

## **Response to the Productivity Commission's**

### ***A Path to Universal Early Childhood Education and Care*** **Draft Report**

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Contact:  
Anne Hampshire  
Head of Research and Advocacy

The Smith Family  
Level 17, 2 Market Street,  
Sydney, NSW, 2000  
GPO Box 5348  
Sydney NSW 2001

## Introduction

The Smith Family welcomes the opportunity to respond to *A Path to Universal Early Childhood Education and Care (Draft Report)* released in November 2023. This submission provides additional material to the Productivity Commission regarding key areas of the inquiry's scope:

- The long term impacts of ECEC attendance for children living with financial vulnerability;
- The link between parental activity test, subsidy eligibility and participation;
- Barriers to skill development in the sector;
- The value of ongoing targeted support within a universal model;
- Review of current standards: disability standards & lifting cultural safety;
- Complexity of the system and complexity of barriers for families;
- Future governance and policy coordination.

A detailed summary of evidence and commentaries relevant to the Productivity Commission's final deliberations regarding the ECEC sector in Australia are provided in more detail below. The relevant recommendations and findings are referenced in footnotes.

### **1. Facilitating ECEC attendance for children living with financial vulnerability and understanding the long term impacts derived from participation**

The Productivity Commission's report presents a number of draft findings pertaining to: patterns of access to ECEC; the value of access to quality ECEC for children aged 0-5 years; and how ongoing attendance to these services can positively impact children living with financial vulnerability.<sup>1</sup>

The Smith Family gives strong support to the importance of ensuring the availability of quality ECEC to children living with financial vulnerability because of the known long term benefits derived for children as a result of this participation.

- While research on level of optimal participation (number of sessions) and the impact for children in the 0-3 year age groups is ongoing, national and international studies conducted to date identify strong benefits to be derived from participation in a high quality preschool program for children living in disadvantaged communities and for children for whom English is not their first language. These benefits span improved social skills and emotional competence and improved academic performance (AIHW 2015; Hewitt and Walter 2014; Baxter and Hand 2013; Belsky et al 2007).

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<sup>1</sup> Draft finding 2.2: Children who would benefit most from ECEC are less likely to attend.

- A child’s abilities at the point of school entry can influence academic trajectories long term, with both social competencies and academic outcomes determined to be better for children who have achieved developmental milestones. Data from the Australian Early Development Census for example shows that all five domains are related to Year 3 and Year 5 NAPLAN performance. “The skills and capabilities that children can demonstrate at the beginning of school significantly predict their level of academic achievement three years later. Children’s performance in Year 5 NAPLAN can be traced not only to their achievement levels in Year 3, but also to independent effects from the skills and capabilities they were able to demonstrate, five years earlier, at the start of school.” (p.1 Australian Education Research Organisation, 2023). This data reinforces the importance of ensuring children are able to participate in high quality early learning and care and start school ‘well’. This is particularly important for children experiencing disadvantage.

The Smith Family has more than a hundred years of experience in working with disadvantaged communities Australia-wide. Our practice experience in these communities demonstrates that high quality ECEC can help individual children through the provision of responsive and skilled frontline educators capable of implementing early intervention, and by building a strong sense of collaborative partnership between educators and communities. Our practice intelligence is corroborated by recent evidence which demonstrates that high quality ECEC benefits parents/carers and the broader communities in which they live (Molloy et al 2022). High quality ECEC assists children living in disadvantaged communities by enhancing their potential to achieve key milestones considered essential for healthy physical growth, intellectual development and long term social and emotional wellbeing (Brinkman et al 2013).

- The impact of COVID-19 presents us with some important insights on the value of consistent ECEC access for children aged 0-5 years because we now have empirical evidence which documents the negative outcomes that result when access is suddenly withdrawn. Studies on the impact of lockdowns in ECEC settings have found that improvements for Aboriginal and Torres Strait Islander children made prior to the pandemic have been lost across some key developmental domains including physical health and wellbeing; social competence; emotional maturity; language and cognitive skills; and communication skills and general knowledge (Impact Economics and Policy 2022; Dept of Education Skills and Employment 2021).

