



**Submission to
Productivity Commission A
*path to universal early
childhood education and care***

Draft report

Municipal Association of Victoria

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This document has been prepared by the MAV (Municipal Association of Victoria). For further information please contact:

*Wendy Allan
Policy and Program Lead – Early Years*

While this paper aims to broadly reflect the views of local government in Victoria, it does not purport to reflect the exact views of individual councils.

1. Executive summary

The Municipal Association of Victoria is the peak representative and advocacy body for Victoria's 79 councils. The MAV was formed in 1879 and the *Municipal Association Act 1907* appointed the MAV the official voice of local government in Victoria.

Today, the MAV is a driving and influential force behind a strong and strategically positioned local government sector. Our role is to represent and advocate the interests of local government; raise the sector's profile; ensure its long-term security; facilitate effective networks; support councillors; provide policy and strategic advice; capacity building programs; and insurance services to local government.

In Victoria, all councils plan for their children and families and are the major provider of the infrastructure for the delivery of kindergarten and maternal and child health services. The MAV restates its position on two clear outcomes from this report. One is a well-planned joined-up early years system that follows the child's journey, not the services, programs, or funding, and two that services are affordable, accessible, equitable, and high quality.

Victorian councils remain critically interested and involved in improving the policies, practices, and outcomes that impact the health, education, safety, wellbeing, and quality of life of young Australians.

MAV welcomes the opportunity to provide this submission in response to the Productivity Commission Draft Report *A path to universal early childhood education and care (the Report)*.

Given MAV has already made a submission to the Inquiry and had the opportunity to meet with the Commissioners, this submission aims to address key elements in the Report that MAV has identified as important to local government and the sector.

2. Introduction

Arguably in the current climate, the three levels of government in Australia are more aligned than ever in their understanding of the need to recognise the early years of human development as a time of significant importance. It is an opportunity to create, support, and release the potential of individuals, families, and communities. How each level of government considers and responds to the early years life stage differs. But with these differences come opportunities to partner, strengthen, and leverage overall capacity to amplify positive outcomes for children, families, and communities.

A key responsibility of Victorian councils, and one they have a long and proud history of delivering, is strategically planning for the health, wellbeing, safety, connection to culture, access and participation, and development of their youngest citizens. Councils take a whole-of-community, whole-of-system approach to building community strength and addressing the underlying causes of inequity and vulnerability of children and families. This approach is demonstrated through strategic planning processes such as the Health and Wellbeing or Municipal Early Years Plans. These plans describe a place-based focus on prevention, equity, health, and long-term social and educational outcomes for children.

The Municipal Association of Victoria (MAV) recognises the important commitment, and potential of the partnership between the Federal, State, and local governments to respond to this opportunity and focus on the early years. As governments, we have a social obligation to our children.

Local government has been integral to the implementation of the Victorian State Government reforms including the expansion of kindergarten to all three-year-old children and the more recent Pre-prep reforms.

The MAV restates that local government has the capacity and flexibility to build on, innovate, and maximise the opportunities for the Early Childhood Education and Care (ECEC) sector through its role in the planning, provision, and management of a range of early childhood and family services. In this submission, the MAV will provide a local government perspective regarding key critical issues identified in the Report.

3. Key areas of interest for further consideration

3.1 The notion of Stewardship

The Report recommends that -

A new independent Early Childhood Education and Care Commission should be created to support, advise, and monitor governments' progress towards universal access to ECEC. • The Commission should evaluate the effects that policy changes have on children, families, educators, teachers, and service providers – to ensure that services offer inclusive, quality ECEC in all communities. • The Early Childhood Education and Care Commission should implement a comprehensive research agenda to address some of the significant knowledge gaps around the factors that affect ECEC quality and their implications for children.

Whilst MAV remains critically interested in the notion of stewardship, we are concerned that an additional oversight body such as the proposed ECEC Commission may take away valuable resources from the sector. MAV would prefer to see a Commonwealth/State/Local Government ECEC planning consortia established to undertake such activities as plan for current/future publicly funded ECEC service provision; foster a diverse range of ECEC options available for families; meet future supply and demand for services; and addresses the childcare deserts as outlined in [How accessible is childcare in Australia? Mitchell Institute 2022](#)¹. There is a need to address thin markets through economies of scale such as co-location and sharing of workforce across ECEC and primary schools.

