

# THRIVE BY FIVE SUBMISSION TO THE PRODUCTIVITY INQUIRY INTO EARLY CHILDHOOD EDUCATION AND CARE

19 MAY 2023



## ABOUT MINDEROO FOUNDATION

Established by Andrew and Nicola Forrest in 2001, Minderoo Foundation is one of Australasia's largest philanthropies, with AUD\$ 2.6 billion funds invested in philanthropic causes. Minderoo Foundation supports a range of initiatives, including eliminating childhood cancer, improving early childhood education, ending modern slavery, and driving accountability and responsibility for global overfishing, plastic pollution, improving gender equity, global warming, and the tech ecosystem. Through a collaborative, evidence-based approach we strive to solve major challenges through our key initiatives.

## ABOUT THRIVE BY FIVE

Thrive by Five is an initiative of the Minderoo Foundation that is campaigning to transform our current early learning and childcare system into a comprehensive, high-quality, universally accessible, and affordable early learning system. Thrive by Five is led by Jay Weatherill, AO, former Premier of South Australia.

## 1. INTRODUCTION

The Productivity Commission is undertaking an Inquiry into the early childhood education and care (ECEC) sector in Australia (Inquiry). The Commission has been asked to make recommendations that will support affordable, accessible, equitable, and high-quality ECEC that reduces barriers to workforce participation and supports children's learning and development, including considering a universal 90 percent childcare subsidy rate. In doing so, the Commission should consider options that improve or support:

- Affordability of, and access to, quality ECEC services that meet the needs of families and children.
- Developmental and educational outcomes for Australian children, including preparation for school.
- Economic growth, including through enabling workforce participation, particularly for women, and contributing to productivity.
- Outcomes for children and families experiencing vulnerability and/or disadvantage, First Nations children and families, and children and families experiencing disability; and,
- The efficiency and effectiveness of government investment in the sector.

**The Productivity Commission is calling for submissions by 19 May 2023**

## 2. GENERAL COMMENTS

The evidence is clear that a child's earliest experiences establish foundations for life. In their first years, children form more than one million new neural connections every second as they learn the skills that make for healthy, happy, and productive humans. Ninety percent of brain growth occurs by the age of five.

Evidence shows that children who have high-quality early childhood development experiences are more likely to thrive throughout schooling, enjoy healthier development, be employed, earn higher wages as adults, and raise happier families themselves<sup>1,2</sup>.

This Inquiry comes at a time when Australian governments have taken account of the evidence on the importance of the early years and are investing in better early childhood policies and programs. The Prime

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<sup>1</sup> A summary of this evidence is available at: <https://harvardcenter.wpenginpowered.com/wp-content/uploads/2007/03/InBrief-The-Science-of-Early-Childhood-Development2.pdf>

<sup>2</sup> Pascoe and Brennan (2017) Lifting Our Game: Report of the Review to achieve educational excellence in Australian schools. through early childhood interventions.

Minister has publicly committed to creating a “universal childcare and early learning system, including a policy of making early learning and childcare accessible for all Australian children and their families”<sup>3</sup>. He has compared a universally accessible childcare and early learning system to the next great social policy reform alongside Medicare and the National Disability Insurance Scheme (NDIS).

Since then, legislation has passed the Parliament that has increased the Child Care Subsidy for parents up to 90 percent and introduced legislation that will increase Paid Parental Leave (PPL) from 18 to 26 weeks.

Both the Victorian and New South Wales Governments have introduced major reform programs including increasing universal 4-year-old preschool from 15 to 30 hours, making 3-year-old preschool more accessible, building new ECEC Centres in areas where there has been poor provision, and integrating ECEC with other early childhood services by making health checks available in ECEC Centres. The South Australian Government has launched a Royal Commission under former Prime Minister Julia Gillard to conduct an inquiry into how 3-year-old preschool can be introduced. The Western Australian Government has appointed its first ever Early Years Education Minister. There is finally recognition that this reform agenda is not only about children and families, but also about nation-building.

This Inquiry by the Productivity Commission comes at a critically important time. Australian governments are investing a \$15 billion<sup>4</sup> annually in ECEC (childcare and preschool) which is increasing. There needs to be a strong return on this investment.

The recommendations of this Inquiry will shape the future of Australia’s ECEC system. The recommendations need to be ambitious and bold, to set a vision that can deliver the will of Australian governments, and Australian society, for a world-leading early childhood education and care system that delivers for everyone.

## 2.1 ECEC AS A PART OF AN EARLY CHILDHOOD DEVELOPMENT SYSTEM

We recommend that the Productivity Commission set or adopt a vision for ECEC as part of a bigger vision of a ‘world-leading’ early childhood development (ECD) ‘system’ for Australia. ECD encapsulates more than just early childhood education and care (Childcare and Preschool). An ECD ‘system’ includes maternity care, child and maternal health services, early childhood education and care (the focus of this Inquiry), parental information and support, and family services and benefit payments (e.g., paid parental leave).

The Centre for Policy Development, in its seminal *Starting Better* report<sup>5</sup>, provided a vision of what a world leading ECD system in Australia would include when it defined an ‘Early Childhood Guarantee’ for all children and families. It described an ECD system that included:

- Paid Parental Leave.
- Universal access to maternal and child health care.
- Three days (up to 30 hours) of free or low-cost high-quality early childhood education and care.
- Three days (up to 30 hours) of free or low-cost high-quality preschool per week for the two years before children start school.
- Provision of a wraparound “navigator” service for families who need extra help to find and access suitable supports as part of integrated whole-of-family early childhood service delivery; and
- Better mechanisms to provide seamless support for children from the day they are born, including more effective transitions from early learning to primary school.

Researchers have stated that a vision of an ECD system, such as that described in the *Starting Better* report, is best delivered by providing Integrated Early Years Centres (that provide child and maternal health, ECEC (childcare and preschool), family services and playgroups) located in local neighbourhoods, particularly on or near school sites<sup>6</sup>. There is a coherent base of evidence to support this approach. School communities offer natural social contexts for the delivery of such services in Australian contexts and there is the opportunity to

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<sup>3</sup> Anthony Albanese – Speaking as Opposition Leader in Parliament announcing Labor Childcare Policy.

<sup>4</sup> ROGS 2022 data ECEC Table 3A4, with new Victorian, NSW, and Queensland expenditure added.

<sup>5</sup> Centre for Policy Development. *Starting Better*. 2021

<sup>6</sup> Life Course Centre. *Early Childhood Development and Neighbourhood Hubs: A Review of the Literature*. 2020.

significantly improve life course opportunities for children via neighborhood early years initiatives based on school sites<sup>7</sup>.

