



# Productivity Commission – ECEC Inquiry Draft Report

Submission

February 2024

A Joint Submission by:



Community Child Care Association



Community Early Learning Australia

## About Us



### Community Child Care Association

From a small beginning, Community Child Care (CCC) has grown significantly, and is now the peak body in Victoria for community-owned education and care, supporting long day care, outside school hours care (OSHC), kindergarten, family day care and occasional care educators, teachers, leaders, coordinators and directors. CCC's vision and purpose are underpinned by the belief that all children deserve the best possible start in life, regardless of their circumstances. Our vision is for excellent early childhood and outside school hours education and care for all and our purpose is to lead, support and advocate for accessible high-quality opportunities for children and families.

As a trusted sector leader, CCC provides leadership and advocacy, works with governments toward improvement in the sector and supports services with membership, quality professional development and consultancies. CCC equips and supports early childhood and outside school hours care services, educators and their communities with the skills and confidence to deliver high quality inclusive education and care services.

CCC's advocacy helps to enable and strengthen the development and retention of Victoria's community-owned education and care sector.

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## Community Early Learning Australia

Community Early Learning Australia™ (CELA) is the voice for Australia's early education and care sector. As a peak body, our vision is for all of Australia's children to have access to quality early education, regardless of economic circumstance or where they live.

CELA supports over 1,800 members employing more than 27,000 educators and teachers nationally. Our members include community-managed not-for-profit, government, and privately owned small providers, delivering preschool, long day care, outside school hours care, and family day care services.

Our Mission is to:

- Deliver effective and expert support for our members, enabling them to deliver quality early education and care for all Australia's children.
- Influence policy makers and government by amplifying the voices of community based and small providers.
- Promote the value and importance of community-based early education.

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# Introduction

CCC and CELA welcome the opportunity to further contribute to the Productivity Commission Early Childhood Education and Care Inquiry. As we have stated in our previous submissions CCC and CELA are driven by a mission to ensure that every child can experience the benefits of high-quality education and care no matter where they live, or what their parents earn.

CCC and CELA have an extensive track record advocating on behalf of small providers and community managed not for profit services. The recent ACCC inquiry into early childhood education and care services has confirmed what we have known for a long time: community managed services consistently provide the highest quality education and care, at the lowest cost to families in the areas that need it the most.

The early childhood sector grew out of the community model, as local areas responded to the needs of families and children. The community sector has also been shown to consistently provide the maximum return of any government investment, as funds are consistently reinvested to drive quality and child focused outcomes. We are proud of the contribution of community managed services and support the findings outlined in this draft report that encourage further investment to ensure its growth in the future.

The Productivity Commission has been tasked with the role of identifying a pathway towards the development of a truly universal education and care sector, in line with great reforms such as Medicare and universal superannuation. CCC and CELA are supportive of this bold vision. As we stated in our previous submission, we see this as an opportunity to fully unlock the benefits of education and care by:

- Putting children at the centre of policy objectives including providing a guarantee of access to at least 30 hours or three days of education and care.
- Valuing our educators and teachers by delivering professional pay without increasing costs to families.
- Recognising the potential of education and care including outside school hours care as essential infrastructure to provide holistic health, wellbeing and development support to children and families.
- Investing in inclusion to ensure every child, no matter their ability or background, feels a sense of belonging and can maximise their potential.
- Maximising choice and return of government investment supporting the role of the not-for-profit sector in education and care provision.
- Delivering a simpler system for families to access and navigate through improved coordination between state and federal government.

We are pleased that many of the findings and recommendations outlined in the draft report, and the ACCC final report into the early childhood education and care sector support these priorities.

# Executive summary

This inquiry will shape the direction of the education and care sector for the next decade. As such, the vision for the next ten years needs to be clear, ensure that children's needs are at its heart, and set a clear course for action.

The Executive Summary of the Final Report must include a clear unambiguous headline message on its core conclusions and recommendations. Without this, there is a risk that the Productivity Commission's point of view and priority actions may be lost within the substantive detail.

The education and care sector has a track record of supporting successful large-scale national reforms. We are ready for the next phase of reform to achieve a universal, affordable quality early education system.

CCC and CELA are broadly supportive of the key findings and recommendations outlined in the draft report including:

- Recommending up to 30 hours/ three days a week of quality ECEC to be available for children up to 5 years – including increasing the subsidy for low-income families to 100% and removing the activity test.
- Recognising that delivering a universal system means ensuring it is truly inclusive of all children, as well as addressing the cost and complexity barriers for participation.
- Recognising that addressing persistent workforce challenges including low pay and conditions, is the first step towards delivering on this ambition.
- Recommending that direct government investment in communities is needed to address lack of supply, especially in rural and regional communities.
- Recognition of the challenges facing the community managed and not-for-profit sector and the benefits of investing in its growth.
- Recommending greater Coordination between governments, including through the establishment of ECEC commission to reduce complexity and increase impact of government investment in the sector.

We agree with the PC's views that there are higher priorities than moving straight to a 90% subsidy and higher impact areas for Government to invest. The proposed amendments to the activity test to allow for every child to access 30 hours or three days a week of education and care and increasing the subsidy to 100% for low income and disadvantaged children is a significant step towards delivering universal access.

However, in recognition of the opportunity for truly effective long-term reform, CCC and CELA believe that several recommendations and findings could be further strengthened in the following areas:

- Workforce
- Supply side funding
- Inclusion; and
- Expanding community managed and not-for-profit services.

## Workforce

Workforce supply remains the number one issue for the sector. Multiple inquiries and reports show that shortages are persistent and universal across the sector. Both the ACCC inquiry report and this draft report find lack of qualified staff means fewer places are available to children and families and preventing expansion of services.

Delivery of universal education and care is dependent on supply of a qualified education and care workforce. The current findings and recommendations of this draft report should be strengthened to more clearly identify actions to address this issue including:

- Finding that workforce shortages are persistent across the education and care sector and that structural issues have prevented market forces from addressing driving factors, including low wages and poor conditions relative to other sectors.
- Finding that there is a direct role for government intervention to ensure adequate supply of qualified staff including through subsidising wages to ensure affordability for families, including consideration of current multi-employer bargaining mechanisms under the Fair Work Act.
- Recommending that, consistent with ACCC findings that supply side subsidies may be required to service supply and quality gaps, the federal and state governments invest in a direct wages subsidy to fix the professional wages gap between early educators and teachers and other government funded essential workers including aged care, disability care and schools.

### Supply side funding

In addition to strengthening recommendations and findings on workforce measures, CCC and CELA also continue to advocate for the consideration of appropriate supply side subsidies to deliver universal education and care. Particularly to ensure universal high quality and inclusion.

