Early Childhood Development and The Social Determinants of Health Inequities*, Vic Health p 47

¹¹⁸ https://www.unicef.org.au/united-nations-convention-on-the-rights-of-the-child?&mkwid=&pclid=&pkw=&pmt=&pdv=c&plid=&qclid=CjwKCAjwxr2iBhBJEiwAdXECw2BcfpIIZRf-elaKdOI-deo4ocCsueBdMau33vr4EJmCwn1f0vqe0BoCJAwQAvD_BwE&qclsrc=aw.ds

¹¹⁹ Wong and F. Press (2012), *Integrated services in Australian early childhood education and care: what can we learn from our past?* Australian Journal of Social Issues Vol.47 No.2



"The need for a national policy on general services to the family is a matter of pressing concern... A child care policy must be set in a broader context; one which takes account of housing, income maintenance, health, legal protection and education policies for the community as a whole."¹²⁰

Case Study: Early Interventions for a Child with speech difficulties

At one of ACA's member services in Townsville, Queensland, the early childhood educators observed that a two-year old child in their care was experiencing speech difficulties. The observation was raised and discussed with the child's parents. The parents were encouraged to take their child to an audiologist to get a hearing test. After some delays, a year later when the child was three years old, he was tested and diagnosed with fluid in the ears. This condition had impacted his ability to hear, learn and develop his speech.

The child's parents took great comfort in gaining an understanding of the evolving health problem, having it diagnosed and being given the correct medical advice and general steps to support him.

The child is now seven years old and has weekly speech therapy for half an hour at a cost of \$150 through the private system and is not eligible for NDIS funding.

In almost all cases, hearing loss can be prevented or minimised by early detection. However, the delay in diagnosis - caused by the wait lists to see specialists - and interventions at key developmental milestones led to more intensive, high-cost, and ongoing speech therapy treatment for the child.

With even earlier intervention, supported by less wait times for medical attention and access to treatments, it is likely the child would have experienced better outcomes even earlier, with his speech and learning outcomes improved and his overall mental and emotional wellbeing less impacted in terms of positive experiences, self-confidence and identity.

Investment in health assessments and responses at an earlier age can generate many long-term cost and health savings for the child, their family and government.

This family is paying for the private weekly speech pathology sessions, but not all families can afford this level of support, with the same frequency and cost.

¹²⁰ SWC 1974: 13, 165, cited in S. Wong and F. Press (2012), *Integrated services in Australian early childhood education and care: what can we learn from our past?* Australian Journal of Social Issues Vol.47 No.2

Integrated Family and Children Services

The early years of a child's life can shape and influence their lifetime health and wellbeing outcomes. Evidence suggests that in Australia, a higher proportion of children with special health-care needs were from low SEIFA communities.¹²¹

Health inequalities are more likely to impact a child from a lower socio economic, Indigenous and CALD communities. Long term impacts include chronic health implications, extra cost, and the burden on the health systems.

*"...the social gradient in health actually emerges in childhood. Consequently, it is argued that interventions designed to reduce health inequalities early in childhood, and those that seek to create equal opportunities in childhood and adolescence, may help move children onto healthier trajectories, with the hope of maximising health across the life course... such interventions may not only have a positive impact on health, but may also assist in addressing inter-generational inequalities in health."*¹²²

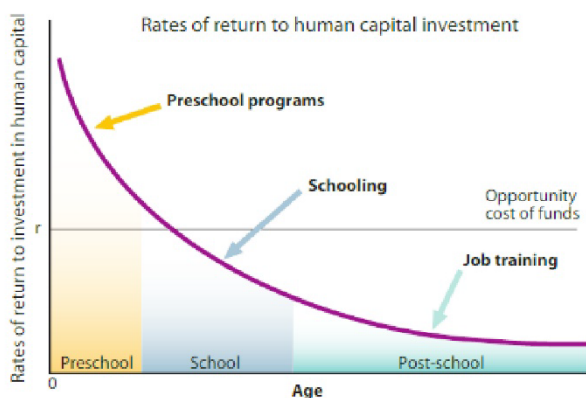


Figure 4 Source: *The Social and Health Gradient, from the Gradient Evaluation Framework* (Heckman, 2006)

The investment in early childhood years has the greatest potential for leveling up the gradient to create and facilitate long term positive health outcomes.

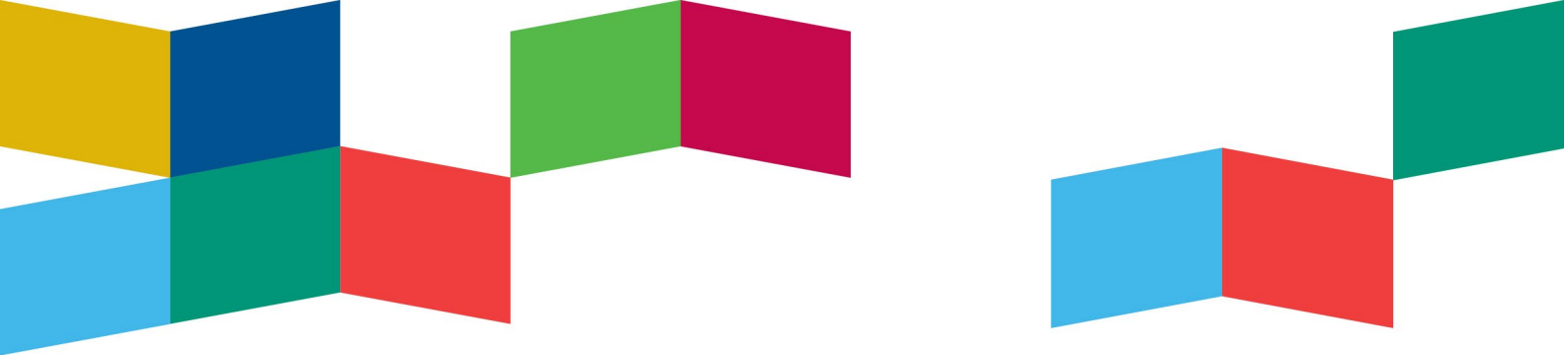
There is a real need for a greater commitment to streamline services for a cohesive approach to supporting families of young children, especially those with multiple and complex needs without delay. Particularly as good service integration is a valuable method to meet the holistic needs of children and families while reducing disadvantage.¹²³

An example of one of the many areas that participating in ECEC affects lifelong health and positive habits of a child is with nutrition. The health and wellbeing of a child is influenced by the environment they live, their parent's

¹²¹ Goldfeld et al., (2012), cited in Moore, T., McDonald, M. & McHugh-Dillon, H. (2014), *Evidence Review: Early Childhood Development and The Social Determinants of Health Inequities*, Vic Health, p7

¹²² Chen, (2004); Chen et al., (2007) cited in Professor John Kenneth Davies & Dr Nigel Sherriff (2012), *The Gradient Evaluation Framework: A European framework for designing and evaluating policies and actions to level-up the gradient in health inequalities among children, young people and their families*, University of Brighton

¹²³ Wong, S., & Press, F. (2012). Integrated services in Australian early childhood education and care: What can we learn from our past? *Australian Journal of Social Issues*, 47(2), 153–173



attitudes and behaviours towards things like diet and nutrition. Effectively the intergenerational transmission of values around food within families flows onto their child's eating habits and impact their long-term health.¹²⁴

"Child development is also influenced by the quality of community social capital – including sense of safety, norms of reciprocity, social engagement, participation, cohesion and trust."¹²⁵

Furthermore, some people (Indigenous peoples, people from refugee backgrounds, those affected by domestic violence or abuse from people in position of power) have experienced institutional trauma and mistrust. This becomes a barrier to accessing systems as they may not feel safe to engage which flows onto their child being able to access additional support.

For a child to access the services needed to support their education, health and social needs there needs to be trust in the system, empathy, and cultural safety:

"...access involves people being able to identify health-care needs, to seek health-care services, to reach the health-care resources, to obtain or use health-care services, and to actually be offered services appropriate to the needs for care."¹²⁶

For those already in and confident to navigate the system, they can receive the benefits better than others who struggle to understand the system, or who have not had positive experiences with the system. This includes people from non-English speaking backgrounds who are less inclined to seek support and have challenges navigating complex systems.

"Families from culturally and linguistically diverse (CALD) backgrounds may be reluctant, or feel alienated, uncomfortable or disrespected when interacting with health professionals; similarly, health professionals may struggle to identify the needs of families from CALD backgrounds"¹²⁷

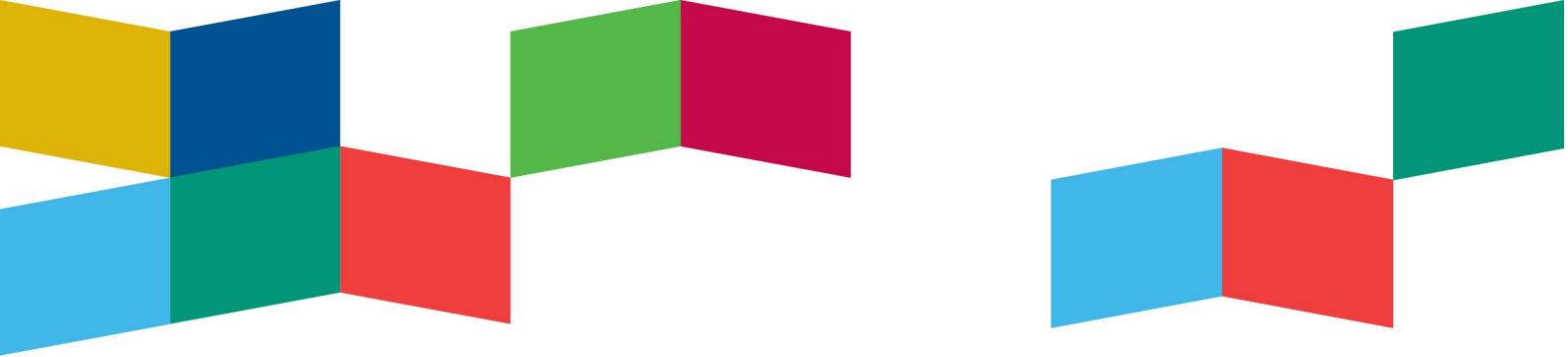
ECEC services are well placed to support families through the strong rapport and relationships built, as they are seeing them almost daily. These relationships create trust and openness to work together to understand a child's needs and what additional support or services would benefit. Trusted ECEC and family relationships also result in a greater follow through

¹²⁴ Green et al., (2003); Roden (2003), cited in Moore, T., McDonald, M. & McHugh-Dillon, H. (2014), *Evidence Review: Early Childhood Development and The Social Determinants of Health Inequities*, Vic Health p 32

¹²⁵ Hertzman, (2010) cited in Moore, T., McDonald, M. & McHugh-Dillon, H. (2014), *Evidence Review: Early Childhood Development and The Social Determinants of Health Inequities*, Vic Health p24

¹²⁶ Levesque et al., (2013) cited in Moore, T., McDonald, M. & McHugh-Dillon, H. (2014), *Evidence Review: Early Childhood Development and The Social Determinants of Health Inequities*, Vic Health p26

¹²⁷ Arlidge et al., (2009); Bolitho & Huntington (2006); Edge, (2008), (2010), (2011); Henderson & Kendall, (2011); Hoang et al., (2009); Smith et al., (2006); Towle et al., (2006), cited in Moore, T., McDonald, M. & McHugh-Dillon, H. (2014), *Evidence Review: Early Childhood Development and The Social Determinants of Health Inequities*, Vic Health p27



with actions by parents to engage with wider health and other services, that would see interventions for the child and family sought out sooner and creating better outcomes for the child.¹²⁸

Improving Inclusion for Children Requiring Additional Support

The Early Childhood Education & Care (ECEC) framework in Australia is underpinned by the objective that all children have access to high quality early childhood education that meets their particular needs. ECEC service providers, teachers and educators rely on adequate support to ensure that each child receives equitable access to the support they need in each setting.

The current Inclusion Support Program (ISP) was implemented in 2016 to build on the previous program in place and build on the sector's capacity to provide the best of tailored care for the benefit of all children.

Seven years after its initial implementation, we believe the current ISP needs urgent improvements to ensure that it meets the needs of children and the sector more broadly. Importantly, ACA believes that the ISP should be demand driven rather than a capped allocation.

ACA acknowledges there is a current ISP review being undertaken, which should provide an opportunity to make changes to the application and systems efficiencies as outlined across this submission.

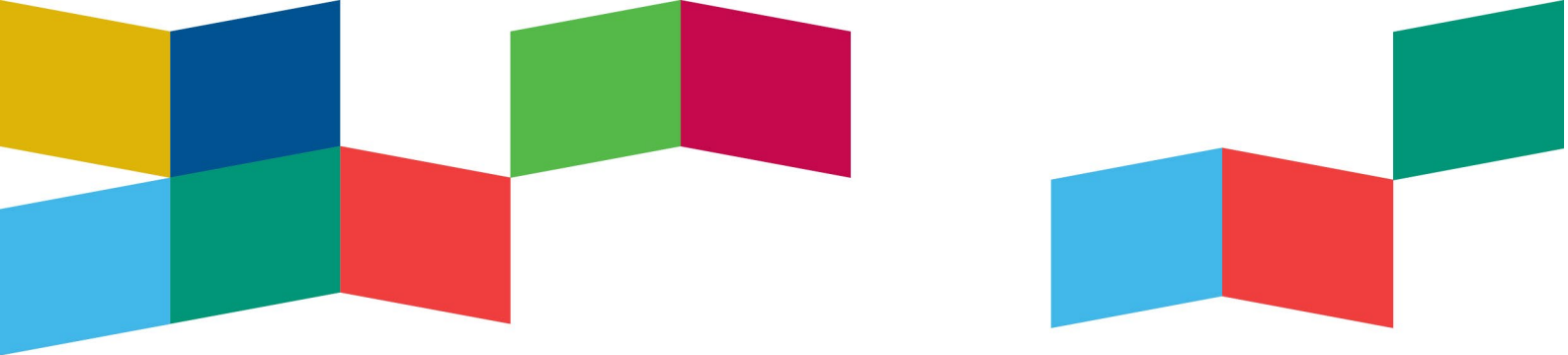
In particular, the current limits of 5 hours a day/25 hours a week, during which an additional educator is funded to support the child, means that the child will only receive that tailored support for a certain portion of the day. Beyond those hours, the child is expected to fit in with the usual adult to child ratio settings, which generally isn't sufficient support to meet their specific needs.

This has resulted in significant limitations on the child's capacity to participate at their early learning service, as well as undermining their parents' confidence that their child will be adequately supported whilst in the care of their service. This also limits the parent's capacity to participate in the workforce, as parents have serious concerns about whether their child's needs can be met outside of the additionally funded hours.

ACA therefore recommends increasing the maximum number of hours for additional educator support to match the child's actual hours of attendance.

"...we are seeing an increase in social behaviours in children because unfortunately, from children that have been locked up at home [Victorian lockdowns], like every other adult, which has impacted their behaviour.

¹²⁸ Hertzman, C., & Power, C. (2003). Health and human development: Understandings from life-course research. *Developmental Neuropsychology*, 24(2-3), 719-744



I think we're in a crisis. There's no other way around it. I think that everyone's struggling. We have vulnerable families, which is more and more, and they just don't have access to services."

ACA Member and service provider, Focus Group 3

Meanwhile our vast experience with the ISP has drawn out a unified observation that it is mired in an unnecessary burden of excessive administration. This plays out in a number of ways including the need for an annual Strategic Inclusion Plan (SIP) which could be more efficiently part of a services Quality Improvement Plan (QIP) as part of the National Quality Standards (NQS).

Furthermore, we recommend that funding applications are separated from the implementation of the inclusion principles that are currently required. This would not only reduce the administration for ECEC services but free up Inclusion Agency resources to work more directly with teachers and educators to improve inclusive practice.

The Inclusion Portal has long been a difficult piece of technology to navigate and requires a significant overhaul to reduce the administrative burden for services and support any changes to the ISP.

Additionally, it is clear that program funding has not kept up with the demand. Specifically, the hourly funding rate has not increased since 2016. The current figure does not adequately cover the hourly rate of the additional educator as well as any oncosts.

