



# Productivity Commission Submission

Response to Draft Report November 2023:  
A path to universal early childhood  
education and care

February 2024



#BestStartInLife



# Contents

<b>Foreword</b>	<b>3</b>
Response to draft recommendations	5
Formal request for additional information & evidence	60
List of references	141



# Foreword

As the national peak body for the Australian Early Childhood Education and Care (ECEC) sector, the Australian Childcare Alliance (ACA) represents more than 3,000 provider members who employ more than 75,000 educators and care for more than 360,000 families throughout Australia.

Our vision is a future where **every child** in Australia has access to high quality, affordable and sustainable early learning services.

We commend the Productivity Commission for its identification of key areas of need, particularly in terms of increased funding and investment by the Australian Government, as outlined in the draft recommendations and requests for additional information. While these draft recommendations offer potential improvements across the sector, certain key areas require immediate attention as priority reforms before subsequent reforms can be pursued.

Put simply, the ECEC sector needs prioritised reforms to:

1. Address workforce issues through funded wage increase
2. Enhance affordability by eliminating the activity test
3. Strengthen inclusion support
4. Improve affordability through changes to the Child Care Subsidy (CCS).

The sector faces pressing workforce challenges, with a shortage of over 10,000 educators reaching crisis levels. These issues were highlighted by the Productivity Commission Inquiry recommendations in 2014 and reiterated in the current report' draft recommendations. Nearly a decade later, **urgent action is required**, with wage increases identified as crucial for enhancing outcomes for educators.

Improved conditions for educators translate to better outcomes for children and increased accessibility to high-quality care and education services for families. Whilst wage increases are an imperative, families cannot bear the cost. Government funding is critical to ensure that **ECEC remains affordable for all families**.

Meanwhile ECEC providers across the country are struggling to meet the demand for places and to meet the regulatory requirements for the educator-to-child ratios. This is having a devastating impact on particularly working mothers and is exacerbating an overall worker shortage being experienced in all parts of the national economy.



We know that affordability directly impacts a family’s access to high quality ECEC service for their child. For some families who experience high levels of financial vulnerability, they face even greater barriers to accessing or affording ECEC because of the activity test. We know that these families and children benefit significantly more from ECEC as early intervention, education, and care<sup>1</sup>.

The ECEC Framework has the underpinning objective that **all children** have access to high-quality early childhood education that meets their **individual** needs. To deliver these outcomes for all children, ECEC service providers and their educators rely on receiving adequately funded financial support to ensure all children with different abilities can be supported within their service.

The current Inclusion Support Program (ISP) requires significant changes to revising the funding models to better cater to the needs of children with additional needs and their families. Current ISP funding falls short of covering the costs of additional educators, resulting in increased fees for all families accessing the service and further compromising affordability

ACA has the long-held belief that the health and developmental advantages of early learning to all of Australia's young children are **now needed more than ever**, and the **long-term benefit** back to our economy is exactly what our policy makers need to focus on.

The Australian Government’s willingness to commit to significant reforms presents an amazing opportunity for children, families and the sector more broadly. This opportunity should not be wasted. ACA would like to see policy reforms that maintain and expand on the many strengths of our current system whilst enhancing opportunities for growth. It is important for all that an ambitious desire to deliver genuine reform that improves outcomes for children also celebrates our sector’s diversity and success.

ACA makes this submission in response to the Productivity Commission Inquiry’s draft recommendations and requests for additional information. Through our recommendations we seek to ensure that every child in Australia has access to high-quality, affordable and sustainable early learning services, and therefore, **every child will have the best start in life**.

**Paul Mondo**  
**President**



---

<sup>1</sup> 22 Heckman, J. (2008) *The Heckman Equation*, Center for the Economics of Human Development, University of Chicago, USA  
<https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program>



# Response to draft recommendations

The table below provides a quick reference point to identify ACA's response to each recommendation from the Productivity Commission's Draft Report (November 2023).

Draft Recommendation No	Page No
Draft Recommendation 2.1	Page 7
Draft Recommendation 2.2	Page 9
Draft Recommendation 2.3	Page 11
Draft Recommendation 2.4	Page 13
Draft Recommendation 2.5	Page 16
Draft Recommendation 2.6	Page 18
Draft Recommendation 3.1	Page 19
Draft Recommendation 3.2	Page 21
Draft Recommendation 3.3	Page 22
Draft Recommendation 3.4	Page 25
Draft Recommendation 3.5	Page 27
Draft Recommendation 3.6	Page 29
Draft Recommendation 3.7	Page 31
Draft Recommendation 5.1	Page 32



Draft Recommendation 6.1	Page 35
Draft Recommendation 6.2	Page 36
Draft Recommendation 6.3	Page 37
Draft Recommendation 6.4	Page 38
Draft Recommendation 6.5	Page 40
Draft Recommendation 6.6	Page 41
Draft Recommendation 7.1	Page 43
Draft Recommendation 7.2	Page 44
Draft Recommendation 7.3	Page 46
Draft Recommendation 7.4	Page 47
Draft Recommendation 7.5	Page 48
Draft Recommendation 7.6	Page 49
Draft Recommendation 8.1	Page 51
Draft Recommendation 8.2	Page 52
Draft Recommendation 8.3	Page 54
Draft Recommendation 8.4	Page 56
Draft Recommendation 9.1	Page 56
Draft Recommendation 9.2	Page 58



## Draft Recommendation 2 – How ECEC services support children

### Draft Recommendation 2.1 : Ensure appropriate quality regulation for services outside the scope of the National Quality Framework

The Australian Government should ensure that any future funding models or agreements for services receiving direct Australian Government ECEC funding that are out-of-scope of the National Quality Framework include mechanisms to ensure and monitor the quality of these services.

An ECEC Commission (draft recommendation 9.2) should be tasked with reviewing regulatory arrangements for out-of-scope services receiving direct Australian Government ECEC funding to ensure they meet the needs of children. As part of this work, the ECEC Commission, with Australian, state and territory governments should undertake a process of joint decision-making with Aboriginal and Torres Strait Islander services, communities and peaks to determine the appropriate way to regulate the quality of Aboriginal and Torres Strait Islander services out-of-scope of the National Quality Framework.

Support

Do not support

Partially support

## OUR POSITION

ACA partially supports the above recommendation to ensure that acceptable quality levels are managed and upheld in Australia’s Early Childhood Education and Care (ECEC) services.

ACA supports the current approach that the quality assessment of those services outside of the scope of the NQF should continue to be managed at the state level by the relevant state regulatory bodies.<sup>2</sup> For any out-of-scope services that receive different source of government funding, there may need to be different support to ensure that funding outcomes are achieved.

## OUR COMMENTS

ACA believes that all ECEC environments should be regulated by adequate quality assessment and assurance processes.

However, the various ECEC funding and regulatory systems currently administered by the Australian, State and Territory Governments are complex and multi-layered. Rather than creating a separate, new body such as the ECEC Commission proposal, ACA recommends achieving the goal of a more consistent approach via better utilising the existing regulatory body ACECQA and extending its purpose.

---

<sup>2</sup>There are only a small portion of services outside of the scope of the NQF, such as occasional care, these services are currently overseen by their state or territory-based ECEC regulatory bodies.



With its jurisdictional expertise, existing relationships with services across the sector and solid standing with government, ACECQA is well placed to take on this role and build upon its previous achievements. The extension of ACECQA’s purpose would build upon existing structures, rather than reinventing the wheel by creating a new similar body from scratch.

ACA has concerns that the establishment of a new separate body, such as the proposed ECEC Commission, risks an undesired outcome of even greater bureaucracy and red tape, without offering significant value. There is a risk that each state-based jurisdiction would not be compelled to act on the ECEC Commission’s recommendations, and the current administrative challenges the sector is experiencing would remain.

ACA believes there is insufficient detail in the *Productivity Commission Draft Report: A path to universal early childhood education and care November 2023 (“the Productivity Commission Draft Report”)*<sup>3</sup> about the proposed ECEC Commission in order to provide a definitive response to this recommendation.

In particular, we would like to see greater information about the role and level of authority of the ECEC Commission and the extent of its powers, in order to ascertain whether it would adequately fulfil the objective of ensuring appropriate quality regulation for services outside the scope of the NQF.

Whilst there is some merit in having an independent body from both a policy and funding perspective, and a state and federal perspective, the proposed ECEC Commission would still face the same problems and barriers to deliver any purposeful outcomes.

## OUR RECOMMENDATIONS

<b>ACA recommends:</b>	
<b>DR2.1</b>	Extending the purpose of the existing regulatory body ACECQA and giving it greater powers and resources to fulfil the proposed role of the ECEC Commission.

---

<sup>3</sup> Productivity Commission (2023) *Draft report- A path to universal early childhood education and care*, Productivity Commission





## Draft Recommendation 2.2: Amend the Disability Standards for Education

The Australian Government should amend the *Disability Standards for Education 2005 (Cth)* to include all services within the early childhood education and care sector.

Support

Do not support

Partially support

### OUR POSITION

ACA partially supports this draft recommendation. Whilst it's important that all children with special needs can have these needs met by their ECEC service provider, adequate government funding must be made available for the implementation of Disability Standards across all ECEC settings.

### OUR COMMENTS

Each of the 2010, 2015 and 2020 Reviews of the *Disability Standards for Education 2005 (Cth)* (DES), recommended considering extending the application of the Standards to ECEC providers. The 2020 DES Review recommended that Long Day Care services should be included in the Disability Standards:

‘...the exclusion of child care providers from the Standards appears to be anomalous and out of step with reforms that have increasingly emphasised the educational purpose of ECEC services’.<sup>4</sup>

The early learning sector needs to cater for all children including those with diverse needs. To successfully implement the Disability Standards in all early learning services, adequate funding must be made available to support this transition and ongoing implementation. As it stands, the ECEC sector is funded very differently to schools, which receive adequate funding for professional development days, infrastructure modification and adaptive curriculum and resources. None of this funding has been made available to the ECEC sector.

Inadequate funding was recognised as a significant barrier to early learning services being able to support children with additional needs in the recent South Australia Royal Commission into Early Childhood Education and Care (“the Royal Commission”)<sup>5</sup>.

The Royal Commission found that ECEC services had taken on the important role of connecting families with support services outside of the sector, and that ECEC services acted as ‘the glue’ between families and

---

<sup>4</sup> 61 The Department of Education (2020) *Review of the Disability Standards for Education 2005*, Department of Education <https://www.education.gov.au/disability-standards-education-2005/2020-review-disability-standards-education-2005>

<sup>5</sup> 93 The Royal Commission (2023) *Royal Commission into Early Childhood Education and Care Report*, The Royal Commission, Government of South Australia



relevant health and support services, but that these activities were done in an ad hoc fashion and were not funded by government:

‘The Commission has been struck by how vital it [ECEC] is, but how funding systems currently fail to adequately recognise its role.’<sup>6</sup>

The Royal Commission recommended a needs-based funding model, in order to provide additional funding to services in disadvantaged communities.<sup>7</sup>

ACA believes that for the Disability Standards to be successful, substantial government investment into the ECEC sector is needed to build the capacity of the early learning sector to support children with complex needs.

## OUR RECOMMENDATIONS

### ACA recommends:

#### DR2.2

Additional government funding to allow for a full redesign of the Inclusion Support Program to facilitate services to comply with the *Disability Standards for Education 2005 (Cth)*.

---

<sup>6</sup>93 Government of South Australia (2023) *Royal Commission into Early Childhood Education and Care Report*, Government of South Australia

<sup>7</sup> Recommendation 5, The Royal Commission (2023) *Royal Commission into Early Childhood Education and Care Report*, The Royal Commission, Government of South Australia



### **Draft Recommendation 2.3: Amend eligibility requirements for inclusion funding**

The Australian Government Department of Education should work with Inclusion Agencies to communicate documentary requirements for receipt of Inclusion Support Program funding more clearly to services, including the eligibility of children without a formal diagnosis.

Evidence a child has additional needs other than disability should be accepted in all circumstances for services seeking to access the Inclusion Development Fund Subsidy for an Additional Educator and the Family Day Care Top Up.

Increasing the funding allocated to the ISP (draft finding 2.5) will ensure children have adequate support, regardless of a diagnosis.

<b>Support</b>	Do not support	Partially support
----------------	----------------	-------------------

## **OUR POSITION**

ACA supports the removal of any barriers for families and services seeking ISP support, including efforts to reduce confusion around the application process, the documentation required and the basic navigation of the funding program.

## **OUR COMMENTS**

The draft recommendations identify the need for greater efficiencies and effectiveness in the communication across the different systems, when processing applications for the Inclusion Support Program (ISP) made by services.

Ensuring that there is more efficient communication around ISP funding between the Department of Education, Inclusion Agencies and ECEC services would allow services, families and children with additional needs to achieve better outcomes. ECEC services could immediately respond to the needs of their families by sourcing and allocating additional support educators, resources and equipment in a timely manner where required.

Feedback from ACA members (i.e. service providers) indicates that the delays in accessing ISP funding create stress and pressure on educators in their ongoing commitment to adequately support all children with additional needs, while not neglecting the needs of other children.

A child with additional needs will often require more time, attention and support from an educator, therefore stretching his/her ability to provide adequate care to other children in the service, in the absence of ISP funding for an additional educator.



## OUR RECOMMENDATIONS

ACA recommends:	
<b>DR2.3a</b>	A review of the administrative processes to apply for Inclusion Support funding, annual Strategic Inclusion Plans and application process for additional educator funding to ensure they are not overly burdensome.
<b>DR2.3b</b>	Consultation with the ECEC sector as part of the process of determining the documentation required for a child to be eligible for ISP funding. allow Inclusion Agencies to engage with services to promote more inclusive practices, outside of the process of separate funding applications
<b>DR2.3c</b>	Allowing the funding to follow the child from room to room. This would simplify the administrative process by removing the need for a new application to be made when a child moves from one room (care environment) to another.



## Draft Recommendation 2.4: Review and amend additional educator subsidies

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

- increasing the current hourly subsidy rate so that it subsidises 100% of an additional educator's wage, up to the median hourly wage of a certificate III qualified educator and ensuring it is indexed to the Wage Price Index
- removing limits on the weekly hours the subsidies can be approved for and ensuring they align with the child's enrolled hours
- allowing other human-services qualified staff and inclusion professionals, such as allied health or other relevant professionals to be employed as an additional educator, where the Inclusion Agency agrees this would be appropriate.

**Support**

Do not support

Partially support

## OUR POSITION

ACA supports the recommendation to review and amend additional educator subsidies and calls for an immediate increase to the funding rate for an additional educator.


Further to the recommendation, ACA calls for the immediate increase to the funding rate for additional educators to ensure it always aligns with and pays for a Certificate III Level 3.2 casual rate plus superannuation.

## OUR COMMENTS

The draft recommendations identify the need for greater efficiencies and effectiveness in the communication across the different systems, when processing applications for the Inclusion Support Program (ISP) made by families.

The draft Productivity Commission Report deems:

'...the median wage for a Certificate III educator to be appropriate for calculating the funding for an additional educator. This should be indexed to the Wage Price Index. Services that pay additional



educators wages that are below this rate should only receive a subsidy of 100% of the actual wage paid.’<sup>8</sup>

ACA has observed that the median wage of a Certificate III educator is not reflective of the actual cost of an additional educator. As a result of this disparity, when an additional educator for a child with additional needs is not adequately funded by government – as is often the case - the additional cost is passed onto all families accessing the service, therefore driving up fees and making the ECE service less affordable for all families.

The proposed use of the median hourly wage of a Certificate III qualified educator to calculate the cost of an additional educator does not consider the higher rates for casual staff members, nor the employee benefits (super, workers compensation, etc.) as outlined below.

#### Case study of Current ISP Funding vs Actual Costs of Additional Support Educator

Time period	Current ISP funding	Actual cost of additional educator	Out of Pocket Cost to the service
Per hour	\$23	\$40	\$17
One week (25 hrs)	\$575	\$1,000	\$425
One year (50 weeks)	\$28, 750	\$50, 000	\$21, 250

Using the above criteria, a service licenced for 100 places (assuming it is operating at full capacity) would need to charge an additional **\$0.85** a day per child to make up a shortfall of \$21, 250 per year. A service licenced for 50 places (assuming it is operating at full capacity) would need to charge an additional **\$1.75** a day per child to make up a shortfall of \$21, 250 cost per year.

Many services, particularly those in disadvantaged communities, have multiple children who qualify for additional educator inclusion support.

#### Remove limits on the weekly hours to align with child’s enrolled hours

Further to the draft recommendation 2.4, there are current ISP limits of 5 hours a day/25 hours a week for funding an additional educator to support the child. Consequently, the child will only receive that tailored support for a certain portion of the day. Beyond those hours, the child is expected to fit in with the usual educator to child ratio settings, which generally is not sufficient support to meet their specific needs, causing stress and behavioural issues which affect other children as well as significantly impacting educators.

This scenario has resulted in significant limitations on the capacity of children with additional needs to attend their early learning service, therefore limiting one or both parents' capacity to participate in the workforce.

---

<sup>8</sup> 160, Productivity Commission (2023) *Draft report- A path to universal early childhood education and care*, Productivity Commission



## OUR RECOMMENDATIONS

ACA recommends:	
<b>DR2.4a</b>	Immediately increasing the funding rate for additional educators to ensure it always aligns with/pays a Certificate III Level 3.2 casual rate plus superannuation (currently \$32.73per hour plus 11% super).
<b>DR2.4b</b>	Removing the limits on the weekly hours the subsidies can be approved for, to ensure they align with the child's enrolled hours.



## Draft Recommendation 2.5: Reduce administrative burden of Inclusion Support Program applications

The Australian Government should assess the application process required for the Inclusion Development Fund with a view to reducing the administrative burden on services. This should include considering whether requirements to seek reapproval when there are changes to the care environment could be relaxed and if further upgrades to the Inclusion Support Portal are required beyond those currently being implemented.

Support

Do not support

Partially support

### OUR POSITION

ACA supports the recommendation to assess the application process for the Inclusion Development Fund with a view to reducing the administrative burden of Inclusion Support Program applications for both families and service providers.

### OUR COMMENTS

The Productivity Commission Draft Report found that the 2020-21 ISP federally funded budget was \$133 million, with over 17,600 children supported by the ISP, and that there was rapidly increasing demand on ISP funding.<sup>9</sup> Across Australia, ECEC services report an increase in children presenting to their services requiring additional support since the pandemic.<sup>10</sup>

The Commission also found that only 1% of children in ECEC services (excluding dedicated preschools and In Home Care) were receiving support from ISP funding<sup>11</sup>. The Commission identified that services need help to remove barriers to inclusion.<sup>12</sup>

For services to be inclusive to families who have children with additional needs, the service has to consider their existing capacity and resourcing (with appropriately qualified staff, and to attract additional educators to support), but also the service's viability and sustainability with inadequate ISP funding.

---

<sup>9</sup> 46, Productivity Commission (2023) *Draft report- A path to universal early childhood education and care*, Productivity Commission

<sup>10</sup> 9 (De Young, 2021) cited on page 9 of the impact of the COVID-19 pandemic on children in Australian early childhood education and care

<sup>11</sup> This figure represents children for whom a service was in receipt of ISP funding – it does not capture children who may have been assisted by ISP but for whom a payment was not made.

<sup>12</sup> 46, Productivity Commission (2023) *Draft report- A path to universal early childhood education and care*, Productivity Commission





## OUR RECOMMENDATIONS

ACA recommends:	
<b>DR2.5a</b>	A review of the administrative processes to apply for Inclusion Support funding and annual Strategic Inclusion Plans to reduce burden.
<b>DR2.5b</b>	Streamlining the application process for additional educator funding to remove the excessive administrative burden for both the service provider and Inclusion Agencies.
<b>DR2.5c</b>	Removing the need for a new application to be made when a child moves from one room (care environment) to another.



## Draft Recommendation 2.6: Improve coordination of inclusion funding between governments

Australian, state and territory governments should better coordinate inclusion funding to reduce complexity for services and families.

In the short-term, the Australian Government Department of Education and relevant State and Territory Departments of Education should work together to streamline application requirements, to reduce the need for services to apply for funding multiple times.

In the long-term, governments should clarify responsibilities for inclusion funding as part of a National Partnership Agreement on ECEC.

<b>Support</b>	Do not support	Partially support
----------------	----------------	-------------------

## OUR POSITION

ACA supports the above recommendation to improve coordination of inclusion funding between governments, through:

- Better coordination of inclusion funding between Australian, State and Territory Governments to reduce the complexity for services and families.
- A unified approach - the Australian Government Department of Education and relevant State and Territory Departments of Education must work together to streamline application requirements and reduce the need for services to apply for funding multiple times.
- The government clarification of responsibilities for inclusion funding as part of a National Partnership Agreement on ECEC.

## OUR RECOMMENDATIONS

<b>ACA recommends:</b>	
<b>DR2.6</b>	Establishing a National Partnership Agreement between the Australian, State and Territory Governments which clarifies funding responsibilities for inclusion funding and considers the outcomes of the ISP review, NDIS review, and various state based reform initiatives on inclusion.



## Draft Recommendation 3 – The ECEC workforce

### Draft Recommendation 3.1: Reduce barriers to educator upskilling

To improve pathways for educators seeking to upskill to become early childhood teachers (ECTs), the Australian and State and Territory Governments should:

- work with universities and the ECEC sector to develop and promote accelerated degree programs for upskilling diploma-qualified educators to ECTs
- expand wrap-around supports to educators who are undertaking university-level qualifications to become ECTs. Supports could include assistance to navigate enrolment processes, assistance to build academic skills, and regular mentoring. These initiatives should be underpinned by robust monitoring and evaluation
- provide financial support to ECEC services so they can provide a reasonable amount of paid leave to educators for them to complete supervised professional experience requirements associated with completing early childhood teaching qualifications.

In addition:

- when providing information on teaching courses to potential students, universities should publish an indication of how prior ECEC qualifications will be recognised. This could take the form of a median or average amount of credit that students with ECEC qualifications have received in the past.
- the Australian Children’s Education and Care Quality Authority (ACECQA) should examine the supervised professional experience that is required in order for an early childhood teaching qualification to be approved for the purposes of the National Quality Framework, with a view of extending the ability of students to fulfil such requirements in their existing workplaces.

<b>Support</b>	<b>Do not support</b>	<b>Partially support</b>
----------------	-----------------------	--------------------------

## OUR POSITION

ACA supports the recommendation for the Australian and State/Territory Governments to work together to improve pathways for educators to upskill to ECT level.

Specifically, ACA calls for the Australian Government to increase the funding and extend the Paid Practicum Subsidy to allow for greater eligible and financial support for those completing their ECT placement.



## OUR COMMENTS

For those undertaking ECEC practicum placements, greater financial support is needed to ensure they can complete their placement. This requires an extension of the funding announced in the 2023 May Budget of the Paid Practicum Subsidy. This subsidy sought to initially support 2,000 ECTs undertaking practicum in regional, remote, and very remote locations, or in a First Nation (i.e. Aboriginal Community Controlled Organisation (ACCO)) ECEC service<sup>13</sup>.

In 2021, approximately 114,355 educators were undertaking either a Certificate III in ECEC or a Diploma of ECEC.<sup>14</sup> Based on these numbers and conversion rates, there are approximately 49,910 diploma-trained educators in the sector now who would be eligible to upskill to a Bachelor of Education (Birth to Five Years).<sup>15</sup>

These numbers highlight the inadequacy of the limited funding for the Paid Practicum Subsidy to currently support the growing number of educators, in an already underpaid sector, seeking to upskill to become ECTs.

## OUR RECOMMENDATIONS

### ACA recommends:

<b>DR3.1a</b>	Increasing the funding and extending the Paid Practicum Subsidy to allow for greater eligible and financial support for those completing their ECT placement.
<b>DR3.1b</b>	Incentivising educators to undertake a Bachelor of Education (Birth to Five Years), by extending the Paid Practicum Subsidy to all educators undertaking their ECEC practicum regardless of location.

ACA acknowledges that regional, remote and very remote locations, or First Nation (i.e. Aboriginal Community Controlled Organisation (ACCO)) services often have the greatest area of need and should be prioritized, however, there is a national ECEC workforce crisis and extension of the practicum placement locations would be a significant commitment to address these shortages and build the ECEC workforce capacity.

---

<sup>13</sup> Department of Education (2024) Paid Practicum Subsidy, Department of Education, Australian Government

<https://www.education.gov.au/early-childhood/early-childhood-workforce/professional-development-opportunities/paid-practicum-subsidy>

<sup>14</sup> 38 ACECQA (2022) *NQF Annual Performance Report December 2022*, National Quality Framework, ACECQA

<sup>15</sup> *Ibid*



### Draft Recommendation 3.2: Support innovative delivery of teaching qualifications

Governments should provide modest financial incentives to universities to facilitate trials of innovative approaches for providing Initial Teacher Education to early childhood teachers.