Relationships between service providers, children and families are critically important in the delivery of early childhood services including ECEC. In making recommendations, the Productivity Commission should be aware of the importance of supporting good relationships between ECEC services and staff and families and children. Schools are most often trusted institutions in neighbourhoods that have friendly and welcoming staff.

Situating ECEC on or near school sites allows for the integration of early years services, making them accessible in local communities, and enabling schools and ECEC services to share staff, infrastructure, and resources. However, in some communities, such as Aboriginal communities, schools may not be the most suitable site for Integrated Early Years Centres. Health services, such as Aboriginal Medical Services, may be more suitable locations for Integrated Early Years Centres that include ECEC services. Local communities or their representatives such as Aboriginal Community Controlled Organisations (ACCOs) should be empowered to determine the most suitable location for their community.

The practical benefits of these early childhood centres located in local neighbourhoods, preferably at or near schools, include:

- High-quality early childhood health, ECEC, and other family and children's services accessible in the local community (there is a primary school in most local communities).
- Provision of Out of School Hours School Hours Care (OSHC) with extended hours at every school makes life easier for families, with one 'drop off' and 'pick-up' at the end of the working day.
- Funding provided by the Commonwealth Government available for ECEC and Preschool can be supplemented by State and Territory Governments for other ECD services and the early years of schooling.
- Maximising the expertise of early childhood teachers and educators employed by schools across childcare and 3-year-old preschool settings, which can alleviate the workforce shortage in the ECEC sector.
- Seamless transitions for children from care to school, which will improve educational outcomes; and
- Local early childhood centres provide an opportunity for early years professionals to identify and connect families that need help with community and social services that can help them, increasing the opportunity for early intervention.

The long-term vision of ECEC being provided as part of a broader ECD system and delivered predominantly through Integrated Early Years Centres located on or near school sites, provides a foundation for a world leading ECD system for Australia. Thrive by Five believes that this is the most effective and efficient way to deliver all ECEC services – childcare, preschool and OSHC.

#### Recommendation:

- **Set a long-term vision of ECEC as part of the broader ECD system, which is delivered through Integrated Early Childhood Centres, most often located on or near school sites. These centres should deliver, or host, other early childhood development services including maternal and child health services and OSHC.**

*Note: National Cabinet has asked State and Commonwealth Education and Early Years Ministers to develop a draft national vision for early childhood education and care (ECEC) (Vision). This Vision should be consistent with the Vision described by this Inquiry.*

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<sup>7</sup> Life Course Centre. Early Childhood Development and Neighbourhood Hubs: A Review of the Literature. 2020.

## 2.2 CREATE A UNIVERSAL ECEC SYSTEM.

The Inquiry should be ambitious and make recommendations that create a ‘universal’ ECEC system for Australia. As stated above, the recommendations from this Inquiry should deliver on the vision stated by the Prime Minister to create a “universal childcare and early learning system, including a policy of making early learning and childcare accessible for all Australian children and their families.”

Thrive by Five supports the *Starting Better* report in defining ‘universal’ as an entitlement to all Australian young children and families to guaranteed access to early childhood development services and supports, including ECEC<sup>8</sup>. The *Starting Better* report recommends all Australian children have guaranteed access to:

- Three days (up to 30 hours) of free or low-cost high-quality early childhood education and care per week as soon as families want it, with additional days for those who need it at a minimal cost.
- Three days (up to 30 hours) of free or low-cost high-quality preschool per week for the two years before children start school, with additional days for those who need it at a minimal cost.

Research shows that a universal approach is a more effective and efficient support for all children, particularly children from disadvantaged backgrounds, than targeted programs.

Research shows that a universal approach with low barriers to entry lead to earlier more effective and efficient developmental support<sup>9</sup>. Proportionate universal services, (also known as progressive universalism) are recommended. Proportionate universal service systems offer some form of services to all members of the population with service responses increasing for those in greater need or facing greater challenges. Secondly, universal programs build stronger political and public commitment than targeted approaches. This is critically important in ensuring the long-term viability of early years services.

Thrive By Five recommends that the Productivity Commission ensure that children that need more support can access a greater entitlement to ECEC, or can access targeted services, which meet their needs. This should be a part of the design of a new ECEC system.

### Recommendation:

- That the Productivity Commission set a basic entitlement that all children can access free or at a minimal cost. All Australian children have guaranteed access to:
  - Three days (up to 30 hours) of free or low-cost high-quality early childhood education and care per week as soon as families want it, with additional days for those who need it at a minimal cost.
  - Three days (up to 30 hours) of free or low-cost high-quality preschool per week for the two years before children start school, with additional days for those who need it at a minimal cost.

## 2.3 ECEC AS A BACKBONE SERVICE FOR THE BROADER EARLY CHILDHOOD DEVELOPMENT SYSTEM.

Most Australian children now attend some form of ECEC. In 2021/22, 60.3% of 2-year-olds and 65.6% of 3-year-olds attended a registered ECEC service in Australia. An estimated 95% of children attended 4-Year-old Preschool. Further, the percentage of all 0-5-year-olds attending a registered ECEC service has increased year on year for the last 5 years and is likely to continue to increase as families find that two adults are required to work (full or part-time) to meet family financial commitments<sup>10</sup>.

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<sup>8</sup> Starting Better Report. Centre for Policy Development. 2021

<sup>9</sup> Five by Five A Supporting Systems Framework for Child Health and Development. University of Adelaide 2014.

<sup>10</sup> Report on Government Services. Early Childhood Education and Care 2022 Table 3A:14

This is shown in the table below.

AGE	PERCENTAGE ATTENDING A CCS-APPROVED ECEC SERVICE IN AUSTRALIA
0 years old	10.6
1 year old	46.2
2 years old	60.3
3 years old	65.6
4 years old	55.6 (not preschool data)
5 years old	39.6 (not preschool data)

This demonstrates that ECEC is now attended by most children, and the percentage is increasing each year. It is used more by children and families than other early childhood development services.