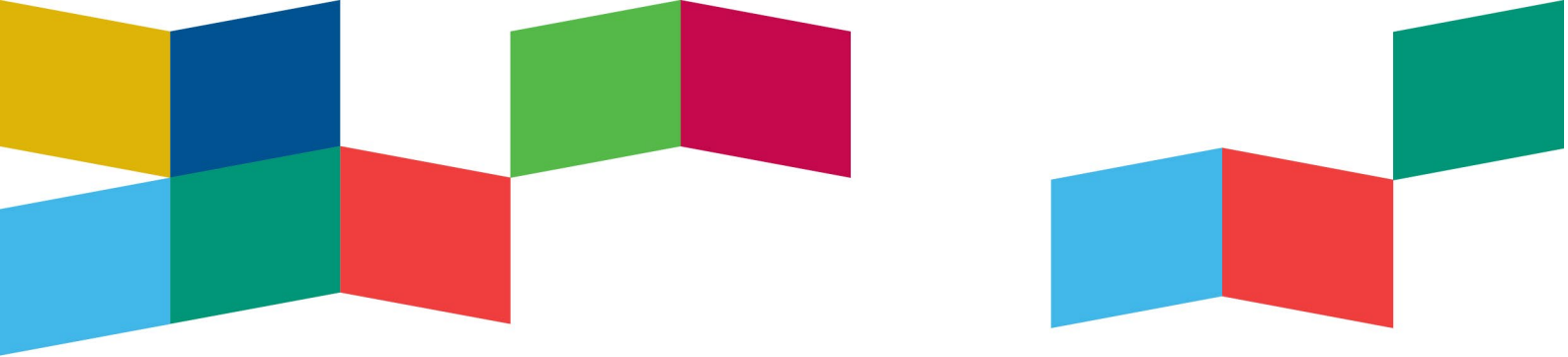
Moreover, the total pool of funding available has not kept up with the ever-increasing participation rates in ECEC across the country and the impacts of COVID-19 on children from disadvantaged and vulnerable backgrounds in Australia. The need for additional funding also extends to the Inclusion Agencies responsible for administering the system, which are struggling to deal with an excessive backlog of applications.

[A New Future for Our Most Vulnerable Families](#)

The benefits of high-quality ECEC, particularly for children from disadvantaged and vulnerable backgrounds, are well recognised locally and globally across the education sector, in terms of on improving outcomes for children with regards to school readiness and reducing the number of children who start school developmentally vulnerable.

The AEDC has clearly identified those communities where disadvantage is more significant, allowing for an easily targeted response.

ACA therefore recommends a system which targets the most vulnerable families, as defined by the AEDC, by assigning additional funding for these identified areas, to employ an additional educator for a minimum of five hours a day. This needs-based funding model, in addition to when individual support is needed, would target the most vulnerable communities and deliver significant benefit.



The service provider would need to reconcile this funding and provide evidence that it is being used above ratio requirements. This additional educator may hold an ECEC, teaching or allied health qualification as it would be above ratio requirements. The service provider may also wish to focus on educators who understands the cultural context of the children at a specific setting.

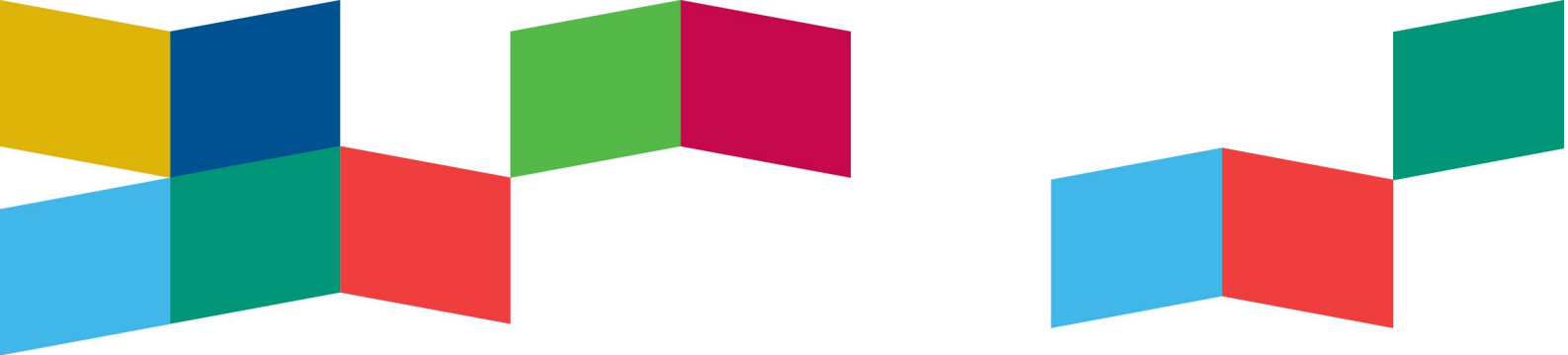
We believe now is ideal time to reimagine this very important funding stream to ensure that every child in Australia has access to high quality, affordable and sustainable early learning services, and therefore the **best start in life**.

Recommendations:

- Ensure that the ISP is demand driven to ensure that the benefits of the program are delivered to as many children as eligible.
- Increase the maximum number of hours for additional educator support to match the child's hours of attendance.
- Increase the funding rate for additional educators to ensure it adequately covers the hourly rate and on costs for providers and matches the hours attended by children.
- Review the administrative processes to apply for Inclusion Support funding and annual Strategic Inclusion Plans to ensure they are not overly burdensome.
- Separate the application of funding from implementing inclusion principles in order to:
- streamline the application process for additional educator funding to remove the excessive administrative burden for both the service provider and inclusion agencies; and
- allow inclusion agencies to engage with services to promote more inclusive practices, outside of the process of separate funding applications.
- Remove the need for a new application to be made when a child moves from one room (care environment) to another
- Allow the funding to follow the child from room to room and service to service
- Increase funding of Inclusion agencies to ensure that they are adequately funded to build capacity of the sector's inclusive practices and to meet the needs of the ever-increasing participation rate of children in ECEC in Australia.

Additional Child Care Subsidy (ACCS)

The ACCS supports children and families experiencing greater levels of vulnerability and disadvantaged with subsidies for a period, to continue the child's participation in ECEC. These subsidies are paid directly to the ECEC service, and all (except the Child Wellbeing) are applied by the family to Services Australia.



These subsidies make ECEC free/ no gap under a range of mechanisms in the CCS, based on the category the family qualifies for:

■ **Temporary financial hardship**

This category is for the families who have experienced circumstances that have impacted their capacity from a traumatic experience to earn an income. This includes unexpected loss of employment, death of a partner, experiencing domestic violence or severe destruction to their home. Families do not need to meet the activity test to qualify for this category of ACCS and apply through Services Australia. Eligible families can receive up to 100% of the fee charged where it is equal to or below the hourly rate cap 100% of the fee charged where it is equal to or below the hourly rate cap. This is over a 13 week period with the subsidy paid directly to the ECEC service.

■ **Grandparents**

This category is for grandparents who are the primary carer of the child. The grandparent does not need to meet the activity test to qualify for this category of ACCS and they may be eligible for up to 100 hours of subsidised ECEC per fortnight paid directly to the ECEC service.

■ **Transition to Work**

This category is to help families transitioning to work from income support by engaging in work, study, or training activities. Families must satisfy the activity test to be eligible for this category and the subsidy support varies based on whether the parent is studying or looking for work.¹²⁹

■ The family applies to Services Australia and the subsidy paid directly to the ECEC service.

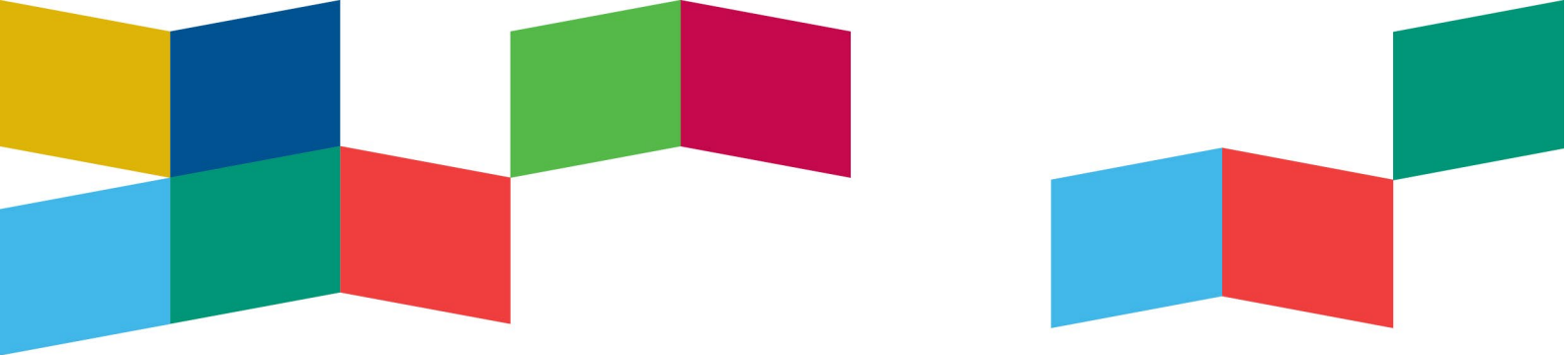
It is not widely known about among families that this support subsidy is available. As a result, many of these families may withdraw their child from ECEC without being aware of this support is available to them.

■ **Child Wellbeing**

This category supports families where a child is at risk of harm, abuse, or neglect. The referral can come from a medical professional, family violence practitioner or if the family has identified as being at risk. The ECEC service can refer to a professional to support the family start the process but cannot apply for the funding directly, only the family can.

The challenge for families applying for the Child Wellbeing subsidy is they have to provide evidence to support the application, which may take some time to obtain. This is a task made more difficult when already in an unsafe situation. Service providers can also apply for the subsidy on behalf of the family, but the evidence is still required.

¹²⁹ <https://www.servicesaustralia.gov.au/transition-to-work-additional-child-care-subsidy-amount?context=41866>

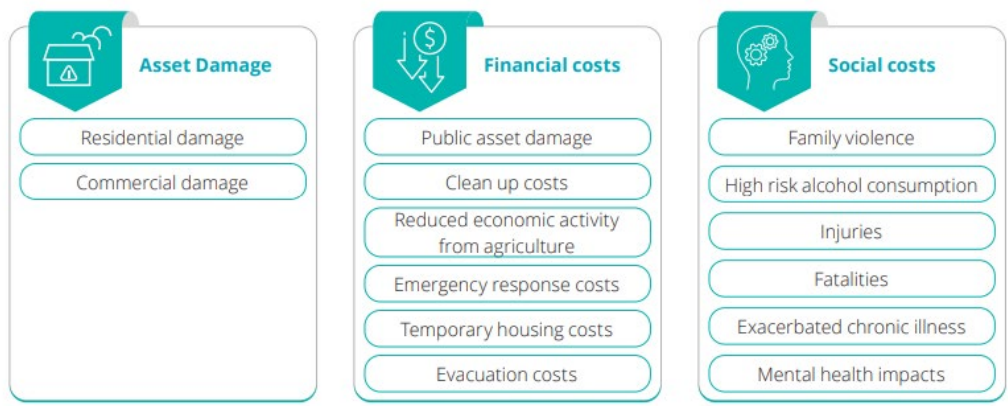


There is an opportunity to simplify the ACCS application process, because many families who find the application process too difficult (and they often need the ACCS subsidy the most) will disengage with the process and not follow through with getting the extra assistance they need, when they need it.

The ACCS funding is critical for the success of families with the primary focus being that all families that need access to this subsidy can do so more easily and efficiently with a streamlined system for families and service providers.

There is opportunity to create another category for families affected by natural disasters. The government could identify the region/s declared as a natural disaster, direct the subsidy to families in those identified areas which could be activated for a specified period of time.

The application of this subsidy could be service driven to minimise administrative burden and stress on families during a difficult time that they may not have capacity or resources (technology, supporting paper work, etc. because lost in the disaster). This additional funding stream would have an acquittal system that maintain integrity for reporting to the government.



Source: Deloitte Access Economics 2021

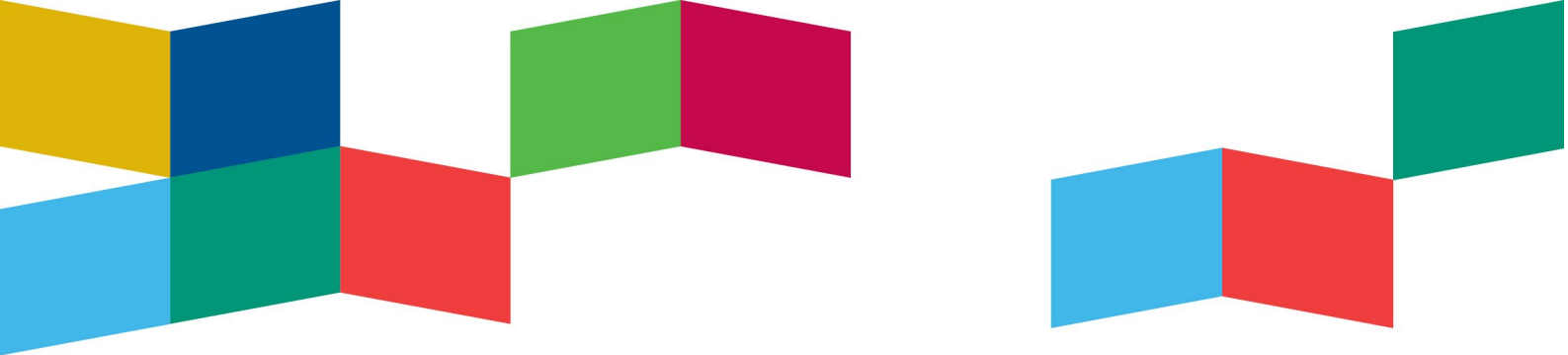


Chart 3.2: A breakdown of the tangible and intangible costs of the Black Saturday bushfires (\$ millions)

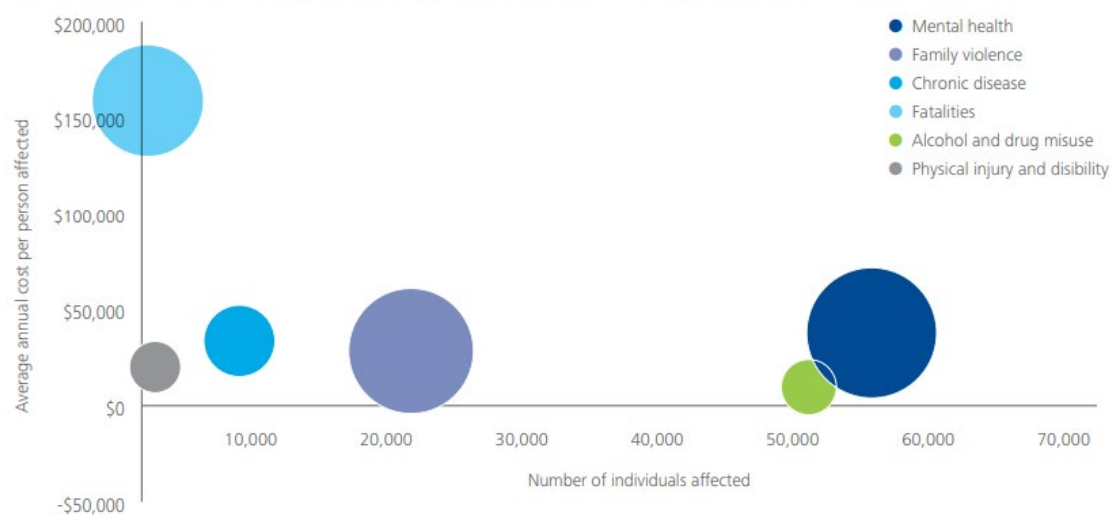


Figure 4

Note: Area of circle denotes the total cost of the category of intangible cost.

Deloitte Access Economics, The economic cost of the social impact of natural disasters, 2016

Investing in Equity

Equity is based on all children regardless of their backgrounds able to access ECEC. The current funding models that intent to support families experiencing social and financial vulnerabilities, creates more inequity and locks these families out, through the activity test, complex systems, and administrative processes. The flow on effect is that children are not supported from their different starting places early in life, which hold them back in all domains. Moving towards additional funding streams that responds to the needs and level of disadvantage of each child and family, based on their individual circumstances helps to meet each child where they are at, support lifelong growth.



Quality

The draft National Vision for ECEC defines 'quality' as:

"ECEC services are culturally appropriate for their community and meet high standards in providing learning and development outcomes. Children build relationships with a stable, qualified workforce that is recognised for its critical role in the community, and families have confidence in ECEC services."