Consistent with the mix of demand and supply side subsidies as suggested by the ACCC final report, The Productivity Commission should recommend investing in supply side funding programs across education and care services to deliver specific policy priorities including:

- A government funded wages subsidy.
- Expansion of teacher led preschool programs to three *and* four year olds in services that meet families needs, across a variety of settings
- Embedding inclusion practices across the ECEC sector including investment in inclusion capability and improving the additional educator subsidy to deliver on the ambitions of a universal ECEC system and the NDIS review.

We support the findings of the ACCC that one funding system will not work for everyone, everywhere, and that a combination is likely to be required. Therefore, we accept, in the medium term, improved demand-driven subsidies could be maintained as the primary financing instrument, complemented with the right balance of supply-side funding to address access and supply shortages in unserved and under-served markets.

### Inclusion

To further support inclusion measures, the Productivity Commission should make an additional recommendation in the short term to support inclusion agencies and inclusion support funding including:

- New investment recognising the role of inclusion agencies in developing skills and capacity of staff and services to support children with additional needs.
- Increased funding to match the genuine costs of providing additional support staff at the diploma qualified level.
- In the long term to review the delivery of inclusion support sector to ensure the most effective strategies are utilised to maximise inclusion and access

### Expanding community managed and not-for-profit services.

The community managed and not-for profit sector is an efficient provider of high-quality education and care, particularly in areas of greatest need. There is significant potential to grow these services with the right policy settings and support.

The Productivity Commission should recommend establishing new financing and regulatory settings that create stronger incentives for the NFP sector to grow. This

will optimise public outlays and actively ensure all families have the choice of a high quality, inclusive and affordable NFP service in their community.

# Response to key draft findings and recommendations

## **ECEC is positive for many children, but those who would benefit the most are least likely to attend**

CCC and CELA strongly support draft findings 1.1, 2.1 and 2.2. In particular, we wish to highlight the finding that evidence shows that children benefit from attending *high-quality* education and care. The evidence outlined in supplementary paper 1 of this draft report shows that quality is the key determinant of how much children benefit from education and care. Measures implemented to expand delivery of education and care to achieve universal access objectives, must not come at the expense of quality measures, including staffing or qualifications.

CCC and CELA agree with this finding and that this is a significant limitation of the current funding model. As a result, communities that need education and care the most have the least access.

We agree with the general finding of the ACCC final report that both centre-based and outside school hours care services are concentrated in areas where there are high earning, dual income families.

The potential of higher inclusion costs in areas of disadvantage also affects the viability of services. Gaps in funding for additional resources to meet inclusion needs of children are often passed onto families in the form of higher fees, impacting profitability, viability, and access to services. In areas of high price sensitivity this can create a disincentive to accept enrolment of children with additional needs, or it can lead to a decision not to operate at all.

## **All Children should have an ECEC entitlement**

As stated in our initial submission CCC and CELA strongly believe that all children should be able to access the benefits of education and care regardless of where they live or their parent's work status.

The evidence base conclusively shows the significant value of investing in quality education and care from birth to age five for improved child outcomes and reduced poverty and social inequality. Outdated distinctions between 'care' and 'education', and the ages at which these happen, are limiting the potential impact of Federal and State government investment. This confusion of purpose is contributing to a system that is expensive, difficult to navigate and failing to meet its full potential for social and economic impact.

To meet the objective of a universal, affordable ECEC sector we strongly support resetting policy objectives to put children and their needs at the heart of the system. If we prioritise the needs of children, the benefits to families and the economy will flow.

## **Availability gaps will have to be tackled to achieve universal access**



The draft report clearly outlines that there will need to be significant growth in the sector to deliver the promise of universal access. Ensuring universal access will mean ensuring appropriate services are available in all communities. This is especially the case in rural, regional and low SES areas, where commercial viability factors are not strong enough to ensure market provision of supply. The recent State of Australia's Regions report outlines clearly that access to quality education and care plays a central role in supporting productive, sustainable regions. Delivering better outcomes for children and participation and productivity benefits for families, communities and local economies<sup>1</sup>.

'Thin' markets encompass the range of circumstances for communities including low population, fluctuating population (including impact of fly in/ fly out workers, changes to industry and fluctuating birthrates). Consistent provision of education and care in an area, provides broader community benefits beyond workforce participation and child development.

Community managed not for profit services have been shown to be more likely to offer services in areas of high need, and they are best equipped to provide placed based solutions to address community need. However, greater support is needed to ensure the continued viability and expansion of services, as outlined further in our response to information request 5.1.

From direct experience working with areas seeking to develop or expand access to ECEC services in areas of low population, it takes the following to be successful:

- Local champion / leadership identifying community need (eg: LGA, or ECEC Commission)
- Access to capital to build the infrastructure required;
- Access to land accessible by the community;
- Specialised expertise for accessing grants and funding
- Workforce strategy responding to location
- Ongoing flexible supply funding that enables the service to adjust to changing circumstances.
- Ongoing flexible supply funding that supports quality provision and low fees which enable equitable access and inclusion.
- Governance that enables localised decision making.

CCC and CELA strongly support draft recommendation 5.1 and further recommend the following:

**Proposed additional finding:**

*Not-for-profit providers are efficient and effective in delivering quality services in areas aligned with Government objectives through improved pay for staff, lower staff turnover, more provision for communities facing disadvantage.*

**Proposed additional recommendation:**

*That funding to support increase supply of services, including supply side and capital funding, be provided with consideration to ensuring a balanced market between for profit, not for profit, community managed, small and large providers, ensuring families have choice and can access the type and form of education and care that suits their needs.*

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<sup>1</sup> Australian Department of Infrastructure, Transport, Regional Development, Communications and the Arts, 6 Feb 2024. "State of Australia's Regions." Pg: 52  
<https://www.infrastructure.gov.au/departments/media/publications/state-australias-regions-2024>

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### **Case Study - Meekatharra childcare desert**

*Meekatharra is a small, tight-knit and remote community in the Mid- West of Western Australia. With a population of 675 people within the town, there is a large culture around community connections and sport. However, the population is highly fluctuating with FIFO workers and a significant population of culturally transient people, who may be based within Meekatharra moving in and out of the area to live elsewhere for sustained periods of time. Without critical community infrastructure such as long day care, their ability to attract and secure permanent specialist workers in areas such as local government, health and education is limited.*

*CELA was commissioned to complete an assessment of the provision of long day care services by the local shire in 2023. Meekatharra is a childcare desert. There is no long day care service in the town or shire and there have been a growing number of children missing out on the benefits that early childhood education and care that can provide for optimal learning and development.*

*CELA found that a community managed, multi-purpose early education and care model, would be most appropriate to meet community needs. Including long day care service, allied and parental support services, and a mobile service to provide early education, pop-up play groups, and other required services for nearby remote communities, localities or towns.*

*Investment in a long day care service would benefit the town through increased parental participation in work and encourage more permanent settlement in town. More importantly, what the town residents wanted, is for opportunities for members of the community to engage in purposeful work and saw that early education could create an infrastructure that can support the community to care for each other. If children can access ECEC it can provide a culturally safe space while parents are able to engage in social enterprise that is designed by them. Supporting the health, and social wellbeing of not just children, but the wider community.*

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## **Availability can only be improved if workforce challenges are resolved**

Universal access to education and care cannot occur without addressing the short term and long-term supply of qualified educators and teachers in the sector.