The Australian Children’s Education and Care Quality Authority (ACECQA) should work with governments and universities to develop pathways for early childhood teaching qualifications that are awarded through innovative teaching approaches to be recognised under the National Quality Framework.

<b>Support</b>	Do not support	Partially support
----------------	----------------	-------------------

## OUR POSITION

ACA supports draft recommendation 3.2: Support innovative delivery of teaching qualifications, through:

- Government investment in universities to develop innovative approaches for providing Initial Teacher Education to early childhood teachers.
- ACECQA working with universities in the development of early childhood teaching qualifications that are awarded through innovative teaching approaches to be recognised under the National Quality Framework.

## OUR RECOMMENDATIONS

<b>ACA recommends:</b>	
<b>DR3.2</b>	That any innovative approaches developed by universities for early childhood teachers, be done in consultation and codesigned with the ECEC sector to ensure these approaches can be practically applied in an ECEC setting and that quality is not compromised.



### Draft Recommendation 3.3: Improve registration arrangements for early childhood teachers

State and Territory Governments should amend their teacher registration arrangements so that:

- early childhood teachers (ECTs) working in National Quality Framework-approved ECEC settings can be registered with the teacher registration body in their jurisdiction
- any ECT-level qualification that has been approved by the Australian Children’s Education and Care Quality Authority (ACECQA) for recognition under the National Quality Framework should be automatically recognised as meeting qualification requirements associated with teacher registration.

In undertaking these actions, state and territory governments should also:

- review their teacher registration arrangements to ensure that there are accessible pathways for ECTs with an ACECQA-approved qualification to teach in primary school (including after they undertake additional study focussing on teaching in primary school settings)
- review their arrangements concerning highly accomplished and lead teachers (HALT) certification (in relevant jurisdictions) and act on opportunities to make it more accessible for ECTs. As part of reviewing these arrangements, governments should issue guidance on the eligibility of ECTs for HALT certification, the process through which ECTs can seek HALT certification (including in non-government operated ECEC settings), and the implications for ECTs if certification is achieved.

<b>Support</b>	<b>Do not support</b>	<b>Partially support</b>
----------------	-----------------------	--------------------------

## OUR POSITION

ACA supports the recommendation to improve and streamline registration arrangements for early childhood teachers working in NQF-approved ECEC settings through greater coordination across jurisdictions.

## OUR COMMENTS

The issue of national teacher registration is not new. The Australian Institute for Teaching and School Leadership (AITSL) reviewed teacher registration in 2018<sup>16</sup>, which found similar issues highlighted in the

---

<sup>16</sup> Australian Institute for Teaching and School Leadership (2018) *National Review of Teacher Registration*, Australian Institute for Teaching and School Leadership <https://www.aitsl.edu.au/teach/national-review-of-teacher-registration>



Productivity Commission draft report. This was also identified in the South Australian Royal Commission<sup>17</sup> and the issue continues.

Fundamentally, **individual state and territory registration authorities have not been prepared to make changes to respond to these challenges.**

These issues continue with the lack of consistency as to how each state regulatory body and their teacher registrations operate. This makes it difficult for educators and ECTs to relocate, responding to regional and remote demands, and have their qualifications recognised.<sup>18</sup>

In 2023, ACECQA undertook the Child Safety Standards Review<sup>19</sup> that recommended a move towards national consistency to recognise qualifications across jurisdictions. ACECQA’s Child Safety Standards Review<sup>20</sup> supported changes to better recognise ECEC qualification types across different settings, with:

‘The Royal Commission and the National Review also emphasised the need for national consistency of legislation, approaches and standards for ensuring child safety through teacher registration/ accreditation, given the highly mobile nature of the Australian workforce.’<sup>21</sup>

The time has come to finally resolve these issues identified in a range of national reviews and Royal Commission.

## OUR RECOMMENDATIONS

<b>ACA recommends:</b>	
<b>DR3.3a</b>	A coordinated approach with all jurisdictions and Teacher Registration Boards to ensure national consistency in recognising the Birth-to-Five Early Childhood Teaching Degree via mutual recognition.
<b>DR3.3b</b>	Modifying the teacher registration process, allowing ECTs to be able to work in different settings as reflected by their qualification.

<sup>17</sup> Recommendation 24, The Royal Commission (2023) *Royal Commission into Early Childhood Education and Care Report*, The Royal Commission, Government of South Australia

<sup>18</sup> Further detail in page 89 of [ACA’s Submission to the Productivity Commission Inquiry into Child Care](#).

<sup>19</sup> ACECQA (2023) *Review of Child Safety Arrangements under the National Quality Framework*; Final Report – Findings and recommendations for the NQF and inter-related child safety mechanisms, ACECQA

<sup>20</sup> 13 ACECQA (2023) *Review of Child Safety Arrangements under the National Quality Framework*; Final Report – Findings and recommendations for the NQF and inter-related child safety mechanisms, ACECQA

<sup>21</sup> 37 *ibid*



	<p>For example, a teacher with birth to eight-year qualifications can work in both ECEC settings as well as schools. The current arrangement across jurisdictions means there are different teacher registration processes, and such qualifications are not consistently recognised.</p>
<b>DR3.3c</b>	<p>That the state governments compel their teacher registration authorities to establish a nationally consistent approach for teacher registration.</p>





### **Draft Recommendation 3.4: Lift support and mentoring for new early childhood teachers**

State and Territory Governments should develop structured mentoring and support programs for new early childhood teachers if they do not already have these in place. In developing these programs, state and territory governments should reflect the findings of the research underway by the Australian Education Research Organisation (AERO) on the effectiveness of existing support programs.

Jurisdictions that already operate programs to support and mentor new ECTs should review their programs to incorporate the findings from AERO’s research once this is finalised.

<b>Support</b>	<b>Do not support</b>	<b>Partially support</b>
----------------	-----------------------	--------------------------

### **OUR POSITION**

ACA supports the development of a mentor program, as a joint initiative with State and Territory Governments and the ECEC sector to co-design programs to support new ECTs and educators.

### **OUR COMMENTS**

Evidence is emerging as to the benefits of culturally specific programs such as that for Aboriginal and Torres Strait Islander educators with mentoring and support on country and within community.

Mentoring programs run by universities, peak bodies, and government across the country are showing strong signs of offering support to educators, particularly in new working environments. Successful programs should be replicated and funded across the country.

AERO is currently conducting analysis of many options, and funding for evidence-based programs must be considered as part of the entire suite of interventions to strengthen the workforce. These programs build confidence, enable educators to uphold high quality service delivery, build stronger relationships with families, and offer practical support as to the operational needs of services.

ACA recommends that the development of appropriate mentoring programs to support ECTs to feel valued at all levels of their qualifications, encourage their confidence and abilities to uphold high quality service delivery and receive adequate wellbeing support.

Developing a mentoring program to capture these aspects and be responsive to the needs of the ECEC workforce will help build stronger relationships with families and offer practical to the operational needs of the service, will support current educators and help retain them.



## OUR RECOMMENDATIONS

<b>ACA recommends:</b>	
<b>DR3.4a</b>	Creating a funding pool to support evidence-based mentoring programs for educators upskilling at all levels.
<b>DR3.4b</b>	Ensuring this funding allows for back-fill and a flexible delivery option



### **Draft Recommendation 3.5: Improve pathways and support for Aboriginal and Torres Strait Islander people to obtain ECEC qualifications**

In collaboration with Aboriginal and Torres Strait Islander people, communities and organisations, governments should trial and evaluate new pathways for Aboriginal and Torres Strait Islander people to obtain ECEC qualifications so they can participate in the ECEC workforce in greater numbers.

A central aim of these new pathways should be to better recognise the cultural knowledge and experience many Aboriginal and Torres Strait Islander people have when it comes to educating and caring for children.

In designing these pathways, governments should consider:

- using different approaches – such as culturally appropriate interviews – to better understand the prior knowledge, learning and experience of Aboriginal and Torres Strait Islander people, and to inform decisions about the extent that this can be recognised in the form of course credit (or other ways of recognising prior learning)
- using teaching assessment models that – while still ensuring rigour – might be more accessible or culturally appropriate for Aboriginal and Torres Strait Islander students, such as teaching in local languages or making greater use of observational assessments
- providing tailored, small group or one-on-one supports to Aboriginal and Torres Strait Islander students.

**Support**

Do not support

Partially support

## **OUR POSITION**

ACA supports the recommendation to improve pathways and support for Aboriginal and Torres Strait Islander (ATSI) people to obtain ECEC qualifications by:

- using different approaches – such as culturally appropriate interviews – to better understand the prior knowledge, learning and experience of ATSI people, as an alternative to recognising prior learning.
- using teaching assessment models that – while still ensuring rigour – might be more accessible or culturally appropriate for ATSI students, such as teaching in local languages or making greater use of observational assessments.
- providing tailored, small group or one-on-one supports to ATSI students.



## OUR COMMENTS

In addition to enhancing the quality of culturally appropriate ECEC services for all Australian children, the long-term benefits of culturally responsive learning pathways are likely to attract, retain and increase the number of Aboriginal and Torres Strait Islanders educators and ECTs. The further development of culturally adaptive learning methods, combined with using different approaches as an alternative to recognising prior learning, should ensure effective *pedagogy* practices without compromising quality.

Aboriginal and Torres Strait Islander families are more likely to engage and participation in ECEC, if the service is culturally safe, has connection with their community, and has Aboriginal and Torres Strait Islanders educators and ECTs working in the centre.

ACA supports greater First Nations cultural representation in the ECEC sector and workforce.



### **Draft Recommendation 3.6: Contribute to professional development for the ECEC workforce**

The Australian and State and Territory Governments should provide support for the ECEC workforce to undertake professional development activities. This should take the form of a contribution towards the cost of professional development.

Government contributions to professional development should be targeted toward activities that will improve the quality and inclusivity of ECEC practices, including activities that build staff capability to:

- remain up to date with the latest pedagogical research and how to apply this in their teaching
- understand and apply the National Quality Standard and the national approved learning frameworks
- deliver more inclusive ECEC, including for children with disability, developmental delay or additional needs, children who have experienced trauma and Aboriginal and Torres Strait Islander children, particularly those attending in mainstream settings
- work with families – including families in complex or challenging situations – to engage with and participate in ECEC.

<b>Support</b>	<b>Do not support</b>	<b>Partially support</b>
----------------	-----------------------	--------------------------

### **OUR POSITION**

ACA supports the recommendation that the Australian, State and Territory Governments should provide support for the ECEC workforce to undertake professional development activities, with a view to ensuring the high-quality delivery of ECEC services consistently across Australia.

### **OUR COMMENTS**

The long-term professional development of our educators and teachers is critical to building the quality and capacity of our sector. However, the current workforce shortages have created a difficult challenge in terms of how to adequately support the ECEC workforce as individual team members undertake their professional learning.

ACA is acutely aware that primary and secondary schools have dedicated “pupil-free days,” which are government-funded to allow rudimentary professional development and curriculum development activities to take place. In contrast, days for training purposes are not funded by government in the early learning sector, with a minimum of two hours prescribed in the awards of non-contact time for educators to plan curriculum each week, all being funded by families.

Early learning services must instead roster their staff around professional development and mandatory training times (first aid, child protection, etc.), balancing the need to meet the educator-to-child ratios with



the required training. This additional expense of backfilling staff is incurred by the ECEC service and passed onto families through fees.

## OUR RECOMMENDATIONS

ACA recommends:	
<b>DR3.6a</b>	That government funding for professional development is not limited to the costs of the course or training, and the cost of backfilling staff is funded. ACA recommends the government fund 10 hours of backfill per educator per year, to allow for ongoing professional development.
<b>DR3.6b</b>	<p>Additional funding arrangements for higher costs experienced by very remote services to administer professional development.</p> <p>Feedback received from ACA member owner/ operators located in remote locations highlight the challenges in securing training for their staff. The additional costs incurred for the trainer including flights, accommodation and additional hours billed for traveling. The alternative option is to pay for their staff to travel into a bigger regional hub or city to undertake training. This involves overtime, travel, accommodation, backfill and rostering issues (if there are any staff available), etc.</p>



### Draft Recommendation 3.7: Improve the ECEC Workforce Strategy

To maximise the value of the National Children’s Education and Care Workforce Strategy (*Shaping our Future*), the Australian, State and Territory Governments should:

- articulate a clear objective for the strategy against which its effectiveness can be measured
- include projections of the number of educators and teachers the sector is expected to require (over different timeframes) in the strategy
- clarify how each action in the strategy will be resourced
- commit to individually producing annual updates about how the actions, initiatives and reforms they are undertaking are contributing to the strategy’s implementation. These updates should be published alongside the broader assessment of progress in implementing the Strategy published by the Australian Children’s Education and Care Quality Authority (ACECQA).

Support	Do not support	Partially support
---------	----------------	-------------------

### OUR POSITION

ACA supports the recommendation to improve the ECEC Workforce Strategy, through:

- clear objectives which can be effectively measured and evaluated.
- including projections of the number of educators and teachers the sector is expected to require (over different timeframes) in the strategy.
- developing clear resourcing solutions for the delivery of each action.
- commitment to individually producing annual updates about how the actions, initiatives, and reforms they are undertaking are contributing to the strategy’s implementation, published by ACECQA and made publicly available.

ACA supports a commitment to improve the effectiveness of the National Children’s Education and Care Workforce Strategy through greater transparency of the different funding streams, measurable actions and publishing annual updates for improved accountability and outcomes.



## Draft Recommendation 5 – Availability of ECEC

### Draft Recommendation 5 1: Support universal access in persistently thin markets via supply-side funding

To ensure that up to 30 hours or three days a week of quality ECEC is available for all children aged 0–5 years whose families wish for them to participate, the Australian Government should provide additional support in markets where it is clear that ECEC providers are unlikely to invest, even with the changes recommended in this inquiry.

This support could take the form of:

- grant funding to establish a service in communities that are able to cover the operating costs of a service (such as wages, rent and other overheads) via child care subsidies and families' out-of-pocket gap fees, but expected earnings would not cover the capital costs of building or expanding physical facilities
- block grants to cover capital and operating costs in communities where the level of demand is too low to support all of the costs of operating a service or there are substantial barriers to accessing child care subsidies. Funding in these markets should generally be ongoing, with periodic review to determine if a service can be self-sustaining with child care subsidies
- specific arrangements for Aboriginal Community Controlled Organisations to be co-designed with Aboriginal and Torres Strait Islander communities.

The Australian Government could use a process of competitive tendering to provide services in markets where community representatives do not apply for grants.

Centre-based day care, family day care and mobile care should all be considered for funding to help address the varying needs of thin markets.

An advisory program should be established that works with community representatives and enables them to get the support they need.

Support

Do not support

Partially support

## OUR POSITION

ACA partially supports the recommendation to support universal access in persistently thin markets via supply-side funding with:

- policy that supports all children between the ages of birth to five years having access up to 30 hours or three days a week of ECEC.



- greater flexibility of funding models to be responsive to the higher operating costs of all types of ECEC services, particularly in remote areas that are not well serviced or experience barriers to attract and retain staff.
- block grants that respond to the actual costs of capital and operating in communities with low levels of demands and higher barriers to access CCS.
- funded ‘fit for purpose’ and community led solutions- a collaboration between Aboriginal Community Controlled Organisations and Aboriginal and Torres Strait Islander communities.
- government competitive tendering process, that is open to all types of ECEC services to apply for. Currently, many government grants and tendering targeting the ECEC sector are available for only NFP services.

ACA would need more information about the proposed advisory program to better understand its role, function and responsibilities across the ECEC sector.

## OUR COMMENTS

For supply-side funding to effectively address thin markets, additional considerations must account for the mechanisms required to establish and ensure the sustained operation of services in identified communities over the long term. This necessitates the implementation of incentives, as opposed to planning restrictions, to attract and retain high-quality service providers willing to expand into these underserved areas.

## OUR RECOMMENDATIONS

ACA recommends:	
DR5.1a	<p><b>Capital for New Service Development:</b> Over the past few years, there has been investment in the Community Child Care Fund (CCCF), targeting over 20 high-need areas as identified by the government. These communities, supported by evidence of heightened needs and a lack of Early Childhood Education and Care (ECEC) services for families, require funding to build new services.</p>
DR5.1b	<p><b>Long-Term Sustainability of Services:</b> Remote locations often incur higher operational costs compared to services in metropolitan areas. Additional expenses include freight costs, elevated prices of consumables (due to limited local suppliers), staff recruitment and retention, training, and compliance costs. Funding beyond capital expenses is crucial for the sustained and continued operation of services in these areas.</p>
DR5.1c	<p><b>Locally Focused Workforce Solutions:</b> Communities with thin markets face significant challenges in attracting and retaining a qualified ECEC workforce. Workforce issues are integral to the overall funding strategy, and without a stable workforce, other funding measures may not achieve the desired outcomes.</p>



There is an opportunity to explore how these three funding mechanisms could work together or independently, depending on the government's identification of thin markets and the determination of available support for qualifying services.



## Draft Recommendations 6 – ECEC Affordability

### Draft recommendation 6.1 : Monitor rises in fees and out-of-pocket expenses

The Australian Government should monitor changes in fees and out-of-pocket expenses on a regular basis to identify services where movements are out of step with sector norms. Increases that vary markedly should prompt closer investigation, and a regulatory response should be considered if they are not reasonable. To inform judgements about what reasonable increases might look like, the Australian Government should commission a detailed investigation of costs and profits across the sector every three years, along the lines of the work that the Australian Competition and Consumer Commission has been undertaking. This work would also signal if the hourly rate cap needed to be reset.

Support	Do not support	Partially support
---------	----------------	-------------------

### OUR POSITION

ACA does not support the recommendation for the Australian Government to monitor changes in fees and out-of-pocket expenses on a regular basis. However ACA supports the review of the Hourly Rate Cap to raise it to reflect accurate operation and staffing costs for ECEC services.

### OUR COMMENTS

ACA has concerns about the level of administrative burden on services and additional work hours required in order to deliver this recommendation of the ongoing monitoring of fees. ACA member services have recently been exposed to a similarly onerous exercise as a result of the ACCC Inquiry into Childcare that commenced in early 2023. The ACCC’s request for detailed financial information from ECEC services caused a significant administrative burden on service providers and proved to be an extremely time-consuming process for them.

The ACCC found that ‘profits did not appear to be excessive across the ECEC sector’, that there was little evidence of price gouging by providers.<sup>22</sup>

ACA supports the review of the hourly rate cap with a view to raising it to reflect accurate operation and staffing costs. The ECEC sector is currently directed with pricing regulations through the Hourly Rate Cap, which the majority of the services operate under. Those services which exceed the cap are generally within 10% of this cap, and there is scope for this cap to also be reviewed to correctly reflect current operating and service delivery costs<sup>23</sup>.

<sup>22</sup> 24 and 125, ACCC (2023) *Childcare Inquiry- Final Report*, December 2023, ACCC

<sup>23</sup> 160 ACCC (2023) *Childcare Inquiry: Interim Report September 2023* ACCC



## Draft Recommendation 6.2: Modify the Child Care Subsidy to improve affordability and access

The Australian Government should modify the Child Care Subsidy to allow:

- all families to access up to 30 hours or three days of subsidised care per week without an activity requirement
- families with annual income at or below \$80,000 should be eligible for a subsidy rate of 100% of the fee, up to the hourly rate cap.

In addition, the Australian Government should review the hourly rate cap associated with the Child Care Subsidy, and set a new cap based on the average efficient costs of providing early childhood education and care services. This should include consideration of a higher hourly rate cap for non-standard hours (draft recommendation 7.3). The hourly rate cap should be reviewed every three years to ensure it continues to reflect costs (in conjunction with other work mentioned in draft recommendation 6.1). In between these reviews, the hourly rate cap should be indexed at a rate that best reflects changes in the costs of provision such as wage indices or CPI.

Support

Do not support

Partially support

## OUR POSITION

ACA supports the recommendation to improve affordability and access to allow:

- all families to access up to 30 hours or three days of subsidised care per week without an activity requirement.
- families with annual income at or below \$80,000 should be eligible for a subsidy rate of 100% of the fee, up to the hourly rate cap.

## OUR RECOMMENDATIONS

ACA recommends that the review and increase of the hourly rate cap includes:

DR6.2a	A new cap that reflects the true operating costs of delivering ECEC in both standard and non standard hours.
DR6.2b	Non-standard hours, reviewed every three years to ensure it continues to reflect costs, and indexed at a rate that best reflects changes in the costs of provision such as wage indices or CPI.



### **Draft Recommendation 6.3: Make information about CCS eligibility easy to find and understand**

The Australian Government should explore options to make information provided on government websites about CCS eligibility easy to find and easy to understand by families.

<b>Support</b>	Do not support	Partially support
----------------	----------------	-------------------

### **OUR POSITION**

ACA supports the recommendation for the Australian Government to explore ways of making information provided by government about CCS eligibility and the application process much easy to find and easy to understand by families.

### **OUR COMMENTS**

For a Child Care Subsidy (CCS) system to be equitable, it is imperative that all families can understand, access and navigate the system with ease. ACA is well aware that most families, particularly those experiencing social and financial vulnerability find the CCS system very difficult to navigate. Factors such as low literacy and numeracy, English as a second language, limited or no digital literacy or access to technology (internet or phone) can contribute to families having difficulty understanding the information provided about the CCS and how to access it.<sup>24</sup>

Applying for and accessing the existing CCS requires the navigation of digital platforms and a complex technical knowledge of how the system works, which further disadvantages those who are already vulnerable, not confident, or do not have the capacity to navigate even simple processes.

---

<sup>24</sup> 8 Schram, A., Friel, S., Freeman, T., Fisher, M., Baum, & F., Harris, P., (2018) *Digital Infrastructure as a Determinant of Health Equity: An Australian Case Study of the Implementation of the National Broadband Network*, Australian Journal of Public Administration



## Draft Recommendation 6.4: Improve the CCS calculator on the Starting Blocks website

The Australian Government should improve the functionality of the Child Care Subsidy calculator on the Starting Blocks website so that families can estimate their Child Care Subsidy eligibility under different scenarios (such as different working hours or income levels).

The Australian Government should investigate the best way to improve awareness of the availability of the CCS calculator on the Starting Blocks website.

Support

Do not support

Partially support

## OUR POSITION

ACA supports the recommendation for the Starting Blocks website to be more widely promoted to generate greater awareness and use among parents.

However prior to its promotion, we recommend improving the website.

In order to offer a user-friendly, useful and practical service to parents and families, the Starting Blocks website would require a major overhaul. Feedback from families indicates that parents do not rely on and often have not heard of the Starting Blocks website as a search mechanism for finding an early learning service<sup>25</sup>.

The CCS calculator should be updated and presented in a way that is easy for families to understand and use on the website.

Several commercial providers provide a similar online search service, operating more effectively with reliable, current information for families. Well known examples include the [www.CareForKids.com.au](http://www.CareForKids.com.au) and [www.Toddle.com.au](http://www.Toddle.com.au) platforms.

## OUR RECOMMENDATIONS

---

<sup>25</sup> 21 ACCC (2023) *Childcare Inquiry December Final report*, ACCC



**ACA recommends:**

<b>DR6.4a</b>	An audit of the user statistics of the Starting Blocks website to verify the level of usage among families and provide a baseline for measuring future use, should improvements and further promotion take place.
<b>DR63.4b</b>	<p>Exploring mechanisms to ensure the information on the website is accurate, well communicated and meets the needs of families.</p> <p>For example, Starting Blocks does not currently capture the fees for all the different session types that services offer. It currently only reflects the average session price and additional costs (for example excursions and extra-curricular activities). Starting Blocks calculator does not reflect the 5% withholding and as such families expect more CCS and less gap than services charge This is a failure in providing practical information and meeting the direct needs of families...</p>



## Draft recommendation 6.5: Prompt families to update their details with Services Australia

The Australian Government should use Single Touch Payroll information from the Australian Tax Office to prompt families to update their activity and income level details with Services Australia.

Support

Do not support

Partially support

### OUR POSITION

ACA supports the recommendation to encourage families to update their details with Services Australia, utilizing Single Touch Payroll information from the Australian Tax Office.

This approach would serve as a helpful reminder for families, streamlining the process for services to manage changing details efficiently and avoid debt.

Implementing Single Touch Payroll would be particularly beneficial for families, reducing the risk of Child Care Subsidy (CCS) debts, especially for those nearing the \$80,000 threshold. Families often remain unaware of minor changes to their income that could push them into a different CCS threshold (such as additional overtime or increased interest earnings), impacting their out-of-pocket expenses for ECEC.