MAV suggests that collective knowledge, research, and evaluation capacity potentially already sits in the three levels of government and with existing stakeholders. As a first step bringing the existing expertise together to plan, advise, and support the sector is a better approach than setting up yet another body to oversee and regulate the sector.

3.2 Power of good planning leads to better investment

By planning and working together in an improved and outcomes focussed way, governments can be the system stewards that use the range of levers available to them for planning, quality, workforce sustainability, data, funding, and overall regulation.

Stronger planning along with governance and funding to ensure investment in ECEC market growth is directed to high quality provision with the right service mix and to areas where it is needed. Arguably we do not currently have a system where it can be said that the parts of the ECEC 'system; rarely connect well. MAV notes that the Report recommends that *State, territory, and local governments should examine their planning regulations to ensure they do*

¹ *Deserts and oases: How accessible is childcare in Australia? Mitchell Institute: March 2022*

not unnecessarily restrict the ability of services to provide ECEC during non-standard hours. MAV suggests that this is a more complex recommendation to consider and requires further discussion about the intent and problem this recommendation is trying to address.

3.2.1 Investment

Further, the Report states - *Governments make limited investment in the establishment of new ECEC services.* The MAV notes the conspicuous absence regarding the investment local government makes in Victoria to the establishment of new services. Local government is the biggest single holder of early years infrastructure in Victoria. In its 2022 Infrastructure Survey, MAV quantified the level of investment made by local government into the provision of new buildings for ECEC. Local government as of 2022 held over \$3.18 billion in early years infrastructure assets. The estimated cost of maintaining these was \$28 million per annum. The estimated investment required of councils to meet the demands of the expansion of hours of kindergarten for three-year-old children was \$1.1 billion (this does not include the investment required to meet the State Government pre-prep reforms).

Local government manages the impacts of Commonwealth and State policies as they affect families and children, so councils are in a compelling position to be at the table.

3.3 Workforce

The Report states - *many inquiry participants have pointed to the relatively low pay and unattractive working conditions offered by the sector as a major factor that impedes the attraction and retention of staff. For educators, lower skilled, lower stress jobs offer similar – or sometimes higher – wages.*

The MAV has also heard this from our members along with other issues such as qualified staff preferencing working in schools over ECEC due to the pay and conditions. The Commission refers to structural barriers as a contributing factor yet does not reference specifically the industrial conditions that impact the sector. The relationship of the conditions set by Fair Work Commission through its modern awards arguably set the basis for other industrial arrangements. With the wages and conditions of the relevant modern awards pertaining to the sector being low, MAV argues that a broader review needs to be undertaken specifically regarding the structural barrier the current industrial arrangements present. Families cannot continue to be expected to absorb further additional costs that may be a result of providing better pay and conditions for ECEC staff.

In the MAV's response to the recent Jobs Skills Australia (JSA) Early Childhood Education and Care Capacity Study, we highlighted that the history of workforce challenges regarding retention and attrition in the early-year sector is not new. For many years in Victoria, MAV on behalf of its members has advocated to the State government for funding to support councils to address workforce retention and attrition issues. The ambitious Best Start Best Life Reforms and workforce strategy in Victoria have only further propelled the urgency about the reality of what will be required to fulfill staffing to support the rollout of 30 hours of kindergarten across the state Of Victoria. These initiatives need to be 'joined up' with other relevant State and National strategies, policies, and commissions currently or recently considered, updated, or reported on.

3.4 Diverse and low-income Families

The Report states *that CCS (Child Care Subsidy) does not appear to be well targeted to lower income families, who spend more on ECEC than other families as a share of their income. Many inquiry participants pointed out that the activity test can discourage ECEC use, particularly for families experiencing vulnerability or disadvantage. Families may misunderstand the activity test requirements or may be concerned about a potential CCS debt if they misreport their activity hours. As a result, these families may choose not to send their children to ECEC.*

MAV supports the proposal to offer up to 30 hours or 3 days a week of universal access to ECEC a week at no or low cost for all children, with additional days for children experiencing vulnerability and disadvantage. Also, to modifying the activity test to relax the requirement that ties children's participation in ECEC to their parents' activity. It would mean that fewer families are charged for unsubsidised hours and more families can access subsidised ECEC.

MAV also supports the principle that a policy that aims to deliver universal access would have to respond to the needs of children and their families. We need a universal system that is quality, inclusive, and culturally safe. It goes back to the question of government stewardship to ensure services are available where needed, and that they are age-and-culture appropriate. Also delivered in a place-based way that responds to the needs of a community and is accompanied by the appropriately determined level of government investment, including block funding.