## 2. The Activity test

The Smith Family supports the arguments presented by the Productivity Commission’s draft report identifying that there are a range of broad challenges posed by the Child Care Subsidy (CCS) activity test for vulnerable families in accessing ECEC.<sup>2</sup> Due to the interconnectedness

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<sup>2</sup> Draft finding 5.4: Recent changes to the CCS and ongoing demand from parents will further support increases in supply in some regions; but in other areas, more support will be needed

Draft recommendation 6.2 would relax the activity test to allow all families to access up to 30 hours of subsidised care a week (60 hours per fortnight) regardless of activity, providing a step towards universal access.

Draft finding 6.3: CCS changes would reduce affordability barriers for lower income families

Information request 6.1: The Commission is seeking views on the costs and benefits of a phased introduction, and which cohorts of families would benefit most from being able to access a relaxed activity test earlier.

of the issues raised, we provide key points relevant to the overarching discussion as it impacts vulnerable children and families.

- In our practice experience, the activity test disincentivises those who are at the margins of ECEC engagement.

The ECEC system is complex and it is challenging for financially disadvantaged families to calculate their level of entitlement to child care subsidies. Families living with financial vulnerability experience higher rates of unemployment and prolonged (long term) unemployment and labour market disengagement. For financially disadvantaged families who do have one or more carers employed, work is typically characterised by irregular hours and low pay. Our practice experience with these families highlights that this uncertainty only intensifies the reticence of parents to enrol their children in ECEC environments because the system is complex and many experience confusion over their ongoing entitlement for CCS support. As a result, many families fear that changing patterns of labour market participation will lead to penalties or sanctions because they will accumulate an overpayment debt. The high level of publicity associated with the Robodebt scandal has only intensified this fear. This is corroborated by recent economic studies on the link between CCS structure and lower participation rates amongst financially vulnerable families (Impact Economics and Policy 2022).

In our frontline work in disadvantaged communities Australia-wide, we have directly observed that vulnerable families are highly sensitive to any changes in the level of subsidised care. This is corroborated by a number of independent research evaluations which found that a reduction in the minimum hours of subsidised care disproportionately impacts children in the most disadvantaged communities (Bray et al 2021: viii). The complexities surrounding calculation of the activity test are more challenging for families on low incomes with irregular work arrangements. These families have a significantly higher compliance burden because they are required to constantly monitor and update their activity to Centrelink.

The Smith Family also seeks to emphasise the need for greater nuance in the recommendations surrounding the availability of ECEC services for families in disadvantaged communities. The challenges of ECEC access for families living with financial vulnerability extend far beyond regional variations, and a more nuanced exposition of the barriers for these families is required. Lifting capacity in regional areas and in underserved urban pockets will require a range of targeted support measures, developed with some understanding of the unique characteristics of specific communities. Continued commitment to targeted supports will be vital in urban, outer-suburban, rural, regional and remote areas.

### **3. ECEC skills: qualification completion and professional development**

The Smith Family wishes to provide further comment on the draft findings pertaining to the professional development standards currently in place to supply sufficiently skilled workers to provide high quality ECEC.<sup>3</sup> Key comments regarding this issue are addressed below.

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<sup>3</sup> Draft finding 3.3: Completion rates for early childhood teaching qualifications have fallen  
Draft finding 3.4: Unpaid professional experience requirements are a barrier to upskilling  
Draft finding 3.6: Inter-jurisdictional differences in teacher registration impose unnecessary workforce barriers  
Draft recommendation 3.3: Improve registration arrangements for early childhood teachers

Our extensive experience with vulnerable families means we have observed how the current qualification arrangements governing the ECEC sector have impacted them. Our practice intelligence highlights the following:

- Unpaid practicums (work placements or practical in-field experience components) for ECEC pose a barrier to the provision of quality ECEC and maintaining a sustainable supply of trained workers.

The commitment to do internships can be onerous for students living with financial disadvantage. As part of our national *Learning for Life* program, we monitor and support students through high school and post school tertiary education. In our experience, students who undertake education degrees struggle to meet the placement requirements because their families are unable to financially support them through the completion of unpaid work placements. Many of these students undertake work to fund their university study, and so are unable to withdraw from the labour market for the prolonged periods required in order to complete work placement units to the accredited practice standard (The Smith Family 2023).