Families on the threshold, typically lower-income households, would be disproportionately affected by a CCS debt. Such debts might deter continued participation in ECEC due to fears of accumulating future financial burdens<sup>26</sup>.

### OUR RECOMMENDATIONS

#### ACA recommends:

<b>DR6.5</b>	Developing the Single Touch Payroll system to include income assessment to allow families to receive an automatic entitlement to the minimum hours of CCS available. Families who require more hours would need to adjust to get access to maximum hours.
--------------	---

<sup>26</sup> 387 Productivity Commission (2023) *Draft report- A path to universal early childhood education and care*, Productivity Commission





## Draft Recommendation 6.6: Provide better information to families about CCS withholding rates

The Australian Government should provide clear and easy to find information to families about the Child Care Subsidy withholding rate during the Child Care Subsidy application process and when families update their details with Services Australia.

Support

Do not support

Partially support

### OUR POSITION

ACA supports the recommendation for the Australian Government to provide greater clarity around the CCS withholding rate during the application process.

We believe improving the communications channels to families and simplifying information regarding the CCS system and withholding rates would enable them to comprehend and navigate the system more effectively, ultimately making it easier to plan their child’s attendance arrangements.

In addition, ACA supports the adoption of the Single Touch Payroll system as an effective mechanism for eliminating the 5% withholding payment. The Productivity Commission report backs this approach, revealing that many families were deterred from ECEC participation due to fears of incurring a substantial CCS debt.<sup>27</sup>

### OUR COMMENTS

According to the Australian Institute of Family Studies (AIFS) evaluation:

- the 5% withholding amount was the least well-understood aspect of the CCS by parents,<sup>28</sup>
- approximately half the parents surveyed expressed concern about a CCS debt if they did not correctly report their activity details<sup>29</sup>, and
- about 40% were worried about the possibility of a CCS debt at reconciliation.<sup>30</sup>

If the overarching goal is to make ECEC affordable with universal access and to ensure that all families have no gap fees, the removal of the 5% withholding fee is imperative.

---

<sup>27</sup> *ibid*

<sup>28</sup> 44 Bray, J., Baxter, J., Hand, K., Gray, M., Carroll, M., Webster, R., Phillips, B., Budinski, M., Warren, D., Katz, I. and Jones, A. (2021) *Child Care Package evaluation: final report*, Australian Institute of Family Studies, Australian National University, Social Policy Research Centre, Social Research Centre

<sup>29</sup> 46 *ibid*

<sup>30</sup> *ibid*



## OUR RECOMMENDATIONS

### ACA recommends:

**DR6.6**

The adoption of the Single Touch Payroll to prompt income assessment for families. This would significantly reduce the likelihood of families incurring a debt due to a failure to report a change in income.



## Draft Recommendations 7 – Other barriers to access

### Draft recommendation 7.1: Ensure integrated services are available where needed

An ECEC Commission (draft recommendation 9.2) should be responsible for advising governments on the need for integrated early years services involving ECEC and the communities in which they are needed.

Support	Do not support	Partially support
---------	----------------	-------------------

### OUR POSITION

ACA partially supports the recommendation to ensure integrated services are available where needed, by making additional services available for children and communities with higher needs.

However ACA has some concerns that the proposed ECEC Commission may create another level of bureaucracy for the ECEC sector. ACA would like more detailed information about the ECEC Commission, its functions, responsibilities and how it would work with ECEC services, in order to better assess whether a new government-funded body would enhance processes or just add another bureaucratic layer for ECEC services to deal with.

### OUR RECOMMENDATIONS

<b>ACA recommends:</b>	
<b>DR7.1</b>	That data should be collated and made available to decision makers on the locations and community where integrated services are needed regardless of the establishment of the ECEC Commission.



## Draft recommendation 7.2: Support connections between ECEC and child and family services

As part of its role in assessing access to ECEC, an ECEC Commission (draft recommendation 9.2) should be responsible for examining connections between ECEC and other child and family services and identifying the most suitable way to address any gaps.

Support	Do not support	Partially support
---------	----------------	-------------------

### OUR POSITION

ACA partially supports the recommendation, with reservations about the creation of a new ECEC Commission.

Whilst we strongly support the need for early learning services to engage effectively with supporting health and community services, we have concerns that establishing a new ECEC Commission may simply create an additional bureaucratic layer for ECEC services to deal with.

Our preference would be to draw on existing sector knowledge and expertise by expanding ACECQA's role and resources, to drive the systemic connections between early learnings services and supporting health and community services, along with the relevant government departments.

### OUR COMMENTS

ECEC services are well placed to support families through the strong rapport and relationships built, as they see and engage with them almost daily. Strong, positive relationships between ECEC services and their parents create trust and an openness to work together to understand a child's specific needs and any additional supports or services he/she may benefit from.

At the higher level, positive relationships between the ECEC sector and other child and family services result in the educators having a greater understanding of the services offered and therefore a better alignment of recommended services with the specific needs of the children. Educators can confidently refer parents to engage with wider health and other services once these relationships have been formed, resulting in earlier interventions for the child and family and creating better outcomes for the child.

ACA acknowledges the role ECEC services play in identifying and linking families to additional support services. While there is certainly opportunity for the gaps to be identified to assist families and ECEC services in meeting the needs of children, ACA would need more information about the ECEC Commission to fully understand its functions, role and provide feedback on how it could best add value in this context.



## OUR RECOMMENDATIONS

### ACA recommends:

<b>DR7.2</b>	That data should be collated and made available to decision makers on the locations and communities where gaps exist in the connections between ECEC and other child and family services regardless of the establishment of the ECEC Commission.
--------------	--



## Draft Recommendation 7.3: Introduce a higher hourly rate cap for non-standard hours

The Australian Government should raise the hourly rate cap for ECEC delivered during non-standard hours. In designing the higher rate cap, the Australian Government should ensure:

- families are required to provide evidence that both parents work non-standard hours to access the higher rate cap
- the higher rate cap is only available during non-standard hours, with the definition adopted in the *Children's Services Award* (weekdays before 6.00am and after 6.30pm and weekends) offering a useful anchor point (but is not available if services offer care for a short period either side of standard hours)
- the higher rate cap is applied to all service types, although different rates should be set for each service type to reflect differences between them in costs of provision.

The higher rate cap should be set based on the costs of providing early childhood education and care during non-standard hours and subject to regular review and indexation as outlined in draft recommendation.

Support

Do not support

Partially support

## OUR POSITION

ACA supports the recommendation to introduce a higher hourly rate cap for non-standard hours, with the priority to ensure the higher rate cap is:

- available during non-standard hours,
- applied to all service types, with different rates should be set for each service type to reflect differences between them in costs of provision.
- set based on the costs of providing early childhood education and care during non-standard hours and subject to regular review and indexation.

## OUR RECOMMENDATIONS

### ACA recommends:

#### DR7.3

Practical considerations should be factored in when finalising the details of this recommendation, to ensure the best outcomes for families and the viability of services.



## Draft Recommendation 7.4: Examine planning restrictions related to operating hours

State, Territory and Local Governments should examine their planning regulations to ensure they do not unnecessarily restrict the ability of services to provide ECEC during non-standard hours.

Support

Do not support

Partially support

### OUR POSITION

ACA supports the recommendation to examine planning restrictions related to operating hours, with consideration given to the current restrictions on ECEC service providers. The operating hours permitted can vary across different jurisdictions. This makes it difficult for new services to identify and respond to areas of need adequately, which then lets down local families and children.

There is scope to work with different levels of government to review their planning regulations to remove any barriers that may limit the ability of services to provide ECEC during nonstandard hours.



## Draft Recommendation 7.5: Ensure occasional care is available where needed

An ECEC Commission (draft recommendation 9.2) should be responsible for advising on the need for additional investments in occasional care and the communities in which these services are needed. Where additional investments are required, funding should be available through a more flexible Community Child Care Fund.

Support

Do not support

**Partially support**

## OUR POSITION

ACA supports increased investment in occasional care as a viable alternative to Long Day Care to better support the diverse needs of families and communities, particularly when there is a specific purpose.

However we would like to see existing mechanisms used for this purpose.

## OUR COMMENTS

The delivery of occasional care involves higher costs and additional staffing, making it often more expensive and challenging for providers to sustain unless there is a clear demand from the community<sup>31</sup>.

To address and respond to a community's occasional care needs, existing funding mechanisms such as the Community Child Care Fund could be utilized. By extending the scope of this fund to offer greater flexibility, its impact and reach can be expanded.

One example illustrating the explicit need for occasional care is seen with parents who work irregular shifts or engage in seasonal employment during critical peak periods, such as grain growing and harvest seasons. These parents may lack accessible Early Childhood Education and Care (ECEC) services to cater to their child's needs while they fulfill essential work obligations.

It is vital that the government work with local communities and peak bodies in order to respond to the needs of that community to access appropriate and ongoing funding to establish occasional care facilities.

---

<sup>31</sup> 169 Bray, J. R., Baxter, J., Hand, K., Gray, M., Carroll, M., Webster, R., Phillips, B., Budinski, M., Warren, D., Katz, I., Jones, A. (2021). *Child Care Package Evaluation: Final Report*, (Research Report), Australian Institute of Family Studies, Australian Government





## Draft Recommendation 7.6: Support out of preschool hours ECEC

To support greater access to outside preschool hours ECEC, the Australian Government should amend Family Assistance Law to:

- allow dedicated preschools to claim the Child Care Subsidy (CCS) for additional ‘non-preschool’ hours by creating a separate ‘wrap-around preschool’ care type that would:
  - not be subject to minimum operating periods or restrictions that it must not predominantly provide a preschool program in the year before full-time school
  - attract the CCS for hours of ECEC delivered beyond jurisdiction-specific standard preschool hours, with services required to report on the length of the preschool session delivered

make it easier for providers to establish a CCS-eligible ‘outside preschool hours’ service, by creating a separate ‘outside preschool hours’ care type that would cater primarily to preschool aged children and would not be subject to the minimum 48-week operating period.

Support	Do not support	Partially support
---------	----------------	-------------------

## OUR POSITION

ACA does not support the recommendation to make it easier for providers to establish a CCS-eligible ‘outside preschool hours’ service, by creating a separate ‘outside preschool hours’ care type that would cater primarily to preschool aged children and would not be subject to the minimum 48-week operating period.

## OUR COMMENTS

ACA believes that the CCS should not apply to pre-schools in any form. State-based pre-school programs - which vary across each state - operate under a different funding model from CCS-funded ECEC services and therefore operate under a different funding stream.

ACA believes that allowing preschool services to receive CCS, albeit outside of normal hours, may result in State Governments shifting budgets, for services they are currently responsible for, to the Australian Government. Furthermore, this may lead to a push for CCS to apply whilst preschool programs are being delivered in standalone settings.

Many states in Australia allow integrated preschool programs to be delivered in Long Day Care services, and the provision of outside preschool hours CCS may also impact the viability of Long Day Care services, and cause fees to increase for all children in Long Day Care, if older children move to standalone services for their preschool years.



ACA acknowledges that in some rural and remote communities, these sorts of arrangements may be beneficial, but suggests that a Long Day Care facility which runs a preschool program under the NQF, offering sessional care would be a better option.





## Draft Recommendation 8.2: A new review of the National Quality Framework

Australian, State and Territory Governments should, through the Education Ministers Meeting, commission ACECQA to review the National Quality Framework, with a specific focus on the way in which services are assessed against the National Quality Standard, and if assessments could be made more accurate, consistent and efficient.

NQF reviews should be conducted on a regular basis to enable regulators to incorporate feedback from ECEC providers as well as new findings from research on links between ECEC quality and children's outcomes.

Support

Do not support

Partially support

## OUR POSITION

ACA supports the recommendation for ACECQA to review the NQF with a focus on how services are assessed against the NQS to ensure a more consistent, efficient and accurate Assessment and Ratings process that reduces the administrative burden for ECEC services.

## OUR COMMENTS

ACA supports the National Quality Framework (NQF) and the National Quality Standards (NQS) as an important part of the regulatory and quality systems that underpin the ECEC sector. The NQS have been in place since 2012 and were reviewed in 2018.

Since their inception, providers and educators have expressed concern at the inconsistent application of the NQS. This inconsistency applies from jurisdiction to jurisdiction, but also **within** jurisdictions. The process of **applying and interpreting** the NQS is intended to be subjective, to allow for the diverse nature of delivering high-quality early learning services. However, this subjectivity allows for, and has led to, enormous inconsistencies in the assessment of meeting these standards.

The complexities of this system have also led to long waits between assessment visits - some as long as six years. The current system imposes an onerous and inconsistent assessment process on service providers.

ACA believes the Assessment and Ratings (A&R) process requires a substantial financial investment from government to address these issues or a complete overhaul to ensure that services are assessed at more regular intervals with less of an administrative burden on the service.

ACA emphasises that any changes to the NQS must ensure that the system does not add undue pressure and stress on the sector.



We that within the ECEC sector there is great diversity. As such, the application of the same standards from one setting to another may not necessarily result in the same outcome. A high-quality delivery of ECEC can look different depending on the setting type and the size and scale of the service. For example, it is far more difficult to implement high quality practice in a service of 100 children and 40 staff with child ranging from birth to five as compared to a standalone pre-school of 22 children and 2 staff.

## OUR RECOMMENDATIONS

ACA recommends:	
<b>DR8.2</b>	A review of the Assessment and Ratings (A&R) process to ensure it is more efficient and effective for government regulars and the sector.



### Draft Recommendation 8.3: Ensure regulatory authorities are adequately resourced

The operations of the state and territory regulatory authorities that administer the National Quality Framework should be independently reviewed. This review should examine the timeliness of assessments, and whether additional funding is required to enable authorities to improve timeliness.

Based on the outcomes of this review, the Australian Government should ensure additional funding is provided to state and territory regulatory authorities, to provide updated assessments within agreed timeframes.

Support	Do not support	Partially support
---------	----------------	-------------------

### OUR POSITION

ACA supports the recommendation for an independent review of the activities of the state and territory regulatory bodies, followed by government investment to adequately resource these regulatory authorities to ensure their ongoing assessments are more efficient with improved timeliness, greater consistency and more meaningful, actionable feedback to ECEC services.

### OUR COMMENTS

In order to successfully undertake an independent review of the relevant state and territory regulatory authorities, the review processes must be fair, consistent and comprehensive, with appointed officers having a good understanding of the nature and the complexities of the ECEC sector and hold a relevant ECEC qualification with a specified number of years’ experience.

Such a review should aim to achieve greater accountability and consistency across all state and territory regulatory authorities.

Further to the points raised above in our response to draft recommendation 8.2, the review should also aim to make the NQS and the A&R process more streamlined and less onerous for service providers. The current process needs improving to make it more efficient, meaningful and actionable, therefore helping early learning service providers to adjust as required, to achieve better outcomes for children.

### OUR RECOMMENDATIONS

<b>ACA recommends:</b>	
<b>DR8.3</b>	That state regulators are adequately funded to deliver any changes to a more efficient A&R process in a more consistent and timely manner.



## Draft Recommendation 8.4: Incentivise quality provision in new ECEC services

State and territory regulatory authorities should be required to consider the performance of a provider's existing services when making decisions on an application to approve new services from that provider and prioritise new service approvals from higher rated providers over those with lower existing service ratings.

Support	Do not support	Partially support
---------	----------------	-------------------

### OUR POSITION

ACA partially supports the recommendation to incentivise quality provision in new ECEC services, on the condition that it does not impede service providers from opening new ECEC services in areas of need.

### OUR COMMENTS

Whilst ACA supports regulations that have a positive outcome on the quality of ECEC service delivery, ACA believes this draft recommendation may impede a provider from opening a new ECEC service in an underserved community.

The risk of denying a new service to an area in need is heightened when the service provider's current performance is based on an assessment cycle that can stretch out to six years under the existing system.

### OUR RECOMMENDATIONS

<b>ACA recommends:</b>	
<b>DR8.4</b>	A revision of draft recommendation 8.4 to ensure that it finds a balance between maintaining high-quality service delivery that upholds the NQF and allowing service providers to expand and open new services in response to the local needs of families and the community.



## Draft Recommendations 9 – Funding, governance and stewardship

### Draft Recommendation 9.1: Improve policy coordination and implementation

The Australian, State and Territory Governments should form a new National Partnership Agreement (NPA) for Early Childhood Education and Care (ECEC) by 2026.

The NPA should articulate the national vision for ECEC and clarify roles and responsibilities between all governments.

- The Australian Government should remain responsible for early childhood policies in the years before preschool and for associated funding responsibilities and for the funding of outside school hours care through the CCS.
- State and territory governments should remain responsible for preschool, school readiness and take on the responsibility of ensuring the delivery of outside school hours care in government schools.
- Governments should build upon the Preschool Reform Agreement to ensure funding supports the desired outcomes, regardless of the preschool delivery model adopted in each jurisdiction.

The NPA can also help to establish a more formal stewardship approach, underpinned by an ECEC Commission (draft recommendation 9.2).

Support

Do not support

Partially support

## OUR POSITION

ACA supports the recommendation to improve policy coordination and implementation through:

- the Australian, State and Territory Governments forming a new National Partnership Agreement (NPA) for ECEC by 2026.
- greater collaboration between all levels of governments for the development, coordination and implementation of ECEC policies and funding.
- the NPA helping to establish a more formal stewardship approach.

## OUR COMMENTS

ACA supports forming a new NPA, with the shared goal of achieving national consistency for the ECEC sector and a greater focus on outcomes. This would include creating a more efficient regulatory structure and a **nationally consistent school starting age**, to underpin a consistent framework for the years before school.

The improved policy and coordination for the ECEC sector needs to reflect:

- Higher quality educational outcomes for children
- Better compliance outcomes





- Clearly delineation of responsibilities of funding and policy
- Collaborative policy agendas

ACA has some concerns that the proposed ECEC Commission may create another level of bureaucracy for the ECEC sector, causing further complexity and adding another level of red tape for services, families and children.

## OUR RECOMMENDATIONS

<b>ACA recommends:</b>	
<b>DR9.1</b>	The development of a National Partnership Agreement which offers a formally aligned vision and purpose with clearly defines responsibilities across each jurisdiction.



## Draft Recommendation 9.2: Establish an ECEC Commission

A stewardship model – where the Australian, state and territory governments better coordinate their roles in the ECEC system and share accountability for sector outcomes – should be implemented to address some of the challenges observed in the market, coordinate a more cohesive policy response and steer the sector towards universal access. This should be underpinned by an ECEC Commission, jointly established by the Australian, state and territory governments as part of a new National Partnership Agreement (draft recommendation 9.1). The ECEC Commission should have two main functions:

- support the Australian, state and territory governments to better coordinate and deliver ECEC policies, by providing information and advice
- provide a mechanism to hold the system stewards publicly accountable for achieving the objectives of ECEC policy.

The ECEC Commission will require high quality data to execute its advisory and reporting functions effectively. It should have the authority to collect data from the Australian, state and territory governments, as well as mechanisms to safely store and share data between jurisdictions

Support

Do not support

Partially support

## OUR POSITION

ACA partially supports the recommendation, with reservations around the establishment of a new ECEC Commission.

We support greater coordination between the Australian, State and Territory Governments and greater accountability on the system stewards to address the existing challenges within the sector by:

- addressing some of the challenges observed in the market, coordinating a more cohesive policy response, and steering the sector towards universal access
- moving towards the shared goal for families and children to have universal access (up to 3 days a week) to an ECEC service.

## OUR COMMENTS

ACA supports greater coordination between the different levels of government and shared accountability for better ECEC sector outcomes. We strongly support moving towards coordinating a more cohesive policy response and universal access.

However ACA has concerns that the introduction of a new organisation (i.e. the proposed ECEC Commission) may not achieve much change whilst creating an extra layer of bureaucracy in an already a complex sector.



ACA believes a new government-funded body would face the same challenges that currently exist in seeking equal commitments in funding and resources to the sector from the State and Territory Governments, without some kind of formal commitment to ensure they work in unison.

The current inequities in the ECEC provisions across Australia provide an immediate example of the existing challenges aligning the commitments from the State Governments. For example, in Victoria children have access to fully-funded preschool from 3 years of age. In contrast, this funded program is not available in any other state or territory across Australia.

Another example is the inconsistent delivery of Universal Access funding to all ECEC service types across the states and territories during the implementation of the now defunct Universal Access National Partnership Agreement.

With systems, policies, and funding so misaligned, these types of variables raise our concerns that the Commission would struggle to succeed in achieving its aims without a strong commitment from the Australian, State and Territory Governments to work closely together to implement and fund the sector.

ACA supports greater investment into the collection of high-quality data for accurate ongoing reporting. ACA endorses the collection of ECEC data, on the condition that the collection process is not too onerous on ECEC services.

## OUR RECOMMENDATIONS

ACA recommends:	
<b>DR9.2a</b>	Allocated funding to allow for the extension of the current role of ACECQA, to give it greater powers and resources to fulfil the proposed role of the ECEC Commission.
<b>DR9.2b</b>	Government investment in an accurate and reliable data collection mechanism to capture the key statistics of the ECEC sector and allow for the monitoring of trends and emerging issues, therefore providing a transparent and publicly available high-quality evidence base to inform policy development.



# Formal request for additional information & evidence

## OUR FEEDBACK

The table below provides a quick reference point to identify ACA’s response to each recommendation additional information and evidence from the Productivity Commission’s Draft Report (November 2023).

Information Request No	Page No
<b>How ECEC Services Support Children</b>	
2.2 Cultural safety in ECEC services	Page 62
2.4 Transition to school statements	Page 67
<b>The ECEC Workforce</b>	
3.1 ECEC related vocational education and training	Page 71
3.2 Effectiveness of traineeship arrangements	Page 77
3.3 Falling completion rates for early childhood teaching qualifications	Page 87
<b>Availability of ECEC</b>	
5.2 Planning processes and availability of ECEC	Page 91
<b>ECEC Affordability</b>	
6.1 Potential modifications to the activity test	Page 97
6.2 Child Care Subsidy taper rates	Page 100
6.3 Level and indexation of the hourly rate cap	Page 103
6.4 Potential expansions: CCS to families with restricted residency; Assistance for Isolated Children Distance Education Allowance to preschoolers in isolated areas	Page 107
6.5 Potential measures to reduce CCS administrative complexity	Page 112
<b>Other Barriers to Access</b>	
7.1 The CCCF as a vehicle to address practical barriers to ECEC access	Page 115
7.2 System navigator’ roles in the ECEC sector	Page 119
7.3 Barriers and potential solutions to providing more flexible sessions of ECEC	Page 124
<b>Regulating for Quality</b>	
8.1 Provision of service ratings information for families	Page 127
8.2 Regulatory actions against serial underperformers	Page 130



8.3 Support for services to meet the NQS	Page 134
Funding, Governance and Stewardship	
9.1 Scope for broader funding reform	Page 139



## Information Request 2.2: Cultural safety in ECEC services

The Commission seeks information on cultural safety in ECEC services for Aboriginal and Torres Strait Islander and culturally and linguistically diverse families and children.

- What factors most effectively promote the provision of culturally safe ECEC?
- Should there be changes to the National Quality Framework to promote cultural safety and capability, beyond the updated learning frameworks? Would a national cultural competency framework help improve the cultural safety of ECEC services for Aboriginal and Torres Strait Islander families and children?
- Does the structure of the Inclusion Support Program adequately prioritise and allow provision of culturally safe ECEC in mainstream services? If not, what are the issues and how could these be addressed?

Would professional development in cultural capability (draft recommendation 3.6) be adequate to promote inclusion in ECEC services, or are there other components required?

## ACA INSIGHTS


ECEC services and families play a vital role in shaping diverse, culturally aware and accepting attitudes among children in their care. Children can develop race bias as early as three months old, but exposure to diversity in early learning environments can disrupt this bias.<sup>32</sup> ECEC services are now making a stronger commitment to cultural safety, building cultural competency in educators, and creating spaces that authentically celebrate diversity.

ACA believes that ECEC services can provide a culturally safe environment by:

- Establishing strong core values and philosophy, outlined in policies, procedures, and professional development. This formal framework sets the expectations and culture of how educators should behave in their workplace. It may include the development of a Reconciliation Action Plan with the service's staff, families, and local community.
- Adopting an anti-bias approach in the educational program.
- Creating a welcoming and inclusive environment, modeling inclusive behaviors, under which everyone can contribute to the program and curriculum, participate, and welcome all newcomers to the service wholeheartedly.
- Providing diverse books and learning materials, integrated into learning experiences that reflect different cultures, races and traditions.