Additional to this, recent information collected by the South Australian Royal Commission into Early Childhood Education and Care found that many ECEC services report going above and beyond their core service remit, with a range of holistic activities and services to support children, families, and the community. They found that in South Australia, four in five long day care centres provide access to speech pathology and occupational therapy; one in three provide access to supports for families; and one in three provide access to Foodbank.<sup>11</sup>

Given that ECEC has the most contact with families of all early year’s services, and that many ECEC services are already offering or hosting additional services (or helping families ‘navigate’ to more general services and supports), there is an opportunity for ECEC to be used as a ‘backbone’ service in Integrated Early Years Centres, consistent with the vision described above. The reasons for this are:

- They are now attended by most children, and the percentage attending is increasing.
- They are staffed by trained professionals that interact with families each day.
- They have suitable facilities that can accommodate other visiting professionals.
- They have stable and sustainable funding delivered by the Commonwealth and South Australian Governments; and,
- The regulations governing their operation provide the flexibility to deliver long day care, occasional care, OSHC and 3- and 4-year-old preschool.

Effectively, if ECEC (including preschool) is delivered as part of Integrated Early Years Centres located on or near school sites, this ‘leverages’ the capacity of ECEC to host other services; integrates ECEC with the early years of education; creates a ‘wraparound’ service approach; and provides regular contact with families enabling early intervention and better transitions to school.

**Recommendations.**

- **Early Childhood Education and Care be established as a universal backbone service that hosts other children’s services including maternal and child health and OSHC.**
- **As a condition of receiving public funding, ECEC service providers to provide or host other children and family services.**

*Note: As stated above, ECEC services should be progressively located on or near school sites in future years, starting with schools located in low socio-economic, outer regional and remote communities.*

<sup>11</sup> Mapping long day care and non-government preschool in South Australia. Royal Commission into Early Childhood Education and Care March 2023



## 2.4 NEED FOR SYSTEM GOVERNANCE –ESTABLISH A COMMONWEALTH-STATE GOVERNANCE (COORDINATING) BODY

The governance of ECEC in Australia is poorly coordinated, and no one body has the authority and responsibility to deliver on the vision of all Australian governments for a universal, high-quality ECEC system.

The Commonwealth Government and the States and Territory Governments share a regulatory framework through the National Quality Framework (NQF), which is overseen by the Australian Children’s Education and Care Quality Authority (ACECQA). The Commonwealth Government has funding responsibility for accredited ECEC through the Child Care Subsidy (CCS), with some states, but not all, funding 4-year-old preschools within the school system. This piecemeal approach to funding makes for an inefficient and unwieldy system of governance of ECEC, with no one government, or government body able to coordinate the delivery of a nationally consistent, universal ECEC system across Australia.

This creates significant inequities. The *Starting Better* report noted that when families want to access ECEC, cost, quality, and availability vary widely. Many families living in regional areas find it hard to access appropriate ECEC, and the likelihood of a service being rated high quality decreases with distance from major population centres. Despite rising ECEC quality overall, there is a growing gap between the quality of services in the most and least disadvantaged areas of Australia. And preschool subsidies and places available for three and four-year-olds vary between different states and territories<sup>12</sup>.

The *Starting Better* report described the challenges for families in accessing ECEC as “mind-boggling”, quoting a survey of almost 1,700 parents by The Front Project that found almost half of respondents considered the system of subsidies difficult to understand, and the costs of services opaque. Most strikingly, almost three-quarters of parents said the cost of education and care was a barrier to having (more) children<sup>13</sup>.

The problem is that neither the Commonwealth, nor State and Territory Governments, and their various agencies, have the required powers (authority) to create a high-quality, universal ECEC system. New governance arrangements are required.

One body, created by legislation of both the Commonwealth Government and the State and Territory Governments, needs to be established with the **authority** to create a high-quality, universal ECEC system. This body should be responsible for determining key policy settings related to delivery, regulation, and funding. It should have oversight of the 'well-being' of the ECEC sector, ensuring it has well-functioning systems and processes such as:

- Monitoring and data collection.
- Regulatory frameworks.
- [By agreement] resource allocations.
- Workforce development; and,
- Determining where services can be established and funded (e.g., CCS or block funding)

Given the structure of government in Australia, services may be delivered differently in each state or territory, but there needs to be an agreement between governments on roles and responsibilities. The Productivity Commission should examine models such as the Australian National Training Authority as an example of inter-government bodies that may guide the establishment of a suitable national body for ECEC.

It is noted that ACECQA, which has responsibility for administering the National Quality Framework, does not have the authority that is described above. One option for the Commonwealth Government would be to transform ACECQA to give it more power and authority.

It is noted that the National Cabinet has asked Educational Ministers to create a National Vision for ECEC. However, no institution exists to implement this vision.

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<sup>12</sup> Starting Better. Centre for Policy Development 2021

<sup>13</sup> Starting Better. Centre for Policy Development 2021

Recommendation.

- That a new national body, overseen by the Commonwealth Government and State and Territory Governments, be established to implement the new national vision for ECEC; and that the powers of this body are underpinned by legislation.

## 3.0 COMMENTS ON TERMS OF REFERENCE

### 3.1 AFFORDABILITY OF, AND ACCESS TO, QUALITY ECEC SERVICES THAT MEET THE NEEDS OF FAMILIES AND CHILDREN.

A key reason for the Commonwealth Government initiating its ECEC reforms has been the spiralling costs to families. In their pre-election commitment, the Albanese Government noted that “over the past 12 months, childcare costs soared by 6.5 percent – almost double the rate of inflation. Fees have increased by 41 percent since the Liberals came to government” (2013)<sup>14</sup>.

The increase in the costs of ECEC for Australian families has been well documented, such as in the Grattan Institute’s Cheaper Childcare Report<sup>15</sup>. In 2022, the Report on Government Services stated that 87,000 persons aged 15 and over were not in the labour force due to responsibilities in caring for children, and that the main reason cited for those not participating was the cost of ECEC<sup>16</sup>. This fact significantly impacts workplace participation and Australia’s productivity.

The Commonwealth Government has commissioned the Australian Competition and Consumer Commission to examine why childcare costs and out-of-pocket expenses are rising so much and recommend ways to ease the financial burden on families. It will be critically important that the Productivity Commission liaises with the ACCC in making recommendations from this Inquiry.

Thrive by Five estimates that in 2023, the Commonwealth Government will contribute approximately \$14 billion in funding ECEC (childcare, preschool, OSHC) in Australia<sup>17</sup> – a significant amount of public funding. Further, a key reform of the Commonwealth Government has been to increase the Child Care Subsidy for parents by up to 90 percent. At the same time, the New South Wales and Victorian Governments will make 30 hours of 4-Year-Old free for all children and subsidise or make free 3-year-old preschool for many children.

**Australian governments are the major funder of ECEC in Australia.** This extremely high level of public investment, Thrive by Five asserts, entitles the Australian government to set requirements related to price, program quality, location of services, and staff wages and conditions.