There are also travel and other costs associated with attending unpaid work for which the students receive no support from either educational institution nor employer. Our practice experience with *Learning for Life* students is corroborated by a range of studies attesting to similar challenges for education students living with financial disadvantage (Beck et al 2023; Cassidy 2023; Grant-Smith et al 2017). Many students who have performed well to meet the competency standards, fail to complete their degrees because of the mandatory unpaid placement components required for professional accreditation and completion. A recent study by the NSW Productivity Commission corroborates that lower socio-economic cohorts undoubtedly face greater barriers in entry to teaching roles due to a range of social, economic and familial factors (NSW Productivity Commission 2023).

We note the *value* of such placements for participants, but their unpaid nature makes them very challenging for young people and others experiencing disadvantage. We recommend that there be an expansion of high quality remunerated work placements, cadetships and internships which target young people and others experiencing disadvantage.

#### 4. Targeted support

The draft report solicits further comment on the concept of targeted support across a number of findings<sup>4</sup>. We affirm the need for tenets of targeted support to remain embedded within any universal access model.<sup>5</sup> Our experience in working with vulnerable families in disadvantaged communities across Australia indicates that targeted support remains critical to addressing the diverse barriers to education access, particularly for children in the early years. Our key programs for the early years include *Communities for Children* (3,482 participants per annum), Let's Count (26,017 participants per annum), Let's Read (26,912 participants per annum) and Child and Parent Centres (838 participants per annum). Each of these initiatives incorporate

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<sup>4</sup> Draft finding 7.1: ECEC services cater to many children and families, but some families need additional support

Draft finding 9.1: A one-size-fits-all funding model would not be efficient or effective

Draft finding 9.2: Improving components of the funding model would support universal access

<sup>5</sup> Draft recommendation 3.6: Contribute to professional development for the ECEC workforce

Draft finding 9.1: A one-size-fits-all funding model would not be efficient or effective

Draft finding 9.2: Improving components of the funding model would support universal access

elements of targeted support and we have found this to be a vital part of effective delivery in communities where the factors of disadvantage are complex and entrenched (TSF 2023).

Our experience with the *Let's Count* program highlights the value of additional support programs designed to target specific barriers for children and their families. This program was developed in response to identified areas of educational need, based on AEDC data on disadvantage, and longitudinal data on the impact of early interventions for long term education outcomes.

*Let's Count* is an early mathematics program that assists early years educators and community professionals in early childhood contexts, to work in partnership with parents<sup>6</sup> and other family members to promote positive mathematical experiences for children aged three to five years. *Let's Count* aims to foster opportunities for children to engage with the maths they encounter as part of their everyday lives, in ways that are fun and relevant to them.

*Let's Count* responds to the more limited confidence to support early numeracy that many parents/carers and early years educators experience. It is designed to lift understanding of basic mathematical concepts in the early years, and thereby provide a foundation for improved numeracy throughout school. The reach of *Let's Count* has been profound with over 154 000 parents, over 293 000 children aged 3-5 and over 10 3000 early years educators receiving support through the program from 2011 to 2023.

Longitudinal research with children shows that those who participated in *Let's Count* experienced strong growth across a wide range of mathematical areas. This growth was significantly greater than that of similar children who did not participate in the program. *Let's Count* also contributed to children having positive dispositions towards maths and increased the knowledge, interest and confidence in maths learning and teaching of educators. The program strengthened the communication between educators and parents/carers around children's mathematical development. The success of this program over many years attests to the value of a targeted approach to learning interventions in ECEC.

## **5. Reviews of current standards: disability standards and lifting cultural safety**

The draft report outlines recommendations to extend the disability standards which exist for education to include ECEC.<sup>7</sup> The Smith Family suggests reconsideration of this finding and recommendation. The recent Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability (2023) recommended the Disability Standards in schools be significantly updated and revised because many education providers are failing to provide safe and inclusive environments for all students. Further to this, the families with whom we engage who have children with disabilities report a swathe of challenges in navigating the current schooling system. In short, the current disability standards have failed to provide a robust instrument to ensure the introduction of equitable policy and practice in all schools. While The Smith Family can see value in the consideration of a shared standard across all education settings (including ECEC), significant revision of the current disability standards should be conducted prior to this step to ensure they are able to support the emergence of inclusive education practice and service delivery design.