---

<sup>32</sup> Bar-Haim Y, Ziv T, Lamy D, et al. (2006) *Nature and nurture in own-race face processing*. *Psychological Science* 17(2): 159–163 cited in Adam, H., Barblett, L., Kirk, G., & Boutte, G. S. (2023). *(Re)considering equity, inclusion and belonging in the updating of the Early Years Learning Framework for Australia: The potential and pitfalls of book sharing*. *Contemporary Issues in Early Childhood*, 24(2), 189-207. <https://doi.org/10.1177/14639491231176897>

- 
- Celebrating diverse multicultural events/festivals to help children understand the significance of each event in different communities and instill a sense of belonging and mutual respect.
  - Actively seeking professional learning about cultural responsiveness and Aboriginal and Torres Strait Islander culture and history.
  - Establishing partnerships with local community organizations.
  - Ensuring the service has accessible resources such as information in various languages, interpreters, more Inclusion Support Program (ISP) officers, more kindergarten field officers, etc.

These strategies can help ECEC services to focus on diversity, equity and inclusion, allowing them to collectively contribute to **every child** having a sense of belonging.

### Current settings - Early Years Learning Framework (EYLF)<sup>33</sup>

The Early Years Learning Framework emphasizes cultural inclusivity in lesson plans, encouraging:

- Exploration of diverse languages, cultures, and perspectives through books.
- Oral storytelling respecting First Nations stories and involving local communities.
- Resources to build the capacity of services and educators in cultural competency and how to respond to questions about cultural diversity and racial identity.<sup>34</sup>

According to the EYLF, learning outcomes that rely on a culturally safe environment include:<sup>35</sup>

- Children developing a strong sense of identity, feeling safe, supported, and developing autonomy.
- Children connecting with and contribute to their world, responding to diversity with respect and becoming aware of fairness.
- Children having a strong sense of wellbeing, becoming strong in social and emotional wellbeing.

### Potential to improve settings - National Quality Framework and Cultural Competency Framework

ACA believes that a lack of cultural safety in an ECEC setting can contribute to:

- poor developmental outcomes for children;
- poor relationships with stakeholders and less meaningful stakeholder input/contributions; and

---

<sup>33</sup> Australian Government Department of Education [AGDE] (2022), *Belonging, Being and Becoming: The Early Years Learning Framework for Australia* (V2.0), Australian Government Department of Education for the Ministerial Council  
<https://www.acecqa.gov.au/sites/default/files/2023-01/EYLF-2022-V2.0.pdf>

<sup>34</sup> Australian Humans Rights Commission (2016) *Building belonging: A toolkit for early childhood educators*, Australian Humans Rights Commission  
<https://humanrights.gov.au/our-work/education/building-belonging-toolkit-early-childhood-educators>

<sup>35</sup> Outcomes 1, 2 and 3, Australian Government Department of Education [AGDE] (2022), *Belonging, Being and Becoming: The Early Years Learning Framework for Australia* (V2.0), Australian Government Department of Education for the Ministerial Council  
<https://www.acecqa.gov.au/sites/default/files/2023-01/EYLF-2022-V2.0.pdf>



- a disconnect to a child’s own culture.

ACA therefore supports a framework that fosters inclusivity and cultural safety. This would include creating more culturally informed resources, supporting professional development, and fostering opportunities to engage with local elders and community which builds upon the current framework.

### **Inclusion Support Program (ISP) and Cultural Safety**

ACA believes the ISP system needs to be more streamlined:

- to make it more user-friendly and not so lengthy
- to prioritize and allow provision of cultural safety in mainstream ECEC services.

ACA has concerns that the ISP may be seen as tokenistic, lacking an individualized approach that is required for each child/family connected to the individual service and its environment.

ACA therefore recommends more guidance and training around ISP assistance across jurisdictions to support ECEC services to build their capacity and skills to observe how the child interacts in a centre-based setting as to better understanding of the family situation and culture.

### **Professional Development in Cultural Capability**

Often it is largely up to the service to prioritise and provide the culturally safe ECE space. ECEC staff need adequate training around how to develop a culturally safe service and in areas of social-emotional development of children, particularly in relation to how children develop empathy, acceptance, and tolerance.

## **OUR RECOMMENDATIONS**

<b>ACA recommends:</b>	
<b>IR2.2a</b>	The allocation of government funding to support services in offering professional development in cultural capability as part of promoting greater inclusion and acceptance of diversity among the children in ECEC services. The implementation of government funded leadership programs embedding cultural capacity for Directors, Educational Leaders, and Administration staff. Each of these positions include leadership and act as role models to young staff, therefore influencing the culture of the service.
<b>IR2.2b</b>	That professional learning should include diverse voices and lived experiences – it should not be limited to consultants.
<b>IR2.2c</b>	Ensuring the availability of prescribed storybooks and toolkits as library resources for services.





## IR2.2d

Regular online network meetings with defined agendas for sharing, learning, and collaboration.

### Additional evidence

- Adam, H., Barblett, L., Kirk, G., & Boutte, G. S. (2023). *(Re)considering equity, inclusion and belonging in the updating of the Early Years Learning Framework for Australia: The potential and pitfalls of book sharing*, *Contemporary Issues in Early Childhood*, 24(2), 189-207.  
<https://doi.org/10.1177/14639491231176897>
- Apfelbaum EP, Norton MI, Sommers SR (2012) *Racial colour blindness: Emergence, practice, and implications*, *Current Directions in Psychological Science* 21(3): 205–209.
- Australian Education Research Organisation (2022) *Engaging with families from culturally and linguistically diverse backgrounds to support learning and development in early childhood education and care (ECEC)*, Australian Education Research Organisation  
<https://www.edresearch.edu.au/sites/default/files/2022-09/AERO-family-engagement-CALD-families-guide-for-ecec-aa.pdf>
- Australian Humans Rights Commission (2016) *Building belonging: A toolkit for early childhood educators*, Australian Humans Rights Commission <https://humanrights.gov.au/our-work/education/building-belonging-toolkit-early-childhood-educators>
- Bar-Haim Y, Ziv T, Lamy D, et al. (2006) *Nature and nurture in own-race face processing*, *Psychological Science* 17(2): 159–163
- Centre for Multicultural Youth (2021) *16 Ways to Improve Engagement of Migrant and Refugee Families in Your School*, Centre for Multicultural Youth Victoria State Government  
[www.cmy.net.au/wp-content/uploads/2021/04/Family-Engagement-Tip-Sheet-2021.pdf](http://www.cmy.net.au/wp-content/uploads/2021/04/Family-Engagement-Tip-Sheet-2021.pdf)
- Ito TA, Urland GR (2003) *Race and gender on the brain: Electrocortical measures of attention to the race and gender of multiply categorizable individuals*, *Journal of Personality and Social Psychology* 85(4): 616–626.
- Jessica Ball, M.P.H., Ph.D. (2022) *Cultural Safety in Practice with Children, Families and Communities*, *School of Child and Youth Care*, University of Victoria and Early Childhood Development Intercultural Partnerships  
<https://ecdip.org/wp-content/uploads/2022/01/Cultural-Safety-Poster.pdf>
- Narragunnawali (2024) *Reconciliation in Education*, Narragunnawali, Canberra  
<https://www.narragunnawali.org.au/rap/actions>

- 
- National Strategy Advisory Group (2022) *National Aboriginal and Torres Strait Islander Early Childhood Strategy*, National Strategy Advisory Group  
<https://www.niaa.gov.au/sites/default/files/publications/niaa-early-years-strategy-5.pdf>
  - Parliament Of Victoria (2020) *Inquiry into Early Childhood Engagement of Culturally and Linguistically Diverse Communities*, Parliament Of Victoria, Legislative Assembly- Legal and Social Issues Committee, Victorian Government, Victoria  
[https://www.parliament.vic.gov.au/4b0245/contentassets/0a75bc29e37a45708e96cd0f39d37d20/la\\_Isic\\_59-01\\_inquiry\\_into\\_early\\_childhood\\_engagement\\_of\\_cald\\_communities.pdf](https://www.parliament.vic.gov.au/4b0245/contentassets/0a75bc29e37a45708e96cd0f39d37d20/la_Isic_59-01_inquiry_into_early_childhood_engagement_of_cald_communities.pdf)
  - Summerville, J. & Hokanson, J. (2013) *Cultural Perspectives on Learning: Building the foundations for working with Aboriginal & Torres Strait Islander children and families*, Child Australia & Shift Consulting Group Pty Ltd, Darwin.  
[https://childaustralia.org.au/wp-content/uploads/2017/02/Cultural-Perspectives-on-Learning\\_compressed\\_Jan2014.pdf](https://childaustralia.org.au/wp-content/uploads/2017/02/Cultural-Perspectives-on-Learning_compressed_Jan2014.pdf)
  - Uniting Care (2015) *Aboriginal and Torres Strait Islander Inclusion Checklist*, Uniting Care and Inclusion & Professional Support Program  
<https://www.earlychildhoodaustralia.org.au/wp-content/uploads/2015/05/Aboriginal-Torres-Strait-Islander-Inclusion-Checklist.pdf>



## Information request 2.4: Transition to school statements

The Commission is seeking information on the extent to which Transition to School Statements are used, their adequacy and whether they contribute to more effective transitions.

### ACA INSIGHTS

ECEC services and families play a vital role in shaping diverse, culturally aware and accepting attitudes among The Transition to School Statements aim to support the child's transition from an ECEC (Early Childhood Education and Care) service to their primary school. The levels of effectiveness of these statements vary based on a range of factors.

These include:

- The level of support and resources provided by the State and Territory Departments of Education - Whilst several Departments have developed online templates, forms, and guides to assist services, schools, and families, this is not consistent across the country.
- The existing relationship and communication between schools and ECEC services - These relationships are crucial for successful Transition to School Statements, particularly in encouraging the schools to make use of the process. The uptake of primary schools engaging with the Transition to School Statements process tends to vary from school to school, and even from teacher to teacher at the same school.
- Parental consent – Not all parents are comfortable with having their children's behaviour monitored, assessed and discussed by both parties.



## Overview of the Transition to School Statements Across Different States and Territories

The following is an overview of the variances in implementation of the Transition to School Statements across different jurisdictions, which has been informed by the experiences of ACA's member owner/operators

### Queensland

- The Queensland Department of Education has an online system with templates and resources, fostering strong uptake and usage of Transition to School Statements by teachers and families.<sup>36</sup>
- Schools find the Statements useful and effective, particularly for vulnerable populations. The process allows for consistent communication and better relationships between ECECs and schools.
- As part of the Transition to School Statement process, each family is required to give permission for their child to participate, which can sometimes be a barrier to these statements working effectively.
- The relationship between ECECs and schools are fundamental for the successful implementation of Transition to School Statements. The Queensland Department of Education has a dedicated team to facilitate strong connections and relationships between schools and ECECs.

### New South Wales

- The NSW Department of Education provides an online system with templates and resources, and feedback indicates the template works well to communicate the child's needs.<sup>37</sup>
- Parental consent is required, and the effectiveness depends on the relationship between ECEC services and schools, who may choose to ignore the statements all together.

### Victoria

---

<sup>36</sup> The Queensland Department of Education (2023) *Transition Statements, Early Education and Care*, The Queensland Department of Education, Queensland Government <https://earlychildhood.qld.gov.au/early-years/transitions/moving-to-school/transition-statements>  
Queensland Curriculum & Assessment Authority (2023) *Parent/Carer Information: Transition Statements*, Queensland Curriculum & Assessment Authority, Queensland Government <https://www.qcaa.qld.edu.au/kindergarten/supporting-transition-school/parent-carer-information>

<sup>37</sup> The NSW Department of Education (2023) *The Transition to School Digital Statements*, The NSW Department of Education, NSW Government <https://education.nsw.gov.au/early-childhood-education/working-in-early-childhood-education/transition-to-school/transition-to-school-digital-statement>  
The NSW Department of Education (2023) *Transition to school: Information for early childhood education and care services*, The NSW Department of Education, NSW Government <https://education.nsw.gov.au/early-childhood-education/working-in-early-childhood-education/transition-to-school/information-for-services>

- Victoria has had an online system supporting Transition to School Statements for over 10 years with templates and resources.<sup>38</sup>
- Parental consent is needed but failing that the ECEC services and schools can still share information under the Child Information Sharing Scheme.

#### South Australia

- Transition to School Statements are considered adequate and useful by ECEC services in South Australia. The effectiveness varies based on how schools utilize the reports, with limited feedback often received.
- These reports are only responded to when the ECEC service has raised an issue or concern about the child having received a diagnosis as having additional needs.

#### Western Australia

- Western Australia lacks templates and resources, and there is no dedicated team to support connections between ECEC and schools at the Department of Education.
- Feedback suggests schools generally do not use Transition to School Statements, causing frustration for educators who have invested considerable time and effort in writing the statements for each child transiting into school.

## OUR RECOMMENDATIONS

**ACA makes the following recommendations to the Australian and State Governments, to create a more streamlined and effective transition process from ECEC services to schools, ensuring the best outcomes for children and families:**

<b>IR2.4a</b>	Foster consistent communication and engagement efforts between ECECs and schools
<b>IR2.4b</b>	Standardise Transition to School Statement online templates across States and Territories for greater efficiency and consistency.
<b>IR2.4c</b>	Address the culture and responsiveness to ECECs in schools to ensure effective implementation.

<sup>38</sup> The Victorian Department of Education (2023) Transition Learning and Development Statements (TLDS), The Victorian Department of Education , Victorian Government <https://www.vic.gov.au/transition-learning-and-development-statements>



<b>IR2.4d</b>	Explore mechanisms to share information effectively, ensuring parental consent when required
<b>IR2.4e</b>	Continuous review and improvement of Transition to School Statement processes for optimal outcomes.



## Information Request 3.1: ECEC Related Vocational Education and Training

The Commission is seeking information on the quality of ECEC-related vocational education and training (VET). In particular, the Commission would welcome views on:

- the impact of recent and ongoing reform – both to VET ECEC qualifications and the VET sector more broadly – on the quality of qualifications and the job readiness of ECEC graduates
- whether there are widespread problems with the quality of VET ECEC courses, and if so, what these problems are, why they exist and what should be done to address them.

[Information request 3.1]

## ACA INSIGHTS

The landscape of Early Childhood Education and Care (ECEC) is evolving, with a growing emphasis on the quality of vocational education and training (VET), in order to create an ongoing pool of well qualified graduates. The growing demand for skilled Early Childhood Educators and Early Childhood Teachers in the sector makes it crucial for service providers to be able to swiftly assess and enhance the quality of qualifications and job readiness among individuals pursuing careers in early childhood education.

The government policy focus on ECEC vocational education should aim to **elevate the overall quality** of the training courses to ensure that aspiring professionals are well-prepared for the demands of their crucial roles and employers receive the level of skills they need when recruiting trainees and qualified staff.

### Impact of recent and ongoing reforms on ECEC VET training


#### Expectations around work readiness vs reality

Many students lack the necessary skills for immediate on-the-job application, requiring significant additional support and mentoring<sup>39</sup>. This issue, coupled with workforce shortages, can result in trainees feeling pressured to immediately assume roles and responsibilities they are not yet ready for and haven't been adequately trained for. It also puts pressure on existing staff to identify and fill in the capacity gaps.

#### Quality of RTO training

---

<sup>39</sup> ACA's 2020 survey helped inform ACA's response to the Productivity Commission's Skills and Workforce Development Agreement, cited in Lucas, F., (2020) *Survey Finds That Many ECEC Graduates Lack the Skills Needed to Care for Children*, The Sector, <https://thesector.com.au/2020/01/20/survey-finds-that-many-ecec-graduates-lack-the-skills-needed-to-care-for-children/>



Whilst the ECEC sector has seen a general improvement in vocational training across the last five years, with poorer quality RTO's weeded out of the sector, there is still room for improvement<sup>40</sup>.

The current problems associated with low-quality training include:

- Inadequate training content
- Low quality of people leading the training
- Courses rushed for quick completion
- Lack of supervision by RTO on placements - some RTO's do not visit students whilst on placement, and some services do not adequately support students whilst on placement. The workforce challenges mean that those room leaders supporting students can sometimes be lacking in experience themselves and therefore struggle to role model and guide quality practice.
- Courses designed purely to assist with attracting skilled migrants to the ECEC sector.

The implications of low-quality training are severe – inadequate training leads to educators who have large gaps in their knowledge and application of skills in the workplace<sup>41</sup>. This places more pressure on services - already stretched with staff shortages - to bring these new educators up to speed and address knowledge or skills as to ensure that high quality is upheld consistently across all staff in their service.

Meanwhile the varying quality across training organizations and states make it difficult for service providers to assess the competency of candidates.

Initiatives such as ACA Queensland's College for Australian Early Childhood Educators (CAECE) aim to address these issues and lift the level of quality of training provided. CAECE offers training in Certificate 3 in ECEC, Diploma of Leadership and Management, Diploma in ECEC, Certificate 2 in Community Services, for trainees and apprentices, First Aid and other professional development courses.

### Stumbling Blocks for Advanced Qualifications

With the Certificate III now being a Prerequisite for upskilling to a Diploma, educators with a Certificate III that is older than 10 years must undertake a bridging course to ensure their Certificate III is compliant. The only Certificate III that enables a transition into Diploma are CHC 30121 and CHC 0113.


Furthermore, the lack of recognition for over 10 years of work experience serves as a disincentive for these educators (holding an older qualification) to upskill from a Certificate 3 to Diploma.

---

<sup>40</sup> 27, Department of Education (2021) *Shaping Our Future* A ten-year strategy to ensure a sustainable, high-quality children's education and care workforce 2022–2031, Department of Education, Australian Government

<sup>41</sup> S Fox (2023) *ECEC Workforce discussion*— supporting slide deck, Dandolo Partners commissioned for the Royal Commission, cited on p.132 The Royal Commission (2023) *Royal Commission into Early Childhood Education and Care Report*, The Royal Commission, Government of South Australia





### Observation on Gap Training Disadvantage

The ECEC sector is currently experiencing a "gap training towards upskill" which is leading to the deployment of inexperienced staff in higher-duty roles.

This situation is further exacerbated with the departure of seasoned professionals which contributes to concerns about the overall competence and the quality of care in the sector.

### Addressing The Training Gap

There is an imperative to explore and address the existing gap in training options across the ECEC sector by engaging training providers who can deliver high quality training opportunities across Australia.

## **The Problems/ Challenges - Industry Dynamics and Training Quality**

### Quantity vs. Quality Dilemma

- The rush for qualifications prioritizes quantity over quality.
- Recognition needed for Registered Training Organizations (RTOs) excelling in quality training.
- Challenges accessing training in remote locations and limited digital access.

### Lack of Recognition

- Financial and community recognition of the important role of early childhood educators needs to be bolstered to ensure adequate training structures are in place.
- There is an opportunity to elevate awareness of the sector's significance to children's development and capacity to the workforce.
- Efforts needed to increase the understanding of the technical work required of educators in practices that support children's development and families within a defined government regulated framework.

### Lack of Financial Support for Practicum Placement

- Financial stress on students working full-time while studying, as practicum placements are not financially supported.
- Students must use their annual leave or leave without pay to complete their placements. The lack of financial support for students to undertake placement is a deterrent for new entrants to the sector. It places significant financial stress on those attempting to balance completing their study with an unpaid placement and this directly contributes to the non-completion rates of those undertaking ECEC qualifications.
- If students cannot count time at their current workplace, they often must spend up to 2 years of unpaid time in practicum placements.



### Professionalism and Career Appeal

- There is often a wider misconception around held the high level of professionalism within the ECEC sector, that may deter potential students from undertaking ECEC qualifications.
- Adoption of a professional approach through sector-wide standards and accreditation.

### Career Pathways and Development:

- Emphasis on temporary careers and lack of well-defined pathways reduce attractiveness.
- Comprehensive approach needed, outlining clear sector role pathways, showcasing personal growth opportunities, and promoting professional skills growth to assist branching into related fields.

### Complicated Apprenticeship Incentives program:

- The program is often difficult for apprentices, trainees and ECEC employers to understand.

## OUR RECOMMENDATIONS

**ACA makes the following recommendations to the Australian and State Governments, to create a more streamlined and effective transition process from ECEC services to schools, ensuring the best outcomes for children and families:**

<b>IR3.1a</b>	<b>Quality Training Focus:</b> Shift focus on quality training, identifying, and promoting exemplary RTOs.
<b>IR3.1b</b>	<b>Recognition and Awareness:</b> Elevate awareness about the ECE sector's significance for financial and community recognition.
<b>IR3.1c</b>	<b>Professional Approach Adoption:</b> Adopt a professional approach through industry-wide standards, accreditation, and acknowledgment of unique skills.





<b>IR3.1d</b>	<p><b>Career Pathways Enhancement:</b></p> <p>Outline clear pathways for career progression and promote opportunities in related fields.</p> <p>Engage with State and Territory Governments to ensure school based ECEC Certificate III apprenticeships are promoted via career advisors and seen as a viable pathway to complete their Year 12 school qualification (HSC, VCE or equivalent). This would provide students with ready-made employment options at the completion of school, with an immediate pathway to a Diploma in ECEC qualification via a traineeship at an ECEC service.</p>
<b>IR3.1e</b>	<p><b>Simplify Apprenticeship Incentives program:</b></p> <p>Review and simplify program to make it easier to understand and use program.</p>
<b>IR3.1f</b>	<p><b>Financial Support for Practical Hours</b></p> <p>Provide financial compensation or incentives to students undertaking practical hours, reducing the financial burden associated with taking time off from full-time work.</p>

The transformation of the ECEC sector necessitates a strategic focus on quality training, sector recognition, a professional approach, and well-defined career pathways. Addressing these aspects will not only attract a more skilled workforce but also foster a heightened appreciation for the critical role the sector plays in early childhood development.

## Additional evidence

- Alison Pennington (2020) *An Investment in Productivity and Inclusion: The Economic and Social Benefits of the TAFE System*, Centre for Future Work at The Australia Institute, Canberra, Australia
- <https://australiainstitute.org.au/wp-content/uploads/2020/12/An-Investment-in-Productivity-and-Inclusion.pdf>
- Australian Government (2023) *Working Future: The Australian Government’s White Paper on Jobs and Opportunities*, September 2023, Australian Government, Canberra, Australia
- <https://treasury.gov.au/employment-whitepaper/final-report>
- Mark Dean (2022) *Educating for Care: Meeting Skills Shortages in an Expanding ECEC Industry*, Carmichael Centre, Centre for Future Work at The Australia Institute, Canberra, Australia
- <https://australiainstitute.org.au/wp-content/uploads/2022/05/Educating-for-Care-WEB.pdf>
- The Honourable Steven Joyce (2019) *Strengthening Skills Expert Review of Australia’s Vocational Education and Training System* ISBN 978-1-925364-10-1 *Strengthening Skills* (online), Commonwealth



of Australia, Department of the Prime Minister and Cabinet, Strengthening Skills, Canberra, Australia

- [Strengthening Skills: Expert Review of Australia's Vocational Education and Training System \(pmc.gov.au\)](https://pmc.gov.au)
- The Treasury (2023) *Intergenerational Report 2023- Australia's Future to 2063*, The Treasury, The Australian Government, Canberra, Australia
- <https://treasury.gov.au/publication/2023-intergenerational-report>



## Information Request 3.2: Effectiveness of traineeship arrangements

The Commission is seeking information on the effectiveness of traineeships as a career pathway in ECEC, for trainees as well as ECEC providers.

The Commission would also welcome views on opportunities to improve traineeship arrangements.

## ACA INSIGHTS

### Effectiveness of ECEC Traineeships

Traineeships serve as an excellent career pathway for individuals new to the ECEC sector. They offer a valuable opportunity for job seekers to gain work experience while working towards a nationally recognized qualification.

However, one of the most significant challenges faced by the sector is the struggle to attract individuals to traineeships due to comparatively very low current wage levels and benefits acting as a deterrent for potential candidates.

The benefits of ECEC traineeships include:

- Traineeships provide a unique opportunity for hands-on job specific learning specific to their role with children and the centre, allowing trainees to understand centre-specific practices and culture.
- Trainees can be used in super numerary capacity for the first 3-6 months in their employment, gaining valuable experience across various age groups.
- In time, these trainees assist maintaining staffing levels across centers, covering staff absenteeism and annual leave.

ACA member owners/operators can attest to the value of traineeships, supporting trainees to excel professionally and progress into different ECEC roles, including leadership positions. This includes becoming Directors, owner/ operators and ECEC advocacy leadership roles.