There is evidence from international jurisdictions on the benefits to children and the economy of free or low-cost ECEC. Analyses show that childcare costs function as a barrier to labour force participation, particularly for women. For example, research from Canada has shown that cutting fees has a large positive impact on labour force participation, the number of people employed, and the number of hours worked. This evidence came from observing the impact of policy in Quebec, which introduced a \$10 a day (then \$5) policy in 1997. Researchers noted that these reforms dramatically increased workforce participation and were particularly beneficial for low-income families<sup>18</sup>. In 2021 the Prime Minister of Canada made a major policy announcement, that the national government would have a goal of introducing this policy in all other provinces<sup>19</sup>.

Universal policies such as this have a disproportionate benefit for children from low-income families. In 2019, it was found that over 68% of low-income children in Quebec (i.e., from families in the bottom 20% of incomes) were regularly using childcare, compared to 27% of similar low-income children in the rest of Canada.

However, this policy has received criticism in that it resulted in a rapid expansion of for-profit ECEC providers, which reduced the quality of provision in many services<sup>20</sup>. Data has shown, however, that quality was maintained in many not-for-profit services. Thrive by Five recommends that the Productivity Commission

<sup>14</sup> Labors Plan for Cheaper Childcare.

<sup>15</sup> Grattan Institute. Cheaper Childcare 2017.

<sup>16</sup> Report on Government Services. Table 38.3A

<sup>17</sup> General estimate from the amount reported in ROGS for years 2020-21; plus, new initiatives from governments (Commonwealth, NSW, Victoria, QLD) + CPI.

<sup>18</sup> Child-Care Policy and the Labour Supply of Mothers with Young Children: A Natural Experiment from Canada. Pierre Lefebvre and Philip Merrigan

<sup>19</sup> <https://pm.gc.ca/en/news/news-releases/2021/04/21/10-day-child-care-canadian-families>

<sup>20</sup> For example, <https://policyoptions.irpp.org/fr/magazines/fevrier-2021/what-is-the-quebec-model-of-early-learning-and-child-care/>



investigate a universal low set fee for access to ECEC, whilst making appropriate recommendations regarding implementation that ensure quality is maintained. This may require an extended period of implementation.

The Terms of Reference of this Inquiry do not make explicit reference to comparing the accessibility, affordability, profit derived from, and quality of public, not-for-profit, and for-profit ECEC providers. The Australian Competition and Consumer Commission (ACCC) is inquiring into the costs of operating childcare, including employees' wages and property costs; the level of competition in the childcare market; the level of demand and supply; and prices charged to consumers, including any impacts of government policy. A focus of the ACCC Inquiry will be to examine ECEC offered by different types of service providers. Thrive by Five welcomes this review by the ACCC. Information from the ACCC Review must inform this Inquiry.

#### Recommendations:

- That the Productivity Commission recommends a low-cost, set fee pricing model for accessing a basic entitlement of ECEC in Australia.
- That, in conjunction with a low set fee pricing model, the Productivity Commission makes recommendations to ensure that the quality of ECEC offerings is maintained or increased.
- That the Productivity Commission recommends the Commonwealth Government and State and Territory Governments develop a new funding model that considers 'supply-side' (block) funding for ECEC services in regional and remote locations; or enables direct delivery by existing government entities such as public schools.

## 3.2. DEVELOPMENTAL AND EDUCATIONAL OUTCOMES FOR AUSTRALIAN CHILDREN, INCLUDING PREPARATION FOR SCHOOL

### 3.2.1 Educational Quality of ECEC Programs.

Raising children is the most important thing we do— not just as families, but as a society. Evidence is clear that a child's earliest experiences lay the foundations for life. High-quality early childhood development and learning experiences lead to healthier development, improved educational outcomes, and better long-term life outcomes.

However, in Australia, too many children are not developmentally vulnerable when they start school<sup>21</sup>. The Australian Early Development Census (AEDC), conducted every three years, showed that in 2021, one in five children still start school developmentally vulnerable when they start school, with these figures even higher for Aboriginal and Torres Strait Islander children and children from disadvantaged backgrounds. It showed there had been a slight increase in the percentage of children that were developmentally vulnerable from when the previous census occurred in 2018.

Evidence also clearly shows that providing access to high-quality ECEC programs drives improvements in children's literacy, numeracy, and social and emotional well-being<sup>22</sup>. The benefits of quality early childhood education are widely accepted internationally. The evidence is extensive and consistent<sup>23</sup>. In 2017 Australian governments commissioned a review to make recommendations on, the most effective interventions to be deployed in early childhood, with a focus on school readiness, improving achievement in schools, and future success in employment or further education<sup>24</sup>. Among other findings, the review found that high-quality early childhood education:

- Makes a significant contribution to achieving educational excellence in schools, improving school readiness, and lifts NAPLAN results and PISA scores.

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<sup>21</sup> AEDC. National Report 2021

<sup>22</sup> Mitchell Institute. Another Year of Preschool

<sup>23</sup> Pascoe. S, Brennan D. Lifting our Game.

<sup>24</sup> Pascoe. S, Brennan D. Lifting our Game.

- Has broader impacts; it is linked with higher levels of employment, income and financial security, improved health outcomes and reduced crime. It helps build the skills children will need for the jobs of the future.
- Benefits vulnerable and disadvantaged children—often substantially so—than their more advantaged counterparts.

They conclude by stating that ‘funding high-quality early childhood education should be viewed by governments as an investment, not a cost, and provides a strong return for governments’.

Therefore, a strong consideration of this Inquiry must be how to ensure that all Australian children can have access to **high-quality** ECEC, no matter where they live, or the income of their parents. Thrive by Five asserts that the greatest gain in productivity for Australia in improving our ECEC system will not come from the immediate benefits of allowing parents to work and lifting workforce participation, but from the longer-term gains in human capital that will result in Australian children being better educated happier and healthier adults.

As stated above, Australian governments are investing approximately \$15 billion annually in ECEC (childcare and preschool) which is increasing, and the Commonwealth Government is lifting the subsidy of childcare costs to 90%. There needs to be a strong return on this investment of public funding, and governments can do this by requiring ECEC services receiving public funding to meet high-quality benchmarks, particularly for the quality of the educational program and staff qualifications.

Service providers that benefit from public funding must meet high standards for the educational program they provide. Australian ECEC services are assessed against seven standards of the National Quality Framework, which was introduced in 2012. Since the introduction of the National Quality Framework, the Standard that has been least often met by services providers is the standard of ‘Educational Program and Practice’<sup>25</sup>.