The ACCC draft report found that children and families' access to education and care is already being reduced as a result of staff shortages. Despite consistent findings across many reviews that low wages and poor conditions are driving these shortages, PC draft recommendations do not set out this as a clear priority for action, nor does it call out the role of government to fund the required increases.

It is clear across the ECEC sector that current demand driven subsidies have not been sufficient to support necessary improvements to wages and conditions and in fact have contributed to downward pressure by creating a direct nexus between parent fees and wage increases. This has exacerbated staff shortages in areas of disadvantage and regional and remote communities as their ability to attract staff is impacted by families limited capacity to pay higher fees.

There is significant precedent for government intervention in wages through the provision of funding in both local and international examples. The Federal

government has provided direct funding to increase wages in the Social and Community Services sector, and most recently the aged care sector. The Victorian Government provides additional funding to services to support the employment of teachers and kindergarten assistants under the Victorian Early Childhood teachers and Educators Agreement, New Zealand has long provided additional subsidies to support the employment of qualified staff under approved agreements<sup>2</sup> and the Irish government funds pay increases for early years employees as part of their core funding scheme<sup>3</sup>.

While CCC and CELA agree with draft finding 3.1 This should be strengthened to better identify the role of governments as primary funder of the education and care sector. A new recommendation should also be included to set, as the foundational action for government, addressing workforce challenges to deliver universal education and care.

**Proposed additional finding:**

*That low wages and conditions have driven workforce shortages across the education and care sector. Governments intervention to ensure workforce supply through funding increased wages and improved conditions for staff is necessary to maintain affordability and accessibility of education and care services.*

**Proposed additional recommendation:**

*As a necessary first step towards delivery universal education and care, Federal, State and Territory governments should consider options, including the provision of a direct wages subsidy, to address low wages and conditions for the education and care workforce as a matter of priority.*

*Governments should consider the opportunity provided by new industrial relations legislation, including the multi-employer bargaining under the supported bargaining stream, to work with the sector to deliver funded increases to educator and teacher pay.*

## **Affordability and complexity should not be barriers to ECEC access**

CCC and CELA strongly support recommendation 6.2 of this section that the government modify the CCS to allow for 30 hours/ 3 days of subsidised care without an activity entitlement and increase the subsidy rate for low income families to 100%.

We agree with the Productivity Commission that this reform will benefit low income families the most while increasing access for all children. We also agree that there are higher priorities than moving straight to a 90% subsidy and higher impact areas for Government to invest.

As we note in our response to information request 9.1 scope for broader funding reform below, we see this as an important first step, however note that the CCS has been found to act as a barrier for participation for some families including in Aboriginal and Torres Strait Islander and Culturally and Linguistically Diverse communities.

In particular, we support the ability for all children to access up to 30 hours a week of subsidised education and care without an activity requirement. CCC and CELA have

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<sup>2</sup> <https://thesector.com.au/2023/09/04/major-changes-in-new-zealand-showcase-value-of-early-learning-professionals/>

<sup>3</sup> <https://enterprise.gov.ie/en/news-and-events/department-news/2022/september/070920221.html>

consistently advocated for the abolishment of the Activity Test as this will enable greater participation of children as well as support parents.

CCC and CELA also recognise that with these reforms and the possible development of supply side funding, it is reasonable for fees to be monitored to ensure government funding is effective in increasing access and affordability for families, as well as identify factors impacting price increases. Where supply side funding is provided, measures to ensure funding is delivered for its intended purpose are appropriate. State preschool funding conditions provide reasonable examples of this.

We suggest that a three-yearly cost and price review is too infrequent to reflect significant variations in price year-to-year but annual ACCC-like process is too high an administrative burden for providers. A triennial review might be acceptable with a reasonable indexation formula in between.

## A universal ECEC system has to be inclusive of all children

CCC and CELA strongly agree that a universal ECEC system must be inclusive of all children. All children benefit when inclusion and diversity is prioritised. While we are supportive of the recommendations outlined in this section, including reviewing funding eligibility requirements to reduce complexity and increase continuity of care for children, we propose the following recommendations:

### **Proposed revised recommendation 2.4 :**

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

- *increasing the current hourly subsidy rate so that it subsidises 100% of an additional educator's wage, up to the median hourly wage of a diploma qualified educator and ensuring it is indexed to the Wage Price Index or relevant funded wage rate.*
- *removing limits on the weekly hours the subsidies can be approved for and ensuring they align with the child's enrolled hours*

We are cautious of the ability to utilise funding for allied health staff or other professionals as the additional educator. Additional staff who are not also qualified in early education and are not providing care and education to all children in the room, should not be counted towards staff: child ratios. Where this is necessary for the full participating of the child in a service, it may be appropriate, however having 'specialised' staff associated with specific children may negatively impact their inclusion in the service. Signalling out that the child is 'different'. While we recognise the benefits of inclusive practices for children in ECEC, we advise against measures which may see allied health delivered in ECEC programs.

### **Proposed additional recommendation :**

*Funding for inclusion agencies is reformed to ensure each state is funded based on the number of services at a ratio of 1 IP to 30 services under five year funding agreements, adjusted by CPI.*

### **Proposed additional recommendation :**

*To support further long term reform, review the delivery of the inclusion support sector to ensure the most effective strategies are utilised to maximise inclusion and access.*

Inclusion agencies provide invaluable capacity building and support for services to develop and implement inclusion-focused practices. There is currently a very large need for support being identified by families who have experienced stress and trauma over the last few years. This is combined with an inexperienced workforce that requires additional support to understand the ISP and to develop new inclusion capability. The demand for high quality inclusion support from services and families is

growing and yet current funding models have seen a shortfall across larger states, who received the same funding irrespective of the number of services.

CCC who is also an Inclusion Agency received 8658 requests for inclusion support from services, a 9% increase on the past 12 months. At present our ratio is 3,450 services to 55 IPS or 62.7 services to 1 FTE IP. This simply does not allow for Inclusion agencies to provide the level of supported needed and expected by services.