As an example, Jae Fraser - ACA National Treasurer and ACA QLD Vice President – is the Director of the highly successful Scholars Group which has 14 services across Queensland. Jae began his ECEC career as a trainee in an early learning service, gradually building on his experience, training and skillsets to develop an impressive career path which eventuated in setting up his own early learning services.



## OUR RECOMMENDATIONS

### ACA recommends the following policy approaches to improve traineeship arrangements:

#### IR3.2a

#### Improve Employer Benefits

- Introduce an increase in wage subsidy to 50% for the first 12 months of the traineeship.

#### BACKGROUND:

The previous Boosting Apprenticeship Commencement Scheme funded by the Australian Government ran between 5 October 2020 and 30 June 2022. Under this scheme, any business that engaged an Australian Apprentice was eligible for a subsidy (50 percent of wages paid to a new or recommencing apprentice or trainee) for a 12-month period, from the date of commencement<sup>42</sup>.

This subsidy scheme has now ended, which means that any businesses employing a trainee or apprentice are eligible to receive only a 10% of wage subsidy. This does not adequately reflect the investment of time and resources (which are even more finite with the critical workforce shortages in the ECEC sector) needed to adequately support an ECEC trainee.

Furthermore, approximately one third of all trainees do not complete their ECEC traineeship which the ECEC operator often has outlaid significant time, resource and investment into a position that is again left unfilled.

If a 50% wage subsidy were reintroduced it would allow services to maintain trainees in a super numerary capacity for longer, ultimately improving outcomes for the trainee, the service and children.

- Reintroduce the previous Boosting Apprenticeship Commencement Scheme to incentivise employers, considering the critical workforce shortages across the ECEC sector.

---

<sup>42</sup> Department of Employment and Workplace Relations (2023) *Boosting Apprenticeship Commencements and Completing Apprenticeship Commencements*, Department of Employment and Workplace Relations, Australian Government <https://www.dewr.gov.au/boosting-apprenticeship-commencements>



<p><b>IR3.2b</b></p>	<p>Simplify the administrative process for enrolling trainees, addressing paperwork challenges that may deter employers and trainees.</p> <p><b>BACKGROUND:</b> The current process requires two applications, one with TAFE or the RTO which is often straight forward. However, the paperwork with the registered apprenticeship organisation (which varies across the jurisdictions) is where delays occur.</p> <p>Feedback from ACA’s Western Australian member owner/ operators describe that it is a lengthy process to undertake the paperwork required with the registered apprenticeship organisation to take on a trainee which affects services’ ability to complete the 3 month rule to have one signed up.</p> <p>In other states such as NSW, trainees are not given the ‘3 month grace period’ and must be signed up prior to commencement, leading to high dropout rates as the role may not be as imagined for new employees.</p>
<p><b>IR3.2c</b></p>	<p><b>Streamlined Administrative Process</b></p> <p>Provide more support for all services particularly, where traineeships have not been successful, including mentoring to enhance completion rates.</p>
<p><b>IR3.2d</b></p>	<p><b>Promotion for school leavers</b></p> <ul style="list-style-type: none"> <li>■ Collaborate with State and Territory Governments to promote school-based ECEC Certificate III apprenticeships as a viable pathway for completing secondary education through career advisers.</li> </ul> <p>Build awareness among school leavers about the employment opportunities available upon completing Year 12, including immediate pathways to a Diploma in ECEC through traineeships</p>



## Case Studies: Benefits of Early Learning Traineeships

### Taking On Trainees: Case Study 1

**By Director Suzy Linke and Assistant Director Leonie Stevens  
Angaston Early Learning Centre, Angaston SA 5353**

In November 2020 following the unprecedented year of many challenges from COVID-19, as part of the government initiative of wage subsidised traineeships our early learning service was able to employ two local unqualified people full-time as early childhood educators.

As a small rural service located in the small town of Angaston, South Australia, we have previously struggled to source educators in the local area. Many of our educators have been recruited from further afield, which has meant that their work commute has taken over an hour each way, with many kilometres to travel. On a practical day-to-day bases, this travel time and distance has not been a sustainable option for the staff, with individuals losing interest and eventually finding employment closer to their geographical location.

As our location is far away from mainstream larger geographical regions, we do not have any Registered Training Organizations within close proximity. It is in this context that we have historically struggled to attract a pool of educators for both permanent, part-time or relief rosters.

Our town location has also historically offered limited career and job opportunities for young people out of school, as well as mothers who are trying to re-enter the work force, due to the lack of training opportunities.

With the wage subsidised traineeships, we have been able to offer local people the opportunity to upskill their qualifications whilst gaining on the job knowledge and mentoring in a career that they have chosen. The traineeships have also opened the opportunity to build a long-term sustainable work force within the early childhood education sector in our small rural region.

Our early learning centre, our educators, our children, our families, and our wider community are extremely grateful to have been offered this opportunity for the wage subsidy traineeships, which will support the ongoing high quality and affordable early childhood education and care for the children and families of our community.

If the government were to be able to offer these wage subsidised traineeships ongoing into the future, this would greatly support our centre and our community, by helping to build a sustainable local work force for our service, which provides an essential service to our local community.





## Taking On Trainees: Case Study 2

**By Jessica Cockram, Director  
Kapunda Child Care and Early Learning Centre, Kapunda SA 5373**

In November 2020 we were given the opportunity to employ two new trainees. We were fortunate enough to employ the trainees as additional educators which was only possible with the wage subsidy that the government provided. This allowed us to support people entering the work force within our community and offering them full time employment.

As a regional centre we are faced with the challenge of employing educators who have the relevant qualifications, from within our local communities. This is often not possible, and we therefore have to employ people who need to travel over an hour a day each way to get to work. This situation eventually becomes unsustainable for the worker, and they leave to find work closer to home. The end result for our centre is a high turnover of educators.

The traineeship has ensured that we are upskilling people within our community and creating a more stable and sustainable centre for our children and families, to whom our service is vital as we are the only centre in the area.

If the government were able to support centres like mine to employ more trainees with a wage subsidy we could continue to upskill our community and be able to support more families in accessing high quality and affordable care whilst remaining a viable business.

Thank you.



### **Taking On Trainees: Case Study 3**

**By Jess Towe, Director**

**Highway Early Learning Centre, Salisbury Downs SA 5108**

My name is Jess Towe and I am the Director of Highway Early Learning Centre in South Australia. We are a 60 place centre in a low income area with a diverse cultural dynamic.

What prompted me to offer traineeships for the EC industry in addition to current staffing?

The Government's offer of taking on a trainee with a wage subsidy allowed me to make the decision to take on 2 trainees that were in addition to our regulated number of trainees. One trainee was employed casually for 6 hours a week at a school canteen and the sole bread winner for her family. She now has a full-time traineeship.

The other trainee was unemployed and is employed for 30 hours a week. Both are released on a Friday (with pay to attend face to face classes and are progressing well with their studies. They expect to complete their qualification by the end of this year.

By employing trainees in addition to our current staffing meant that we were able to offer people who were not employed, employment, a qualification at the end of the traineeship and a lead into to a long-term career.

Having the opportunity to do this in addition to our current staffing meant we were able to offer higher standard of mentorship, the trainees learn from experienced professionals who are here to support and teach them along with ensuring that they are gaining relevant experience and responsibilities. In doing this we hope to gain dedicated and enthusiastic team members through a hands-on approach.

A traineeship gives the trainee a step into a career where there is a shortage of educators and enables our organisation to mentor them into our centre culture and programs. It develops the trainee's knowledge and helps them to be competent employees for the early childhood industry.

We would consider taking more trainees if we were able to access the wage subsidy as we are confident, they would be long term additions to our staffing team whilst remaining a viable business.

Thank you.



## Being A Trainee: Case Study 4

**By Chloe Roehr, Educator  
Angaston Early Learning Centre, Angaston SA 5353**

What does getting a traineeship in early childhood care mean to me? When I was first asked this question, I did not know how to respond.

Having the opportunity to pursue a traineeship in early childhood care has enabled me to have a completely different mindset on my life. Already after a short 4 months I have been able to learn more than I ever thought I could, not only my knowledge about children but about myself.

To begin with I was nervous, as I have never looked after young children before and had minimal prior knowledge about anything in terms of caring for children.

However, through the experience of being on the floor at the same time as studying, all my doubts in the back of my mind about whether I would be able to undertake the challenge of being a support educator have disappeared.

Having the opportunity to complete a traineeship means more than an education to me - it means I have begun my life journey to strive for the best education for young children. It means constant learning and education for myself - I am constantly studying and researching ways I can improve on the floor and outside of work.

This traineeship has completely changed my outlook on life and made me extremely grateful for the opportunity. After not enjoying my time as a waitress/retail assistant I set out to strive for my passion as an educator. At first it seemed as though it would be a struggle but after researching and finding that even though TAFE no longer offered the course, I found the advertisement for the Angaston ELC and CCC, applied for it as soon as I saw it and within 3 weeks my life had completely changed.

This traineeship has changed me as a person extensively. I have become more thankful for opportunities in life, I have mastered the art of patience and I have been able to grow my personality. My personality has been turned around. Before getting the traineeship, I found I was not as confident and bubbly as I am now.

The children, staff, and other students I have had the opportunity to work with have made me realise how important working as a team is. I have also been able to understand the importance of relationships with the children – this is something I have always heard educators speak about and can now feel that for myself.

In conclusion I am extremely grateful for this traineeship and the support I receive, not only in the centre but also at school on Fridays when the trainees come together with the trainer to learn and engage in the theory side of study. Through going to classes once a week I can learn about theory and understand assignments in depth and achieve them to the best of my ability with help from the trainer and other trainees.

Again, I am extremely grateful for the wage subsidy opportunity and plan to stay in the sector for many years to come. Thank you!



## Being A Trainee: Case Study 5

**By Natasha Kretschmer, Educator  
Angaston Early Learning Centre , Angaston SA 5353**

I am writing this letter (as a Trainee) to explain why I appreciate that I was given this opportunity and why I feel like there should be more funding to allow for more traineeships. I am currently doing a Fulltime Traineeship to work towards my certificate III of Early Childhood Education.

Before I was accepted for this traineeship, I was working 2 jobs to try and make up fulltime hours to support my family. I had enrolled into a training facility ready for the new year to study. Financially I don't know how I was going to make it all work out while studying and finding placement. It's not until now that I visit the training centre with other students that I see I may have had no choice but to GIVE UP if I was doing it all on my own. There are students struggling to finalize fees, trying to study for the certificate, keep their job (in an unrelated industry), care for their family and go around begging for placement in childcare centres so they can do they're on the work training.

To have this fulltime traineeship; I have secure hours each week... I know I can confidently have my daughter in childcare. I have secure income each fortnight... I can pay for the childcare fees and still help support my family. I have on the job experience while studying... it helps understanding of the course and my self-esteem, that I CAN finish this. If there isn't fulltime employment after this traineeship is complete, I know that because I have been thrown in the deep end for this industry via a traineeship, I have the confidence to walk into another centre and say "I have a good understanding of what you'll want in an Educator, I believe I am the staff member you'll want to add to your centre".

A traineeship allows me to follow my career goal while having financial security to care for my family and I feel there is many more individuals who would benefit from traineeships in their chosen career choice.



## Being A Trainee: Case Study 6

**By Jane Davenport**  
**Kapunda Child Care and Early Learning Centre, Kapunda SA 5373**


In April 2020 I was a victim of the COVID lockdown.

Facing no job, no income and living in a regional area, and being in my early 50's, my prospects of obtaining full time employment were very slim and obtaining any type of permanent employment was going to be a challenge.

The opportunity to undertake a subsidised Cert III Early Education traineeship has given me the following:

- The opportunity to further my growing passion for early childhood education and childhood development.
- A new career direction that is fundamentally essential to working families
- Ongoing and developmental further education opportunities
- New challenges, being able to embrace an opportunity and turn that into a rewarding fulfilling and responsible career.
- The opportunity to connect with my Community and Families in the area. To be of service and support to the Community.
- This Certificate has enabled me to or find currency and stability in employment.
- Value – that I can be and am, an asset to any employer.
- Employment stability and full-time work for the duration of the traineeship, and beyond.

Thank you.



### Being A Trainee: Case Study 7

**By Melissa Bowman, Educator**  
**Highway Early Learning Centre, Salisbury Downs SA 5108**

I am the main income earner for my family as my partner has a health condition that makes him unable to work.

I was working casually for six hours a week some weeks I did get more hours in a school canteen, I but I needed and wanted to find something that was stable and hopefully fulltime. So, when a position for a traineeship became available at a child care centre as I have always liked working with children, I took the leap of faith and applied for it.

What does a traineeship mean to me?

- Having a fulltime and stable job.
- Having a stable income to support my family.
- Learning while on the job as I have always learnt better hands on.
- Working towards gaining my Cert III in Early childhood education and care in a supportive environment.
- Showing my children that if you want to achieve something you should never give up.

### Being A Trainee: Case Study 8

**By Zahra Hussain, Educator**  
**Highway Early Learning Centre, Salisbury Downs SA 5108**

I am doing my traineeship in children's services.

This is the first official job and training I have conducted since I came to Australia in 2010. I have never worked before apart from working on and off from home for beauty services for my own business.

This traineeship gives my career a kick start for a better future, to be able to get my certificate III and work in the industry.

This traineeship is going to support my family and I financially as well because I can work, learn, and get paid.

While working at Highway Early Learning centre I would love to pursue my educational goal further and continue after my traineeship to complete my diploma in children's services and continue my job, gaining more experience and knowledge.



### **Information Request 3.3: Falling completion rates for early childhood teaching qualifications**

The Commission is seeking views on the factors that have led to a decline in completion rates of early childhood teaching qualifications

## **ACA INSIGHTS**

The completion rates of early childhood teaching qualifications (i.e. Bachelor of Education – Birth to Five degrees) have witnessed a decline in recent years, influenced by several factors:

### **Practicum Placements**

The existing model of students having to complete their practical hours by using their annual leave or unpaid time, as they are not paid for these placements and placements are mandated to be in different services than one at which they are employed.

### **Low Wages & Different Working Conditions**

The discrepancy in salary and benefits when Early Childhood Teacher positions are compared to primary school teaching has the obvious effect of diverting potential educators toward higher-paying alternatives and prompting students to reconsider their career choices.

### **Public Perception of ECEC Sector**

Whilst the important role of Australia's early childhood educators is becoming more and more recognised among the community, there remains a negative public perception around the professionalism of educators – often being seen as baby sitters or 'glorified nappy changers'<sup>43</sup>. This perception discourages aspiring teachers from pursuing a career in this field.

### **Need For Adequate On-The-Job Support**

The current ECEC workforce shortages can directly impact the work experience of new and existing staff. Staff shortages can lead to a lack of guidance and mentorship from experienced educators, which contributes to frustration and isolation among new and aspiring teachers. In addition, many services, facing staffing shortages themselves, are unable to offer practicum placement support for students, so there simply aren't centres in which to complete this part of their study.

### **Juggling Study with Ongoing Workload**

Educators undertaking further studies find it difficult to manage the administrative burden working during the

---

<sup>43</sup> Quinones, G., Barnes, M., & Berger, E. (2021). *Early childhood educators' solidarity and struggles for recognition*, *Australasian Journal of Early Childhood*, 46(4), 296-308. <https://doi.org/10.1177/18369391211050165>



day, while undertaking their studies after hours. These factors act as a deterrent to continued studies.

### **Length and Cost of Degrees**

The extended duration (usually four years, sometimes 18 months if an accelerated course) and high costs of early childhood teaching degrees make it less likely for students to complete their courses, therefore negatively impacting completion rates. In 2006, 67% of domestic students who commenced an early childhood teaching degree had completed it in within 6 years, but in 2016, this was down to just 48%.<sup>44</sup>

The Australian Government acknowledged this critical issue in the 2023 May Commonwealth Budget, announcing targeted funding to help address the ECEC workforce shortages with a commitment to 80,000 early childhood educators benefiting from the program. This led to the establishment of the Paid Practicum Subsidy with the initial targeted support for 2,000 ECTs to undertake practicum in regional, remote, and very remote locations or in First Nation (i.e. Aboriginal Community Controlled Organisation (ACCO)) services<sup>45</sup>.

The Budget also allowed for the establishment of Commonwealth Teaching Scholarships – a program which encourages school leavers, those seeking career changes and educators seeking to upskill, to undertake an undergraduate or post graduate teaching degree. The program supports students to meet the costs of their study in exchange for teaching in government-funded schools or government-run early learning settings for a period after graduating from their degree.

Whilst these recent policy commitments will have a positive impact on government-funded schools and early learning services, they do not adequately address the much broader, nation-wide issue of the workforce shortages across all ECEC service models, amounting to a shortage of over 10, 000 educators across Australia<sup>46</sup>.

---

<sup>44</sup> 22, Productivity Commission (2023) *The ECEC workforce - A path to universal early childhood education and care*, Productivity Commission, <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft-full.pdf>

<sup>45</sup> Department of Education (2024) *Paid Practicum Subsidy*, Department of Education, Australian Government <https://www.education.gov.au/early-childhood/early-childhood-workforce/professional-development-opportunities/paid-practicum-subsidy>

<sup>46</sup> The National Skills Commission's Labour Market Insights indicate a national shortage of both Early Childhood Educators and Early Childhood (Pre-primary School) Teachers, with overall employment in Education and Training projected to grow by 149,600 (or 13.4%) over the five years to November 2026.

National Skills Commission (2022) *National Skills Commission's Labour Market Insights: Education and Training*, National Skills Commission, <https://labourmarketinsights.gov.au/industries/industry-details?industryCode=P>



## OUR RECOMMENDATIONS

**ACA makes the following recommendations to the Australian and State Governments, to create a more streamlined and effective transition process from ECEC services to schools, ensuring the best outcomes for children and families:**

<b>IR3.3a</b>	<p><b>Improve Educator Remuneration with Direct Government Funding</b></p> <p>ACA strongly recommends government intervention to help equalize salary and benefits across the different levels of education (i.e. for degree-qualified teachers across the ECEC and school sectors) to eliminate the financial incentive for students to shift towards primary education</p>
<b>IR3.3b</b>	<p><b>Conditional Waiver of HECs</b></p> <p>ACA recommends revisiting policy approaches to incentivize prospective students to undertake a Bachelor of Education (Birth to Five Years) through a conditional waiver of HECs-HELP fees, extending Commonwealth Teaching Scholarships to all ECEC service types, including privately-owned/for-profit services.</p>
<b>IR3.3c</b>	<p><b>Provide government-funded financial support for Practicum Placements</b></p> <p>ACA recommends that the government explores options to provide financial compensation or incentives to <b>all</b> students undertaking practical hours, to reduce the financial burden associated with taking time off from full-time work.</p>
<b>IR3.3d</b>	<p><b>Fund an ECEC Sector National Recruitment Campaign</b></p> <p>ACA urges the Australian Government to launch a national communications campaign to:</p> <ul style="list-style-type: none"> <li>■ elevate the general perception of working in the ECEC sector by emphasizing the importance of early childhood education, highlighting career pathways and the benefits of working in the sector; and</li> <li>■ provide clear, practical guidance with relevant links on how to obtain the relevant qualifications and enter the sector. ACA recommends creating a central online hub with links with relevant tertiary institutions (TAFEs, RTOs and universities) plus online job boards such as seek.com.</li> </ul>
<b>IR3.3e</b>	<p><b>Provide Enhanced Mentorship Programs</b></p> <p>ACA recommends the development of comprehensive mentorship programs to provide aspiring teachers with support and guidance, particularly in managing social and behavioral challenges of children in early learning settings.</p>
<b>IR3.3f</b>	<p><b>Streamline Administrative Processes in Course Completion</b></p> <p>ACA recommends a review to create a more streamlined and consistent assessment and practicum requirements that facilitate ECT's completion of studies.</p>



ACA believes these suggested changes would contribute to the long-term sustainability and capacity of Early Childhood Teachers (ECTs) in the early learning sector, aligning with growing population demands.

Addressing these key factors is crucial for the sustained growth and development of the education sector. By implementing targeted interventions and reforms, stakeholders can work towards fostering a more supportive and encouraging environment for aspiring early childhood educators.

## Additional evidence

- Daniel Pinchas (2019) *What does quality professional learning look like for early childhood teachers?* The Spoke Early Childhood Australia Blog [What does quality professional learning look like for early childhood teachers? - The Spoke – Early Childhood Australia's Blog](#)



## 5.2 Planning processes and availability of ECEC

The Commission is seeking views on the effects of planning processes on the availability of ECEC. Are delays, inconsistency or complexity in the development assessment process, or unwarranted rejections of applications for development approval for ECEC centres, posing a barrier to availability?

Where are planning systems working well to support the availability of ECEC services, and how could these efforts be built on or expanded?

### ACA INSIGHTS

The planning and supply of future ECEC services need to balance approval and support for opening new services in ‘thin’ markets where there is a current or growing need, against approving services opening in areas of oversupply, which affects the cost and quality of existing services<sup>47</sup>. Further considerations would include the existing physical infrastructure and the secondary planning and supply of future public schools for the states and territories Departments of Education.

It would be beneficial for ECEC providers and local governments to have appropriate and more user-friendly platform that combines various data sources used by the Departments of Education to inform areas of supply need when considering establishing a new service.

ACA believes such data sources could include:

- the ABS population data preferably at a Statistical Area 3 level <sup>48</sup>
- the proposed National Population and Planning Framework <sup>49</sup>
- the ABS Index of Relative Socio-economic Disadvantage (IRSD)<sup>50</sup>
- the ABS Index of Relative Socio-economic Advantage and Disadvantage (IRSAD) <sup>51</sup>

---


<sup>47</sup> Occupancy and Performance Appraisal: Early Childhood Education and Care Sector, Urban Economics, Dec 2018  
<https://childcarealliance.org.au/media-publications/aca-media-releases/112-occupancy-and-performance-report-early-childhood-education-and-care-sector-10-12-2018/file>

<sup>48</sup> Australian Bureau of Statistics (2024) Census Interactive Maps, ABS  
<https://www.abs.gov.au/census/find-census-data/census-data-tools/census-interactive-maps>

<sup>49</sup> The National Population and Planning Framework was proposed by the Australian Government’s [Planning for Australia’s Future Population](#) (September 2019)

<sup>50</sup> Australian Bureau of Statistics (2016) *Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA)*, ABS  
[2033.0.55.001 - Census of Population and Housing: Socio-Economic Indexes for Areas \(SEIFA\), Australia, 2016 \(abs.gov.au\)](https://www.abs.gov.au/2033.0.55.001-Census-of-Population-and-Housing-Socio-Economic-Indexes-for-Areas-SEIFA-Australia-2016)

<sup>51</sup> *ibid*

- 
- the Australian Early Development Census (AEDC)<sup>52</sup>
  - the schools' enrolments via Schools Hub<sup>53</sup>
  - all occupancy data collected by the Commonwealth via services weekly CCS occupancy reporting

Forecasts of the projected number of early childhood educators and teachers to graduate should also be made available for the governments, ECEC services and the public's use to plan for future ECEC services.

### **The effects of planning processes on the availability of ECEC**

#### The service's hours of operation

Planning processes can impact a service's hours of operation, affecting flexibility and responsiveness to parents' needs.

#### Jurisdictional Differences

Varying planning processes across jurisdictions create inconsistencies and complexities in establishing ECEC centres, even at the local council level.

#### Approval Process Delays

Lengthy approval processes can deter startups, limiting the establishment of new services, and contribute to the waitlists for parents.

#### Economies of Scale Restriction

Unnecessary complexities in planning processes may restrict the economies of scale for services, resulting in higher fees for parents, or an unviable operation. Many local governments frown upon large services (eg 80 places) preferring to approve 40 place centres, which are not financially viable in a commercial land / rent market.

#### Time Sensitive Funding

Delays and complexities can hinder services from accessing capital funding like the Community Child Care Fund (CCCF), which supports centres in areas of identified need.

#### Attracting Services with Risk of Viability

Challenges to secure the capital funds needed to establish a new service in a remote location, because of higher risks to ongoing service viability and sustainability deter many investors.


#### Support to Change the Planning Systems

The Productivity Commissioner findings highlighted the need to introduce a planning system that ensures

---

<sup>52</sup> <https://www.aedc.gov.au/data-explorer/>

<sup>53</sup> Department of Education (2024) *Schools HUB*, Department of Education, Australian Government [Home · SchoolsHub Portal \(education.gov.au\)](https://www.education.gov.au/schools-hub)



centres are established in areas of need, especially if providers wish to access the Child Care Subsidy (CCS) for the families using these new centres<sup>54</sup>.

### Examples of Effective Planning Systems

#### “Approval in Principle”

ACA believes that both the State regulatory bodies and Federal Department of Education should be notified of new services being developed before building commences. For the State regulatory bodies, this could take the shape of ‘approval in principle’ for all services (not just multi-storey as is the current case)<sup>55</sup>.