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<sup>6</sup> Particularly those experiencing disadvantage.

<sup>7</sup> Draft recommendation 2.2: Amend the Disability Standards for Education

The draft report solicits information on cultural safety in ECEC on two fronts.<sup>8</sup> First, whether the ECEC sector is delivering culturally appropriate services. Secondly, whether current standards are sufficient to deliver workplaces and workforces equipped with cultural safety capability in the future. The Smith Family would contend that the current system arrangements are inadequate on both fronts. The Smith Family proffers support for a review of the National Quality Framework as a matter of urgency and that the cultural safety concerns must maintain primacy within any review of this kind.

We would also draw attention to examples of excellent practice in this area referenced in the *Small Steps, Big Futures* report available at <https://www.thesmithfamily.com.au/-/media/files/research/reports/small-steps-big-future-report.pdf> In particular we note the important work being done at the Nanima Preschool on Wiradjuri Country in the small regional town of Wellington, in Western NSW.

## **6. Complexity of the system and complexity of barriers for families**

The draft Productivity Commission report highlights that understanding how to access ECEC subsidies can represent a barrier for the very families who would benefit most from mechanisms that reduce the costs associated with participation. A number of draft findings allude to the need for reduced complexity across multiple aspects of service delivery in ECEC.<sup>9</sup>

The Smith Family affirms in-principle support for reduced administrative complexity for families, however we also urge caution in the pursuit of large scale shifts towards systemic simplicity. It must be acknowledged that a wide range of factors coalesce to create the barriers faced by families living with financial disadvantage which span personal, familial, community and institutional settings (TSF 2016). Indeed new research from overseas suggest that education service delivery must respond flexibly and adaptively to local need in order to be effective in redressing the social and economic issues that create disadvantage and to then build social capital in communities long term (Bourke 2023).

The Smith Family operates a long-running and large scale education support program for families living with financial disadvantage in Australia. Our practice experience highlights that the redress of disadvantage takes time and it must be acknowledged that some level of complexity is inherent to system operation and the implementation of community based work. Effective approaches are not just system-designed but practice-based and this takes early intervention with a view to sustained engagement and relationship building undertaken by skilled professionals. This in turn means a long term investment of time and resources and interventions appropriate to the unique needs of each child and their family (TSF 2016).

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<sup>8</sup> Draft finding 2.4: It is unclear if the National Quality Framework adequately promotes cultural safety and capability  
Information request 2.2: Cultural safety in ECEC services

<sup>9</sup> Draft finding 6.2: Complex ECEC subsidy arrangements can be a barrier to access for some families

## **7. Future governance and a new policy paradigm: policy coordination, stewardship, a New Partnership Agreement and the possible role of a new commission**

The draft report flags a range of recommendations advocating for the establishment of new regulatory and monitoring bodies that might offer a unique purview of ECEC's scope and operation nationally.<sup>10</sup> The Smith Family supports recommendations that would lead to greater clarity in the articulation of overarching policy objectives in the ECEC sector. In addition, we support the establishment of a designated ECEC body (such as a Commission) **if** this could be proven to deliver more effective oversight of the sector's activities and ensure providers remain beholden to principles of equity in service delivery for vulnerable families. The recent review of child care services by the ACCC identifies there is a need for all levels of government within Australia to clarify their policy objectives, and then collaboratively consider how and where the market can adequately achieve these, and what measures are necessary when the market falls short (2023: 42-43).

However, in order for a designated ECEC commission to achieve proper oversight, many other agency relationships and collaborations would need clarification. As it stands, the ECEC sector is characterised by a large number of corporate, not for profit, and government players and with multiple regulatory agencies part of the conversation on quality practice. It is unclear how new agencies might work in conjunction with or indeed independently of existing regulatory, monitoring and authorising bodies for quality.