The National Quality Framework (NQF) aims to create consistent regulations across all ECEC services and jurisdictions. This is a baseline from which services are measured against and seek continuous improvement striving towards high-quality service delivery.

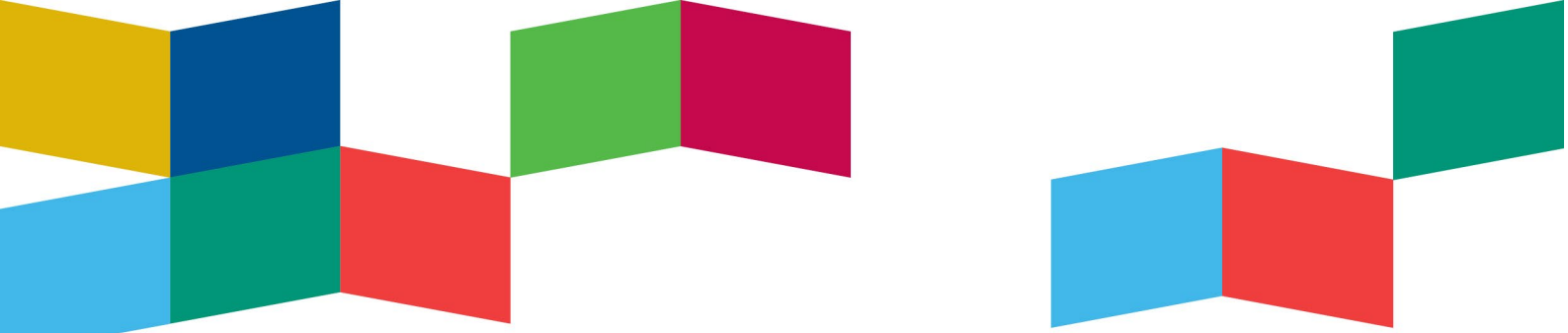
Beyond the NQF, there are a range of additional factors that contribute to creating high quality in ECEC. This includes curriculum design, programs with pedagogical practices, positive interactions and relationships with families, monitoring, and observation of children, reporting practices, understanding of each child and identification when additional support may be required. Each of these aspects are overseen by service leaders that contribute to high quality within ECEC and are underpinned by the ECEC educators and teachers. Without a strong, high-quality ECEC workforce – there is no foundation of quality.

3 pillars of High Quality in ECEC



ACA represents more than 3,000 members (i.e. ECEC service providers and service leaders), representing over 4,500 early learning services (i.e. individual centres) across Australia. Strong service leaders and providers are at the core of cultivating the culture to support the educators and teachers to succeed and develop NQF processes to drive a high-quality ECEC.

"Many countries have a unique window of opportunity now to put in place the policies and system to deliver quality and equitable ECE progressively as access to ECE grows."



*Getting this right early – both in the early years of children’s lives and in the early stages of setting up an ECE system – is easier and more efficient than remedying gaps in foundational learning and fixing systems of delivery later.*¹³⁰

Jaime Saavedra, World Bank Global Director for Education

Service Leaders and Providers

Strong leadership within an ECEC service is needed to deliver high quality services aligned with the NQF for children and families. Strong service leaders draw upon their experience, skills and understanding of the sector to direct their service through the significant and rapid changes the sector has experienced in the last 15 years.

See the section below (outlining the significant regulatory changes since 2009 and the impact of NQF on the operations of services).

As the ECEC sector continues to develop measures to drive quality, these will likely cost more to deliver. High quality in ECEC is important, however, there needs to be appropriate funding to support this.

In 2021, *Education Services Australia prepared the Shaping Our Future* report recognised that:

*“Investment in the sector and its workforce leads to a range of important benefits – improved and more equitable educational and developmental outcomes for children; increased intergenerational social mobility; and higher female labour market participation. Quality outcomes for children depend upon a highly skilled, well supported and professionally recognised workforce.”*¹³¹

Service leaders and providers foster a strong culture for the ECEC workforce within the service that flows onto creating a high-quality service while retain educators and teachers with strong skillset, experiences, qualifications and connections with the children and families. Staff who have stayed with the centre, align with that culture and are more likely to have a commitment to high quality.

“To invest in our people, in our team and that’s where quality comes from.”

ACA Member and service provider, Focus Group 1

Service leaders and providers aim to create consistency of the staff as it creates quality within the centre, staff understand the centre processes, what is going on in the centre, the families and each child individually. It can be difficult to try to maintain a high standard of quality with a transient workforce, investment of screening and training new staff, and rebuilding trust and rapport with children and their families.

¹³⁰ Investing in Quality Early Childhood Education is Key to Tackling Learning Poverty and Building Human Capital

<https://www.worldbank.org/en/news/press-release/2022/05/17/investing-in-quality-early-childhood-education-is-key-to-tackling-learning-poverty-and-building-human-capital>

¹³¹ (Education Services Australia 2021 p. 4)



Recommendations:

- Provide sufficient funding that is responsive and can maintain high-quality ECEC service delivery.

Workforce

The Current Situation with ECEC Workforce Shortages

Sourcing Early Childhood Teachers (ECT) and educators is an increasingly urgent challenge Australia-wide. The Department of Education, Skills and Employment (DESE) has predicted that Australia will need around 39,000 additional educators, including 9,000 additional ECTs, by 2023.¹³² Meanwhile the National Skills Commission's Labour Market Insights indicate a national shortage of both Early Childhood Educators and Early Childhood (Pre-primary School) Teachers, with overall employment in Education and Training projected to grow by 149,600 (or 13.4%) over the five years to November 2026.¹³³

"...a simple question that I ask when we're looking at recruitment and employment is who are we putting in front of our children? And that often makes the determination. I think that we can't lose sight of the importance of having and trying to find experienced, qualified staff,"

ACA Member and service provider, Focus Group 3

Several ECEC peak organisations compiled a report that revealed that over 4,500 job vacancies (minimum) were advertised in the ECEC sector in the first six months of 2021 and nearly half of all vacancies remained unfilled during that period.¹³⁴ In 2022 the problem has grown exponentially for the sector, compounded by low unemployment rates and the lasting economic and social impacts of COVID-19. The National Skills Commission data shows there were over 7,000 ECEC roles advertised nationally at the end of September 2022.¹³⁵

Current ECEC Workforce Overview

- Over 16,500 children's education and care services operate as approved providers under the NQF - over 8,000 long day care services, 3,000 preschools/kindergartens, 500 family day care services and 4,500 outside school hours care services.¹³⁶

¹³² **Reference needed**

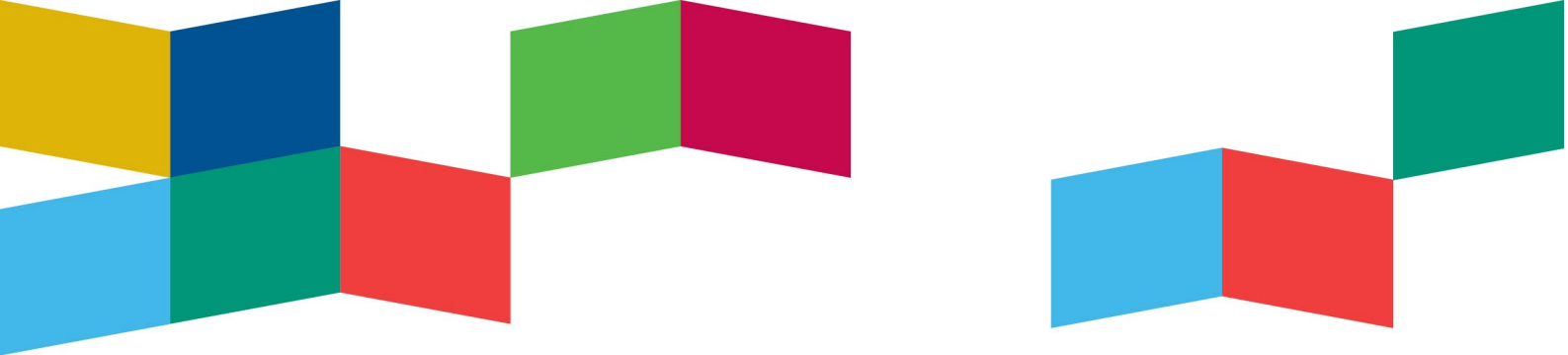
¹³³ <https://labourmarketinsights.gov.au/industries/industry-details?industryCode=P>

¹³⁴ produced by CELA (Community Early Learning Australia), ELAA (Early Learning Association Australia) and CCC (Community Child Care Association)

<https://bit.ly/CELAWorkforceReportNov2021>

¹³⁵ <https://www.nationalskillscommission.gov.au/insights/2022-skills-priority-list>

¹³⁶ <https://www.acecqa.gov.au/sites/default/files/2021-10/ShapingOurFutureChildrensEducationandCareNationalWorkforceStrategy-September2021.pdf>

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- Of these, 1% are large operators (owning 25 or more services), 19% are medium-sized (2-24 services) and 80% are small-sized (owning 1 service).
 - Over 216,619 educators working across the five key ECEC settings – long day care (LDC), family day care (FDC), outside school hours care (OSHC), in home care and vacation care – with a 70% rise since 2013.¹³⁷
 - Rapid growth in Long Day Care (LDC) - Since the last census LDC has seen an influx of workers, who now account for an enormous 68% of all educators in ECEC
 - Growth in the sector will be expected to continue to increase over the five years to November 2025, with employment expected to increase by around 16,000.¹³⁸

Workforce Demographics

- The majority of the total ECEC workforce (92.1%) is female, with the median age being 36 years for female workers and 27 years for male workers.¹³⁹
- Based on these demographics, this largely female workforce is at the peak of their own parenting time which contributes to part time workforce with staff taking maternity leave and returning to work part time to balance caring responsibilities.
“I’ve had six of my staff on all maternity leave at the same time. It’s really, really hard to find high quality, qualified staff currently.” ACA member from Focus Group 4
- The average age of all ECEC workers was 37 for females and 32 years for males.
- 2.9 per cent of the total staff in the ECEC workforce are Indigenous Australians.

Hours of work

- Across the ECEC sector the distribution of hours worked were fairly even between short part-time (1 to 19 hours, 29.1 per cent), long part-time hours (20 to 34 hours, 33.4 per cent) and full-time hours (35 to 40 hours 33.4 per cent), with a small proportion of the workforce working long hours (41 or more hours 4.1 per cent).¹⁴⁰

Staff turnover

- In Australia, the percentage of job turnover amongst ECEC employees each year has been estimated to be more than 30% for over a decade.¹⁴¹
- “For many Early Childhood Educators, alternatives of better paid and less challenging sources of employment are available in other employment sectors, a fact that explains turnover rates as high as 30%.”¹⁴²

¹³⁷ <https://www.education.gov.au/child-care-package/resources/2021-early-childhood-education-and-care-nationalworkforce-census-report>

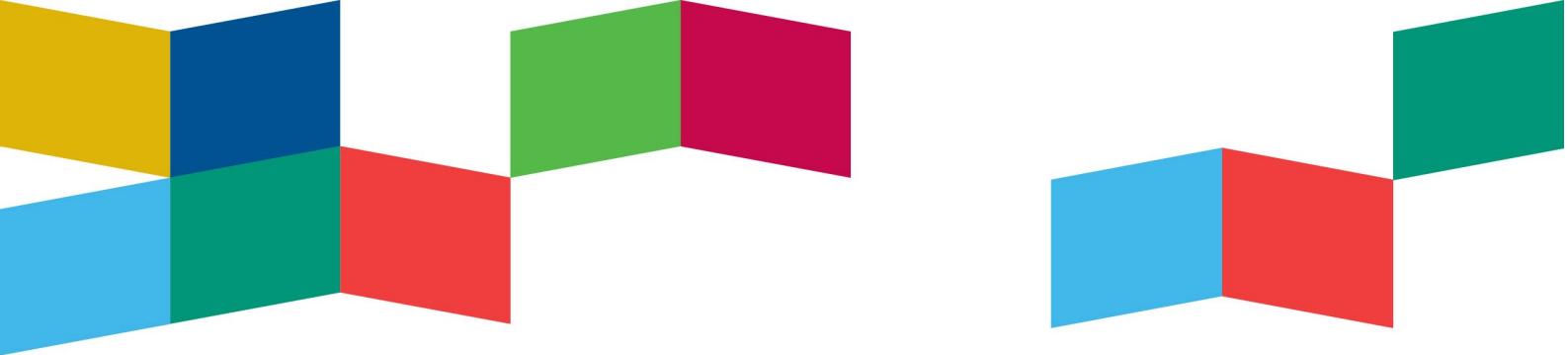
¹³⁸ <https://www.nationalskillscommission.gov.au/reports/job-openings-and-replacement-rates-occupation>

¹³⁹ <https://www.nationalskillscommission.gov.au/reports/job-openings-and-replacement-rates-occupation>

¹⁴⁰ 2021 Early Childhood Education and Care National Workforce Census report - <https://www.education.gov.au/childcare-package/resources/2021-early-childhood-education-and-care-national-workforce-census-report>

¹⁴¹ Community Services Ministers’ Advisory Council, 2006; United Voice, 2011a, 2014

¹⁴² University of QLD – Low pay but still we stay: Retention in early childhood education & care
https://www.researchgate.net/publication/328376512_Low_pay_but_still_we_stay_Retention_in_early_childhood_education_and_care

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- Retention, in particular, has been identified as a significant challenge for the sector in Australia and across the developed world. International research indicates that Early Childhood Educator retention rates continue to be poor compared to other occupational groups.¹⁴³

Retention and Support for current ECEC Workforce

The ECEC workforce has significant demands and expectations in creating high quality, culturally safe learning, and care environments for children from birth to five years across 12 hours a day for 52 weeks each year. ECEC staff do not get school holiday time away from services, are doing longer hours and are often not receiving the professional recognition or value, when held in comparison of school teachers.

These demands need to be heard, valued, and responded to with wages that reflect the value of the ECEC workforce and pay accordingly to attract and retain educators and teachers to deliver high quality ECEC for Australia's children. There needs to be levers to support the cost of wages which is embedded in the subsidy model and factor in ongoing changes to wages.

"It's people. It all comes down to people. It comes down to the educators that we have, full stop. They are the quality, their relationships. It doesn't matter if you're rural, regional, remote or inner city. It's about People. That's where our quality stems from."

ACA Member and service provider, Focus Group 1

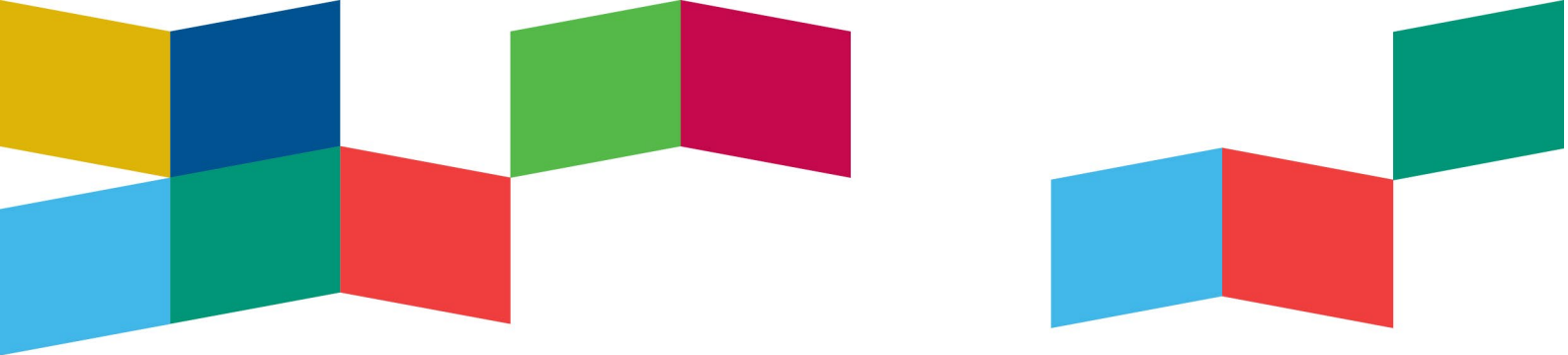
One of the challenges is how to support the existing ECEC workforce with the current workforce shortages, mandatory training requirements and balancing rostering to support professional development opportunities. Unlike the school system, early childhood educators do not have four days of "student-free days" per year.