Therefore, to deliver high quality inclusion support, to this very stretched workforce and ever-growing number of services, that provides long term capacity building and impacts for the inclusion of all children equitably, we believe a ratio of approx. 30 services to 1 FTE IP is required.

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### **Case Study –Inclusion Agency support, Nido Early School Kingsbury Victoria**

*Direct support provided by Inclusion Professionals have assisted services to build their skills and 'tool kit' for supporting children with diverse needs and backgrounds.*

***“One of our kinder rooms was a busy space, with many children presenting with behaviours that resulted in a complex group dynamic. Our kinder team was feeling overwhelmed. So, we reached out to our Inclusion Professional to access immediate support and collaborated to create a Strategic Inclusion Plan. With their help, we were able to access funding for additional educators to increase the overall level of support our educators could provide the children.***

***We focused on understanding how trauma, neurodivergence and sensory processing can impact children's ability to self-regulate. We discovered that colleagues are our greatest asset – leaning on each other when we feel overwhelmed or exhausted is essential to maintaining wellbeing in the workplace. Further, reaching out to allied health professionals, inclusion support and Preschool Field Officers is so important. Without the support of our IP, our year would have been very different!” – Director Nido Early School Kingsbury***

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## **ECEC is critical to the wellbeing of many families**

We strongly support the findings of this section of the draft report, including the increased participation of women in paid work. However, we also highlight the benefits beyond workforce participation and increased earnings for families. Facilitating respite, access to training, and community participation of parents and caregivers, while supporting child health, wellbeing and development. The recommendation to provide for up to 30 hours / 3 days education and care regardless of activity level will actively support more children and families to experience these benefits.

## **ECEC services should be flexible and responsive to the needs of families**

While it is important for a universal education and care system to be flexible and responsive to the needs of families, further consideration of how this is achieved is needed. For example, some limitations of flexible access are the direct result of funding structures and lack of coordination between federal and state governments. For example, occasional care services funded under the CCS have become increasingly unviable, and alternative funding for provision of these services may be needed.

We caution that flexibility for families through the implementation of outside-preschool hours care models needs to be considered carefully as this can have unintended impacts on quality and the workforce. Compared to long day care services provided to children aged 0-6 years, there are currently no nationally consistent minimum qualifications required for staff providing Outside School Hours programs for school aged children. Characterizing extended care in preschools/ kindergartens as 'outside preschool hours care' may have the effect of lowering quality requirements that would otherwise apply to children of this age.

The needs of younger children, as well as the focus on play-based learning means that these programs are better captured in the long day care model. Supporting preschool/ kindergarten services to offer extended hours long day care programs, will ensure quality standards are maintained for children and the contribution of play based learning for children prior to school age is recognised. Better coordination between federal, state and territory governments is needed to establish future models of provision that better reflect that care and education occur from birth, while meeting the needs of working families.

The lack of services operating outside of ordinary work hours may reflect a lack of demand, but also the needs of children. For example, some early childhood education and care services co-located with hospitals are approved to be open until 11:30pm at night to accommodate shift workers. However, in one of our recent projects, CELA found many services are no longer offering this due to both relatively low demand for these hours; and inability to find qualified educators willing to work evening hours for the wages providers can afford to offer.

CCC and CELA recognise that some communities need additional resources and we support integration of allied health, playgroups and other programs to provide wrap-around support for children and families. The first five years of life are a time of enormous developmental change and growth. The early childhood sector is often the first and most regular contact families have with the formal childhood development sector. This regular contact and observation of children and families can support early identification of developmental delays or issues and support access to intervention which can have lifelong benefits.

Some of our members have been able to establish partnerships with allied health professionals, or sourced philanthropic funding to support them, and these partnerships have been beneficial for children and families at these services. However, children should not have to rely on philanthropy to have their developmental needs met. One option is to model the Victorian Government's School Readiness Program, which provides a suite of evidence-based programs for education and care services to access, depending on their needs. This includes access to pre-purchased allied health services, bulk purchased by the Department, covering a range of geographical areas across Victoria. Extending this model to include children of all age groups as well as the provision of family support and education services will significantly improve outcomes.

## **Many Aboriginal and Torres Strait Islander Families prefer Aboriginal Community Controlled Organisations**

Ensuring universal access means ensuring that all children and families are able to access services where they are respected, understood and have a sense of belonging. For many Aboriginal and Torres Strait Islander children and families, this means having access to Aboriginal Community Controlled Organisations.

CCC and CELA support the recommendations 6a of the ACCC that the Australian Government should consider maintaining and expanding supply-side support options

for Aboriginal Community Controlled Organisations that provide child care and additional support services for First Nations children, parents and guardians. We also support the recommendations of SNAICC on further reform to the CCCFR to provide greater long-term funding to ensure continuity of service.

The recently revised Early Years Learning Framework has placed a more direct emphasis on embedding Aboriginal and Torres Strait Islander culture and history into program and practice. However, as this has only come into effect from 1 January 2024, further time is needed to understand how services respond to this. Support for inclusion agencies as outlined above can further increase capability across the sector to promote and embed cultural safety.

## **Quality is paramount to achieving the benefits of ECEC**

As stated above it is clear that quality is the key determinant of the level to which children benefit from access to education and care. Support for measures which drive continuous quality improvement is critical to the success of delivering universal access.

There continues to be broad sector support for the National Quality Standards, and while families may not fully engage with this system, the ACCC final report clearly found that quality is the key driver of families decision-making when it comes to accessing education and care<sup>4</sup>.

CCC and CELA agree with draft finding and recommendations that regulatory authorities could be better resourced to improve reporting performance. Consistent and regular assessments are necessary to maintain high quality, as well as equip families with information they need to compare services.

CCC and CELA also agree with draft recommendation 8.4 to incentivise quality provision in approval of new ECEC services. It is appropriate that providers wishing to expand services should be able to demonstrate a capacity to consistently meet or exceed minimum quality standards. It is also appropriate that new service approvals prioritise higher rated providers over those with lower existing service ratings.

## **New coordination mechanisms will support universal access**

CCC and CELA strongly support the need for mechanisms to support improved coordination of government policies and initiatives across the education and care sector. In particular the development of a new National Partnership Agreement and the establishment of a ECEC commission.

Moving to universal education and care system, recognised as an essential part of Australian education system requires a resetting and restatement of government objectives and priorities, as noted in Recommendation 1 of the ACCC final report. Coordination is essential for maximising the impact and efficiency of government funding in the sector as well as reducing complexity for families. CCC and CELA support a stronger role for governments as system stewards, in partnership with sector stakeholders including providers, staff and families.

Further response to these recommendations is provided under information request 9.2 below.