There are concerning issues related to the educational practice of ECEC services providers in the detail of the NQF Annual Performance Report. Of the 40 elements of the NQS, standards under ‘Educational practice are those that are not met most often. The standard for educational assessment and planning cycle (Element 1.3.1) has the highest number of services assessed as ‘Not Met’, with critical reflection [on the educational program] (Element 1.3.2) having the second highest, and program learning opportunities (Element 1.1.3) having the eighth highest.

This Inquiry must make recommendations that strengthen the requirement for ECEC service providers that receive public funding either through CCS or other means to meet standards for educational practice, or no longer receive funding. This may require ECEC service providers to invest more funding in staff quality, professional development, and educational assessment and programming. This will require a comparison of the quality of the educational program delivered by different types of providers – government, for-profit, and not-for-profit.

The factor that drives improvement in quality most is the qualifications and experience of staff. But Australia’s ECEC workforce is in crisis.

In summary, The Inquiry must focus on the quality of the educational program delivered by ECEC services, including staff qualifications, (see the section below), given the importance of these factors in quality to child outcomes. Dedicated, strategic approaches to both issues are required, and the Productivity Commission must make recommendations to ensure that these occur.

#### Recommendation:

- **Strengthen the National Quality Standard for ‘Educational Practice’.**
- **All ECEC service providers be required to meet National Quality Standard for Educational Practice to continue to receive public funding.**

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<sup>25</sup> ACECQA, NQF Annual Performance Report 2022

### 3.2.2. Three-Year-Old Preschool

Thrive by Five welcomed recent announcements by the New South Wales and Victorian Governments to make 30 hours of 4-Year-Old Preschool universally available, and to expand free access to 3-Year-old Preschool for many children. Further, the South Australian Government is conducting a Royal Commission into early childhood education tasked with investigating how to deliver early learning access to every 3-year-old in the state from 2026, and the Australian Capital Territory Government has increased its commitment to 3-year-old preschool, particularly for vulnerable children.

Evidence shows that providing access to high-quality preschool programs for two years (3-year-olds and 4-year-olds), drives improvements in children’s literacy, numeracy, social and emotional well-being, and future prosperity<sup>26</sup>. It also provides additional hours of funded childcare for parents that allow them to return to work, further boosting the economy.

However, not all state and territory governments have taken steps to facilitate improved access to 3-year-old preschool. This difference creates a situation where access to 3-year-old preschool is dependent on which State or Territory you live in.

Thrive by Five’s 2023 Pre-Budget Submission recommended that the Commonwealth provide funding to support the rollout of 3-year-old preschool across all States and Territories<sup>27</sup>. The submission proposed that this be done using new funding to correct the historic inequity in the amount that the Commonwealth Government contributes to each state and territory for the provision of 4-year-old preschool and agreeing with those states and territories in receipt of new funding that this is to be used to rollout 3-year-old preschool.

To explain this, the report titled ‘UANP Review: Final Review Report’ to the COAG Education Council found that jurisdictions with a higher prevalence of Centre Based Day Care preschool enrolments appear to invest less in the 4-year-old preschool than states and territories where preschool is delivered all or partly through the school system. It went on to state that further analysis was required but recommended that governments should consider how to achieve more equitable levels of investment [across jurisdictions] going forward.

This is supported by the Report on Government Services 2020 demonstrates the inequity in contributions from states and territories their contributions to preschool<sup>28</sup>.

This Inquiry should recommend that the Commonwealth Government provide equitable funding for 3-year-old and 4-year-old preschool (combined) to each state and territory, no matter what setting preschool is delivered through (long day-care centres, standalone preschools, or primary schools). In return, state and territory governments that receive new funding should agree to the rollout of 3-year-old preschool in their jurisdiction, using the additional funding provided by the Commonwealth Government and their own funding<sup>29</sup>.

#### Recommendation:

- The Inquiry recommends that high-quality 3-year-old preschools be made accessible in all Australian states and territories; by the Commonwealth Government expanding the new preschool Reform Agreement to include 3-year-olds (as well as 4-year-olds).

<sup>26</sup> Mitchell Institute. Another Year of Preschool

<sup>27</sup> 2021-22 Pre-Budget Submission. Minderoo Foundation

<sup>28</sup> UANP Review: Final Review Report 2020. COAG Education Council

<sup>29</sup> To explain this, the report titled 'UANP Review: Final Review Report to the COAG Education Council' found that jurisdictions with a higher prevalence of Centre Based Day Care preschool enrolments appear to invest less in the YBFS [4-year-old Preschool] than States and Territories where Preschool is delivered all or partly through the school system. The UANP report went on to state that further analysis was required but recommended that Governments should consider how to achieve more equitable levels of investment [across jurisdictions] going forward. This is supported by the Report on Government Services 2020 which demonstrates the inequity in contributions from States and Territories in their contributions to Preschool. The Minderoo Foundation estimates that this would cost the Commonwealth Government an additional \$350-\$400million annually (noting that this has been calculated from data on Commonwealth, State, and Territory contributions to Preschool reported in the Report on Government Services – ROGS 2020). Minderoo Foundation can provide its calculations to the Commonwealth Department of Treasury for analysis upon request.

Note: The major factor that contributes to educational outcomes being achieved by children through attendance at ECEC is the quality of staff. This is commented on section 4 below.

### 3.3. ECONOMIC GROWTH, INCLUDING THROUGH ENABLING WORKFORCE PARTICIPATION, PARTICULARLY FOR WOMEN, AND CONTRIBUTING TO PRODUCTIVITY ECONOMIC GROWTH

#### 3.3.1 A new funding and delivery model/s for ECEC

The ECEC sector is critical to economic growth through enabling workforce participation in Australia. It supports parents, particularly women, to participate in work, education, or training. If parents have access to affordable high-quality ECEC for their children, then they can increase their participation in the workforce. This in turn improves productivity through improved workforce participation. It also provides women with choices. Accordingly, affordable childcare is key to the Commonwealth Government achieving its goals of boosting productivity, ensuring women have equal opportunities and equal pay, and addressing skill shortages. The ECEC sector is a foundation for improving workforce participation and, as such, has a multiplier effect on productivity across the broader economy.

To maximize the opportunities for workforce participation ECEC needs to be affordable (addressed in section 3.2 above) and easily accessible. However, the accessibility of ECEC is limited for many families, and redesigning the ECEC system so that high-quality ECEC is available to all Australian families must be a priority for this Inquiry.