There is significant pressure on services to support staff to undertake mandatory training, while balancing staffing ratios which means taking educators and teachers off the floor to attend training. Many services reported hosting training and staff meetings outside of centre hours as the only way to balance the competing demands. The impact is loading already tired ECEC workforce with additional, out of hours training and requirements to respond to short staffing pressures.¹⁴⁴

Currently there are mandatory training requirements for all ECEC staff which includes annual training of first aid, CPR, anaphylaxis management training and emergency asthma management training, child protection, food handling, and sleep best practice. For service leaders and providers who are seeking to support their service and staff to deliver a high-quality service, there is additional training and investment into best practice but these are not mandatory. This includes staff

¹⁴³ Gable et al., 2007; Rolfe, 2005; Whitebook and Sakai, 2003

¹⁴⁴ Acknowledge there has recent developments with the 2023 Budget investing in budget has allocated professional development subsidy covers 2 days of training (up to 15.2 hours). from July 2023 to support with the cost of backfilling while staff engage in training and training undertaken outside of work hours.



wellbeing, building capacity around pedagogical practice, scaffolding of learning, improving interactions with children & parents, etc.

Recommendations:

- Explore different levers to factor the cost of wages needs into the subsidy model and ensure it reflects ongoing changes to wages.
- Provide funding to cover 10 hours of backfill for every educator employed at the service per year, to allow for their ongoing mandatory professional development.

ECEC Workforce Education Snapshot

- In terms of the mix of qualifications among workers in the sector, the number of people who undertook and completed Diplomas of Early Childhood Education and Care has increased since 2016, with Bachelor Degrees flat lining and Certificate IIIs in Early Childhood Education and Care facing a slight decline.¹⁴⁵
- Strong growth is required in all three qualifications to address staff shortages across the sector.
- Registered Training Organisations (RTOs) also report a substantial number of drop-outs mid-course. There is no data to clearly indicate the individual students' reasons for abandoning their studies.

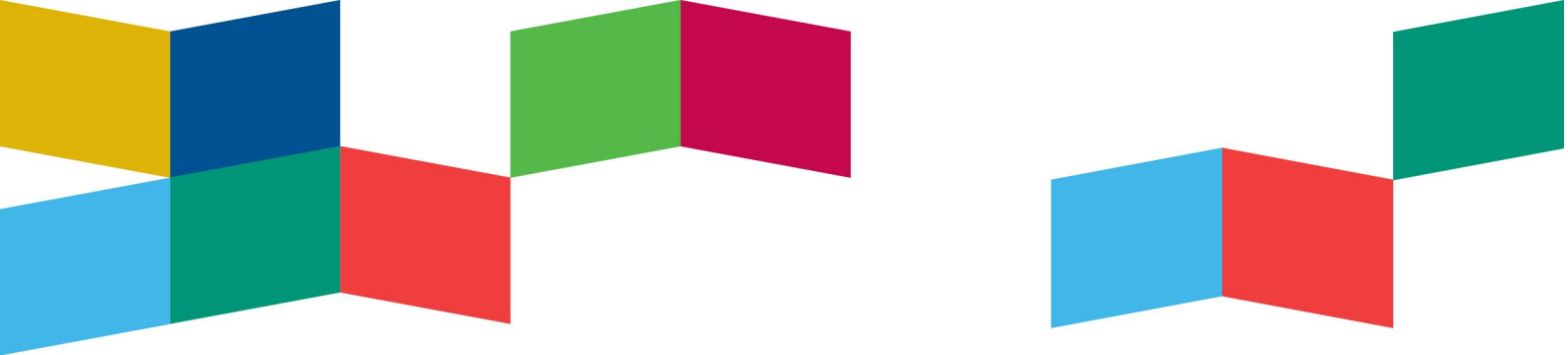
What has Caused this Deficit of Qualified Candidates in The ECEC Sector?

The shortage of ECEC staff is a problem that has been accumulating over the last decade, with a combination of factors contributing to what is now a workforce crisis. These factors may vary from service provider to service provider, depending on their geographic location. However, overall ACA has identified the following key issues that have contributed to national workforce shortage:

- the rapid growth of the sector over the last decade (ie. new centre builds). This growth simply has not been matched by the number of people being trained up to enter the sector;
- the introduction of the National Quality Framework mandating qualification requirements and reducing educator-to child ratios;
- the impacts of the COVID pandemic: These have included staff losses due to vaccine mandates, ever-changing regulatory and safety processes with additional layers of administration, increases in staff taking sick leave and remaining staff feeling over-worked,¹⁴⁶

¹⁴⁵ 3 <https://www.education.gov.au/child-care-package/resources/2021-early-childhood-education-and-care-nationalworkforce-census-report>

¹⁴⁶ The 'great resignation' PWC report found that six in ten people left their organization across the year during Covid, with 85% of workers experienced mental health challenges during the pandemic and more than one-third consider their employer the main source of mental health support <https://www.pwc.com.au/media/2021/pwc-report-what-workers-want.html>

- 
- a perceived lack of career recognition;¹⁴⁷
 - lower staff wages in comparison to other career options;
 - a strained workplace culture where the senior staff are not sufficiently trained in leadership; Whilst a positive work culture is often cited as a reason for staff retention, a poor or strained work culture from exhausted staff can contribute to staff turnover.
 - a perceived lack of career progression opportunities;
 - the opportunities for ECTs to gain higher salary conditions, teaching at schools;
 - qualification requirements, including length and cost of studies, people dropping out of courses; and
 - challenging work conditions. The ECEC sector is one of most regulated sectors, which means there is a substantial amount of administration for ECEC staff to carry out. Working with children is rewarding but can be exhausting, particularly working with children with special needs or behavioural difficulties.

Attracting New Talent into the ECEC Workforce

There needs to be mechanisms to address urgent demand for qualified educators and teachers in ECEC by reflecting on opportunities to make it easier with greater flexibility and support for people to get through and complete their qualifications.

Skilled Migrants

We know that the ECEC workforce is made up of educators and teachers as part of the skilled migrants program. This program has been significantly affected across the last few years with Covid 19 migration restrictions, which has affected migration and consequently has placed additional difficulties upon ECEC workforce.

In response to these pressures, the Australian Government has recently committed to accelerate application process for Skilled Visa processing. ACA commends the government in reducing the time delays for any potential skilled migrants to come to Australia and start working in the ECEC sector.

ACA believes that exploring policies that support migrants with ECEC qualifications to be fast-tracked and their qualifications recognised to the Australian standards through ACECQA would be beneficial in addressing the urgency of ECEC workforce shortages.

¹⁴⁷ University of England study into professionalism in early childhood education settings. <https://theconversation.com/covid-chaos-has-shed-light-on-many-issues-in-the-australian-childcare-sector-here-are-4-of-them-174404>



Recommendations:

- Regular engagement with ACECQA to ensure a smooth qualification assessment (translation of international vocational and tertiary qualifications to recognised qualifications here), including reinstating the automatic public listing of overseas qualifications as accepted once such qualifications become approved for the first time.

Vocational and Apprenticeship Pathways in ECEC

ACA believes the commitment to increasing available training places is a powerful start to addressing the problem. However, we know that the critical issue of recruiting adequately qualified and competent staff will remain a problem for our sector and needs to be addressed via numerous mechanisms.

The Australian Apprenticeship Services and Supports Discussion Paper 2022 indicated that ECEC traineeships were in the three most common non-trade occupation with 11,145 people commencing from 31 March 2022.¹⁴⁸

There are reports that measured the estimate of the average number of hours taken by senior employees to train apprentices and trainees per week for part-time apprentices is 19 hours per week and fulltime apprentices is 40 hours per week.¹⁴⁹ The challenges are the support required, the need to have trainees super-numerary until competent and that some decide that it is not the career for them after all (or that they are not suited to the profession).

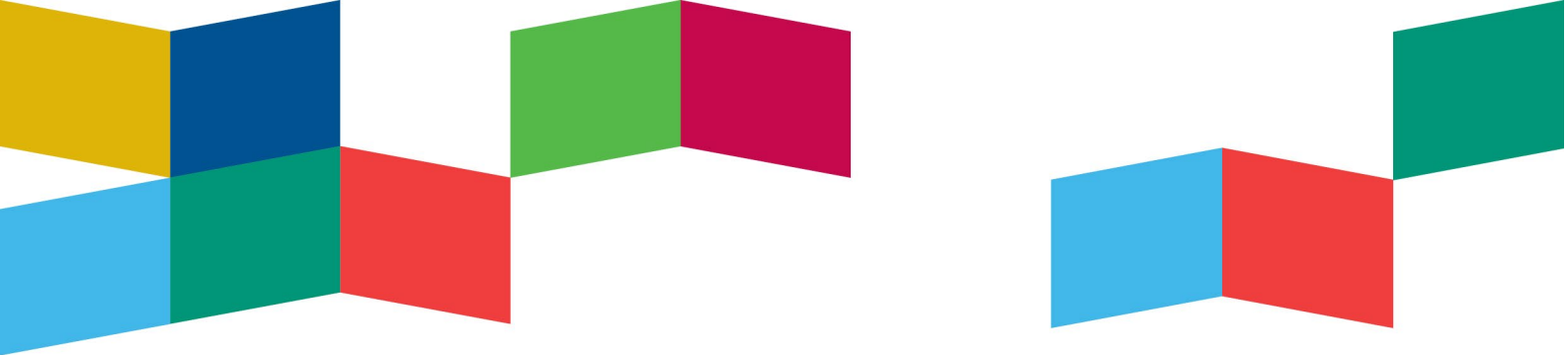
National data indicates that approximately half of all apprentices across all sectors will drop out before completing their training. Completion rates have been in decline for a decade now, from a high of 61.6% in 2012.¹⁵⁰

ACA commends the Albanese Government's investment into making a Diploma of Early Childhood Education and Care through TAFE fee-free for students across five years. This initiative is part of the New National Skills Agreement plan for 300,000 free TAFE spots (across a range of industries, not exclusively ECEC).

¹⁴⁸ 5 and 10 Page, Australian Apprenticeship Services and Supports Discussion Paper 2022, <https://www.dewr.gov.au/australian-apprenticeships/resources/australian-apprenticeship-services-and-supports-discussion-paper>

¹⁴⁹ ABS Catalogue 6306.0, Table 1, non-managerial employees. Average total weekly hours paid to part-time apprenticeships, traineeships and employees with a disability (male and female) is 19 hours, and 40 hours for full-time programs. Cited in Alison Pennington https://australiainstitute.org.au/wp-content/uploads/2020/12/An_Investment_in_Productivity_and_Inclusion.pdf

¹⁵⁰ <https://www.aihw.gov.au/reports/australias-welfare/apprenticeships-and-traineeships>
<https://www.ncver.edu.au/news-and-events/media-releases/apprentice-and-trainee-completion-rates-decrease-2021>



Ongoing and long-term commitment into ECEC TAFE places are needed for the ECEC workforce strategy. There is strong evidence to support that the TAFE system not only supports educators to start their learning pathways towards attaining their qualifications, but it also creates significant social and economic benefits.¹⁵¹

TAFE Annual Economic Impact Results	
TAFE Economic Footprint	\$6.1 billion
Higher Earnings and Productivity (Includes Higher Tax Revenues)	\$84.9 billion (\$25 billion)
Fiscal Savings (Social Benefits)	\$1.5 billion
Total Benefit	\$92.5 billion
Total Annual Costs	\$5.7 billion

University Pathways into ECEC Careers

There are some significant barriers emerging and training educators and teachers identified when trying to become fully qualified:

- Length of the course (Bachelor of Early Education degree are for three to four years)
- Accrued HECS HELP fees
- Block periods of placement (which are not paid)
- Time away from the service to attend placement at a different service, which places pressure on existing centre’s staff, rostering and backfilling.

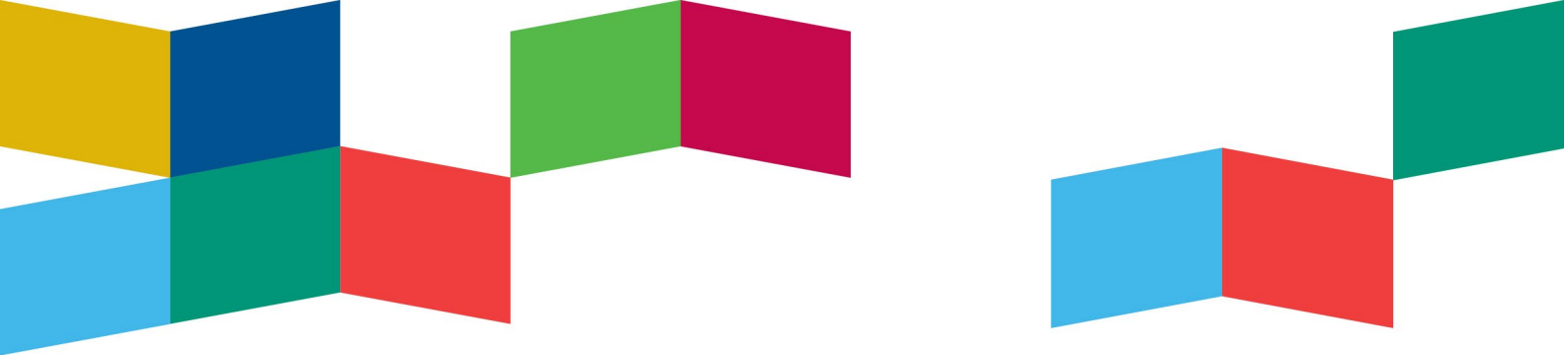
ACA highly recommends the introduction of a nationally available fast-track degree program to rapidly upskill early childhood educators to the degree qualification level of early childhood teacher in a period of 18 months, instead of the usual three years.

Case Study: Universities with accelerated Qualifications in Early Childhood Education

There has been a proactive response to these challenges by universities, who had sought to reduce the length of courses while maintaining a strong learning environment producing high quality ECEC educators and teachers. The Department of Education, Skills, and Employment (DESE) predicted that Australia will need around 9,000 additional ECTs, by 2023 (now) and the time a Bachelor of Early Childhood Education takes to complete is not at the pace for the urgent need of ECTs that are already at crisis levels.

Swinburne University partnered with the ECEC sector to codesign a fit for purpose course in an Graduate Diploma in Early Childhood Teaching online. This gives current ECEC staff and emerging ECEC workforce the opportunity to complete the four year course in 12 months, with greater flexibility around placement that has previously been a barrier

¹⁵¹ The Economic and Social Benefits of the TAFE System p 5 and 6, Alison Pennington
https://australiainstitute.org.au/wp-content/uploads/2020/12/An_Investment_in_Productivity_and_Inclusion.pdf



to completion of studies. Completion of the Graduate Diploma is a post graduate qualification and is the equivalent of an ECT.

Swinburne University has created placements a model that allows for three out of the four placements to be undertaken in the student's current ECEC workplace. This reduces the financial pressures, need to take annual leave, or leave without pay, and reduces the student's workplace staffing stresses.

This course was codesigned with Swinburne Online, Swinburne University of Technology and with ECEC sector experts- the Australian Childcare Alliance (ACA) and the College for Australian Early Childhood Education (CAECE). This collaboration in the codesign between universities and ECEC peaks created a responsive approach to barriers students experience to completing their studies, address implications of placements and staffing on an ECEC service, and ensuring competency to build the capacity of educators into teachers to further contribute to a high quality ECEC workforce.

Other universities are also responsive in their degree designs, including Victoria's Deakin University offers an accelerated Bachelor of Early Childhood Education which enables 76 Victorian educators to upskill to become an early childhood teacher in 18 months, instead of the usual 3 years.¹⁵²

ACA commends the Australian Government's recent announcement in the 2023 Budget of financial subsidy to support payment for educators studying ECT degree-level qualification or undertaking postgraduate ECT qualifications.¹⁵³ Ongoing commitment from the government through funding the placements of the existing and future ECEC workforce to upskill and build their capacity are essential for long term strategies to embed quality and rebuild the ECEC workforce.