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<sup>4</sup> ACCC, December 2023, "Childcare Inquiry Final Report". Pg 2 <https://www.accc.gov.au/inquiries-and-consultations/childcare-inquiry-2023/december-2023-final-report>

# Information requests

## Suitability of the National Quality Framework for Outside School Hours Care

Outside School Hours Care (OSHC) provides a valuable service to school aged children and their families, however it is often overlooked and its potential underestimated due to an undervaluation of care and recreation as part of children's wellbeing and development.

CCC and CELA strongly support the inclusion of OSHC services in the National Quality Standards, but also agree that the current standards do not adequately reflect the role or reality of the provision of OSHC to school aged children.

Outside school hours programs are predominantly provided on school grounds in rooms and facilities that may serve a dual purpose during school hours. They also provide programs across a range of age groups from children as young as five to as old as 12, reflecting differing levels of independence, needs and risks. Programs are driven by recreation, socialisation and rest and should reflect the interests of the community of children including sports, arts and music.

While mostly considered by the community and school management as a service to support working families, the benefits of OSHC are much broader than just workforce participation. Care and education which occurs outside of formal school times provide opportunities to support child development and wellbeing through a focus on social and emotional skills, problem solving, physical and mental health, nutrition, inclusion and creativity. All of which contribute to greater capacity to engage with and succeed in formal schooling as well as better health and wellbeing outcomes over their lifetime.

Mental health issues are increasingly present in school aged children, exacerbated by the recent COVID pandemic. Around 13.6% of Australian children aged 4-11 are experiencing a mental health disorder, with anxiety and ADHD being the two most common conditions in this age group<sup>5</sup>. Outside school hours care programs, with appropriately qualified staff can support children's complex needs as well as work in conjunction with school support services to connect families and children to appropriate professional assistance.

These benefits are particularly amplified in areas of disadvantage, where there may not be positive alternatives for child recreation, in areas of high prevalence of domestic and family violence, where home resources for homework are limited, where they would otherwise be unsupervised or where there may be limited access to healthy food.

CCC and CELA strongly believe that a greater understanding of the role and value of OSHC as well as greater integration with the primary school community will lead to better outcomes for children, better full-time jobs for OSHC staff, as well as promote broader school values and objectives.

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<sup>5</sup> Black Dog Institute, May 2021. "Children's mental health and wellbeing.' Pg 3  
[www.blackdoginstitute.org.au/wp-content/uploads/2021/08/20210525\\_Childrens-mental-health-and-wellbeing.pdf](http://www.blackdoginstitute.org.au/wp-content/uploads/2021/08/20210525_Childrens-mental-health-and-wellbeing.pdf)



The current National Quality Framework is limited in its recognition of this unique role and circumstances of OSHC. CCC and CELA support the development of nationally consistent and legislated minimum standards for the outside school hours care sector. In particular consideration should be given to nationally consistent qualifications standards, in line with the current QLD requirements.

These qualifications recognise that early childhood qualifications are of little relevance to outside school hours programs catering to school aged children. However, they do recognise that a variety of other qualifications do equip staff to recognise and meet the needs of children in a recreational program including OSHC specific qualifications, sports and recreation, arts and music, health sciences and social work.

Additionally, consideration should be given to adjusting environmental and supervisory requirements to recognise that most services are provided on school grounds. Access of children to school infrastructure such as playgrounds, which is considered safe during school time, should not be arbitrarily restricted. Supervisory requirements may need to consider the numbers of children at various ages, as well as the unique environmental arrangements of the facilities. CCC and CELA agree with the suggestion in this draft report, that better training and guidance to state regulators on the unique characteristics of OSHC would support a more reasonable approach to assessment and rating.

## Low rates of expansion among not-for-profit providers

The Community managed, not for profit sector has a long and proud history of providing high quality education and care services to children across Australia. Prior to the 1970's long day care services received no financial assistance from the Australian government and were instead funded mostly by philanthropic or private organisations.<sup>6</sup>

The first community managed services were set up in the early 70's<sup>7</sup> following the start of Australian government involvement in funding provision of education and care services through the Child Care Act. Community not for profit services received block operational funding which covered 75% of wages costs, and additional fee subsidies were provided to assist affordability of low- and middle-income families. To ensure supply of services to meet increasing demand driven by women entering the workforce, the federal government also offered capital grants to establish new services. These were further supported through recurrent operational funding to deliver a set number of places<sup>8</sup>.

Not for profit community managed services represented the majority of the long day care market until funding reforms in the early 90's introduced demand driven subsidies and allowed the for-profit sector to receive government funding for the first

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<sup>6</sup> Centre for Policy Development, August 2023. "A brief history of commonwealth involvement in early childhood education and care in Australia." Pg: 1 <https://cpd.org.au/wp-content/uploads/2023/09/CPD-History-Commonwealth-ECEC-1.pdf>

<sup>7</sup> <https://www.cccinc.org.au/about-us/history>

<sup>8</sup> Centre for Policy Development, August 2023. "A brief history of commonwealth involvement in early childhood education and care in Australia." Pg: 5 <https://cpd.org.au/wp-content/uploads/2023/09/CPD-History-Commonwealth-ECEC-1.pdf>

time<sup>9</sup>. The end of operational funding for community services in 1997 and further reforms to parent subsidies in the early 2000s triggered a growth in for-profit services. The for-profit sector has grown by over 30% since 2015, while the community managed and not-for-profit sector has declined by 8%. Over the past decade there has been a shift in the proportion of the market operated by large providers, from 31% to 35% since 2016<sup>10</sup>. The for-profit sector now represents 68% of the long day care sector, 48% of the Outside School Hours Care sector and 51% of the overall ECEC providers<sup>11</sup>.

Specific policy decisions to prioritise the expansion of early education and care by incentivising the private-for-profit market have been responsible for the stagnation of the community not-for-profit sector<sup>12</sup>. Capital and operational funding for community managed services supported the delivery of education and care in communities where there was a need. However, as outlined in the ACCC final report the shift to demand driven subsidies and a primarily market driven approach has resulted in providers being incentivised to set up in markets where returns are maximised<sup>13</sup>.

While the market driven model can be argued to have sped up the growth in supply of services, where this growth has been driven by the for-profit sector, it has come at the cost of funding efficiency for government. When government investment is targeted towards not-for-profit providers the benefits and returns are increased. This is because the need to maintain a margin for financial return in for-profit services diverts resources away from direct service provision. It also distorts incentives for ECEC providers, encouraging them to reduce costs and quality to maximise financial returns for the owners.<sup>14</sup>

This is supported again by the recent ACCC final report which found that not-for-profit services generally provided services of the highest quality, at the lowest cost to families and reinvested income into quality measures such as increased wages<sup>15</sup>.