ACA believes that all plans lodged should be considered through the lens of child safety, to ensure the physical design can best support these objectives.

#### **This would benefit all parties by ensuring building compliance prior to works commencing.**

For the Federal Government Department of Education, this would allow them line of sight on the number of children who will have access to ECEC services in the months and years ahead, from suburb to suburb. This would be beneficial as it would:


- Allow the government to know where services are being developed,
- Understand the size of those services,
- Assist with projections of areas of growth for CCS,
- Manage workforce projections,
- Allow to update data on underserved communities for future development needs,
- Give more time to assess the suitability of applicants, particularly new entrants,
- Streamline processes for applicants, and
- Benefit approved applicants and families, so that services have CCS in place from day one of operations.
- Assist in keeping fees affordable for families as oversupply of ECEC services is a factor in increasing fees for families as shown in the ACCC Report.<sup>56</sup>

---

<sup>54</sup> 352-353 Productivity Commission (2023) *Draft Report November 2023: A path to universal early childhood education and care*, Productivity Commission

<sup>55</sup> The Victoria government has introduced an "approval in principle" process to improve the safety of children in multi-storey ECEC buildings with the *Early Childhood Legislation Amendment (Premises Approval in Principle) Bill 2023*.

<sup>56</sup> P Hurley, H Matthews and S Pennicuik (2022) *Deserts and oases: How accessible is childcare in Australia?*, Mitchell Institute, Victoria University, cited in 161 ACCC (2023) *Childcare Inquiry- Final Report*, December 2023, ACCC



### Planning Panels ( eg under the Howard Government)

During the Howard Government there was a planning panel in place for two years which led to the establishment of more centres in areas of need. Under this format, each State and Territory had their own Planning Panel to review and assess planning decisions.

It was in the public interest that proposed services had to provide the data to support the application for CCS funding, demonstrating the service would be in an area of need. This data was then scrutinised by each State and Territory Planning Panel before the Panel agreed to grant CCS funding to families who would use the service.

### **Additional Considerations**

#### Backlog of Development Approvals

There is a growing backlog of Development Approvals (DAs), often without the adequate qualified staffing to ensure these are reviewed and responded to in a reasonable timeframe, causing delays and challenges for ECEC providers.

The Department of Education could become involved in reviewing DAs related to new ECEC buildings to fast-track the process and address childcare deserts.

Efforts by the NSW Small Business Commissioner to provide a ‘best practice guide’ to streamline the approval process<sup>57</sup>, having the various government bodies and departments working together were squashed as the different levels of government would not come together, rather sticking to their rules and processes. A Federal direction and guide would very much facilitate DAs in areas of need.

#### State Significant Development Classification

There is scope for ECEC projects could fall under the classification of State Significant Development, moving the assessment responsibility from Local Councils to State and Territory Governments<sup>58</sup>.

This is a similar model currently operating in NSW, with the State Environmental Planning Policy (SEPP) overseeing all new ECEC service applications and local Councils are limited to refuse to pass a DA for a new ECEC service based on potential traffic and parking issues.

This would also prevent local councils limiting the size of a centre, affecting financial viability.

#### Tailoring the Pharmacy ‘Location Rules’ model to the ECEC sector

Across Australia there is an oversupply of ECEC in some communities and undersupply in others. Specifically,

---

<sup>57</sup> The NSW Small Business Commissioner (2022) *Opportunity to reduce complexity for small businesses in the early education and childcare sector*, NSW Small Business Commissioner  
<https://www.smallbusiness.nsw.gov.au/news-podcasts/news/opportunity-reduce-complexity-small-businesses-early-education-and-childcare-sector>

<sup>58</sup> Department of Planning (2023) *State Significant Development*, Department of Planning, NSW Government  
<https://www.planning.nsw.gov.au/assess-and-regulate/development-assessment/planning-approval-pathways/state-significant-development>



the communities that are likely to be undersupplied are those in rural and remote areas. Often the reason for undersupply is due to viability concerns.

In Australia, the ECEC sector has been left entirely to market forces creating the outcome that providers are more likely to operate a service where they can ensure viability. It is appropriate that a system be implemented that encourages the development and support of services in as many communities as possible.

We have seen a range of government policies in other sectors, including Pharmacy Location Rules<sup>59</sup>, and Aged Care Bed Restrictions which show that the government does intervene in the market to try to ensure that as many as communities as possible are served with a sufficient supply.

In the case of the Pharmacy Location Rules, 85% of Australians have access to a pharmacy within 2kms as a result<sup>60</sup>. Whilst it is understood that we would need to tailor such rules be responsive to the ECEC sector, it may be beneficial to consider a system of this nature.

We would hope this system could incentivise and encourage development of services in underserved communities. In those where viability is a concern, the government could support via the CCCF:

- capital injection funding;
- viability payments; and
- investing in workforce initiatives to supports and attract educators to the regions.

The Australian Government could identify locations it deems to be underserved with current data, projections and understanding that not all underserved communities would require additional viability funding. additional viability fund.

As part of the Location Rules, a pharmacy needs to notify the Federal Department of Health of their intention to operate well before starting. This gives the Department oversight of where new pharmacies will be opening, different communities that will have access, and start the process early to ensure that approval Pharmaceutical Benefits Scheme approval to dispense when opening<sup>61</sup>.

---

<sup>59</sup> The Location Rules in the Fourth Community Pharmacy Agreement and Australian Community Pharmacy Authority Handbook . The Rules are legislated under the [National Health \(Australian Community Pharmacy Authority Rules\) Determination 2018 \(PB 46 of 2018\)](#) (Rules), made under section 99L of the Act.

<sup>60</sup> This figure is quoted as the updated figure from the Pharmacy Guild of Australia.

Previously 97% of people in capital cities had access to at least one pharmacy within 2.5 km radius, while in the rest of Australia 66 per cent of people are within 2.5 km of a pharmacy.

The Pharmacy Guild of Australia (2020) *Pharmacy Facts*, The Pharmacy Guild of Australia <https://www.findapharmacy.com.au/pharmacy-facts>

<sup>61</sup> Fourth Community Pharmacy Agreement and Australian Community Pharmacy Authority Handbook . The Rules are legislated under the [National Health \(Australian Community Pharmacy Authority Rules\) Determination 2018 \(PB 46 of 2018\)](#)



From 2023, those seeking to open a new ECEC service can apply for service approval and CCS approval through the National Quality Agenda IT System (NQAITS) at the same time and in one spot. Despite these changes, there is still existing processes that push the CCS approval towards the end of the building process, and with often delays in approvals, many new ECEC services have not obtained CCS and open doors charging full fees to parents.

If the CCS approval process began earlier, from the date submitted onto the NQAITS portal (in the same way the pharmacy’s system requires this earlier), then such secondary issues like higher fees to families could be averted.

## OUR RECOMMENDATIONS

ACA recommends:	
IR5.2a	Streamlining of planning and approval processes for new ECEC services, including starting the CCS approval process at the same time.
IR5.2b	Ensuring current data and resources to the government has identified areas of need for new services.
IR5.2c	Better identification by government of locations where viability concerns, areas of need, and funding streams to assist (capital, viability, etc).
IR5.2d	Learn from other sectors (like pharmacy location rules), previous practices (Planning Panels) and understand whether a tailored approach to ECEC might in fact ensure development in areas of need.
IR5.2e	Explore how the Australian Government could be responsible in overseeing the approvals/refusals of CCS funding for new ECEC services based on true demand and supply.

An effective planning system is crucial to address the barriers posed by delays, inconsistencies, and complexities in the development assessment process. It should be designed to support the establishment of ECEC services in areas of actual need, ensuring access to CCS for families. Considerations should include workforce implications and strategies to expedite the approval process.

### Additional evidence/information:

- Early Childhood Legislation Amendment (Premises Approval in Principle) Bill 2023
- National Health (Australian Community Pharmacy Authority Rules) Determination 2018





## Information request 6.1: Potential modifications to the activity test

The Commission is seeking views on the costs and benefits of options to modify the Child Care Subsidy activity test. 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.

Options for the levels of activity that should be required for hours above 60 hours of subsidised care per fortnight could include:

- retaining the current activity test for hours of care over 60 hours per fortnight. This would allow 60 subsidised hours for all families, up to 72 hours of subsidised hours for families with 16 to 48 activity hours per fortnight, and up to 100 hours of subsidised care for those with more than 48 activity hours
- simplifying the number of activity test tiers further by allowing 60 subsidised hours for all families and up to 100 subsidised hours for those with more than 48 activity hours
- simplifying the number of activity test tiers by allowing 72 subsidised hours for all families and up to 100 subsidised hours for those with more than 48 activity hours.

The introduction of a modified activity test could also be phased, for example, starting with lower income families, in order to allow time for supply to respond to increased demand and to evaluate the effects of the change before relaxing the activity test more widely. 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.

## ACA INSIGHTS

There is growing support among the sector to abolish the activity test, as evidence demonstrates it creates inequitable outcomes for Australia's most vulnerable children:

- The activity test contributed to 126,000 Australian children from low-income households missing out on ECEC in 2022.<sup>62</sup>
- Financial disparities, with 50% of low-income households spending a higher percentage of disposable income (between 5% to 21%) on ECEC, compared to 2% to 9% spent by households with the highest income.<sup>63</sup>

---

<sup>62</sup> This figure was calculated based on statistics were sourced from data from the Australian Bureau of Statistics (2022), *Childhood Education and Care Survey*, Collected June 2017, Australian Bureau of Statistics

This information was adjusted to reflect population and demographics information from the 4, Impact Economics and Policy (2022) *The Child Care Subsidy activity test: Undermining Child Development and Parental Participation*, Impact Economics and Policy, Australia

<sup>63</sup> 105 ACCC (2023), *Childcare Inquiry: Interim Report September 2023* ACCC



- Removal of the activity test during the COVID period saw increased levels of ECEC participation among vulnerable families.
- the removal of the activity test from June 2021 across 9 months created a 12 per cent increase in Aboriginal and Torres Strait Islander children's participation in ECEC.<sup>64</sup>
- Estimated cost savings of abolishing the activity test are \$1.3 million to the government across 2023-24, with offset by higher tax receipts and lower government payments.<sup>65</sup>
- The ACCC's recommendation 2 (c) supports 'removing, relaxing or substantially reconfiguring the current activity test, as it may be acting as a barrier to disadvantaged children'.<sup>66</sup>

ACA has been advocating for the removal of the Child Care Subsidy (CCS) activity test for some years, as we strongly support the introduction of more equitable access for families and a reduction in administrative complexities associated with the CCS system.

The South Australian Royal Commission into ECEC shares this approach by recommending for **all** families to access up to 30 hours of subsidised care a week.<sup>67</sup>

## OUR RECOMMENDATIONS

ACA recommends:	
<b>IR6.1a</b>	<b>Level of activity required</b>  ACA proposes to simplify the activity test structure with only two options for families - 72 and 120 hours, thus removing the bottom two categories of the existing activity test and extending the upper levels to more closely align with operating hours of services. The ACCC has also suggested that a daily rate would simply this issue, meaning that services (via families) would be funded for 3 or 5 days rather than subsidised hours.  A legislative amendment for this adjustment would deliver the following critical benefits:  <ol style="list-style-type: none"><li>1. Improve equity of access for children from low-income households who are unable to meet the activity test threshold and as such are currently excluded from early childhood education and care.</li><li>2. Remove financial and administrative barriers for parents participating in work, study, and job search activities.</li></ol>

<sup>64</sup> 6 SNAICC (2022) *The Family Matters Report 2022*, SNAICC, Melbourne

<sup>65</sup> 5, Impact Economics and Policy (2023) *Childcare Subsidy Activity Test: Incentive or Barrier to Labour Force Participation?* Impact Economics and Policy, Australia

<sup>66</sup> ACCC (2023) *Childcare Inquiry: Final Report, December 2023*, ACCC

<sup>67</sup> Recommendation 5, The Royal Commission (2023) *Royal Commission into Early Childhood Education and Care Report*, The Royal Commission, Government of South Australia



	<p>3. Reduce complexity and administrative burden with Centrelink, addressing concerns raised by thousands of families who must report to Centrelink fortnightly if their activity changes.</p>
<b>IR6.1b</b>	<p><b>Phased introduction</b></p> <p>ACA is opposed to a phased introduction as families and services need access to ECEC services <b>now</b>. If the government aims to make access more equitable and reduce the complexity of the user experience for families, rolling out changes on multiple occasions would only add to complexity and confusion. ACA would like to see an immediate, long-term commitment from the government in terms of changes to the activity test.</p>
<b>IR6.1c</b>	<p><b>Move towards complete abolishment</b></p> <p>ACA recommends the immediate relaxation of the activity test and a simplified structure for families. ACA recommends the complete removal of the activity test to provide an equitable ECEC system, reduce barriers to access for families, and streamline the administrative processes for families and service providers in the ECEC sector.</p>

### Additional Information

ECEC Peak Bodies (2022) [Removing barriers to affordable early childhood education and care for the children who need it most – an equity measure](#), collaboratively written by Murdoch Children’s Research Institute, Early Childhood Australia, Anglicare Australia, ACOSS, Australia Childcare Alliance, Brotherhood of St Laurence, Centre for Policy Development, Community Connections, ELCCA, The Front Project, Goodstart Early Learning, SNAICC and KU Children’s Services, Australia



## Information request 6.2: Child Care Subsidy taper rates

The Commission is seeking views on how Child Care Subsidy taper rates could be designed if the top rate of subsidy was increased to 100% of the hourly rate cap, as proposed in draft recommendation 6.2.

This includes options to adjust taper rates for the Higher Child Care Subsidy, available to families with multiple children aged five or younger in ECEC who are eligible for a subsidy.

## ACA INSIGHTS

### Factors to Consider in Designing Taper Rates

For CCS taper rates to be equitable, every family needs to be eligible to receive subsidy whilst ensuring the actual service delivery costs are factored in. The following are key considerations around what needs to be considered:

- Creating greater flexibility and simplifying systems for parents and providers
- Developing a funding model that supports differential funding for the most vulnerable communities and families
- Making it simple and cost effective so that it delivers optimal outcomes and measures
- Consideration for the long term Federal budget implications for commitment and implementing.

### Universal 90% CCS Rate

The notion of moving towards a universal 90% child care subsidy rate was included in the Productivity Commission's Terms of Reference and first report<sup>68</sup>, which subsequent request of information appears to ask for sector guidance on what this could look like.

In ACA's previous submission to the Productivity Commission Inquiry, we highlighted the challenges in moving towards a universal 90% child care subsidy rate that could compromise equitable access for families. We asked the following questions to be considered and raise these again in the context of determining suitable taper rates:

- Is it fair and reasonable for a family earning \$80,000 or less, to be paying the same fee as a family earning \$500,000?


---

<sup>68</sup> Productivity Commission (2023) *Childcare Inquiry: September Report*, Productivity Commission

- What are the circumstances where additional financial support is provided for families to make it either free, or further reduce the gap fee?
- Is there a way to ensure that some of these financially vulnerable families can have the burden of the 10% gap reduced?
- Would a tiered subsidy model be more equitable?

## OUR RECOMMENDATIONS

ACA recommends:																									
IR6.2a	Make it simple to help remove some complexity and confusion about the CCS for families.																								
IR6.2b	Setting a 50% maximum contribution from families on the service’s daily fee allows all families to act with certainty that there is a reasonable level of support.																								
IR6.2c	Use 5% increments based on \$50, 000 change in a household’s income (in table below). <table border="1" data-bbox="497 1227 1161 2020"> <thead> <tr> <th>Annual Household Income</th> <th>Amount Subsidised</th> </tr> </thead> <tbody> <tr> <td>0-\$80,000</td> <td>100%</td> </tr> <tr> <td>\$80,001-\$130,000</td> <td>95%</td> </tr> <tr> <td>\$130,000-\$180,000</td> <td>90%</td> </tr> <tr> <td>\$180,001-\$230,000</td> <td>85%</td> </tr> <tr> <td>\$230,001-\$280,000</td> <td>80%</td> </tr> <tr> <td>\$280,001-\$330,000</td> <td>75%</td> </tr> <tr> <td>\$330,001-\$380,000</td> <td>70%</td> </tr> <tr> <td>\$380,001-\$430,000</td> <td>65%</td> </tr> <tr> <td>\$430,001-\$480,000</td> <td>60%</td> </tr> <tr> <td>\$480,001-\$530,000</td> <td>55%</td> </tr> <tr> <td>\$530,001-\$580,000</td> <td>50%</td> </tr> </tbody> </table>	Annual Household Income	Amount Subsidised	0-\$80,000	100%	\$80,001-\$130,000	95%	\$130,000-\$180,000	90%	\$180,001-\$230,000	85%	\$230,001-\$280,000	80%	\$280,001-\$330,000	75%	\$330,001-\$380,000	70%	\$380,001-\$430,000	65%	\$430,001-\$480,000	60%	\$480,001-\$530,000	55%	\$530,001-\$580,000	50%
Annual Household Income	Amount Subsidised																								
0-\$80,000	100%																								
\$80,001-\$130,000	95%																								
\$130,000-\$180,000	90%																								
\$180,001-\$230,000	85%																								
\$230,001-\$280,000	80%																								
\$280,001-\$330,000	75%																								
\$330,001-\$380,000	70%																								
\$380,001-\$430,000	65%																								
\$430,001-\$480,000	60%																								
\$480,001-\$530,000	55%																								
\$530,001-\$580,000	50%																								



ACA feels the recommendation of 5% increments moves towards creating a universal child care subsidy rate. This model would support a significant portion of the population eligible to receive 85% of the Hourly Rate Cap subsidised and a cap of 50% maximum contribution for those higher income households.

As part of adopting these proposed CCS taper rates would be beneficial with:

- the single touch payroll (draft recommendations 6.5) to prompt families to update changes in incomes and reduce likelihood of incurring a debt from their ECEC service.
- The removal of the multi child subsidy which would help to simplify the CCS system.
- A phased in approach to align with budgetary needs.

We put forward these proposed CCS taper rates without comprehensive overview of the total budgetary expenses which would be the government's responsibility to assess and determine the level of funding to support more accessible and affordable ECEC for all families.



### Information request 6.3: Level and indexation of the hourly rate cap

The Commission is seeking information on how the level and indexation of the Child Care Subsidy's hourly rate cap could be adjusted to better reflect costs of provision over time, including a higher hourly rate cap for non-standard hours, as proposed in draft recommendations 6.2 and 7.3.

## ACA INSIGHTS

The Hourly Rate Cap (HRC) was introduced in 2018 to set the maximum subsidy funded by the Australian Government. Since its introduction, operating costs, particularly the cost of wages have increased significantly (28% from 2018 to 2022)<sup>69</sup> and an increase in business insurance costs by 30% year on year<sup>70</sup>. More and more services are struggling to operate within the HRC, leading to an increase in services charging above the cap.<sup>71</sup>

Importantly, it needs to be acknowledged that despite the commentary from the ACCC, there are significant cost variances in the delivery of services based on their geographic locations and community demographics which the HRC does not adequately respond to

Key statistics:

- The number of services charging above the HRC has increased from 13% in 2018 to 22% in 2022.<sup>72</sup>
- About two-thirds of services above the HRC are within 10% of the rate cap.<sup>73</sup>
- On average, services above the HRC only charge 9% more than the rate cap.<sup>74</sup>

### Challenges with the HRC:

- The HRC is a blunt instrument which fails to consider that the cost of delivering a high-quality service varies across locations, with impacting factors including staff ratio requirements, qualification

---

<sup>69</sup> 50 ACCC (2023), *Childcare Inquiry: Interim Report September 2023*, ACCC, Australian Government

<sup>70</sup> KPMG (2023) General Insurance Dashboard - June 2023, KPMG  
[https://public.tableau.com/views/KPMGGIInsightsDashboard-ProductLevel/KPMGGIInsightsDashboard-ProductLevel?:embed=y&:display\\_count=yes&publish=yes&:toolbar=no&:showVizHome=no#2](https://public.tableau.com/views/KPMGGIInsightsDashboard-ProductLevel/KPMGGIInsightsDashboard-ProductLevel?:embed=y&:display_count=yes&publish=yes&:toolbar=no&:showVizHome=no#2)

KPMG (2023) General Insurance Industry Review 2023, KPMG  
<https://kpmg.com/au/en/home/insights/2023/03/general-insurance-industry-review-2023.html>

<sup>71</sup> 50 ACCC (2023) *Childcare Inquiry: Interim Report September 2023* ACCC

<sup>72</sup> 167 Ibid

<sup>73</sup> 160 Ibid

<sup>74</sup> 167 Ibid

requirements, rental costs, community needs, cultural context, workforce supply, increase in food costs (particularly in rural and remote locations) and business insurance.

- The HRC increases annually with indexation but fails to adequately reflect these rapidly growing costs.<sup>75</sup> ACA estimates that the majority of services charging above the HRC are simply trying to cover the growing operating costs of service delivery.
- The current CCS has a cap based on an hourly rate and the number of hours prescribed in the activity test. This was intended to promote flexibility of sessions for families and provide a cap on price increases. Ultimately this policy setting has failed as service providers set fees based on the actual operating costs and not the CCS hourly rate cap.
- Since the introduction of the CCS HRC in 2018, annual indexation including its timing has not adequately kept up with increases in operating costs.

#### **Contrast of Annual HRC rate Increase, Indexation, Wage Review & Implications of the Regulatory, Policy and Award Changes across the ECEC sector since 2018**

<b>Year</b>	<b>CCS Hourly Rate</b>	<b>% Indexation</b>	<b>Annual Wage Review</b>	<b>Regulatory/Policy/Award Changes</b>
2018	11.77	n/a	3.5%	<ul style="list-style-type: none"> <li>• New NQS</li> </ul>
2019	11.98	1.8%	3.0%	<ul style="list-style-type: none"> <li>• End Transitional Arrangements for teachers Vic</li> <li>• ISS Subsidisation</li> </ul>
2020	12.20	1.8%	1.75%	<ul style="list-style-type: none"> <li>• Covid resulting in significant lost revenue through the year</li> <li>• ISS Subsidisation</li> </ul>
2021	12.31	0.9%	2.5%	<ul style="list-style-type: none"> <li>• Covid resulting in significant lost revenue through the year</li> <li>• 10% Teachers award increase/Cork Value Case</li> <li>• Educational Leaders Allowance ESTA</li> <li>• ISS Subsidisation</li> </ul>
2022	12.74	3.5%	4.6%	<ul style="list-style-type: none"> <li>• Covid</li> </ul>

<sup>75</sup> Recommendation 2(a) calls for an increase to the hourly rate cap to an appropriate base and indexing the cap to more closely reflect the costs of service delivery. Cited from 9, ACCC (2023) *Childcare Inquiry: Final Report, December 2023*, ACCC





				<ul style="list-style-type: none"> <li>• Educational Leaders Allowance CSA</li> <li>• Increased staff absenteeism due to significant cold/flu season</li> <li>• Tight Labour market driving up wages beyond award increases</li> <li>• ISS Subsidisation</li> </ul>
2023	13.73	7.8%	5.75%	<ul style="list-style-type: none"> <li>• End Transitional arrangements QLD</li> <li>• Increased staff absenteeism due to significant cold/flu season</li> <li>• Tight Labour market driving up wages beyond award increases</li> <li>• ISS Subsidisation</li> </ul>

## OUR RECOMMENDATIONS

The current HRC system is simply not kept up with the actual costs of delivering an ECEC service, therefore challenging the ongoing viability of services.<sup>76</sup> The government funding model needs to address the limitations of indexation and take into account the various cost factors and scenarios (such as workforce shortages) impacting ECEC services in different locations and circumstances.

### ACA recommends that the Australian Government should:

<b>IR6.3a</b>	<p>Introduce a process to ensure that further to the recent indexation, any increases to the HRC are more frequent, more accurate and reliably reflects increases in operating costs.</p> <p>These costs include increases in CPI, increases in other payroll expenses that do not always increase with CPI, increases in rent, cost increases resulting from policy /regulatory changes, industrial relations changes that may not be wages, costs of servicing outside ordinary hours of care (overtime), insurance and workers compensation. Ideally this should ensure that at least 85% of services remain at or below the hourly rate cap as the CCS was designed originally.</p>
---------------	---

<sup>76</sup> 50 ACCC (2023) *Childcare Inquiry: Interim Report September 2023* ACCC



**IR6.3b**

Develop a sector-specific price index that considers increasing costs of operations, including:

- Wage increases with wage price indexation
- Annual HRC rate increase
- Indexation
- Implications of regulatory, policy, and award changes; and
- Other growing costs affecting service viability (e.g. payroll expenses, insurances, Workers Compensation, etc.).