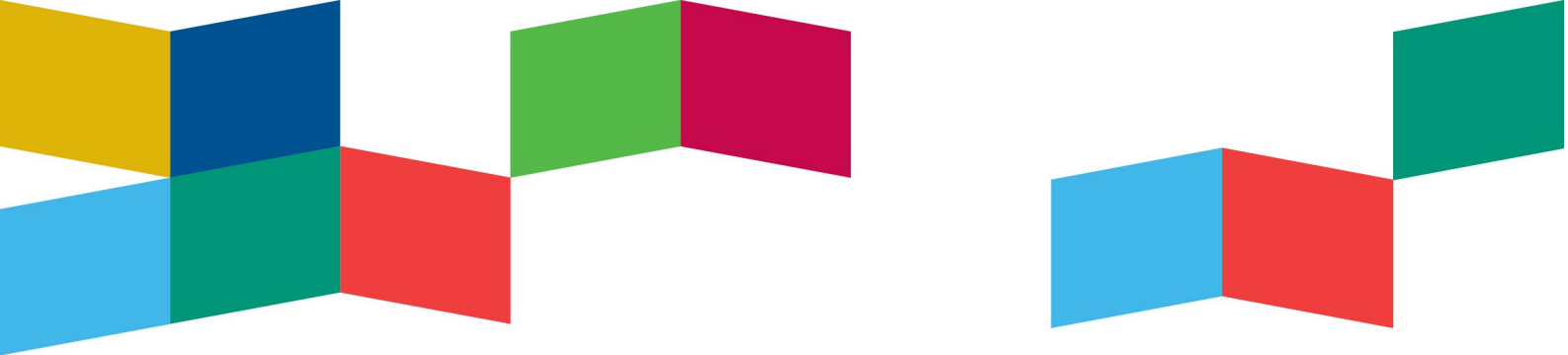
There is opportunity to support by reducing the student costs to undertake the most relevant courses such as the Bachelor of Education (Birth to Five Years). Further incentivising this degree will ensure that these teachers remain committed to the ECEC sector and avoid leakage to primary schools.

Meanwhile for regional ECEC services to have any chance to be competitive and maintain places for their children, we recommend waiving the HECS-HELP fees for graduates who then commit to working with ECEC services in regional and remote regions for a period of no less than three years.

This could work in a similar way to the existing programs set up to attract and retain doctor graduates in regional and remote areas.

¹⁵² 9 Deakin University Accelerated Early Childhood Education Program - <https://www.deakin.edu.au/study/find-a-course/education-andteaching/accelerated-early-childhood-education-program>

¹⁵³ Reference where in the budget this commitment was made



Case Study: The Bonded Medical Program (“the Program”)

The Bonded Medical Program (“the Program”) was established in 2001 and is a critical component of the Australian Government’s Stronger Rural Health Strategy to ensure that the Australian trained medical workforce is well-distributed, flexible and targeted to areas of most need.

The Program provides students with a Commonwealth-supported place at an Australian university. In exchange for the place, bonded participants agree to work in an eligible regional, rural and remote area for a specified period once they have completed their medical degree. This work is known as their Return of Service Obligation (RoSO). From 1 January 2020, these two schemes were closed to new participants and a new reformed Bonded Medical Program (the ‘Program’) arrangement came into effect. The Department of Health has refreshed the Program to provide greater support for bonded students and doctors.¹⁵⁴

Another lesson from investment in doctors and nurses is the HECS repayment scheme. From January 2022, the Federal Government will wipe the university debt of doctors or nurse practitioners, with several accompanying conditions including that they are placed in regional remote areas.¹⁵⁵

Recommendations:

- Incentivise educators to take on a teaching (ECT) degree through a conditional waiver of HECS-HELP fees.
- Immediately provide the funding and resources to create a nationally available skills-focused degree program to rapidly upskill Early Childhood Educators to the degree qualification level of early childhood teacher in a period of 18 months, instead of the usual three years.

Regulatory Requirements

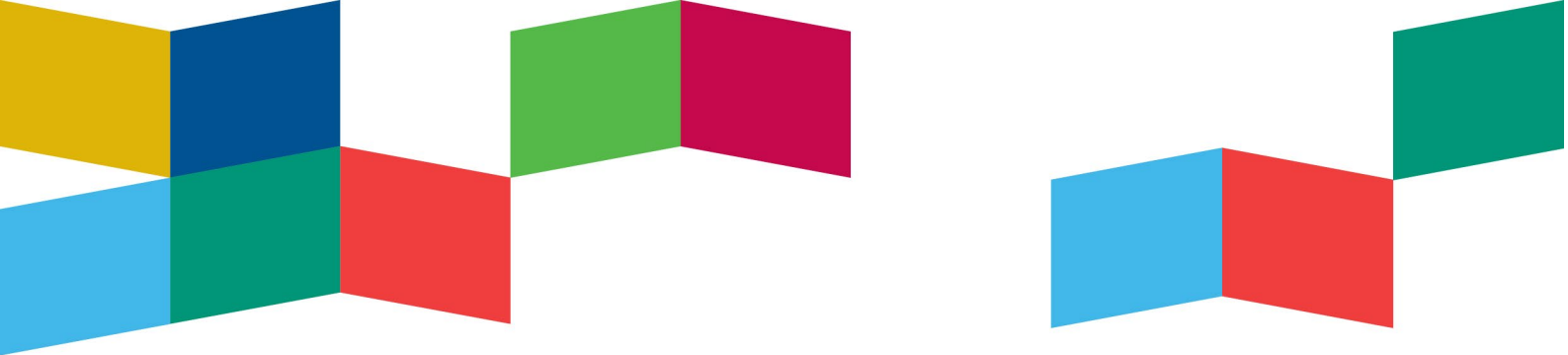
Throughout the history of ECEC sector in Australia, there has been a significant amount of change in response to the needs of the child and the family that has shaped and influenced how ECEC’s are operated.

(Refer to Timeline of Regulations in ECEC on page 93.)

The regulatory changes since the National Quality Framework (NQF) was introduced have no doubt increased the costs of the provision of ECEC services due to qualification requirements, mandatory staffing ratio changes, an increase in

¹⁵⁴ Bonded Medical Resources, Department of Health - <https://www1.health.gov.au/internet/main/publishing.nsf/Content/reformed-bondedprograms-resources>

¹⁵⁵ Government to lure doctors and nurses to rural, regional and remote areas by slashing university debt – ABC News article 10 Dec 2021 - <https://www.abc.net.au/news/2021-12-08/government-to-slash-university-debt-for-remote-health-workers/100681094>



administration, the development of specific curriculums, in some case the introduction of new equipment, new infrastructure and so on.

While the new regulations have brought about a more consistent, high-quality level of ECEC across the country, they have come at a cost, which has undoubtedly been passed on to families. ACA supports regulations that have a positive outcome on the quality of ECEC. However the introduction of new compliance measures must be accompanied by funding in order to ensure that families are not worse off as a result.

There are opportunities for appropriate regulatory structures to provide a base standard for high quality early education and currently many ECEC services try to go beyond that base standard. Society is seeing how cost of living and other associated costs are increasing and policies are responsive to this. As regulations evolve, costs will go up in the consumer co-contribution model, with a proportion carried by the end user.

Case study: NSW Regulations

The introduction of new regulations in New South Wales (NSW) provide a clear example of cost increases to families that were driven by regulation:

- Mandatory staff-to-child ratio has been the biggest contributor to cost increases.¹⁵⁶
In NSW, it is estimated to increase staffing costs by 9.1 per cent and equates to an additional cost of \$1,239 per child per year.¹⁵⁷
- employing a higher minimum number of degree-qualified staff increased costs in the sector by \$95 million per year in NSW.¹⁵⁸
- the requirements to replace additional degree-qualified staff with ‘suitably qualified persons’ increased costs by \$10 million per year in the sector, relative to the national requirements.

The NSW Productivity Commission made some recommendations:

*“Government intervention can require trade-offs at other times. For example, **stricter ECEC requirements may support child developmental outcomes but could also increase the cost and reduce the availability of ECEC, which can hinder the workforce participation of parents.** In these situations, both objectives should be carefully considered when setting regulatory standards.*

Some forms of government intervention may also be counterproductive. Imposing stricter ECEC regulatory standards that increase the cost of childcare could hinder child development outcomes. This could occur if

¹⁵⁶ In NSW ECEC sector, this requirement is estimated to increase costs in the sector by \$128 million a year
Evaluation of NSW-specific early childcare regulations, December 2022, NSW Productivity Commission









¹⁵⁷ (Deloitte Access Economics 2021), Evaluation of NSW-specific early childcare regulations, December 2022, NSW Productivity Commission

¹⁵⁸ *ibid*

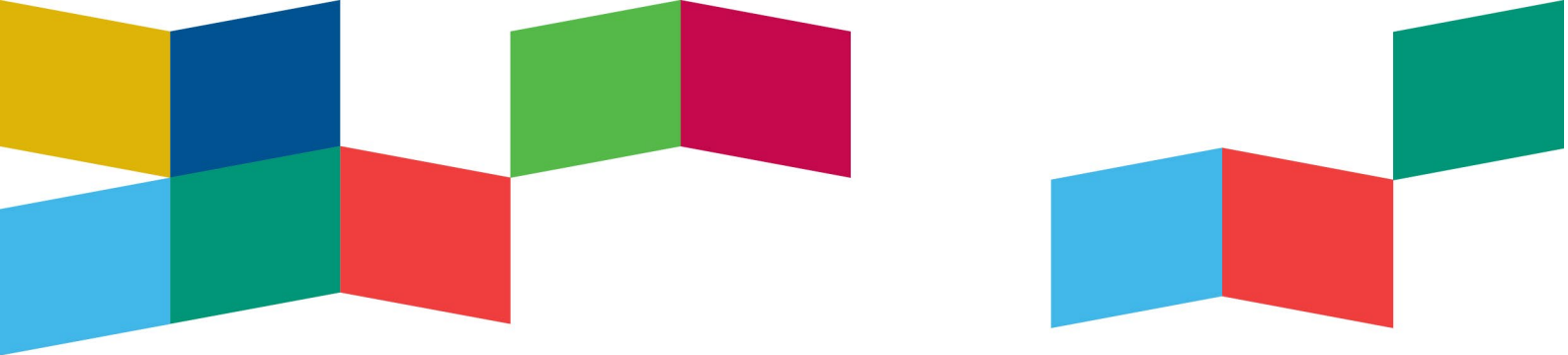
*parents respond to the increase cost of childcare by reducing their use of ECEC, which may in turn hinder the development outcomes of children.*¹⁵⁹

ECT Registration Requirements

Currently the Early Childhood Teacher (ECT) registration requirements vary across the States and Territories as outlined by the ACECQA table below. There is opportunity to create national consistency with teacher registration which would be a positive step in addressing some of the current ECEC workforce shortages.

State/Territory	Teacher registration/accreditation requirements	Teacher regulatory authority
ACT	No registration requirements for ECTs in NQF settings that are not attached to an ACT school.	ACT Teacher Quality Institute 
NSW	From 18 July 2016 ECTs working in approved centre-based settings must be accredited	NSW Education Standards Authority 
Northern Territory	Registration is not required for all ECTs. However, preschools are attached to schools and as such require registration as a condition of employment.	Teacher Registration Board of the Northern Territory 
Queensland	The Queensland College of Teachers does not require registration for ECTs in NQF settings. Some employers require teacher registration as a condition of employment.	Queensland College of Teachers 
South Australia	Since 1976 all ECTs have been required to be registered. From 1 January 2014 all ECTs must be registered, including those working in NQF settings.	Teachers Registration Board of South Australia 
Tasmania	Tasmanian kindergartens are part of Tasmanian schools and as such kindergarten teachers are required to hold teacher registration. Registration is not required for ECTs in NQF settings that are not kindergartens or schools.	Teachers Registration Board of Tasmania 
Victoria	Since 30 September 2015 all ECTs employed or engaged in the role of an ECT in an early childhood and care service or Victorian Children's Centre must be registered.	Victorian Institute of Teaching 
Western Australia	Since 6 December 2012 all ECTs must be registered.	Teacher Registration Board of Western Australia 

¹⁵⁹ P 7 Evaluation of NSW-specific early childcare regulations, December 2022, NSW Productivity Commission



Recommendations:

- Ensure that ACECQA and all jurisdictions recognise the transfer of aligned qualifications to work in the early childhood/child care sector. Eg. Diploma in Outside School Hours Care, Diploma of School Age Education.
- Work with all jurisdictions and Teacher Registration Boards to ensure national consistency in recognising the Birth-to-Five Early Childhood Teaching Degree via mutual recognition. (Currently some jurisdictions do not recognise this.)

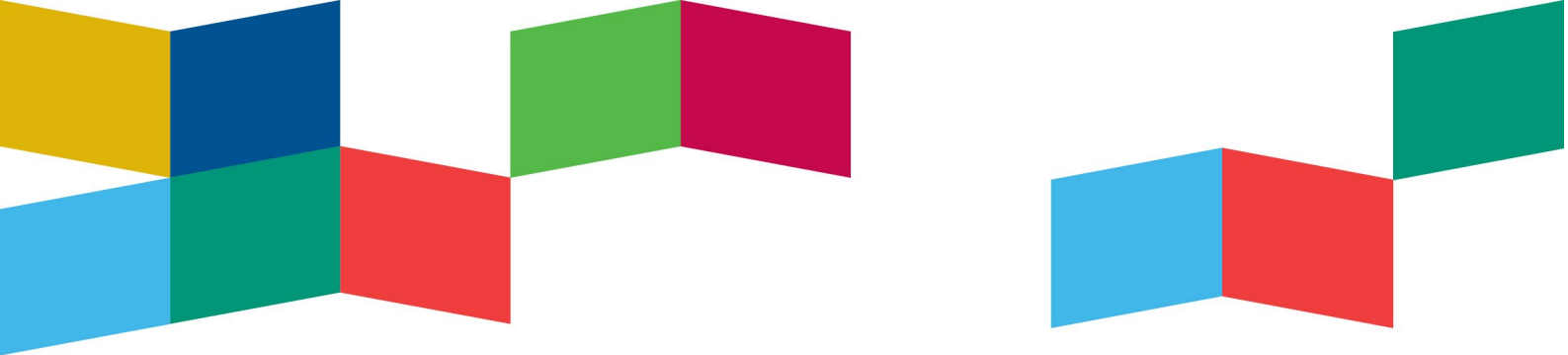
Mandatory Staffing Ratios

The NQF outlines the mandatory requirements for the ratios of educators to children. The ratio requires that an educator be working directly with children, being physically present and involved in providing education and care to those children. These vary across different States and Territories and the Centre based ratio requirements are outlined below.

Age of children	Educator to child ratio	Applies
Birth to 24 months	1:4	All states and territories
Over 24 months and less than 36 months	1:5	All states and territories excluding VIC
	1:4	VIC
36 months up to and including preschool age	1:11	ACT, NT, QLD, SA, VIC
	1:10	NSW
	1:10	TAS
	2:25 for children attending a preschool program	
	1:10	WA
Over preschool age	1:15	NT, QLD, SA, TAS, VIC, NSW
	1:11	ACT
	If no Kindergarten children present 1:10 for first <u>12</u> children then 1:13 (eg. If 11 or 12 children present, 2 staff members still required) Refer to table in Reg 369 for full breakdown	WA

Working with Children Checks

Ensuring there are high quality within ECEC reflects also on the safety and screening processes of those working with children within ECEC services. Currently Working with Children Checks are not standardised across Australia, can be a slow process and have serious implications creates risk for children, and centres that needs attention.



As majority of ECEC staff women, who may change their name upon marriage this creates delays in checks and clearances when commencing work at a new workplace. It is reported that some of these delays post name change after a marriage can take on average up to seven weeks, but some states indicate the processing time will range from three to 12 weeks¹⁶⁰ which during a time of critical ECEC shortage has a significant impact.

The previous Productivity Commission inquiry into Early Childhood Education and Care in 2014 acknowledged this as an issue made recommendations that have not yet been activated that could go towards resolving this.¹⁶¹

Recommendations:

- Create a national, streamlined, and faster system to process Working with Children screening.

Timeline for Regulatory impacts on ECEC in Australia

There has been a series of major government policies and funding decisions that have had significant impact on the ECEC sector – in relation to operations, staffing, regulations, family subsidies, assessment and ratings and range of other aspects.

The purpose of providing this historical timeline and overview of these changes is to link the implications of these policies to the work on the ground within the service - i.e. factors such as additional time, adaption to changes, operational impact, etc. that have in turn contributed over time to increased costs of ECEC - and the resulting impact on families.

Australia made significant steps forward as an early leader in the move to increase quality and access to early learning, particularly with the funding reforms to support more children from lower-income families access early learning.