The Childcare Deserts and Oasis Report<sup>30</sup>, recently completed by the Mitchell Institute, demonstrated about 9 million Australians (35% of the population) live in neighbourhoods where there are not enough childcare places to meet the needs of families. The report showed that families in some outer metropolitan areas, and outer regional, remote, and low-income communities are most impacted. It showed that just over 30% percent of families living in major cities live in areas the researchers classified as a childcare desert, compared with 42.6% and 62.6% of people living in inner regional and outer regional neighborhoods respectively.

The contrast is even starker in remote and outer remote areas which have the highest levels of childcare deserts at 87.5% and 79.9% respectively. About 453 remote towns did not have a childcare center within a 20-minute drive. Clearly, the current approach to funding and delivery in the ECEC sector is not working for many Australian communities.

As the Inquiry is aware, the ECEC sector is a quasi-market, with the predominant funding and delivery model via Commonwealth Government funding to parents through the CCS, who then purchase ECEC services (excluding publicly funded preschool) from private or not-for-profit providers. In thin markets or low-income communities where families can't afford larger 'top-up' fees, there is less incentive for ECEC providers to establish services.

The Productivity Commission needs to investigate and recommend new models of funding and service delivery to ensure that ECEC services are available in areas of Australia that currently lack essential ECEC services; and consider the recommendation above for a low-cost, set fee pricing model ECEC. Funding and delivery models that should be investigated include supply-side (block) funding arrangements and funding schools in thin markets to deliver ECEC services.

Other options that could be investigated through arrangements between the Commonwealth Government and State and Territory Governments include:

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<sup>30</sup> Mitchell Institute 2021. Deserts and Oasis: How accessible is childcare in Australia? <https://www.vu.edu.au/mitchell-institute/early-learning/childcare-deserts-oases-how-accessible-is-childcare-in-australia>.

- Governments building (or identifying if already established) purpose-built Integrated Early Childhood Centres on or near primary school sites and contracting the operation of these centres to third parties that can meet the child, family, and community requirements (there are precedents for this across Australia<sup>31</sup>).
- Governments contracting third parties, which can meet the child, family, and community goals, to build and/or operate Integrated Early Years Centres (including childcare, OSHC, and 3-Year-Old-year-old-preschool) on or near primary school sites.

#### Recommendations

- A new funding and delivery model be investigated and established that ensures sustainable and viable early childhood education and childcare system in metropolitan rural and remote communities where there are inadequate or no ECEC services.

### 3.4. OUTCOMES FOR CHILDREN AND FAMILIES EXPERIENCING VULNERABILITY AND/OR DISADVANTAGE, FIRST NATIONS CHILDREN AND FAMILIES, AND CHILDREN AND FAMILIES EXPERIENCING DISABILITY

*Note: much of the recommendations and commentary above are relevant to this component of the Terms of Reference. The recommendations that are particularly relevant to outcomes for children and families experiencing vulnerability and/or disadvantage include:*

- *ECEC as part of the broader ECD System (provides access for vulnerable children to early intervention services)*
- *Universal ECEC system (clear evidence that benefits vulnerable children and families most)*
- *A low-cost, set fee pricing model for accessing a basic entitlement of ECEC in Australia.*
- *New funding models for ECEC delivery in areas where there is currently inadequate provision (where many families experiencing disadvantage reside).*

The value of early childhood education and care as an intervention mechanism to disrupt disadvantage and identify developmental vulnerabilities is clear<sup>32</sup>. Research shows that a universal approach is a more effective and efficient support for all children, particularly children from disadvantaged backgrounds, than targeted programs. This is particularly important for children who are vulnerable, or from low-income families<sup>33</sup>.

As stated in the Lifting our Game Report; “targeting additional support for vulnerable children and families to promote access, equity, and inclusion, recognising that some children and their families require it to thrive. Nowhere is the evidence clearer than in the benefits of early intervention. A child who starts behind stays behind, which comes at enormous cost to him or her, the community, and government. Targeted, evidence-based early childhood interventions can prevent this from happening and break intergenerational cycles of disadvantage”<sup>34</sup>.

There are many areas that Thrive by Five could comment on that would impact outcomes for children and families experiencing vulnerability and/or disadvantage. A universal, high-quality, well-funded ECEC system is

<sup>31</sup> Larapinta Early Learning Centre; <https://www.larapintaprimary.nt.edu.au/children-and-family-centre>  
Nightcliff Early Learning Centre - <https://www.nightcliffprimary.nt.edu.au/early-learning-centre>

<sup>32</sup> Submission to South Australian Royal Commission Interim Report: I Siraj (2023); Oral evidence: B Jordan (25/1/23)

<sup>33</sup> Life Course Centre

<sup>34</sup> Pascoe, S, Brennan D. Lifting our Game. Report of the Review to Achieve Educational Excellence in Australian Schools Through Early Childhood Interventions.



the most important of all recommendations in this submission; incorporating options for more services or targeted services for children with special needs (described above).

Thrive by Five has chosen to comment on two specific areas related to the outcomes for children and families experiencing vulnerability and/or disadvantage, first nations children and families, and children and families experiencing disability: rather than more of the broad gamut of issues relating to this Term of Reference.

### 3.4.1. Abolish to Activity Test to Access CCS for ECEC.

#### **A key barrier to gaining employment for many low-income and First Nation Australians is the requirement to meet the activity test to access Child Care Subsidy.**

The Commonwealth Government is to be congratulated for its election commitments and announcements in the October budget to make childcare and early learning more accessible for First Nations people by allocating \$33.7M investment to introduce as a base entitlement for Aboriginal and Torres Strait Islander children of at least 36 subsidised hours per fortnight, regardless of their family's income or activity.

However, the current Child Care Subsidy activity test (Activity Test) impacts other low-income families. It was designed to encourage participation in the workforce, but it often does the opposite by creating significant uncertainty for many parents. It can be problematic for those in casual employment because of the ongoing risk that some weeks they will fail to meet the activity test and generate overpayment debts<sup>35</sup>.

While the Activity Test has been a long-term feature of the childcare system, the 2018 Child Care Package cut the minimum amount of care that low-income families are entitled to from two days to one day per week, and this has resulted in a 42,000 drop in the number of families receiving the minimum entitlement.

Vulnerable family groups, when compared to families earning over \$200,000 per year, are more likely to be subject to the activity test that limits access to subsidised care, and notably:

- Single-parent families are over three times more likely to be limited to one day of subsidised childcare per week.
- Non-English-Speaking families are over six times more likely to be limited to one day of subsidised childcare per week; and,
- Low-income families earning between \$50,000 and \$100,000 are over six times more likely to be limited to one day of subsidised childcare per week.