A sector-specific price index would provide a more accurate reflection of the complex factors influencing operating costs.



## **Information Request 6.4: Potential expansions: CCS to families with restricted residency; Assistance for Isolated Children Distance Education Allowance to preschoolers in isolated areas**

The Commission is seeking views on the costs, benefits, and practicalities of:

1. expanding CCS eligibility to include families who have restricted residency in Australia such as temporary protection visa holders
2. expanding the Assistance for Isolated Children Distance Education Allowance to include children receiving a preschool education in geographically isolated areas.

### **PART 1: Expanding CCS eligibility to include families who have restricted residency in Australia such as temporary protection visa holders**

## **ACA INSIGHTS**

### **CCS for Families with Restricted Residency**

ACA supports equal access to ECEC services for all children, irrespective of their family background or circumstances. This support extends to addressing the challenges faced by families with restricted residency, particularly those without Australian citizenship or temporary protection visa holders.

### **Challenges for families with restricted residency**


#### **Affordability**

- families without Australian residency (migrants, working holiday and other visas) or restricted residency (temporary protection visa holders) are less likely to participate in ECEC because they cannot afford to as they are ineligible for the CCS.
- Families from culturally and linguistically diverse (CALD) households often cannot afford ECEC due to the financial burden of the fees, with no access to CCS given their visa restrictions.<sup>77</sup>

#### **Complexity of ECEC System**

---

<sup>77</sup> 170 ACCC (2023) *Childcare Inquiry: Final Report*, December 2023, ACCC

- 
- Limited literacy, lack of digital access, and language barriers, especially for those with English as a second language, can contribute to difficulties for some families when trying to navigate the CCS system.
  - The recent ACCC Inquiry into the ECEC sector recommended dedicated resources such as interpreters and bicultural staff in ECEC services to support CALD families navigating the complexities of the CCS system as service providers have found it can sometimes require up to five sessions of working directly with a family to successfully make their CCS application.<sup>78</sup>

### Cultural Safety and Trust with Service

- Children under temporary protection visas need stability and a sense of safety and security, often having experienced significant trauma. Access to high-quality ECEC services can help to mitigate the impact of this trauma and sense of uncertainty. These children have the same social, emotional, mental and physical development needs as every other child, and they are at higher risk of developmental vulnerabilities. Therefore, pathways to address the required support for these children should be investigated. This includes the potential for additional support through the Inclusion Support Program (ISP).

### **Benefits of supporting these children**

#### Language Development and English Proficiency

- Supporting these children to access ECEC can enhance their language development and proficiency in English before entering school<sup>79</sup>.

#### Early Intervention for Developmental Delays

- Attendance at an ECEC service can help identify developmental delays and additional needs, enabling early intervention for better outcomes<sup>80</sup>.


#### Social and Emotional Development

---

<sup>78</sup> 4 ACCC (2023) *Childcare Inquiry culturally and linguistically diverse communities roundtable summary*, 11 August 2023, ACCC cited in 171 ACCC (2023) *Childcare Inquiry: Final Report*, December 2023, ACCC

<sup>79</sup> 30 Lampe, B., Healey, B., Collier, L., & Jackson, J. (2023). *Promoting equity for multilingual children in early childhood*. Australian Education Research Organisation. <https://www.edresearch.edu.au/resources/promoting-equity-multilingual-childrenearly-childhood-research-report>

<sup>80</sup> Professor Leon Feinstein, Director of Evidence, Office of the Children's Commissioner on p13, Teager, W., Fox, S., and Stafford, N. (2010) *How Australia can invest early and return more: A new look at the \$15b cost and opportunity*, Early Intervention Foundation, The Front Project and CoLab at the Telethon Kids Institute, Australia

- 
- Both the child and the family benefit from engagement with an ECEC service<sup>81</sup>. Services create a safe, warm and trusting environment that builds rapport with families for ongoing participation and engagement in the education system.

#### Wider Social Benefits

- Providing affordable or free access to ECEC creates wider social benefits for families and the community<sup>82</sup>.

#### **Existing Initiatives**

##### Refugee Child Outreach (through Brotherhood of St Laurence)

- Operates in Whittlesea and Hume in Victoria and is funded by a philanthropic trust.
- Provides outreach support for families from refugee backgrounds to access free childcare and kindergarten, as well as maternal and child health services.

##### Canterbury- Bankstown Local Council, Sydney

- In 2019, the council ran a year long pilot program offering free childcare to asylum seeker families in partnership with Sydney Alliance, Asylum Seekers Centre and Uniting .
- Funding supported one place per day at three council-run ECEC centres.
- At the time, Sydney Alliance research indicated there were approximately 400 children of asylum seekers in NSW in need of childcare.
- This scheme is unique as the centres are owned and run in council centres and likely operate as a Not-For-Profit, which makes more eligibility for grant funding and financially supported through the council.

##### The Adult Migrant English Program (AMEP)

- Provides free English tutoring for eligible migrants and refugees across Australia, with free childcare available.<sup>83</sup>

---

<sup>81</sup> 36 Lampe, B., Healey, B., Collier, L., & Jackson, J. (2023), *Promoting equity for multilingual children in early childhood*, Australian Education Research Organisation. <https://www.edresearch.edu.au/resources/promoting-equity-multilingual-childrearly-childhood-research-report>

<sup>82</sup> 25 *ibid*

<sup>83</sup> Department of Home Affairs (2023) *AMEP Program*, Department of Home Affairs, Australian Government <https://immi.homeaffairs.gov.au/amep-subsite/Files/childcare-in-the-amep-factsheet.pdf>

- This program is funded by the Department of Home Affairs and works in partnership with TAFEs across different states and territories.
- Coordination and support provided to parents through an ECEC coordinator to help orientate them into the centres.<sup>84</sup>


## OUR RECOMMENDATIONS

ACA's advocacy aims to create an inclusive and accessible ECEC environment, recognizing the diverse needs of all children and families in Australia.

ACA strongly recommends that the Australian Government should:

<p><b>IR6.4a</b></p>	<p><b>Address CCS System Complexity:</b></p> <ul style="list-style-type: none"> <li>■ Simplify processes within the CCS system, especially for families with limited literacy or English proficiency.</li> <li>■ Provide access to translators/ interpreters for families with limited English.</li> </ul>
<p><b>IR6.4b</b></p>	<p><b>Expand a formal funding process for services to be responsive:</b></p> <ul style="list-style-type: none"> <li>■ Develop funding mechanisms to support services to offer and expand programs like Refugee Child Outreach and similar initiatives to ensure broader coverage.</li> <li>■ Introduce greater government support and funding for initiatives providing free or affordable ECEC access to families with restricted residency.</li> </ul>

<sup>84</sup> TAFE SA (2024), <https://www.tafesa.edu.au/courses/education-languages/adult-migrant-english-program>



## **PART 2: Expanding the Assistance for Isolated Children Distance Education Allowance to include children receiving a preschool education in geographically isolated areas.**

### **ACA INSIGHTS**

The current design of the Assistance for Isolated Children Distance Education Allowance has a limited eligibility criteria which limits the types of services that can apply, therefore reducing its effectiveness and preventing uptake of the scheme by those ineligible service providers.

Some of the criteria around the scheme includes:

- The ECEC service must be based at a school rather than a stand-alone ECEC service, often as part of a Kindy program.<sup>85</sup>
- Age requirements - the child needs to be at least the minimum primary school entry age for the relevant state or territory, or alternatively the child needs to be at least 3 years and 6 months old and living away from home due to a health condition or disability.<sup>86</sup>

### **OUR RECOMMENDATIONS**

#### **ACA recommends:**

<b>IR6.4c</b>	That all children have access to specific support under a range of criteria to access their preschool education. This includes children participating in their education in long day care or other local early learning services.
---------------	---

---

<sup>85</sup> Services Australia (2023) *Who can get Assistance for Isolated Children Distance Education Allowance*, Services Australia <https://www.servicesaustralia.gov.au/who-can-get-assistance-for-isolated-children?context=22121>

<sup>86</sup> *ibid*



## Information Request 6.5: Potential measures to reduce CCS administrative complexity

The Commission is seeking views on the costs and benefits of potential measures to reduce Child Care Subsidy (CCS) administrative complexity. These may include:

- streamlining the Higher Child Care Subsidy rate to be more aligned with the CCS rate over time
- allowing families who are already eligible for income support payments or a Health Care Card to be automatically eligible for CCS, and aligning processes that are similar across CCS and other payments
- extending the initial length of eligibility for Additional Child Care Subsidy (Child Wellbeing) from six weeks to 26 weeks and subsequent lengths of eligibility to between 26 and 52 weeks
- extending the length of eligibility for Additional Child Care Subsidy (Child Wellbeing) for those children on a long-term protection order, in formal foster care or in a formal kinship arrangement, while their circumstances remain unchanged
- extending Additional Child Care Subsidy (Grandparent) to recognise informal kinship carer arrangements
- maintaining a child's eligibility for CCS for a period of eight weeks when there is a change of guardian.

## ACA INSIGHTS

ACA believes that all children should have access to ECEC services, regardless of their family background or life circumstances. ACA therefore supports policy settings in the early learning sector which simplify administrative processes, enhance support for families and acknowledge diverse family structures and cultural dynamics within the ECEC system.

The benefits of reducing the administrative complexity of the CCS for families and service providers include:

### ■ Engaging Low-Income Families

These changes aim to engage and support more low-income families to participate in ECEC.<sup>87</sup>

---

<sup>87</sup>The ACCC Final Report found that the activity test disproportionately impacted on the accessibility and affordability for low income households. Households with lower activity test entitlements tend to have a lower income.  
38, ACCC (2023) *Childcare Inquiry: Final Report*, December 2023, ACCC





- **Reducing Administrative Burden**

Streamlining processes reduces the administrative burden on services, particularly for Additional Child Care Subsidy (Child Wellbeing), which is often needed for longer periods than the initial six weeks.

- **Reducing Family Stress**

A streamlined process and longer support for Additional Child Care Subsidy (Child Wellbeing) can reduce stress for families, and minimise disruptions to a child's participation in ECEC during times of upheaval.

- **Cultural Recognition and Support**

Recognising informal kinship arrangements to broader kinship relationships, reflects cultural dynamics of Aboriginal and Torres Strait Islander families. For many Indigenous families their informal kinship may be a relative such as an aunt, uncle, sibling, other relative or a family friend rather than a grandparent. Extension of the informal kinship arrangements will also contribute to creating a more culturally safe and inclusive ECEC system.

- **Continuation of Funding**

A change in guardianship can mean the child is no longer funded as the new guardian must apply for CCS. It can take between eight weeks to six months for formal kinship applications to be approved.<sup>88</sup> ACA recommends continuing the funding as the child's guardian moves to informal kinship care and formal kinships processes be fast tracked to support the family and child.

## OUR RECOMMENDATIONS

**ACA endorses the move to reduce Child Care Subsidy (CCS) administrative complexities via the Productivity's following recommendations:**

**IR6.5a**


Streamlining the Multi-Child CCS rate to be more aligned with the CCS rate over time.

---

<sup>88</sup> 3, ACCC, (2023) *Childcare Inquiry First Nations roundtable summary (virtual)*, 25 August 2023, ACCC cited in 154 ACCC (2023) *Childcare Inquiry: Final Report*, December 2023, ACCC



<b>IR6.5b</b>	Allowing families who are already eligible for income support payments or a Health Care Card to be automatically eligible for CCS, and aligning processes that are similar across CCS and other payments.
<b>IR6.5c</b>	Extending the initial length of eligibility for Additional Child Care Subsidy (Child Wellbeing) from six weeks to 26 weeks and subsequent lengths of eligibility to between 26 and 52 weeks.
<b>IR6.5d</b>	Extending the length of eligibility for Additional Child Care Subsidy (Child Wellbeing) for those children on a long-term protection order, in formal foster care or in a formal kinship arrangement, while their circumstances remain unchanged.
<b>IR6.5e</b>	Extending Additional Child Care Subsidy (Grandparent) to recognise informal kinship carer
<b>IR6.5f</b>	Maintaining a child's eligibility for CCS for a period of at least eight weeks when there is a change of guardian.



## Information Request 7.1: The CCCF as a vehicle to address practical barriers to ECEC access

The Commission is seeking information on the appropriateness and responsiveness of the Community Child Care Fund (CCCF) to address practical barriers to ECEC access (such as transport) that families may face. Do CCCF grants adequately and effectively respond to the various practical barriers (such as transport or food provision) that families face in accessing ECEC?

Is the current frequency (that is, grant rounds every 2–3 years) and funding amount available to services for community-level supports sufficient? If CCCF is not accessed for this purpose, are services receiving funding for this elsewhere?

If the current CCCF does not adequately and effectively respond to these needs, what funding changes are needed? Options could include:

- a more flexible approach through CCCF, with an open pool of funds that could be applied for as needed and available to all services, provided they demonstrated community need in their application
- an expansion of the Inclusion Support Program, where funding could be provided through Innovative Solutions.

## ACA INSIGHTS

### How responsive is the CCCF?

The Community Child Care Fund (CCCF) grants program was established to help ECEC services address barriers to participation and to support service sustainability, particularly in areas of high unmet demand.

The responsiveness of the CCCF program is limited, based on a range of factors:


- **Eligibility Criteria** - not all ECEC service types are eligible to apply for the grant funding, which means providers that could be potentially servicing communities cannot do so under the program.

Currently only community and Not-For-Profit ECEC services are eligible to apply for CCCF funding, therefore restricting the pool of applicants. As privately-owned services make up 70% of centre-based services, with Not-For Profits (NFP) making up 30% of centre-based services, this eligibility criteria excludes a large proportion of the sector.<sup>89</sup>

- **Burdensome administrative process is a barrier** – the administrative process required to secure and receive ongoing funding is often onerous and confusing, with a lack of clear guidelines and

---

<sup>89</sup> 45, ACCC (2023), *Childcare Inquiry: Interim Report* June 2023 ACCC



communication from the Department. The complexity of this process deters services from applying for and benefiting from the CCCF funding. There is also no long-term commitment to sustainability funding.

Some of ACA Queensland's member owner/ operators have shared their experiences in trying to access the CCCF, highlighting the time limitations and the lack of clear guidelines around the length of time the service would receive the CCCF funding, when it expires and when to reapply. Their feedback suggested there was very little communication from the Department about pending applications (some applications have been submitted over nine months ago, still without any feedback), which made it difficult for service providers to plan their programs, staffing levels, etc.

- **Responding to the diverse needs of communities** – The funding streams could be improved to better respond to the diverse needs of different communities and reflect these needs in the funding.

In the Productivity Commission report, it found the CCCF programs:

“...as they currently stand, neither program would adequately address needs in persistently thin markets if the policy goal were to ensure that every child aged 0–5 has access to 30 hours or three days of ECEC a week.”<sup>90</sup>

- **Evidence-Based Funding** – CCCF funding decisions need to be based on comprehensive evidence, relevant data, and needs-based analysis.
- The previous CCCF grant funding rounds only considered Australian Early Development Census data and Socio-Economic Indexes for Areas from the ABS which are not necessarily proxies for thin markets but instead target disadvantage.<sup>91</sup> The priority areas identified for the limited supply round tend to be those with particularly low ratios of places to children.<sup>92</sup>
- **Adequate Funding** – ACA calls for the provision of adequate CCCF funding to support the initial set up and operational costs of operating ECEC services, especially in thin markets. The Government should consult with the ECEC sector and local communities to determine realistic funding amounts.

Additional feedback from the sector has indicated that in some areas there is insufficient demand in the communities identified which affects long-term service viability.

### Frequency and Amount of Grants

CCCF grant amounts fail to reflect the true costs associated with the initial establishment and ongoing operational costs of a service in identified areas of need, making it unfeasible for many providers to take advantage of the opportunity. Furthermore, the grant period of 2-3 years is an insufficient time frame to

---

<sup>90</sup> 345 Productivity Commission (2023) *Supplementary Paper 5: Availability of ECEC*, Productivity Commission

<sup>91</sup> *ibid*

<sup>92</sup> *ibid*



establish a sustainable ECEC service in a community, attract and train educators and build connections with the community.

For example, the recently implemented Community Child Care Fund for unmet demand to support the cost of building and operating services was up to \$900, 0000.<sup>93</sup>

Consultation with the sector and local communities (where centres are sought to be established) would indicate the costs to build and operate a service would greatly exceed the grant amount, with an average centre build cost being approximately \$2 to \$3 million.<sup>94</sup> It is important to note that this figure would likely increase if the region was remote, to allow for additional freight costs, travel of trades and other professionals to complete the build.

## OUR RECOMMENDATIONS

ACA recommends:	
IR7.1a	Increase the length of grants to five years to ensure greater service viability and sustainability in the identified areas of need.
IR7.1b	Ensure grant amounts are realistic and reflect the true costs associated with building and operating ECEC services.
IR7.1c	Create a more flexible pool of funding by extending it to all ECEC service types (not exclusively community and NFP services).
IR7.1d	Improve the administrative processes and response time to CCCF applicants. When a service reapplies for this funding, it MUST be confirmed no later than 6 months out of the end of the previous agreement.
IR7.1e	Establish a process to review the applications that do not meet the CCCF criteria, to identify common areas for future CCCF funding priorities.
IR7.1f	Provide greater support for service provision in thin markets, including ongoing capital and recurrent funding.

<sup>93</sup> Department of Education (2023) *Community Child Care Fund*, Department of Education, Australian Government <https://www.education.gov.au/early-childhood/community-child-care-fund/community-child-care-fund-grants-newservices-areas-limited-supply>

<sup>94</sup> Perth Building Projects reported the cost to purchase land and build a centre in Perth city area would be between \$1-4 million, Perth Building Projects (202), *What does it cost to set up a childcare centre from scratch?* Perth Building Projects, <https://perthbuildingprojects.com.au/what-does-it-cost-to-set-up-a-childcare-centre-from-scratch/>




<b>IR7.1g</b>	Collaborate with the sector to co-design a grants process that is fit-for-purpose and realistic.
<b>IR7.1h</b>	Explore flexible funding models that respond to variations in service delivery costs.
<b>IR7.1i</b>	Explore alternative funding mechanisms to increase participation in identified areas of need, including the adoption of the Productivity Commission recommendation to relax the activity test for low-income families to support service viability. <sup>95</sup>
<b>IR7.1j</b>	Where current CCCF is not adequate or effectively responding to needs, the response should not simply be expanding the ISP as the solution. This would cause even more paperwork which would frustrates services. Pool of funding needs to be better rather than more paperwork required to access it.

## Additional evidence

- Bray, J. R., Baxter, J., Hand, K., Gray, M., Carroll, M., Webster, R., Phillips, B., Budinski, M., Warren, D., Katz, I., Jones, A. (2021) *Child Care Package Evaluation: Final Report. (Research Report)*, Melbourne: Australian Institute of Family Studies.  
[https://aifs.gov.au/sites/default/files/2022-12/2021\\_child\\_care\\_package\\_evaluation\\_final\\_report.pdf](https://aifs.gov.au/sites/default/files/2022-12/2021_child_care_package_evaluation_final_report.pdf)

---

<sup>95</sup> 346 ibid



## Information Request 7.2: ‘System navigator’ roles in the ECEC sector

The Commission is seeking views from inquiry participants on ‘system navigator’ roles in the ECEC sector.

- Are current initiatives to support families experiencing additional barriers to navigating the ECEC system sufficient? Do they require additional information or support to perform this role?
- Is there a need for national investment in system navigator roles?
  - If so, who would be best placed to perform these roles? Examples could include Inclusion Agencies or contracted delivery by a range of ECEC services, community organisations, local councils or ACCOs.
  - How could this be delivered across different groups of families (for example, regional or remote, Aboriginal and Torres Strait Islander and culturally and linguistically diverse families), including ensuring delivery in a culturally sensitive manner?


## ACA INSIGHTS

Families experiencing additional barriers to navigating the ECEC system face a difficult and complex process on two fronts - they must determine their funding eligibility, and then, they must navigate the administrative requirements of the ECEC sector’s Child Care Subsidy system.

This complexity is further exacerbated by the lack of clear guidance and direction available to families and leaves them relying solely on their ECEC service providers to help them navigate the process and apply for funding. This burdensome process results in fewer families accessing financial support, while also placing undue burdens on the service providers, who also lack the required support.

Challenges for families when navigating the ECEC government support environment:

- Deciding on the right ECEC setting for their child – as there are different ECEC service types available, families need assistance in understanding the various ECEC options available and determining the best setting for their child and their family’s needs.
- Confusing enrolment and subsidy application processes – the system assumes families have reasonable literacy and digital literacy levels. This affects those with limited English proficiency or English as a second language from Aboriginal and Torres Strait Islander communities, migrant families, and CALD communities.
- Complex fee structures can lead to confusion around out-of-pocket expenses, including hourly vs daily fees and differences in how pre-school funding differs from CCS funding, as well as complexities such as the withholding rate
- Applying for funding support can involve complex and multiple interactions between Commonwealth and State/Territory systems.

- 
- ECEC services lack the time, staff and resources needed to support families in navigating these complex systems. As each family has different circumstances and individual needs, they may not be eligible for the CCS and often need someone to step them through the options and pathways available to them and their child when accessing ECEC.
  - Significant differences in subsidies and eligibility criteria across the states can contribute to confusion among families (i.e. 3 year old preschool is funded by government in some states but not all).

### **Current Initiatives to Support Families and Children in ECEC**

#### The Links to Early Learning

The Links to Early Learning pilot program has played a significant role in supporting children whose families would not otherwise know how to access ECEC, while operating across several NSW sites.<sup>96</sup> Unfortunately, the program's longevity is uncertain following the NSW Government's late December 2023 announcement that funding would not be continued.

The program's team of staff support their families in:

- finding a suitable service for their child
- completing paperwork for enrolment and CCS.
- accessing a translator if required
- providing transport for families and children where that is a barrier to accessing ECEC.
- answering questions and concerns raised by the family, to assure they can trust the centre and their child's wellbeing for ongoing participation.

The evaluation of the Links to Early Learning program at The Hive in Mount Druitt concluded that the initiative added value to families, benefited the community and assisted vulnerable children to access ECEC:

'We have found the Early Learning Linker role to be highly effective as a support for families navigating this process and who can provide short-term family support to provide information and overcome barriers. We highly recommend the NSW Government consider this approach, particularly for disadvantaged areas and embed these roles in childcare centres, or in Service NSW.'<sup>97</sup>


The Links to Early Learning was funded by the NSW Government through the Department of Communities and Justice and the Department of Education to deliver the Supporting Families into Early Childhood Education (SFIECE) Project, with the Links to Early Learning set up as a pilot project across a 12 -18 month period.

---

<sup>96</sup> Uniting (2023) *The Links to Early Learning*, Uniting, <https://www.uniting.org/services/family-services/facility/uniting-links-to-early-learning>

<sup>97</sup> The Hive (2023) *Submission to NSW ECEC IPART Review*, The Hive, Mt Druitt (United Way Australia), [https://www.ipart.nsw.gov.au/sites/default/files/cm9\\_documents/Online-Submission-The-Hive-Mt-Druitt-%28United-Way-Australia%29-L-Faraj-16-Nov-2023-195751092.PDF](https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Online-Submission-The-Hive-Mt-Druitt-%28United-Way-Australia%29-L-Faraj-16-Nov-2023-195751092.PDF)





## The Working Together program

The Working Together program in Tasmania, funded by the Tasmania Government, addresses barriers for families experiencing higher levels of vulnerability and challenges.<sup>98</sup> The program offers up to 20 hours of ECEC per week for the child in their year before kindergarten and provides support to families in addressing any barriers to ECEC participation.

Similar to the Links to Early Learning pilot program, the Working Together program provides early learning service providers with funding to employ a dedicated case manager(s) to work with families to:

- help them navigate the ECEC system, including the enrolment and CCS application process.
- help them find a suitable service for their child
- assist them in accessing transport to get their child to their ECEC service on a regular basis.
- connect them with additional community and family support services.
- address any concerns and questions, build trust and a friendly rapport with the ECEC service, and to support their child's ongoing participation.

## **Response to a Systems Navigator Role**

ACA advocates for a localised approach, tailoring systems navigator roles to the diverse groups within communities and reflecting jurisdictional issues, fundings and programs available.

For example, the Secretariat of National Aboriginal and Islander Child Care (SNAICC) could lead initiatives for Indigenous communities, creating trusted linkages by selecting community members who have experience and knowledge of the ECEC systems to engage with families and support their participation in their local ECEC service.