The provision of a high-quality universal education and care sector with an efficient share of costs between governments and families is dependent on the provision of services in a balanced market. A balanced market needs to ensure that community not-for-profit services remain viable and can expand into communities where there is a need. There should be a genuine choice for communities who need access to ECEC services about how that service is provided to them.

Investing in community not for profit services will also ensure a balanced market between large and small providers. While the consolidation of the ECEC sector does provide some advantages, the experience with ABC Learning shows the impact on children and families where this fails. A balance of small and large providers

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<sup>9</sup> Centre for Policy Development, August 2023. "A brief history of commonwealth involvement in early childhood education and care in Australia." Pg: 3 <https://cpd.org.au/wp-content/uploads/2023/09/CPD-History-Commonwealth-ECEC-1.pdf>

<sup>10</sup> <https://www.acecqa.gov.au/nqf/snapshots/2013-2022>

<sup>11</sup> <https://snapshots.acecqa.gov.au/Snapshot/stateofthesector.html>

<sup>12</sup> Ibid Pg: 1.

<sup>13</sup> ACCC, December 2023. "Childcare Inquiry Final Report". Pg 6 <https://www.accc.gov.au/inquiries-and-consultations/childcare-inquiry-2023/december-2023-final-report>

<sup>14</sup> The Economic Benefits of High Quality Early Childhood Education, Grundoff, M, The Australia Institute, March 2022 [https://australiainstitute.org.au/wp-content/uploads/2022/04/Economic\\_Aspects\\_of\\_ECEC\\_in\\_Australia\\_FINAL.pdf](https://australiainstitute.org.au/wp-content/uploads/2022/04/Economic_Aspects_of_ECEC_in_Australia_FINAL.pdf) pg: 37

<sup>15</sup> ACCC, December 2023. "Childcare Inquiry Final Report". Pg 25 <https://www.accc.gov.au/inquiries-and-consultations/childcare-inquiry-2023/december-2023-final-report>

minimises the risk of service failure across communities and excessive market consolidation must be avoided, particularly in the for-profit sector.

The community managed services are managed by the people living in the community and are therefore best placed to identify and respond to specific community needs. CELA's extensive consultation in areas where there is demand for long day care services shows that communities prioritise services that are reflective of the values, culture, and circumstances of the local area. Community managed services direct engagement of local people, also supports the provision of placed based programming, supporting enhanced participation in education and care by multicultural and Aboriginal and Torres Strait Islander children and families.

It is clear that community-managed and not-for profit services play a vital role in providing high quality education and care, especially in diverse communities and regional and remote areas. However, a balanced market also means families should have a choice of provider type, no matter their geographic location.

The long-term growth of the community managed and not-for-profit sector can be secured through targeted support that recognises their unique value.

#### Capital funding for infrastructure and land

Expanding the market share of community managed and not for profit services is dependent on establishing new services. The greatest barrier to expansion of new not for profit community services is in access to capital funds and land.

Not for profit providers, especially small community managed services have distinct barriers to accessing capital for new builds or extensions of current services. This is because NFP providers are not positively assessed under existing bank loan scheme given their reduced 'margins' as a result of effectively reinvesting income into quality measures.

When setting up a new service, communities are often required to identify and source a range of funding, including from local councils, local industry and philanthropy. Seeking these multi sources of funding can take years and is also dependent on community capacity to identify and pursue it. Capital funding available under the current CCCF is inadequate to establish new services in areas of need.

Generally, a new long day care service will cost around \$4-6 million to build (before land costs). Capital grants under the Limited Supply grant of up to \$900,000 over 2 years mean significant capital needs to be raised from other sources. The limited funding also means demand is significantly higher than available funds and many areas with identified under supply may still not be able to benefit from grants due to the competitive process. Communities impacted by disadvantage which otherwise would be eligible to receive funding can miss out if data fails to be accurate enough. High level data can fail to identify areas of disadvantage where they are "hidden" in regions with pockets of high incomes due to industries like mining and commercial fishing.

Competitive government grants can be complex and costly to develop applications for. Assistance to not-for-profit services, councils and community groups to develop project plans would greatly assist. Support could be offered through the ECEC commission, or through support to connect to professional organisations such as ECEC peaks, to assist in the development of applications and viability studies.

The delivery of new services is also contingent on access to land. Many government grants provide money for construction, but not for the land. Councils and state governments are critical in identifying and releasing land which may be possible to develop into new services. State school sites and existing state government infrastructure such as hospitals and TAFEs could be utilised for new services.

Successful expansions of services in area of low supply occurred where there has been direct support from local council who provided leadership, investment in community consultation and business case development. Connecting councils with the information on available funding options and support for business case development can facilitate greater expansion and delivery of services in areas of low supply. Councils are central to the successful development of new services, acting as project convenors or coordinators and then facilitating hand over to community management of the service. Engaging councils in understanding the benefits of education and care services, as well as models of provision can also help to avoid unnecessary local planning barriers to development.

Engagement of local industry in supporting the development of local infrastructure such as education and care services is another avenue to support expansion of supply. Regions where there is significant industry investment including green energy projects, mining and agriculture are reliant on attracting and retaining qualified workers. Government project planning permission could consider measures to promote local investment on behalf of industry back to the local community, prioritising education and care.

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### **Case Study – Curry Kids, Cloncurry QLD**

*Cloncurry is a remote town in the Northwest of Queensland, known informally by the locals as 'The Curry'. Access to high quality education and care was seen by the community as critical to the town's future growth and a key factor influencing families' decisions to stay in Cloncurry or not. Both Council and employers recognised the value of securing sufficient access to education and care to support employment and economic growth of the area.*

*The Cloncurry shire took a leading role in responding to these concerns including commissioning CELA to provide a business case for expanding the service from the current 58 places to a 109-place service at a new site, in a new purpose-built building.*

*Council actively led the process of identifying community need, commissioning feasibility research, identifying land access and sourcing available funding. Due to this leadership, informed by deep community consultation, the new service is on track to open in 2025.*

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### **Business support and governance**

The strength of the community managed sector is that they are managed by local families for local families. This means they have a direct connection to the local community and can best respond to the unique needs, values and priorities of the area.

Local communities are also driven by care for their children and will therefore prioritise measures that support quality outcomes, including inclusion wages and allied health support.

Community managed services are run by volunteer committees or boards. However, the ability of services to attract volunteers to these positions has become increasingly difficult due to the increased governance and regulation complexity, as well as the challenge of ongoing workforce shortages. Time available for families and care givers to volunteer has also reduced as workforce participation has increased.

The future viability and establishment of new community managed services can be secured through the provision of centralised governance and business support. Centralised business support programs can allow community services to pool their resources to manage business and operation requirements including HR, payroll,

policies and guidance on governance requirements, while maintaining local decision-making structures providing leadership and focus on delivering education and care services that meets the community's needs.