¹⁶⁰ Victorian Government, <https://www.workingwithchildren.vic.gov.au/individuals/applicants/what-happens-next>

¹⁶¹ Recommendation 7.12 - State and territory governments should, within two years, harmonise background checks for ECEC staff and volunteers



Australia's early learning sector: A Timeline of NQF Regulatory Impacts

2009

July

Council of Australian Governments (COAG) endorsed *Investing in the Early Years– A National Early Childhood Development Strategy*. The strategy aimed to ensure that 'by 2020 all children have the best start in life to create a better future for themselves, and for the nation'.

COAG created the *National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care* ('the National Partnership'), under which federal, state and territory governments committed to a suite of interrelated national partnerships and national initiatives.

Impact

This created national system of regulation, and quality standards for ECEC, replacing state and territory systems.

The Indigenous Early Childhood Development (strategy) was developed to "close the gap" for children from Aboriginal and Torres Strait Islander backgrounds.

The National Quality Agenda for ECEC (NQAECE) was established an integrated and unified national system for ECEC and OSHC.

TAFE fees were waived through the Commonwealth's Early Childhood Development Workforce Strategy. ECEC courses and training became more financially accessible, with the remaining course costs met by the State Governments.

The first Australian Early Development Census (AEDC) was held to collect national data on the developmental health and wellbeing of all children as they start school.

Impact

The AEDC collects data every 3 years on five domains of early childhood development. Australia became the first country in the world undertake this data collection. The AEDC creates longitudinal early years data that informs policies and other frameworks.

2010

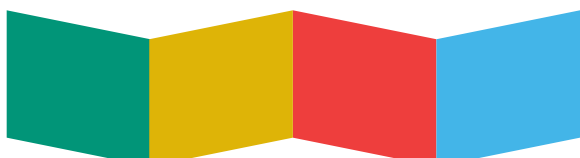
The *Education and Care Services National Law Act 2010* enacted and legislated the National Quality Framework (NQF) and Early Childhood Education & Care (ECEC) national regulations.

2011

Introduction of the *Care Services National Regulations 2011*.

Impact

Established the Australian Children's Education and Care Quality Authority (ACECQA) to support the NQF's administration. ACECQA set out the ratings system under the National Quality Standards, outlined minimum standards for services in the seven quality areas, staffing arrangements and qualification requirements.





2012

The first phase of the NQFs was implemented. From 1 January, educator-to-child ratio of 1:4 for children aged from birth to two years in centre-based services. All jurisdictions to have staffing ratios fully compliant by 1 January 2016. Those jurisdictions with existing lower ratios retained those ratios.

Impact

Additional ECEC workforce demands, ECEC upskilling required and increased staffing requirements.

WA had existing ratios of educator to child ratio of 1:4 for birth to 24 months, 1:5 for over 24 months and less than 36 months and 1:10 for 36 months up to and including preschool age. From 6 December 2012, all ECTs had to be registered under the Teacher Registration Board of Western Australia.

In NSW the educator to child ratios did not change with the NQF coming into effect.

Impact

In NSW the educator to child ratios of 1:4 for birth to 24 months, 1:5 for over 24 months and less than 36 months and 1:10 for 36 months up to and including preschool age.

In Queensland the educator to child ratios changed with the NQF coming into effect, with Grandparent clause for service licensed to continue the educator to child ratios of 1:5 for birth to 2 years (expires 2020).

Impact

Increased the educator to child ratios of 1:5, to 1:4 for birth to 2 years.
Increased the educator to child ratios of 1:8, to 1:5 for 2 years to 3 years.
Increased the educator to child ratios of 1:12, to 1:11 for 36 months up to and including preschool age.

Introduction of *Education and Care Services National Regulations 2012*.

Impact

In August 2012, regulatory authorities began assessing and rating services against the NQS.

In 2013, 55% of services were meeting or exceeding the NQS, in 2020 this rose to 82%.

Two National Approved Learning Frameworks began under the NQF.

Impact

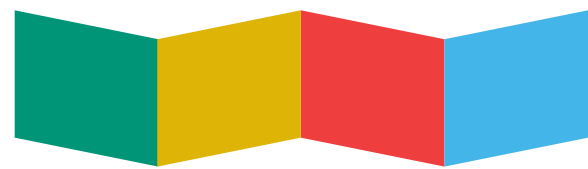
Services required to deliver educational programs that use approved learning outcomes in the curriculum planning, delivering, and evaluating quality ECEC programs.

2013

ACECQA set minimum mandatory training requirements for all ECEC staff.

Impact

There are no pupil free training days with ECEC, unlike the school setting. These mandatory training are undertaken after hours, or additional staff are required to backfill for staff undertaking training with these costs to the service.





2014

All educators employed after 1 January 2014 require qualifications as determined by ACECQA.

Impact

By 1 January 2014, 50 per cent of educators in a centre-based service have (or are actively working towards) a Diploma level education and care qualification or above and that other educators have (or are actively working towards) a Certificate III level qualification.

SA: All teachers in LDC and all ECTs in SA are required to be registered by the Teachers Registration Board of South Australia.

First National Quality Framework Review held.

Impact

Assessed NQF's objectives, and how the system could be improved to funding regulatory services and appropriate governance arrangements.

NSW introduced and implemented the Preschool Funding Model (PFM)

Impact

Funding for two years of preschool for disadvantaged and Indigenous children, in addition to preschool.

2015

20th February

The Productivity Commission published the findings of inquiry into Childcare and Early Childhood Learning.

1st July

The Australian Government discontinued the waiver of HECS-HELP Benefit for the ECEC teachers (waiver of fees came from the Early Years Workforce Strategy).

Impact

Full fee for ECEC Teachers is a disincentive to attract new teachers and build workforce.

In Victoria, all ECTs employed must be registered from 30 September 2015 with the Victorian Institute of Teaching.

In Western Australia, lunchtime cover existed for ECEC educators and teachers to address staff ratio cover to allow for staff to take a lunch break¹.

¹Regulation 374A amended in Gazette 6 Jun 2014 p. 1788

2016

National Early Years Workforce Strategy lapsed at the end of 2016

Commonwealth Government funding for ECEC professional development ceased.

Impact

The cost of professional development is absorbed by the ECEC service.





2016
continued

1st January

All states and territories (except Tasmania and Western Australia where they are already in place) have the change in educator to child ratios come into force. Services could include staff actively working towards an approved qualification or taken to be an early childhood teacher (ECT) in their educator to child ratio count.

18th July

All ECTs working in approved centres in NSW must be accredited under the NSW Education Standards Authority.

Ratios in Victoria for children over 3 year olds change from 1:15 to 1:11 and all services are required to have at least one Early Childhood Teacher.

Impact

In Victoria, the educator to child ratios is of 1:4 for birth to 24 months, 1:4 for over 24 months and less than 36 months and 1:11 for 36 months up to and including preschool age. Additional ECE educators and teachers required in centres to increase the number of staff per child ratio.

2017

Review of the 2014 NQS Review.

Impact

Changes to the National Law and regulations.

2018

February

The National Quality Standards is revised changes to the Exceeding themes.

Impact

The NQF requirements for accreditation were restructured from 18 standards and 58 elements, down to 15 standards and 40 elements.

2nd July

The Child Care Subsidy (CCS) replaced the former CCB and CCR payments.

Impact

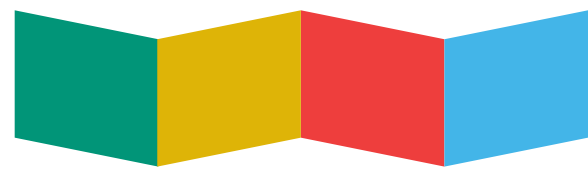
Subsidy amount for families varied based on income, hours worked (or amount of study or training undertaken) and type of ECEC used.

In Victoria, the transitional arrangements for ECTs end.

Impact

All ECTs in Victoria are required to hold a Bachelor's degree.

In South Australia, two ECTs are required for centres with enrolments of 60 per day or more.





2019

The Child Care Subsidy (CCS) came into effect.

Impact

Families can access subsidies, through a single model that has separate funding streams.

NQF Review 2019.

Impact

The recommendations were implemented in 2022 and 2023.

Change in staffing ratio in South Australia for 3–5-year olds.

Impact

The ratios for South Australia moved from 1:10 for 3-5 year olds, to be brought in line with the ACECQA mandated ratio of 1:11 for 3-5 year olds.

The ratios in SA in LDC are 1:4 for 0-24 months, 1:5 for 24-36 months and 1:11 for 36 months and over, and continues to operate at this ratio in 2023.

2020

New ECEC staffing requirements requiring additional ECTs.

Impact

From January, ECECs must employ a second ECT or suitably qualified person in attendance for a minimum number of hours or percentage of time, based on the number of approved places in the service.

Changes to wages in the *Educational Services (Teachers) Award 2020*.

Impact

Casual employees must be paid for a minimum number of hours, and Fair Work Commission proposed a potential new allowance for 'Responsible Person' and 'Educational Leader' to receive additional remuneration.

Changes to wages in the *Children's Services Award 2010*.

Impact

Additional 2 hours of paid non-contact time per week for Educational Leaders, rostering extension and service to supply/reimburse their staff for protective clothing and sunscreen.

Ending transitional arrangements for ECT's in QLD with the expiry of the Grandparent clause.

Impact

All services must have the educator to child ratios of 1:4 for birth to 2 years.

June

The National Quality Framework Approved Learning Framework Update begins.





2021

10th December

The annual cap was removed as part of the Australian Government's Enhanced Child Care Subsidy arrangements announced in the 2021-22 Budget.

Impact

Families with more than one child aged five or under in care get an additional 30% subsidy for their eligible children, up to a maximum of 95%.

Child Care Safety Net created new funding streams that included Additional Child Care Subsidy (ACCS), an Inclusion Support Programme (ISP) and the Community Child Care Fund (CCCCF).

Impact

Under the ACCS and ISP, ECEC operators could apply for additional funding to help children with additional needs, with disabilities, and those from culturally and linguistically diverse backgrounds.

May

The Federal and State Governments announced plans to reduce red tape for services by requiring just one application from 2023 for assessment by both Commonwealth and state and territory regulatory authorities.

In Queensland, all ECTs had to be fully qualified with no provisional ECTS any longer.

2022

January

The 'Educational Leader' Allowance came into effect for teachers based on FWC determination.

Impact

Increased wages for the 'Educational Leader' (\$62 – \$105 per week).

October

The Diploma Educators Allowance came into effect, based on FWC determination and reflected in the *Educational Services (Teachers) Award 2020*.

2023

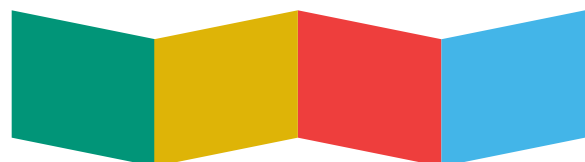
Educational Ministers agreed to extend workforce transitional provisions until 31 December 2024, these were due to expire on 31 December 2023.

Impact

The following regulations were extended in response to ECEC workforce shortages:

- **Regulation 239A** – regarding attendance of early childhood teachers at centre-based services in remote and very remote areas (NT, NSW, SA, TAS)
- **Regulation 240** – qualification requirements for educators working in centre-based services in remote and very remote areas (SA, TAS)
- **Regulation 242** – qualification requirements for people to be “taken to be an early childhood teacher” (NT, ACT, NSW, SA, TAS)
- **Regulation 264** – general qualifications for educators in centre-based services (ACT)

ACECQA Board extend its 'Equivalent to an ECT' provision until 31 December 2024.





Investing in Quality

The regulatory changes since the introduction of the NQF have no doubt increased the operational costs of running an ECEC service due to the need for additional qualifications, mandatory staffing ratio changes, etc. While this comes at a cost, that cost is appropriate in the delivery of high-quality education and care, but such regulatory changes require government funding in order to prevent families bearing the cost and therefore reducing their hours.

It was predicted that there would be additional costs associated with the implementation of the NQF back in the Parliamentary Library Blog in 2012:

“...in spite of the NQF’s merits and the concessions that have been made, the tension between improved quality and services and increased costs is likely to make the NQF’s implementation difficult.”¹⁶²

As the ECEC sector continues to develop measures to drive quality, these will likely cost more to deliver. High quality in ECEC is imperative for the benefit of our youngest generation. However, it is clear that without adequate government funding to support this objective, it is the families who will be forced to bear the cost.

¹⁶²https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2011/December/The_National_Quality_Framework_for_Early_Childhood_Education_and_Care