The Smith Family recommends that the Productivity Commission give consideration to: the scope of the existing mandate of the National Children's Commissioner (AHRC); the role and scope for collaboration with the Australian Children's Education and Care Quality Authority; the composition of the Education Council and the inclusion of early childhood concerns as potentially part of an amended National School Reform Agreement; and to reflect on the responsibilities and management regimes of the respective Departments of Education in each state. Should a new body such as an ECEC Commission be established, identifying synergies with these new bodies would be vital otherwise this is likely to *increase* rather than *decrease* the complexities acknowledged to be inherent to the current ECEC system. The proposed review of the Quality Framework would also be an important consideration in these deliberations.<sup>11</sup>

The introduction of the system stewardship concept to the policy and practice terrain of the ECEC sector also requires further clarification. The Smith Family works closely with many families who have children with disabilities and who are required to navigate the NDIS. Our experience with these families attests to the inadequacy of the current system to meet the needs of vulnerable families with highly complex needs. It must be acknowledged, and indeed there is a body of emerging research, which highlights that the stewardship model in addressing underserved (thin markets) in the disability sector remains significantly underdeveloped (NDIS Review 2023).

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<sup>10</sup> Draft recommendation 9.1: Improve policy coordination and implementation

Draft recommendation 9.2: Establish an ECEC Commission

Draft finding 9.3: System stewardship is a missing part of the policy puzzle

<sup>11</sup> Draft recommendation 2.2: A new review of the National Quality Framework

Similarly, the draft report solicits comment on the creation of a new system navigator role.<sup>12</sup> The formulation of a new role would need to be developed subsequent to the considerations outlined above. It is also important to stress that there would be limits to what a system navigator could achieve in terms of reducing barriers to ECEC, given that the breadth of barriers to ECEC access for vulnerable families are not limited to information deficits, but require much more than administrative and system insight. The Smith Family would therefore recommend that further investigation be conducted by the Productivity Commission and a robust evidence base for the concept be provided *prior* to a final recommendation being developed.

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<sup>12</sup> System navigator' roles in the ECEC sector

## Appendix: The Smith Family

The Smith Family is a national charity working in over 90 low SES communities across every state and territory. We have been supporting children and families experiencing disadvantage for over 100 years. Our **vision** is a world where every child has the opportunity to change their future. Our **belief** is that education is one of the most powerful change agents and our **purpose** is to overcome educational inequality caused by poverty.

Our work focuses on Australian children in families and communities where we know it's harder for them to fully participate in their education without some help. Our approach is an early intervention one, providing support to children and families who are likely to struggle without additional support. This includes children and families living in financial disadvantage, Aboriginal and Torres Strait Islander children and families, and those living in communities experiencing disadvantage.

Our work is informed by the ecological model of child development and the multiple influences on children's development, including their family, peers, educational institutions and the community in which they live. Our work draws on research and our practice experience to acknowledge that children's developmental trajectories are not set in stone and immutably influenced by their individual and family circumstances. Our experience is that with the right support at the right time all children and families can thrive. We have a particular focus on strengthening the home learning environment and work in partnership with families, educational institutions, community organisations and professionals, corporates, philanthropy and the wider service system across Australia.

Our work in early childhood focuses in particular on supporting early childhood professionals working with families to support their children's early learning in the home through our *Let's Read* and *Let's Count* programs. The Smith Family is also the facilitating partner for nine Communities for Children Facilitating Partner (CfC FP) sites across Australia, funded through the Commonwealth Department of Social Services. As a CfC FP we sub-contract a wide range of community agencies to deliver early intervention and prevention support to families and children in these communities. We also operate two Child and Parent Centres in Western Australia, funded through the WA Department of Education. These Centres aim to give children the best possible start to life through providing access to a range of family-friendly supports and services, including playgroups, parent workshops and child health services. They also play a key role in supporting positive transitions to school for children and families.

In FY23 around 57,000 children under five participated in our programs, as did over 30,000 parents/carers and over 6,700 community professionals, including early years educators.

In 2019, The Smith Family was commissioned by the (then) Commonwealth Department of Education, Skills and Employment to undertake research with families experiencing disadvantage to understand the barriers to participation in early childhood education and care, with a particular focus on preschool participation. That report and associated appendices have informed our submissions to this inquiry. The full report, published in 2021 is available on The Smith Family's website <https://www.thesmithfamily.com.au/-/media/files/research/reports/small-steps-big-future-report.pdf>

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