Existing models for this include the QLD central governing bodies, affiliated services model for kindergarten services and early years management services in Victoria. CCC and CELA recommend that further investigation is needed to identify the best model to support community services, especially in long day care, to ensure that community members voice and decision-making processes is maintained in these centralised models.

These models can also be utilised to establish new services, there the set-up phase of the community services is contracted out to a not-for-profit centralised provider, and a community board is recruited within an appropriate timeframe once the service is established.

## Recommendations

**To support the expansion and viability of community managed services CCC and CELA recommend the following in addition to measures included in recommendation 5.1 of the draft report:**

- **An expansion of CCCF funding to substantially cover the costs of building new services.**
- **Alternatively establish a new, long term investment fund – for example an Education and Care Future Fund, to finance the provision of new services in areas of need including funding for the purchase of land.**
- **Access to low-interest government loans, similar to public schools and universities.**
- **Access to capital grants and/or low interest loans to be subject to not-for profit status of provider and maintenance of minimum quality standards.**
- **The ECEC Commission supporting better coordination between local, and state and territory governments to identify land availability for development of education and care services, especially in areas of low supply.**
- **Development of local or regionally based 'business support' programs for community managed services.**
- **Support for services to access peer networks, and management and financial professional development to enhance governance and management capability.**

## Scope for broader funding reform

While CCC and CELA accept the proposed draft recommendation 6.2 for funding reform to deliver universal access for all children, this should be considered as the first phase of reform.

As stated in our initial submission to this inquiry, to meet the objective of a universal, affordable ECEC sector we must reset the policy objectives and put children and their needs at the heart of the system. This should ultimately, lead to a sector where a child's access to a minimum level of education and care is not dependent of their family's income, as is currently the case with the public school system.

The PC draft report and the ACCC final report indicate that the complexities of the CCS system create barriers of access to many families, especially Aboriginal and Torres Strait Islander and CALD communities. Additionally, while changes to the minimum subsidy for low-income families and the taper rate will improve affordability

in the short term, benefits of increases to parent subsidies have been shown to be short lived. Without further structural reform of education and care funding, affordability will remain a significant issue for the majority of Australian families.

The final ACCC report recognised that supply side subsidies may be necessary to address areas of market failure. However, this report considered only supply of places as the indicator of a successful market. This fails to recognise both quality levels and workforce supply as indicators of market success. In particular, the evidence has consistently found there is a universal shortage of qualified staff across the education and care market, and that current funding models have not been successful in addressing low wages and conditions.

As such we recommend the following to support the long-term transition to a truly universal education and care sector.

## Recommendations:

### Phase one immediate reform:

- **Implement the reforms outlined in recommendation 6.2 of the draft report;**
- **Deliver appropriate targeted, supply side funding across providers to support:**
  - o **A government funded wages subsidy.**
  - o **Expansion of teacher led preschool programs to three *and* four year olds in services that meet families needs, across a variety of settings**
  - o **Embedding inclusion practices across the ECEC sector including investment in inclusion capability and improving the additional educator subsidy to deliver on the ambitions of a universal ECEC system and the NDIS review**
- **maintain and expand supply-side support options for Aboriginal Community Controlled Organisations that provide childcare and additional support services for First Nations children, parents and guardians.**
- **Implement supply side subsidies including capital funding to support the establishment of services in under served and unserved markets.**

### Phase two long term reform:

- **ECEC commission to investigate and further consider the benefits and challenges of supply side funding including how it can be managed to deliver a universal entitlement to free or very low-cost quality education and care.**
- **ECEC commission to support coordination of federal, state and territory governments to align funding measures and access conditions across all child age groups. Delivering a continuous learning and development pathway for children and families from birth to school.**

# The CCCF as a vehicle to address practical barriers to the ECEC access

The CCCF in its current form is not adequate to have widespread impact on addressing the practical barriers to education and care access. There are three main limitations to its success:

1. The total funding is inadequate to address the scale of accessibility issues, particularly in underserved and unserved markets.
2. Funding available does not cover the full capital cost to develop new or expanded services.
3. Operational funding is short term and not guaranteed, even when prospects of ongoing viability without assistance are limited.

The Productivity Commission draft report found that significant additional supply will be needed to deliver access to up to 30 hours of education and care. Current levels of funding for the program are inadequate to address the 35% of Australia's population who currently live in an area described as a 'childcare desert'<sup>16</sup>. While the proposed recommendations to the CCS and activity test are likely to encourage the establishment of some new services, the ACCC final report notes that underserved and unserved markets may require supply side funding or direct government provision to ensure adequate supply<sup>17</sup>. Under the current model, areas with demonstrated persistent shortages are unable to get access. In some cases, criteria for the competitive grants do not adequately capture true levels of vulnerability and disadvantage, especially where these factors can be 'hidden' by pockets of high income from specific industries including mining and fisheries.

As mentioned above, access to adequate capital funding is the key barrier to establishing new services. Current funding for capital under the CCCF is extremely limited. Capital grants under the *Disadvantaged and vulnerable communities* grant is limited to improving existing facilities. This means that where existing facilities are no longer fit for purpose, eligible communities cannot utilise this funding to build appropriate modern centres.

Only \$300,000 of the *Limited supply* grant can be utilised for the capital works to establish a new service. Given that building costs for new services range between \$4-6 million, this leaves a substantial funding gap for communities to source from other areas, adding time, cost and complexity to the process of establishing new services.

Operational funding offered under the CCCF and CCCFR are short term and require services to continuously reapply and provide no long term certainty for providers or the community they serve. While some services, particularly in the establishment phase, may only need funding to support viability and operations for a finite period, until consistent enrolments and workforce capacity is achieved, many will never be able to achieve self-sufficiency. This is particularly the case in communities where there is low or fluctuating population, or in remote Aboriginal and Torres Strait Islander communities. In these cases, the continued operation of the service to deliver broad community benefits and child health outcomes, is paramount and long-term funding solutions are needed.

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<sup>16</sup> Mitchell institute, March 2022. "Deserts and oases: How accessible is childcare in Australia?" pg 4 <https://www.vu.edu.au/mitchell-institute/early-learning/childcare-deserts-oases-how-accessible-is-childcare-in-australia>

<sup>17</sup> ACCC, December 2023. "Childcare Inquiry Final Report". Pg 20 <https://www.accc.gov.au/inquiries-and-consultations/childcare-inquiry-2023/december-2023-final-report>

CCC and CELA support the recommendations of SNAICC in relation to funding improvements to the CCCFR, including the provision of longer-term grants.