3.5 Inclusion funding and disability standards

The Report makes several recommendations about ways to support the inclusion of children in ECEC such as the provision of information, that affordability and complexity should be removed as a barrier, more information sessions in different mediums and different languages, and greater use of playgroups to name a few.

MAV strongly suggests that rather than doing more of the same, what families of children with a disability and families from a culturally and linguistically diverse (CALD) background need is someone to walk beside them on their journey to have their child access the universal services they are entitled to. In Victoria, a partnership between 23 councils and the Victorian State Government focussing on supporting children of CALD families to access early years services is yielding remarkable results. By providing funding to councils to engage Outreach and Participation workers, the number of children now accessing ECEC has grown exponentially. For example, in the nine months to September 2023, the Outreach and Participation Officers supported 3634 children to access ECEC and other services that they would not have otherwise done.

MAV also understands that families with children who are experiencing developmental challenges face significant barriers. Access to Kindergarten Inclusion Funding requires extensive documentation and evidence which needs to be submitted to the kindergarten. The KIS funding application process and forms are wordy and difficult to understand. This, according to those who assess KIS funding applications often means that mistakes are made on the forms resulting in the applications being rejected. Simplification of the inclusion support process should be considered as a priority. Further, the interrelationship between inclusion funding and the NDIS adds to the complexity that already exists. It highlights again the need for the child to be placed at the centre of policy, program, and funding arrangements rather than the funding type or program driving the process.

3.6 Integrated and connected services

In Victoria, local government has been at the forefront of planning and delivering integrated and connected models of education, health, and care services. The connection function is well understood by councils which has led to them building multiple integrated facilities and implementing other levers and services to provide more effective support to families. For example, rate-payer funded Central Registration and Enrolment schemes and delivering Supported Playgroups.

4. In Summary

The MAV overall supports the draft recommendations from the Report. It has a particular interest in the roles and responsibilities of government and the proposal for new coordination mechanisms to support universal access. The MAV positions the ECEC as a platform for economic prosperity at the local level. Much has been written about the triple-bottom line benefits of ECEC provision in a local community and where there is none, the deficit impacts on labour supply – no childcare means local employers cannot employ people.

There is abundant empirical evidence from a range of disciplines which has found that high-quality education and care in the early years of a child's life contributes to brain development, social skills, and learning capacity that then enhances their employability, earnings, and life chances through the rest of their lives. That, in turn, underpins broader social and fiscal benefits arising from higher incomes, reduced poverty, reduced social dysfunction and criminality, and other important outcomes.

For example, *Enabling Early Childhood Education and Childcare in Rural Areas – SGS Economic and Planning 2022*² report, prepared for the three LGAs (local government areas) of *Gannawarra, Buloke, and Loddon* provides the following:

- That benefits of \$70.1 million can be generated by a \$52.8 million investment in specific interventions across the areas.
- The proposed interventions were grouped under four banners – incentives to rural staff, medium term assurance of rural service availability and reliability, harmonising regulation, and funding stream across government, and flexibly operate and price rural service delivery.
- The Report goes into detail with costing and analysis by implementing interventions to increase the economic and social well-being in the 3 LGAs.

5. Back to the Future

MAV in its submission 20 years ago *Submission into Child Care Support Broadband Redevelopment: April 2003*, proposed a three-tiered funding model in which the existing component services are supported. This model aimed to achieve the primary goal of accessible, affordable, and high-quality child care (as it was known then), which interestingly remains the goal of today. Arguably to some degree, this innovative model is still relevant as it proposed:

² *Enabling Early Childhood Education and Childcare in Rural Areas – SGS Economic and Planning 2022*

1. Program core/programmatic funding which builds in escalators for adequate funding around disadvantage – this would now extend to the relevant hours of Universal Access to Education and Care
2. Infrastructure support including workforce development, resource and advisory agencies, and capital infrastructure.
3. Innovation funding for flexible ECEC models that respond to emerging needs including location and disadvantage.

As stated previously the MAV would like to see a clear, comprehensive, coordinated system of Commonwealth/State/Local government planning and investment (including investment from private sources and philanthropy) in ECEC services, which results in equity of access and affordability for families whether they are attending childcare, preschool and/or integrated ECEC services. Whether this requires a separate body like an ECEC Commission to be established will be a matter for the Commonwealth Government.