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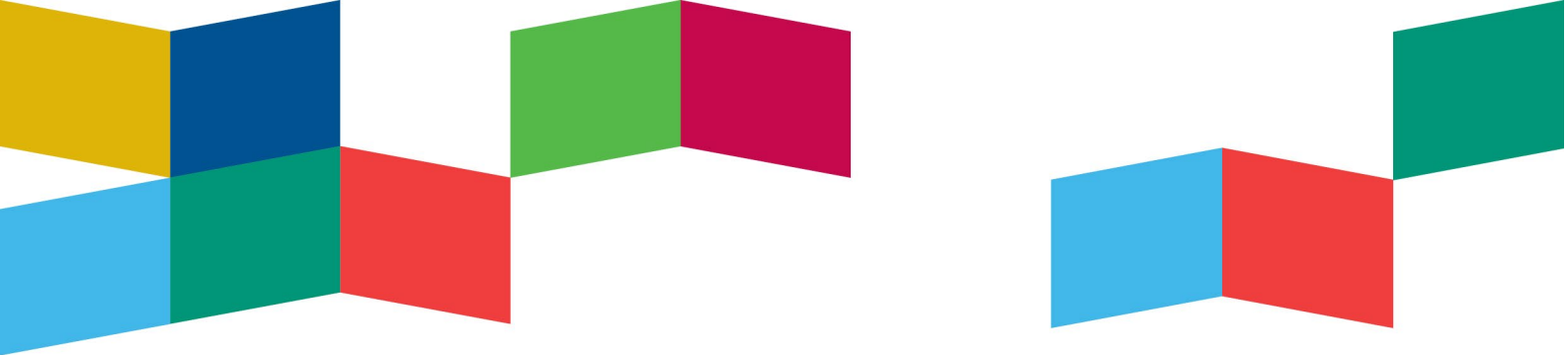
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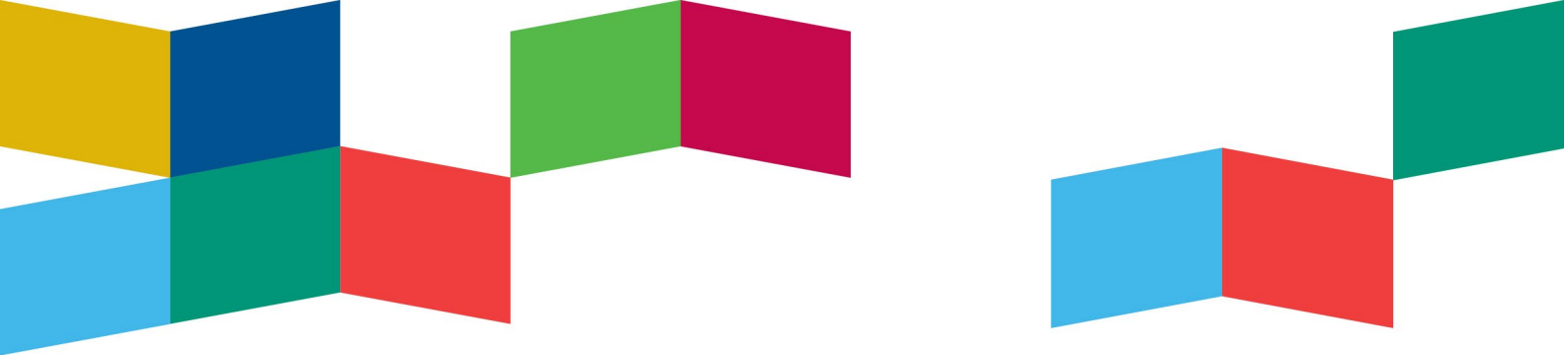
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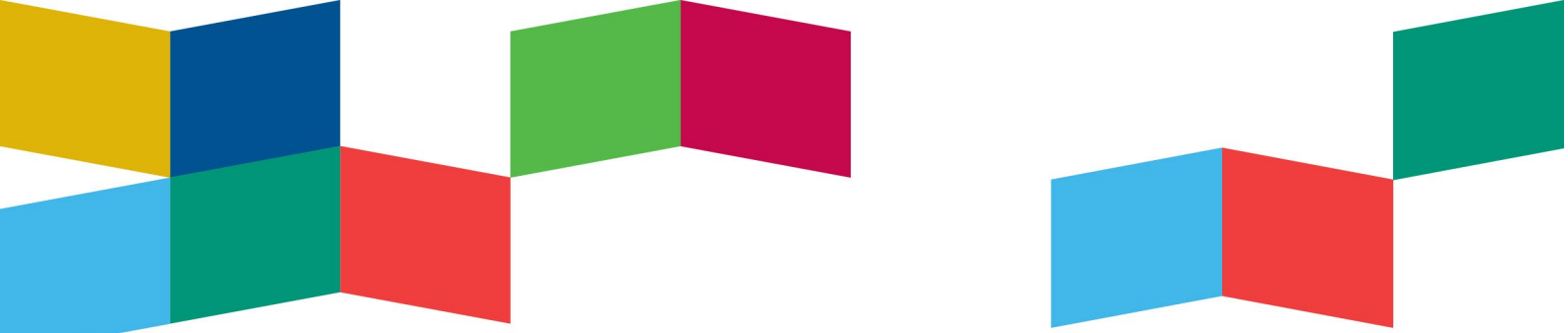
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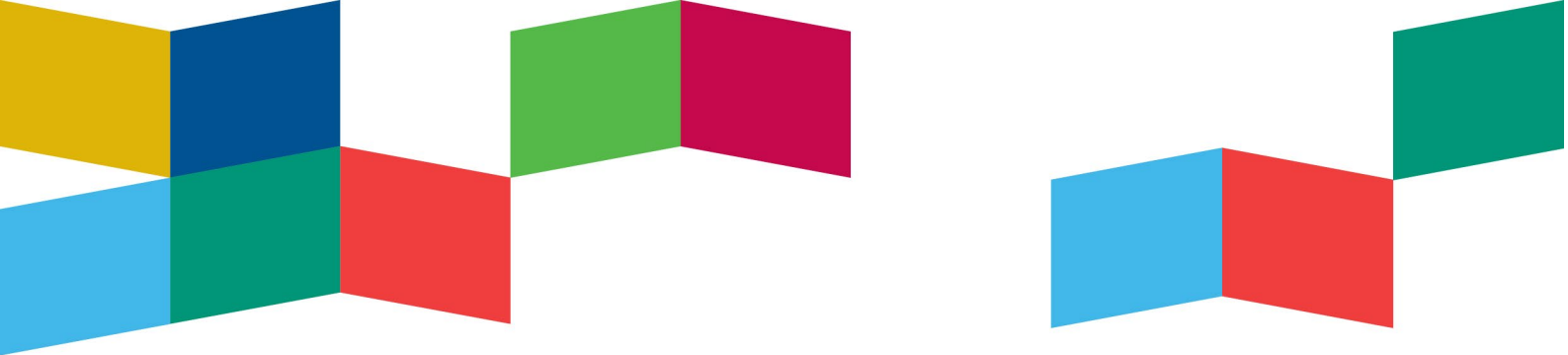
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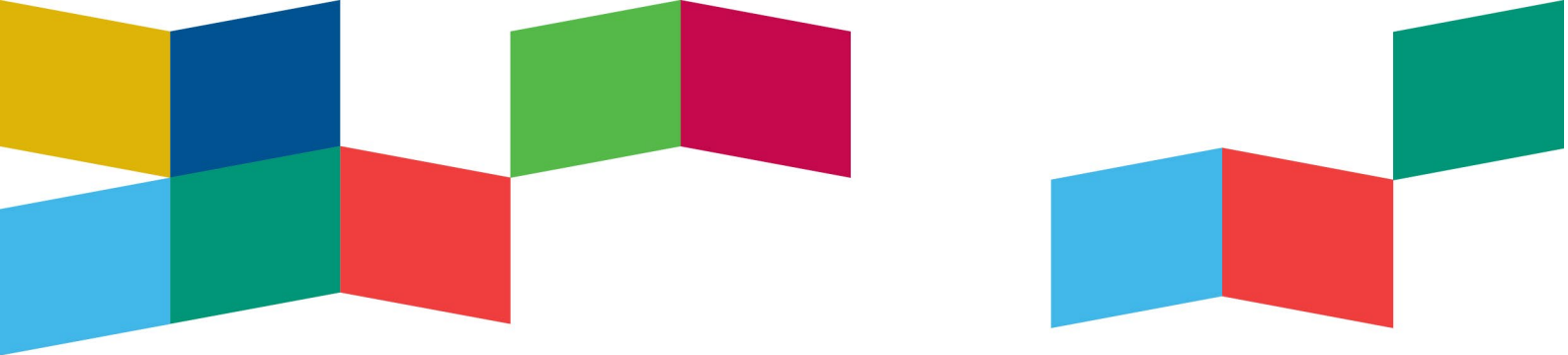
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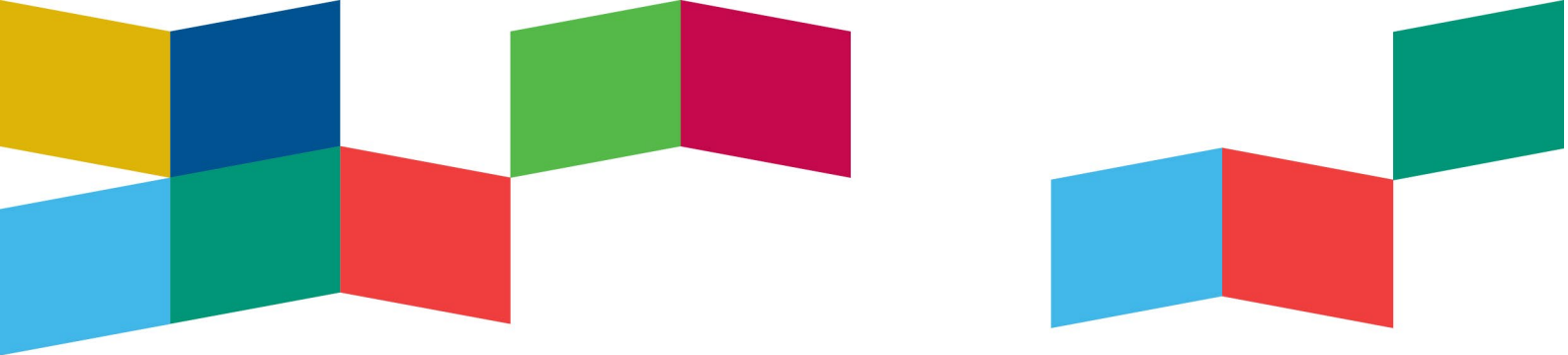
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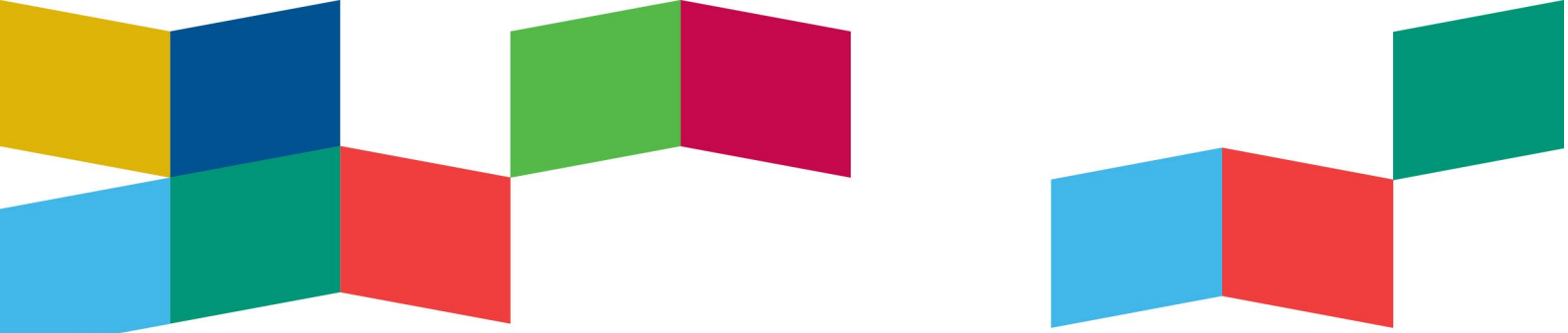
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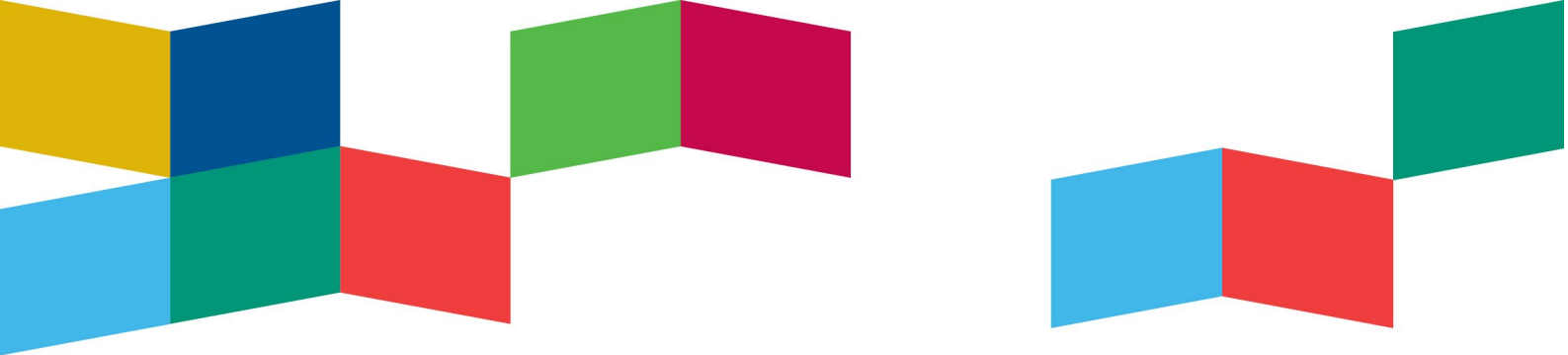
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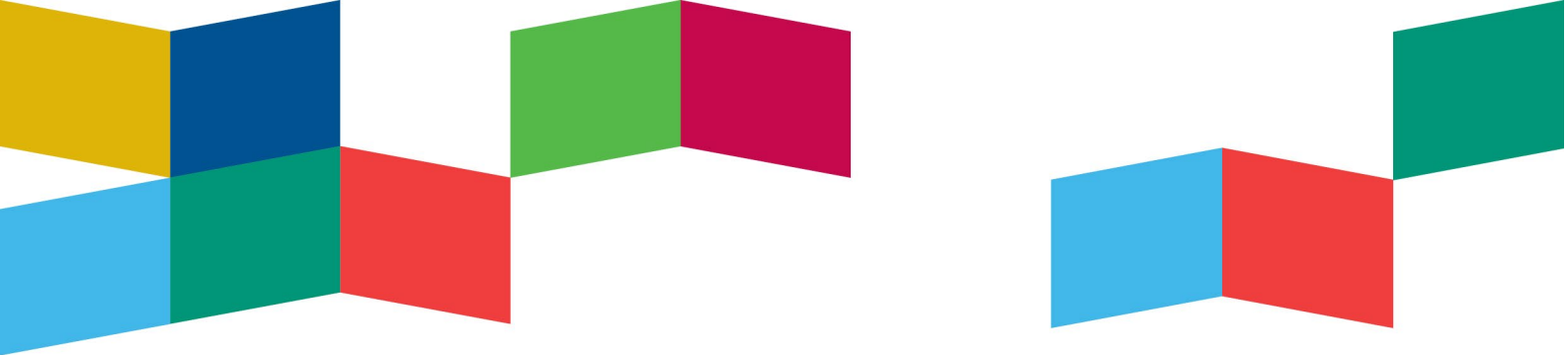
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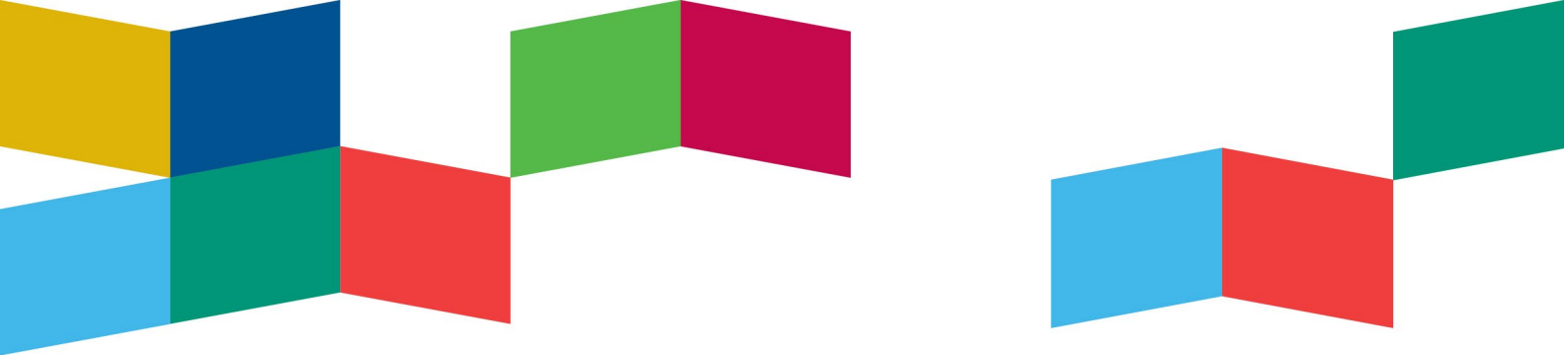
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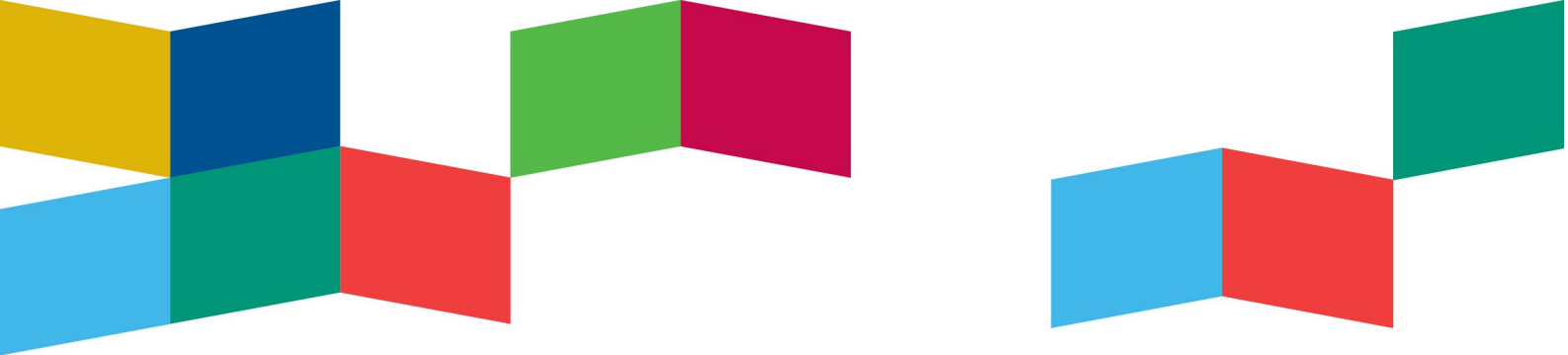
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Appendix B

Consultation of ACA Members through Focus Groups

ACA National held five focus groups with ACA members and with the ACA National Board across April and May 2023. These focus groups were provided feedback about critical issues affecting service leaders and providers across Australia, with representation of services from metropolitan, rural, regional, and remote communities. Below is an overview of some of the discussions and key themes from each group.