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### **Case study – Eyre Peninsula**

*The Eyre Peninsula is a region poised for growth, with \$28 billion of development pipelined over the next decade and close to 30, 000 jobs coming to the region including in the green energy industry and tourism.*

*However, the region is undersupplied with ECEC services and around 1000 children across the region are not currently accessing ECEC.*

*Families in five districts – tummy Bay, Wudinna, Elliston, Franklin Harbour and Kimba have no access to long day care. Whilst long day care and preschool is available in Whyalla, Port Lincoln, Lower Eyre and Ceduna there are not enough places to meet community demand. This means most mothers in the region cannot work and it stops industry from growing as they cannot attract a workforce to the district.*

*Community consultations revealed families who would otherwise move to the region are being prevented by the lack of access to education and care.*

***“My partner has family in Kimba, we currently live in Adelaide. The one thing that has prevented us from moving to Kimba is the childcare situation. If we were to move now and have children, we would have to rely on solely my partners family for care. I'm a teacher and that will significantly affect how many days I can commit to working if I'm dependent on family members that also work full-time.” – Survey respondent***

*Consultation with community members stressed that for many across the region that access to ECEC was an equal priority for the community than attracting a GP.*

*CELA's report to Regional Development Australia - Eyre Peninsula found that 10 new long daycare centres are needed across the district, with one centre needed in each region and two in Whyalla, to provide 556 places to meet immediate community as well as short term industry needs. The report showed that direct returns on investment through increased workforce participation are in excess of \$44.1 million per annum, whilst a decrease in child vulnerability and improved educational outcomes will result in additional savings of over \$6.5 million per annum. This is in addition to supporting the delivery of \$28 billion in infrastructure projects.*

*However, despite this significant demand and return on investment the region is struggling to secure funding to build the necessary capital. A contributing factor is the limited pool of funds available under the current CCCF. Areas across the region have been deemed not eligible for funding because pockets of high-income industries, such as fishing, 'hide' the full extent of community disadvantage.*

*Even with the leadership and support of local councils, fixing the funding gap necessary to build the early education infrastructure which will secure the long term growth of this important region.*

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# Regulatory actions against serial underperformers

The overall quality of Australian ECEC services has improved since the implementation of the National Quality Standard (NQS).

This is a significant achievement which has resulted in improved outcomes for children across the country. However, there are still a significant number of services which are struggling to achieve minimum standards, and workforce shortages are leading to increased numbers of staffing waivers.<sup>18</sup> The most recent ACECQA data shows that 1737 services across Australia are not meeting the National Quality Standards, including seven services rated as 'Significant Improvement Required'.<sup>19</sup>

Universal access to early childhood education and care must mean universal access to high quality services. We cannot accept a system where a family has a one in ten chance of their children attending a service that is not meeting minimum standards.

To ensure quality across all providers, along with reducing time and improving consistency with assessment and rating, it is necessary to address where there are services that are continually underperforming.

Currently, where services are assessed as not meeting minimum standards and there is not improvement even after significant intervention, the regulatory system has limited means to enforce compliance. Beyond continued monitoring, the only other enforcement mechanism available for a service which does not improve is the cancellation of provider approval under the Education and Care Services National Law. This is an incredibly high bar to meet and there must be direct evidence that continued provision of unacceptable risk to the safety, health or wellbeing of the children being educated at a service<sup>20</sup>. Given the effect of this is that the service usually shuts down, it is families who bear the impact of the intervention. This is particularly difficult in areas where a poor-quality service may be the only service available in the area.

CCC and CELA recommend that consideration for an administration mechanism to be triggered in the case of continuous non-improvement. Where non-improvement is established, even after support is provided, a program can operate where the service enters 'administration', paid for by the provider. This may allow the service to remain open for families, while management issues are addressed. An approved 'administrator' provider may be brought in to support the improvement measures to be undertaken and /or to seek new management of the service. In this way, the impact of noncompliance rests with the service provider and not with families who may rely on the service to remain operational.

## Recommendations:

**That current enforcement options for non-improving/ non-compliant services are reviewed for their effectiveness in ensuring minimum service quality and child safety. The review should consider establishing 'administration option' paid for by the provider, for services which need urgent intervention to ensure the safety of children or services which do not demonstrate improvement.**

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<sup>18</sup> Q4 2022 Wg: Proportion of long day care services with a staffing waiver by jurisdiction and quarter <https://snapshots.acecqa.gov.au/Snapshot/waivers.html>

<sup>19</sup> <https://snapshots.acecqa.gov.au/Snapshot/qualityratingprogress.html>

<sup>20</sup> Education and Care Services National Law Act 2010, C 31(b) <https://content.legislation.vic.gov.au/sites/default/files/2022-12/10-69aa017-authorized.pdf>

## An ECEC Commission

CCC and CELA strongly agree with draft recommendations 9.1 and 9.2 to improve coordination between Federal, state and territory governments, including through the establishment of an independent Early Childhood Education and Care commission. We note that improving coordination between governments has been recommended in both the ACCC report, the SA Royal Commission into Early Childhood Education and Care and the NSW IPART early childhood inquiry.

In particular, we highlight recommendation 1 of the ACCC report that “... recommends that the Australian Government reconsider and restate the key objectives and priorities of its early childhood education and care policies and supporting measures, including the price regulation mechanism.”<sup>21</sup>

The current sector is hamstrung in its ability to meet this objective due to persistent confusion and inconsistency of policy objective. Outdated distinctions between ‘care’ and ‘education’, the ages at which these happen, and who bears constitutional responsibility, are limiting the impact of Federal and State government investment. This confusion of purpose is contributing to a system that is expensive, difficult to navigate and failing to meet its full potential for social and economic impact. It is also exacerbating supply and workforce shortages, creating internal competition for staff and leading to families utilising multiple services to reduce costs.

Delivering universal access while maintaining quality and sustainability of government investment will require long term leadership and accountability. For this reason, we strongly support the creation of an Independent Commission.

The Commission should not replicate or replace the functions of the current national regulatory body ACECQA. ACECQA should maintain responsibility for maintaining and improving nationally consistent quality standards.

Instead, the Commission's focus should be on matters which support the coordination between federal, state and territory governments to deliver universal education and care. In addition to the responsibilities outlined the draft report CCC and CELA recommend the commission's work is divided across three key areas:

- Research and policy development, including monitoring progress towards key outcomes and objectives and fee/ cost monitoring.
- Responsibility for workforce supply and development.
- Monitoring supply of services and coordination for needs-based planning processes.

Across these areas the Commission should have responsibility for supporting coordination of policy across all levels of government as well as facilitating joint stewardship of the sector across government, providers, education and care workforce and families.

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<sup>21</sup> ACCC, December 2023. “Childcare Inquiry Final Report”. Pg 8 <https://www.accc.gov.au/inquiries-and-consultations/childcare-inquiry-2023/december-2023-final-report>