This is particularly important for Aboriginal families who often have casual work patterns, or do not participate in paid work. Abolishing the Activity Test for all low-income families will provide a foundation for future reform that delivers universal early childhood education and care for every Australian child. The costs of abolition or simplifying the Activity Test today will be recouped in improved outcomes for the most disadvantaged Australian children and increased participation of parents in paid work<sup>36</sup>.

#### Recommendation:

- [Abolish or simplify the activity test to gain access to Child Care Subsidy.](#)

### 3.4.2 Sustainable Funding for Aboriginal early childhood Centres

Aboriginal children are more than twice as likely to be falling behind in their developmental milestones than other children when they start school (AEDC, 2021<sup>37</sup>). Improving the developmental status of Aboriginal

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<sup>35</sup> Impact Economics Child Care Subsidy Activity Test.

<sup>36</sup> Impact Economics Child Care Subsidy Activity Test.

<sup>37</sup> AEDC 2021 National Report.



children is critically important if Australia is to improve the long-term well-being of Indigenous people and achieve its stated 'Closing the Gap' targets.

Evidence shows that access to high-quality ECEC has the greatest potential to improve outcomes for our children. Thrive by Five has supported calls by SNAICC, [National Voice for Our (Aboriginal and Torres Strait Islander) Children], that strong Aboriginal and Torres Strait Islander-designed, managed, and delivered early years services should deliver early childhood and family services in communities where Aboriginal and Torres Strait Islander children live.

This demonstrates the importance of Aboriginal children and families being able to access ECEC services tailored to the needs of their own community if their early childhood development and later well-being are to be improved.

The establishment of Aboriginal and Torres Strait Islander Children and Family Centres (ACFCs) by COAG in 2009 across Australia was a major initiative in the development of integrated services, including ECEC, that has responded holistically to the needs of Aboriginal and Torres Strait Islander young children and their families.

SNAICC has stated that the flexible, inclusive, and community-based approaches of ACFCs have been successful in facilitating the participation of Aboriginal and Torres Strait Islander children to access high-quality early childhood education programs. They note that ACFCs connect vulnerable families to many services designed to meet locally determined priorities and needs and that ACFCs have a significant impact in improving the safety, health, and well-being of families and communities<sup>38</sup>.

However, there is not a suitable funding model to support the provision of ECEC in many Aboriginal communities, with a mixture of Commonwealth Government and State and Territory Government funding programs currently providing piecemeal, and often short-term funding to these services. Because many Aboriginal people do not have ongoing employment, and they live in smaller communities where traditional ECEC service models are not viable, Aboriginal children miss out on important ECEC development and learning experiences.

#### Recommendations:

- [as per recommendation in section 3.3.2 above] A new funding and delivery model be established that ensures sustainable and viable early childhood education and childcare system in metropolitan rural and remote communities where there are inadequate or no ECEC services.
- A new funding and delivery model ensures that provides sustainable funding to integrated early childhood Centres, including ECEC, is made available to communities with a high percentage of Aboriginal families; including ACFCs established under the National Partnership Agreement on Indigenous Early Childhood Development (2010).

### 3.5. THE EFFICIENCY OF GOVERNMENT INVESTMENT IN THE ECEC SECTOR

Thrive by Five is not aware of credible research or policy analysis that has provided collated and focussed evidence of the efficiency (only) of government investment in the ECEC sector compared to other countries. However, available general evidence related to the efficiency and effectiveness of Australian government's investment in the ECEC sector would indicate that Australian government are getting a poor return on their investment in ECEC. This evidence includes:

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<sup>38</sup> SNAICC. Pre-Budget Submission 2022/23

- OECD Data - In net fees Australia is 7th in all OECD countries, with families spending 26% of average earnings or 20% of net family income on early learning. This compares to the OECD average of 14% and 10% respectively<sup>39</sup>;
- Out-of-pocket costs for early learning rose 14.7% from 2019 to 2022. For most working families after housing early learning is the biggest area of expenditure<sup>40</sup>; and,
- Australian governments expenditure on ECEC increasing from \$6.6billion to 12.4billion in the last 10 years<sup>41</sup>.
- Nine million Australians, 35% of the population, live in neighbourhoods where there are not enough childcare centres (places) to meet the needs of families<sup>42</sup>.

Given the evidence above, Thrive by Five asserts that the current funding and delivery policy settings for ECEC are inefficient; and there is also clear evidence that the system is also ineffective. In regard to effectiveness, there has been little change in the number of children that are classified as vulnerable at school entry despite a large increase in government funding (AEDC – developmentally vulnerable on one or more domains), only changing marginally from 23.6% in 2009 to 22% in 2021.

There are many areas that Thrive by Five could comment on regarding the efficiency of the ECEC system, and commentary and recommendations made regarding affordability and governance are directly related to the efficiency of the ECEC system. Thrive by Five has chosen to comment on some specific areas related to the efficiency of the system.

### 3.5.1. Efficiency and effectiveness of different types of providers.

The Terms of Reference request that the Inquiry considers the operation and adequacy of the market, including types of care and the roles of for-profit and not-for-profit providers, and the appropriate role for government. A focus of the ECEC Inquiry must be to examine the quality and efficiency of ECEC offered by different types of providers, and if different types of providers are funded and enabled to deliver services in all locations.

There is some evidence that quality and efficiency are different between different types of providers. For example, ACECQA provides broad reporting on overall quality ratings by provider management type, but the data provided is confounded by some categories (e.g., preschools) having school regulations (trained teachers). The Inquiry should more carefully examine this data. To add to the need for further analysis, a recent NQF Snapshot reported the proportion of long day care services with a staffing waiver by provider management type. Eighty per cent of private, for-profit, long day care centres have a staffing waiver, compared to an average of 8% of not-for-profit managed ECEC services. Given the clear link between staffing qualifications and the quality of the educational program, the Inquiry should work with ACECQA to further investigate if provider type is impacting service quality.

#### Recommendation.

- The Inquiry investigates if provider type is impacting staffing qualifications and service quality.

### 3.5.2 Complexity for Parents

A key issue for the Inquiry related to effectiveness and efficiency is the complexity of the ECEC system for parents. There have been a number of reports that found that parents find the ECEC system confusing and difficult to navigate. For example, the Lifting Our Game Report<sup>43</sup> notes the lack of alignment between objectives of different levels of government, inconsistencies about service eligibility and subsidies, and the complexity that parents face in navigating their way through a mixed market sector with multiple funders and settings.