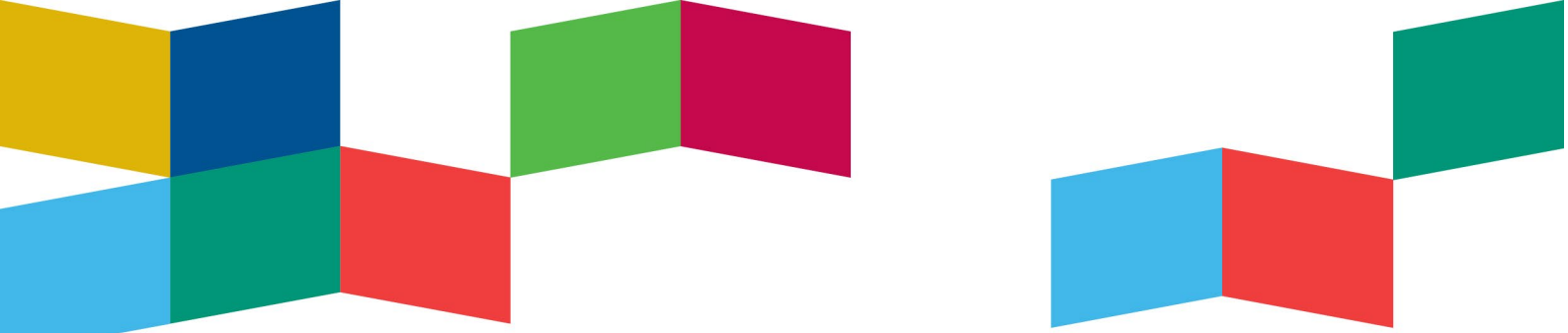
Focus Group 1 with the topic of Quality, held on 2 May 2023

Group Questions:

- What does high quality mean in an ECEC setting and what contributes to it?
- Why is quality important?
- What are your experiences around parent's perception of quality? Is this a priority or is affordability a greater concern when choosing ECEC service?
- Does a cheaper service always uphold high quality?
- Are there some misperceptions about quality?

Key themes emerging from group discussions:

- Workforce – investing in educated, experienced educators and consistency.
- Consistency of the staff creates quality- they understand the centre processes and know the children. It can be difficult to try to maintain that high standard of quality with a transient workforce.
- Invest in staff's professional development to embed high quality practices and build capacity.
- Good relationships and interactions – high quality educators who know each child and family.
- Need to have an ECEC wage increase – risk that they change careers, or Teachers move into schools and to ensure staff feel valued, appropriately remunerated and recognized professionally.
- Centres role to help educate and support parents to understand what contributes to high quality.
- Often received parent's calls to enquiry, despite the centre being at capacity, Directors would support parent by referring them to other local centres. Although this is not to their service's benefit, staff describe doing this as they don't want any family or child to miss out on accessing ECEC, even if it's not within their own service.
- There are many silos in early years services for children, and that's where ECEC is best placed to help support parents understand while working towards outcomes for the child.
- Parents making decisions to place their child into school from a financial lens, rather than if the child is ready and the impact that has (on child's social, emotional, developmental, and overall wellbeing).

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- Suggested having non-contact days aligned with school pupil free days so families who have siblings at school already have to find alternative care on that day, so we align it with our local school. Additional benefit of this would be to share resources with the school for professional development, networking, peer learning, connect with the local schools and services.
 - Identified there needs increased support for educators and funding for children with diverse needs, with more simplified systems and different funding models specifically to support children experiencing higher levels of vulnerability.

Quotes:

"A parent is asking you to look after their child's life for 10 to 12 hours a day. We have a high responsibility with that."

"Quality is about having a good understanding of effective pedagogy and practice across your team and educators. I think quality is about being true to who we are as professionals."

"Staff are at the core of quality. Our staff set up the learning environments, the learning experiences and have the relationships with families and children each other, etc. Fundamentally, come back to the staff being the core of quality within each ECEC service."

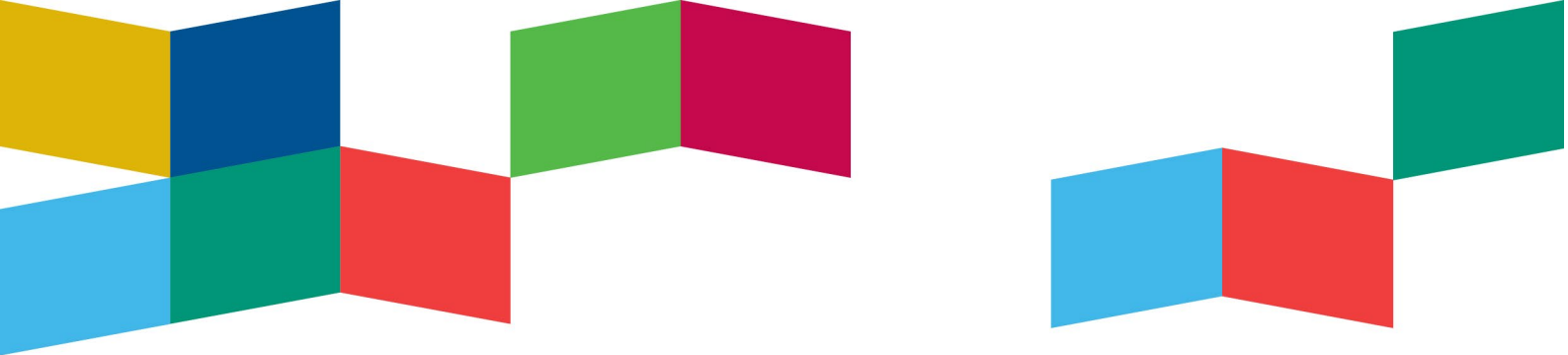
Focus Group 2 with the topic of Equity, held on 3 May 2023

Group Questions:

- What does equity look like in an ECEC setting?
- Equality vs Equity - how do you see these differences in your centre?
- What role does the ECEC sector play in relation to addressing inequities?
- How do you see this in your local community with families and children?
- What is the impact of this?
- What are the challenges and barriers that affect equity within a child's life?
- What funding models could be responsible to child from vulnerable backgrounds?

Key themes emerging from group discussions:

- Inequities caused by system issues – the systems are often slow and clunky systems that create greater inequalities e.g. trying to access Inclusion Support for a child. Some centres described relying upon Directors and Managers to complete Inclusion Support applications because it is a very time-consuming process and takes educators off the floor, away from children or this work is undertaken after hours.
- Examples of other system inequalities is the activity test and consistent call to remove this as a barrier for all families to access CCS and ECEC.
- Recommend minimizing the steps involved in the ISP application process and overhauling the online portal, as it is difficult to navigate, some centres are put off by as they don't have the time, resources or knowledge to adequately participate in it.

- 
- The impact of workforce shortages that affect access and equitable outcomes for children, particularly when a child needs additional support and ISP can take 6 – 9 months to be approved to fund an additional educator. The impact is current staff carry a heavier workload during that time.
 - Additional pressure on ECEC staff wellbeing, stress and burn out when taking on a child with very high additional needs, delay in accessing adequate resources to support the child (skills and capacity), and cater to the existing children in the centre.
 - Once a service secured ISP for the child and to get an additional educator, the next problem is how to staff this with the current critical workforce shortage issues.
 - Benefits of early diagnosis with access to early intervention and health pathways for a child aged 2 or 3 years old, rather than later interventions that reduce the child's outcomes, require more intensive and costly support.
 - ECEC provides more than simply care and education for the children in the centre. They create a sense of belonging for the families, foster community and inclusiveness through centre organized events and gatherings. This is particularly important for families with no extended family support, parents who might be socially isolated or have English as a second language.
 - The group questioned the current funding models, whether the funds directed are actually reaching the ground and making meaningful changes (eg Closing the Gap).

Quotes:

"...Indigenous children and the layers of support we've put around them is in recognition of the fact that their history and all the other compounding factors, means that we're not all starting at the same point as other children, and we need to be responsive"

"In my experience, inclusion support funding has excessive barriers to getting the most basic things for children who need it. By actually resourcing early childhood as a system of support beyond CCS is what we need to be doing, particularly with communities of greater need and disadvantaged populations."

"We're not funded in a way that enables us to give those wage increases unless those costs go back onto families and this raises an equity issue for families who then can't afford it. So families don't need to be the scapegoat for the underfunding and our early childhood teachers and other educators also don't need to wear the cost of an underfunded system."

"I think in the last 12 months, even once funding secured, actually having an educator available to fill the role. The critical issue is the fact that we have a crisis in our workforce that needs to be addressed before we can even begin to talk about equity or accessibility or any other factor."

Focus Group 3 with the topic of Access, held on 8 May 2023

Key Questions

- What does 'access' mean in an ECEC setting?
- What are the current barriers to access ECEC?
- What are the implications to a child and family from lack of access?

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- How could ECEC support more access for families?

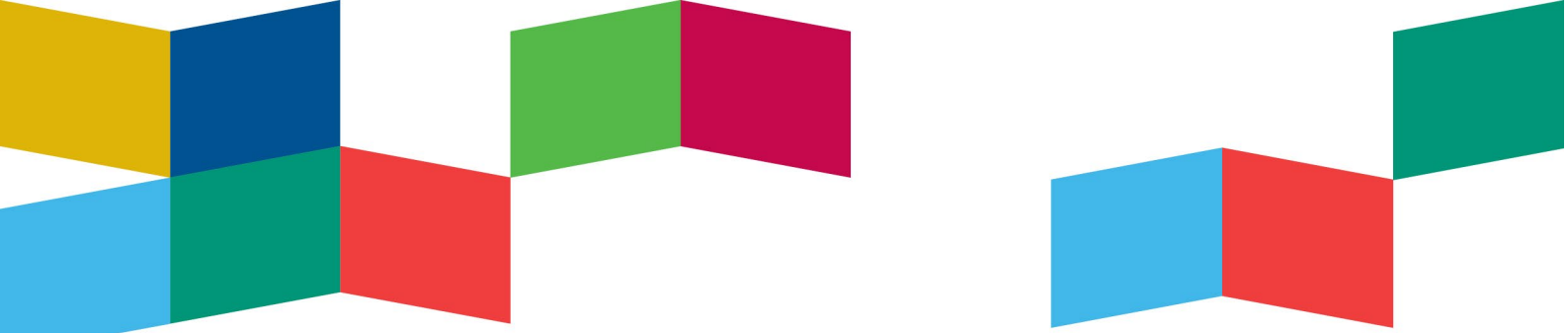
Key themes emerging from group discussions:

- Workforce – accessing good, high quality, experienced and qualified staff (including Inclusions Support staff are harder to find now more than ever). Centres make professional development and training a priority and invest in this to retain and build capacity of staff.
- For families to access ECEC, it needs to be affordable.
- Access means eligibility to access funding, particularly if parents does not qualify for CCS (lower income earners, migrants, refugees, etc.). Need to remove the activity test as a barrier, so more families can access ECEC.
- Access to wrap around services for additional needs of a child within timeframe that is responsive to the child's needs, like Inclusion Support
- Barriers to access are the difficult and time consuming systems, that centres often have developed their own approach to ensure a child gets support faster and is responsive.
- They are seeing significant increases in children coming into services with challenging behavioural issues and higher level of diverse needs since the pandemic and lockdowns. The impact of this is there is more pressure and expectations placed on Educators and ECEC to support these children without adequate resourcing, skills, funding or support (plus slowed by difficult systems).
The impact flows onto the experience of other children in the room and service, the wellbeing of staff and burnout.
- Baby rooms require a lot more staff because of mandatory staffing ratios, this resourcing which costs more and qualified, experienced staff are difficult to find.
- Accessing newly graduated educators and teachers without direct experience in ECEC services. The time investment to bring new staff up to speed, ensure the quality of the service delivered is upheld.
- Discussed different staffing models to help skill up new educators and build confidence, experience, and quality outcomes. One service uses remote administrative support (and the additional cost) to address administrative burdens that keep educators off the floor, and away from families.
- Working with vulnerable families, children in foster care and the Department which can be resource heavy and not having enough support for staff to be able to do this role well, is a balance to support the child and the other children in the centre.

Quotes:

"I think when we speak about access here, we start with the initial access to care and what that looks like, including gaining funding. I know that we do have a few families that are not eligible for childcare subsidy."

"I'm finding more and more parents, whether it's because of the pandemic, they haven't been able to access their GP or their maternal nurse. This would normally be their first point of contact in and now their first point of contact is us, their early education system to support with their child's additional health and other needs."



"We are definitely seeing a lot more children with language and developmental issues. They need language support, and social support. I don't know if it's a post COVID thing, but sometimes it's a bit of a parenting thing as well, that they need more support as parents."

"I think that we're pretty, pretty much clear that we're in a bit of a crisis in the industry."

"It's very tough at the moment. I think that we're all optimistic. We're all there for the children and our teams. So I feel that we just keep being motivated and inspired as much as we can, that's what I've sort of seen in our industry. It doesn't matter what we get thrown, we always seem to just be very resilient and turn it around for a positive. No matter what, though, and if you having a really bad day, you just have to go into the centre and hang out with the children, so we're pretty lucky"

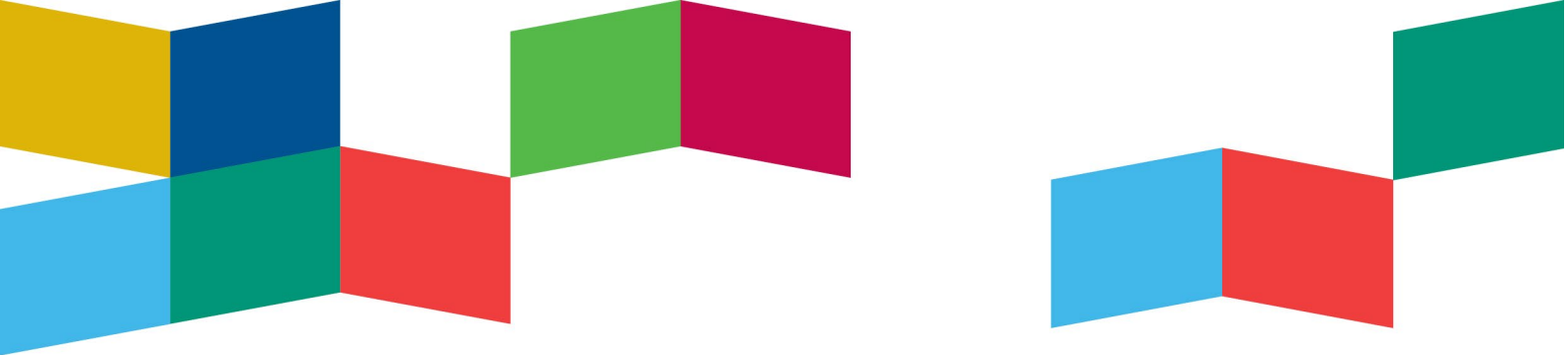
Focus Group 4 with the topic of Affordability, held on 10 May 2023

Key Questions

- What impacts an ECEC service's ability to be affordable?
- What contributes to the costs of an ECEC service?
- What are the barriers to affordable ECEC?
- Equity and affordability – does the current system offer access for all children?

Key themes emerging from group discussions:

- The impact of range factors has contributed to the increased operational costs of ECEC. These costs incurred are passed onto families as fees. These additional costs related to staffing include staff taking additional days off sick (post pandemic approach to flu symptoms), ECEC workforce are largely women who take maternity leave and return with request for reduced hours, moving from full time to part time for caring responsibilities, worker's entitlements and Workcover increases.
- Greater workload for centre operators, with less support to make things happen.
- Increased operational costs include the increased interest rates, electricity and water costs, cleaning costs (during pandemic), groceries and consumables (like nappies) with the cost of living increases.
- High quality services need to be invested in, to maintain and continue that level of quality service delivery.
- Need to invest in the ECEC workforce – to ensure there is high quality, retention, ratios and paid adequately.
- Called for more investment by the government, as there is often a failure to look at efficiencies and systems that slows ECEC services and families up.
- Importance of early years investment for long term benefits for the child, into learning, school and future careers.
- Opportunity to move away from an economic policy that solely focuses on parents returning to workforce, and instead putting the child at the centre of policy and funding decisions to ensure they achieve greater outcomes.
- Called for the abolishment of the activity test as a restrictive barrier for lower income families, single parents and most vulnerable to access ECEC.
- Needs based funding to top up families and children who need additional support.



Quotes:

"The socioeconomic structure of the childcare system, I think, is a good foundation stone. But it needs additional investment for those high needs. I personally have no problems with if centre got a bit more government money to help with those children [in a disadvantaged or lower socio-economic area], I wouldn't necessarily object to that. Some extra funding being able to deliberately direct that special funding when needed, to support our educators who know when something's wrong or there is additional support need with the child."

"I think for our sort of industry is about investing in a really strong education in early years. We don't get enough credit for that of importance.

How much as a government are they prepared to put invest in our younger children's care and education? Because that essentially that is a starting point for their life of learning and it's such an important space."

"it's really, really hard to find staff. It's really hard to find quality, qualified staff. It is a stressful experience making sure that every day, that you have enough qualified staff in ratio to all the children enrolled. That you've got the right number of staff and qualifications."



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