<sup>39</sup> OECD Database – Childcare Support <https://www.oecd.org/els/soc/PF3-4-Childcare-support.pdf>

<sup>40</sup> ABS CPI Data <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-2022>

<sup>41</sup> ROGS ECEC 2022 Table 3A.4

<sup>42</sup> Mitchell Institute. Childcare Deserts Report. 2021

<sup>43</sup> Pascoe, S, Brennan D. Lifting our Game. Report of the Review to Achieve Educational Excellence in Australian Schools Through Early Childhood Interventions.

To address this, the Commonwealth Government and State and Territory Governments must come together to align and integrate policy settings to make them easy to use and navigate for families.

This is addressed in section 2.4. above.

## 4.0 KEY ISSUES

### ECEC SECTOR WORKFORCE

Across Australia, the ECEC workforce is in crisis, with high turnover, staff shortages, and stress being reported by teachers and educators. Large providers have stated that the shortage of qualified educators and teachers is forcing the closure of rooms and in some cases entire ECEC services.

This crisis was demonstrated by the recently released NQF Performance Report<sup>44</sup> which found that the percentage of ECEC services given a workforce waiver from the NQF standard (because they cannot attract suitable staff) has increased markedly compared to previous years with 8.5% of all services holding a staffing waiver, up from 6.7% in 2021.

Nationally, 15% of long day care services hold a staffing waiver (up from 11% in 2021). To make the crisis worse, the early childhood and primary initial teacher training degree completion numbers continue to decline. The proportion of long day care services with a staffing waiver has risen from 10% in 2016 to 18.5% in 2022. This means that almost one in five long day care centres cannot attract suitably qualified staff, which significantly impacts the quality of the educational program that can be provided to children.

Many Australian governments have taken some steps to address the workforce crisis in the ECEC sector, but there needs to be a national approach. For example, the Victorian Government<sup>45</sup> is offering:

- Individual incentives of \$9,000 for eligible qualified early childhood teachers working outside the Victorian early childhood sector to take up a teaching role at any service delivering, or planning to deliver, funded Three-Year-Old preschool in 2023.
- Location incentives of between \$9,000 to \$50,000 for qualified early childhood teachers who secure a teaching role at selected services.

Further, New South Wales teachers are being offered incentives of \$20,000 to \$30,000, rental subsidies, recruitment, and relocation bonuses<sup>46</sup>.

For the Commonwealth Government to meet its goals for ECEC, then it must work with all state and territories to address the workforce crisis in the ECEC sector.

#### Recommendations

- The Inquiry recommends the Commonwealth Government and State and Territory Governments implement a suite of measures to address the workforce crisis in the ECEC sector. This should include:
  - Improved wages and conditions, including an immediate 10% pay rise, for ECEC teachers and educators.
  - Benefits and incentives to attract and retain ECEC staff.
  - Enhance the status of the National Early Childhood Education and Care Workforce Strategy that has been developed by the Commonwealth and State/Territory Governments and ensure

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<sup>44</sup> ACECQA National Performance Report 2022

<sup>45</sup> <https://www.vic.gov.au/financial-support-study-and-work-early-childhood>

<sup>46</sup> NSW Teacher Benefits and Incentives - <https://education.nsw.gov.au/teach-nsw/find-teaching-jobs/choose-rural/benefits-and-incentives#Additional>

that the actions and implementation initiatives are adequately funded to meet the current workforce shortages. This should include:

- Building the long-term pipeline of early childhood educators and teachers through investment in TAFE and universities, including financial incentive supports for enrollees and accelerated pathways to formal qualifications that reflect the lifetime experience and skills of educators.
  - Provide fee-free University (HECS free) and TAFE places for people wishing to train as ECEC teachers and educators.
  - Developing mechanisms to ensure the early childhood education and care workforce includes First Nations and culturally diverse educators and teachers, and that workplaces are culturally safe spaces, with implementing the priorities of the National Partnership Agreement on Closing the Gap being the first step.
  - Increasing the pool of available early childhood education and care staff by developing programs to attract, support and retain under-represented cohorts in the profession.
  - All Australian governments must allocate funding to the Workforce Strategy.
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- Recommend that the Commonwealth Government lead states and territories in establishing a national approach to setting minimum pay and conditions for early childhood staff on Federal Awards; creating a system of National Teacher Registration; and changing the existing AiTSL requirements for Early Childhood Trained teachers to include appropriate 0–5-year-old content.
  - Funding for ECEC providers to release staff for in-service training programs.

## **ENGAGEMENT WITH THE PRODUCTIVITY COMMISSION**

Thank you for the opportunity to submit.

Thrive by Five would welcome the opportunity for further engagement.

Please contact Jay Weatherill, Director of Thrive by Five, at [jay.weatherill@thrivebyfive.com.au](#) if you have any queries.

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## APPENDIX 1.

### TERMS OF REFERENCE (SELECTED SECTIONS)

The Commission should consider options that improve or support:

- affordability of, and access to, quality ECEC services that meet the needs of families and children.
- developmental and educational outcomes for Australian children, including preparation for school.
- economic growth, including through enabling workforce participation, particularly for women, and contributing to productivity.
- outcomes for children and families experiencing vulnerability and/or disadvantage, First Nations children and families, and children and families experiencing disability.
- the efficiency and effectiveness of government investment in the sector.

Without limiting the matters on which the Commission may report, in making recommendations the Commission should consider:

- impacts on demand, supply, and fee growth.
- interactions with existing and planned Commonwealth, state, and territory ECEC policy settings and funding, including recent commitments by the New South Wales and Victorian governments to expand access to 30 hours of preschool for children in the year before full time school and support more 3-year-old children to participate in preschool, and any commitments in response to the South Australian Royal Commission into Early Childhood Education and Care.
- interactions with other incentives and disincentives to join or increase participation in the workforce.
- ECEC sector workforce requirements and the capacity to meet these requirements within current Commonwealth, state, and territory initiatives.
- required regulatory settings, including to manage compliance and integrity risks for Commonwealth programs.
- impact on access to quality ECEC, including by remoteness and access to flexible (non-standard hours) services.
- whether different settings are required based on the location of services or family circumstances.
- the operation and adequacy of the market, including types of care and the roles of for-profit and not-for-profit providers, and the appropriate role for government.
- activity requirements and other ECEC policy settings, including reducing system complexity and debt for families.
- impacts on the economy, including workforce participation, productivity, and budgetary implications.
- a pathway for implementation.