## **The Productivity Commission's Findings**

The Productivity Commission Draft Report including the following recommendations:

- Simplify CCS and Enhancing Accessibility for families<sup>99</sup>
- Implement Targeted Approaches and System Navigator Role
- Targeted approaches are needed to address additional barriers faced by families and reflect their individual needs.<sup>100</sup>

---

<sup>98</sup> Department of Education, Children and Young People (2024) *Working Together*, Department of Education, Children and Young People, Tasmania Government <https://www.decyp.tas.gov.au/learning/early-years/working-together/working-together-for-families/#at-325600>

<sup>99</sup> 419 Productivity Commission (2023) *Draft report- A path to universal early childhood education and care*, Productivity Commission

<sup>100</sup> *ibid*

- Supports the idea of a 'system navigator' role as an outreach to eligible families, providing support to understand the system, fees, and forms.<sup>101</sup>

### Address System Complexities

- Many families rely on their ECEC services to help them navigate the ECEC system complexities.
- In 2019, the Australian Institute of Family Studies surveyed ECEC services across Australia and found that 41% of service providers assisted low-income and vulnerable families with their Centrelink applications.<sup>102</sup>
- ECEC service providers are not funded or well-resourced to provide families with the additional time needed to adequately navigate systems. This lack of support is a disservice to the families, children, and services already under pressure due to current staffing shortages.

## OUR RECOMMENDATIONS

**ACA recommends the following measures to reduce system complexities and offer greater support to families navigating the ECEC system:**

<b>IR7.2ac</b>	Simplify the CCS system, including the removal of the activity test to enhance access for low-income families.
<b>IR7.2b</b>	Implement better training for Services Australia staff to provide consistent advice and support to families
<b>IR7.2c</b>	Provide adequate funding to linking agencies to support families in their enrolment and participation, especially in areas where local agencies are unavailable.

ACA highlights the need for a comprehensive approach to address complexities in the ECEC system. This includes simplifying processes, providing localised support, and ensuring targeted assistance for families facing additional barriers to navigate the system. The role of system navigators and the continued evaluation of initiatives are crucial components of this approach.

<sup>101</sup> ibid

<sup>102</sup> 420 Ibid, cited in Bray, J., Baxter, J., Hand, K., Gray, M., Carroll, M., Webster, R., Phillips, B., Budinski, M., Warren, D., Katz, I. and Jones, A. (2021) *Child Care Package evaluation: final report*, Australian Institute of Family Studies, Australian National University, Social Policy Research Centre, Social Research Centre



## Additional evidence

- Dandolo Partners for the Paul Ramsay Foundation (2022), *Understanding 'linkers': New role to help Navigate Social Services*, Paul Ramsay Foundation. [https://assets.website-files.com/62b998c0c9af9f65bba26051/63226c71ff22770ad22f3fc0\\_PRF-Dandolo-Linkers-Final.pdf](https://assets.website-files.com/62b998c0c9af9f65bba26051/63226c71ff22770ad22f3fc0_PRF-Dandolo-Linkers-Final.pdf)
- The Hive (2023) *Submission to NSW ECEC IPART Review*, The Hive, Mt Druitt (United Way Australia), [https://www.ipart.nsw.gov.au/sites/default/files/cm9\\_documents/Online-Submission-The-Hive-Mt-Druitt-%28United-Way-Australia%29-L.-Faraj-16-Nov-2023-195751092.PDF](https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Online-Submission-The-Hive-Mt-Druitt-%28United-Way-Australia%29-L.-Faraj-16-Nov-2023-195751092.PDF)
- Dandolo Partners for the Paul Ramsay Foundation (2021), *Links to Early Learning- Evaluation report*, Dandolo Partners for the Paul Ramsay Foundation  
[https://assets.website-files.com/62b998c0c9af9f65bba26051/63290b0b0e3b504344690318\\_L2EL-Evaluation-Report-Final-Version.pdf](https://assets.website-files.com/62b998c0c9af9f65bba26051/63290b0b0e3b504344690318_L2EL-Evaluation-Report-Final-Version.pdf)



## Information request 7.3: Barriers and potential solutions to providing more flexible sessions of ECEC

The Commission is seeking information on barriers and potential solutions to providing shorter sessions of ECEC that more closely mirror attendance patterns and are less expensive than full day sessions, particularly in centre-based day care. Suggestions for ways that unused hours ('air pockets' in the system) might be made available to families who want access to ECEC on an occasional basis are also sought.

### ACA INSIGHTS

Whilst the availability of shorter sessions may offer more flexibility and choices to families, the evidence suggests that parents are not actively taking up the shorter session times and in offering these shorter sessions, the viability of the ECEC service is significantly impacted (see list of impacts further below).

#### Family ECEC Usage Trends

- Shift towards longer sessions (since 2018) by families.<sup>103</sup>
- Overall decline in low usage of shorter sessions (3 or 6 hours) since 2018.<sup>104</sup>
- 63% increase in the use of longer sessions (10 hours).<sup>105</sup>
- 36% increase in 9 hour sessions<sup>106</sup>
- Children enrolled 3 days a week tend to attend in 10, 11, and 12-hour sessions.<sup>107</sup>
- A 33% increase in the number of children enrolled for 4–5 days a week between 2019 and 2022.<sup>108</sup>

#### Barriers to providing shorter sessions:

##### Higher costs

- Shorter sessions are generally more expensive per hour, not accounting for variations in fixed costs across a full day.
- Fixed costs such as regulatory requirements and staffing cannot be easily reflected in a percentage of a daily rate for shorter sessions.

---

<sup>103</sup> Figure 4.9, 178 ACCC (2023) *Childcare Inquiry: Interim Report September 2023* ACCC


<sup>104</sup> *ibid*

<sup>105</sup> 9 Figure 4.7 a significant increase (about 63%) in the number of 10 hour session lengths in centre based day care across Australia between 2018 and 2022. 177 ACCC (2023) *Childcare Inquiry: Interim Report September 2023* ACCC

<sup>106</sup> Figure 4.8 of 178 ACCC (2023) *Childcare Inquiry: Interim Report September 2023* ACCC

<sup>107</sup> 179 *ibid*

<sup>108</sup> 176 *ibid*



## CCS was designed to allow flexibility across different family scenarios

- CCS introduced the activity test as a tool to calibrate the level of CCS funding received per family, depending on the parents' "activity level" (i.e. the number of work, study and other activity type hours per fortnight). The system therefore allowed for variations in hours used from family to family, providing families with the possibility of allotments from 24, 36, 72 to 100 hours of government-funded care per fortnight, depending on their eligibility.
- ECEC service providers responded to this funding model by offering sessions ranging from 6, 9, 10, or 12 hours, aligning with the intended flexibility across families.
- The ACCC's 2<sup>nd</sup> interim report talks to the concept of "optimisation" to maximise subsidies for families under the auspices that this was not how the system was intended to work which is an incorrect assumption.<sup>109</sup> This diverse range of session offerings was encouraged by the Government of the day and the policy mechanism as designed.

## Impact on Service Viability

- The hourly rate calculated for long sessions does not offer a reasonable cost recovery to service providers for shorter sessions, due to the limitations in setting up operating costs around these shorter hours in a cost-efficient way. Given the limitations around the minimum number of hours staff can be employed, along with the fact that most other operating costs are calculated per day (eg rent or insurance), the provision of shorter sessions on the same hourly rate subsidy generally results in a negative impact on service viability.
- As a common example, if a family books a six hour session from 10am to 4pm, but the ECEC service is set up to have availability from 6am through to 6pm, the hours on either side of this shortened time frame are not likely to be booked by another family and are meanwhile incurring operational costs for the service, whilst not being accounted for in the allocated funding. ACA believes that a loading for a shorter time session needs to apply, in order to reflect the true costs of service delivery.
- Shorter sessions may affect the occupancy rates needed for service viability.


## Service Occupancy Levels

- In general, services need a minimum 70% occupancy rate in order for their operating costs to break even.<sup>110</sup> This objective becomes even more challenging with the combination of both short and long sessions.

---

<sup>109</sup> 175, ACCC (2023) *Childcare Inquiry: Interim Report*, September 2023, ACCC

<sup>110</sup> Dandolo Partners (2023), *The cost and impact of different funding approaches to increase ECEC sector wages*: Report for the Australian Childcare Alliance, Dandolo Partners

- 
- ECEC service viability, occupancy rates and staffing implications must be considered when offering 3–6 hour sessions.

#### Staffing Shorter Sessional Care

- Setting up the ECEC service to be able to offer shorter sessional care can impact the program quality, consistency, bring about staffing inefficiencies and increase operating costs.
- Shorter sessional lengths are often problematic to the operations of the service, creating a range of unintended consequences such as challenges in staff rostering - it often difficult to find available qualified staff who want to work shorter sessions, the variation to staffing can impact being able to meet the mandatory staffing ratios at all hours, and there are additional costs if using agency staff.
- In order for ECEC services to be able to offer shorter sessions, the sector needs an adequate supply of staff to accommodate the roster requirements. As an additional challenge, according to the award in some States, there is a minimum number of hours an educator can be employed for - there is a 2 hour minimum under the Childrens Services Award and a half day minimum for teachers under the Educational Services Teachers Award.

#### Creating Inefficiencies for Educators and Families


- Shorter sessions may lead to half workdays for educators (either morning or afternoon) and can lead to challenges in aligning parent availability with the remaining shorter session times (often 3-6 hours blocks of time, during hours of less demand). The allocated part of the day may not support the parents' needs or be an effective use of their CCS-funded hours.

#### **Suggestions for ways that unused hours might be made available to families**

ACA holds the view that whilst the idea of maximising the usage of unused hours is a noble one that aims to maximise the available resources in each ECEC service, the practical experience of ACA's member base demonstrates that the unused hours rarely align with the needs of families and simply end up not being used.

The shorter sessions do not alleviate the service provider of the operating costs for the unused hours, as these costs are bundled up in the overall day-to-day operation of the service, whilst not being paid for by the family or being subsidised via the CCS system.

There is clear evidence of a trend of families shifting towards longer sessions of ECEC. At the same time there are barriers to ECEC service being able to offer their families shorter sessions – these include higher operating costs, CCS design for flexibility, impacts on service viability, negative impacts on occupancy levels, staffing challenges and potential inefficiencies. In order to address these barriers, the policy settings need to consider cost structures, the needs of families and staffing requirements to ensure the sustainability and effectiveness of sessional offerings in ECEC.



## Information request 8.1: Provision of service ratings information for families

The Commission is seeking information on how service ratings information could be made more useful and more accessible to families. For example:

- requiring services to display ratings information on their website
- changing how ratings information is communicated:
  - to specify which element/s of the National Quality Standard a service did not meet
  - to make clearer what is meant by a rating of Working Towards
- requiring services to inform:
  - prospective families of their current National Quality Standard rating
  - current families of a new National Quality Standard rating.

Would these changes be desirable, and how would they best be implemented?  
Are there other options that should be considered?


## ACA INSIGHTS

Whilst ACA supports the education of families to ensure they are aware of and understand the service ratings information, we are also concerned about the potential for discrepancies between the service ratings and the actual quality of care they provide.

The Assessment and Ratings (A&R) system must be reviewed, improved, made consistent across all states and territories and more reliable in terms of frequency of occurrence, before any major funding is spent on educating families about what the service ratings mean.

These concerns stem from the following realities:

- The criteria for A&R results varies from state to state and even from one A&R Authorised Officer to the next in the same state. This means the service ratings may differ greatly for two services of the same level of quality, depending on which individual A&R Authorised Officer conducted the assessment..
- The frequency of assessments varies from state to state. If a service is given a low rating, they are required to maintain this rating for a long period of time despite having addressed the issues. Current assessments are based on a 1-2 day visit every 5-7 years. This often results in assessment results that are not reliable.  
The ACCC 2023 parents and guardians survey also identified this as a concern raised by families, with the impact of the lag time between assessments affected parent's ability to rely on the formal ratings



of each service.<sup>111</sup>

- The NQS framework is highly technical and not easily understood by the public or families using ECEC services. This extends to the ratings system and means that the majority of parents are not well placed to understand what the ratings mean in terms of informing their choice in ECEC service.

With a more robust and reliable A&R system in place, ACA would support efforts to better educate families about service ratings and what the ratings mean. Improving the communication to families around the service ratings can empower families to make more informed choices about their child's ECEC service.

### Feedback from Families about the Current Rating System

There is often wide debate about whether families understand or rely upon service ratings to inform their choice in which ECEC service they engage with. ACA's view is that generally families do not rely on the service ratings to decide which ECEC service they would like their child to attend. Whilst some may be aware of the ratings system, it is not high in their list of deciding factors.

In terms of data analysis, ACECQA most recent Family Survey indicated that 56% of families were aware of the ratings system.<sup>112</sup> Of those families that were aware of its existence, only 52% knew the quality rating level of their current service or services they intended to use – this was a 10% decrease compared to 2021.<sup>113</sup>

The ACCC September 2023 interim report offered further insights, as it included the results of a survey of parents and guardians and presented the following findings:

- Respondents indicated that the Starting Blocks website with the National Quality Standard ratings was often out of date and that they (parents) do not rely on them, often preferring to use word of mouth or their own perceptions.<sup>114</sup>
- only 23% of respondents indicated that the NQS ratings were in their top five most important factors when choosing a service. The five most important factors selected were the location of the service, the availability of care, the safety and security of the service, the quality and cleanliness of facilities, the food, toys or play equipment and the fees.<sup>115</sup>
- 54% of respondents indicated they relied on recommendations from friends and/or family; this was the second most common answer after visiting the service in person (60% of respondents).

---

<sup>111</sup> 96 and 97 ACCC, 2023, *Childcare Inquiry: Interim Report September 2023*, ACCC

<sup>112</sup> 46 Australian Children's Education and Care Quality Authority (ACECQA) (2023), *National Quality Framework Annual Performance Report*, ACECQA, Sydney [https://www.acecqa.gov.au/sites/default/files/2023-11/2023-NQF-Annual-Performance-Report-FINAL\\_0.pdf](https://www.acecqa.gov.au/sites/default/files/2023-11/2023-NQF-Annual-Performance-Report-FINAL_0.pdf)

<sup>113</sup> 47 ibid

<sup>114</sup> 26 ACCC, 2023, *Childcare Inquiry: Interim Report September 2023*, ACCC

<sup>115</sup> 95 Ibid



## OUR RECOMMENDATIONS

In summary, ACA believes the Assessment and Ratings (A&R) system should be improved before any further work goes into promoting service ratings to families.

### ACA strongly recommends:

<p><b>IR8.1a</b></p>	<p><b>An urgent review and improvement to the A&amp;R Assessment Processes:</b></p> <ul style="list-style-type: none"> <li>■ Review of variances across assessment processes within and across the different states and territories – this includes criteria and levels of evidence for assessments, opportunities for services to step up and meet the higher levels of assessment, and the length of time between assessments.</li> <li>■ Revise and improve the assessment process to achieve greater consistency across all services regardless of location, possibly more frequent assessments or alternatively greater opportunities for the service to step up and meet their aspired rating level without having to wait another 5-7 years.</li> <li>■ Until the process is reliable, ensure that services display the date of their assessment along with the rating.</li> </ul>
<p><b>IR8.1b</b></p>	<p><b>Improved Communication of Ratings</b></p> <ul style="list-style-type: none"> <li>■ ACECQA has created a range of education materials for families that are simple, easy to understand and align with the information needs of families.</li> <li>■ These education materials should clarify each of the ratings and their implications, including guidelines detailing the element/s of the National Quality Standard as it relates to the service delivery.</li> </ul>
<p><b>IR8.1c</b></p>	<p><b>Displaying Ratings on ECEC's Website</b></p> <ul style="list-style-type: none"> <li>■ This draft recommendation proposes that each service should display their rating on their website. However, it raises challenges regarding how and by whom the monitoring of the websites of the 14,382 Australian Government CCS-approved ECEC services would be managed.</li> <li>■ Currently, each ECEC service rating is showcased on the Starting Blocks website, aiding parents in making informed decisions when selecting a service. However, not all services have individual websites, leading to equity concerns across providers.</li> </ul> <p>Commercial search engine providers in the ECEC sector, such as Toddle and Care for Kids, offer platforms that compile data from various sources on the internet. These platforms are successful because they provide updated and accurate information, which families rely on when making decisions about which ECEC service to choose.</p>



## Information Request 8.2: Regulatory actions against serial underperformers

The Commission is seeking views about the most appropriate regulatory actions for serial underperformers, while considering the effects on families and children from more severe measures (such as service closure).

Would this be best addressed by additional powers for regulatory authorities, or by regulators making more use of existing powers?

## ACA INSIGHTS

### Regulatory Framework & Environment

ACA believes the early learning sector needs strong regulatory systems in place to ensure it continues to deliver high quality early education services across Australia for children and families.

ACA does not believe that regulatory authorities need any additional powers. Instead, we recommend greater support to assist those services consistently failing to meet the National Quality Standards (NQS).

When discussing appropriate regulatory action for serial underperformers, it's important to identify and consider the factors contributing to such underperformance and any compliance breaches that may arise.

ACA observes that the inconsistent interpretation and application of the of NQF either during the assessment and rating, or compliance visits creates a raft of problems and confusion for service providers in terms of what constitutes a breach.

ACA believes these inconsistencies need to be addressed in a wider review of ECEC regulatory review systems, which includes addressing the underlying causes of underperformance. ACA would like to see a policy approach that works towards ensuring that quality is built into services, to reduce the number of underperformers and for the wider community – therefore ensuring that high-quality services remain open for families.

## OUR RECOMMENDATIONS

### Recommended Regulatory Actions targeting Serial Underperformers

When an ECEC service is regularly failing to meet the National Quality Standard, the regulatory system should encourage the service to demonstrate a commitment to lift the quality and adopt better practices within the centre, to ensure it can continue to operate for their local community, families, and children.



ACA recommends the following policy approaches:	
IR8.2a	<p><b>Adopt a Strengths-Based Approach</b></p> <ul style="list-style-type: none"> <li>■ Ensure that the relevant regulatory bodies adopt a strengths-based approach that focuses on building the skillsets and knowledge of staff and the capacity of the service and community rather than penalising the service for the areas that need improvement.</li> <li>■ Ensure that Assessment and Rating (A&amp;R) field officers clearly outline the nature of breaches, provide practical steps for improvement, and set deadlines for necessary changes.</li> </ul>
IR8.2b	<p><b>Improve Support Mechanisms</b></p> <ul style="list-style-type: none"> <li>■ Establish dedicated support teams within regulatory bodies to work directly with underperforming service providers. Eg. Several State and Territory regulatory bodies have developed practical online resources, coupled with dedicated support teams to work directly with underperforming service providers.</li> <li>■ In Queensland, the regulatory body (Queensland Early Childhood Education and Care Regulatory Authority) is strict on underperformers, and often responds by issuing a list of what needs to be done with firm timelines. If the regulatory body is not satisfied by the service, they will issue the service with a show cause notice. This regulatory approach has seen an improvement in the response of underperforming services who are now taking more proactive steps, which is reflect in the very low rates of service being forced to close.</li> </ul> <p>The Queensland Early Childhood Education and Care Regulatory Authority has also responded to serial underperforming services by negotiating a third party to be working closely with the service to mentor and manage their perform. This involves the service signing onto an agreement that allows the service to remain open on the condition that an external consultant works with them on an ongoing arrangement to address breaches and lift the quality of their centre.</p> <ul style="list-style-type: none"> <li>■ Provide practical online resources and mentorship programs to assist services in addressing breaches.</li> </ul>
IR8.2c	<p><b>Show Cause Notices</b></p> <ul style="list-style-type: none"> <li>■ Issue show cause notices if underperforming services do not proactively take steps to address breaches.</li> <li>■ Consider negotiation of third-party involvement, under which external consultants would work closely with the service to mentor and manage performance.</li> </ul>
IR8.2d	<p><b>Last Resort - Closure of Service</b></p> <ul style="list-style-type: none"> <li>■ If all other measures have been exhausted and the service remains non-compliant, closure should be the last resort.</li> <li>■ Clearly communicate the reasons for closure and provide support for families affected by the closure.</li> </ul>



<p><b>IR8.2e</b></p>	<p><b>Publishing Quality Ratings of Services</b></p> <ul style="list-style-type: none"> <li>■ Continue the practice of publishing quality ratings of services on ACECQA’s website, including the details of any temporary closures with reasons for service closures to enhance transparency<sup>116</sup>.</li> <li>■ Ensure that the published information is easily accessible and comprehensible for families to make informed decisions about choosing services based on their quality ratings.</li> </ul> <p>ACA believes by addressing the inconsistent interpretation and application of the National Quality Standard (NQS) during the assessment of services this will foster a more transparent and fairer regulatory environment.</p>
<p><b>IR8.2f</b></p>	<p><b>ACA recommends a comprehensive review of the ECEC regulatory systems to ensure that the NQS is consistently interpreted and applied across different services.</b></p> <p>This review should include recommendations to achieve the following objectives:</p> <ul style="list-style-type: none"> <li>■ Harmonize Interpretation of Guidelines <ul style="list-style-type: none"> <li>- Develop clear guidelines and training programs for assessors to ensure a consistent interpretation of the NQS.</li> <li>- Facilitate regular workshops and collaborative sessions for regulators to discuss and clarify any ambiguities in the NQS. Recalibrating assessment and ratings processes as required.</li> </ul> </li> <li>■ Support Continuous Professional Development <ul style="list-style-type: none"> <li>- Invest in ongoing professional development for assessors to keep them updated on any changes in regulations or guidelines.</li> <li>- Establish a feedback loop where assessors can share their experiences and challenges, contributing to continuous improvement.</li> </ul> </li> <li>■ Facilitate Regular Stakeholder Engagement <ul style="list-style-type: none"> <li>- Engage with service providers, educators, and other stakeholders to gather feedback on the application of NQS.</li> <li>- Establish channels for open communication, allowing stakeholders to seek clarification and express concerns.</li> </ul> </li> <li>■ Facilitate Regular Review <ul style="list-style-type: none"> <li>- Conduct regular reviews of assessment processes to identify areas of improvement and ensure consistency.</li> </ul> </li> </ul>

<sup>116</sup> ACECQA (2024) *Service and Temporary Closure Information*, ACECQA, <https://www.acecqa.gov.au/resources/national-registers/service-temp-closure-info>



- Seek input from a diverse group of stakeholders to capture a comprehensive range of perspectives.

In conclusion, ACA believes that regulatory authorities do not need any additional powers. Instead, the focus should be on how the regulatory bodies can use their existing powers more effectively.

## Additional evidence

- Daniel Pinchas (2019) *What does quality professional learning look like for early childhood teachers?* The Spoke Early Childhood Australia Blog [What does quality professional learning look like for early childhood teachers? - The Spoke – Early Childhood Australia's Blog](#)



### Information Request 8.3: Support for services to meet the NQS

The Commission is seeking information and evidence about the extent to which services need more support to meet the NQS, and the types of support required.

For example, would the Quality Support Program offered in New South Wales provide the type of support needed by services in other states to meet the NQS?

## ACA INSIGHTS

There are a number of factors which add to the challenge for early learning services to meet the minimum requirements of the National Quality Standards (NQS).


These factors are outlined below.

### Limitations of the Assessment & Ratings (A&R) process

ACA recommends a review of the Assessment and Ratings (A&R) system, followed by a rollout of improvements to bring about consistency across all states and territories, greater reliability in terms of frequency of occurrence.

These concerns stem from the following realities:

- The criteria for A&R scoring varies from state to state and even from one A&R Authorised Officer to the next in the same state. This means the service ratings may differ greatly for two services of the same level of quality, depending on which individual A&R Authorised Officer did the assessment and which state the assessment took place in.
- The frequency of assessments varies from state to state. If a service is given a low rating, they are required to maintain this rating for a long period of time despite having addressed the issue and now operating at a higher level of quality. Current assessments are based on a 1-2 day visit every 5-7 years. This often results in assessment results that are not reliable. The ACCC 2023 parents and guardians survey also identified this as a concern raised by families, with the impact of the lag time between assessments affected parent's ability to rely on the formal ratings of each service.<sup>1</sup>
- Given the level of administrative work that is required to provide the evidence to achieve an "Exceeding" or "Excellent" rating, service providers aspiring to either of these high ratings are required to allocate additional staffing resources to ensuring this work gets done. In the context of a national workforce shortage, this is an enormous challenge. As such, ACA believes the aspiration or



expectation that a service should be Exceeding or Excellent in the current operational environment is in many cases unachievable.

- The NQS framework is highly technical and not easily understood by the public or families using ECEC services. This extends to the ratings system and means that the majority of parents are not well placed to understand what the ratings mean in terms of informing their choice in ECEC service.

### Understanding and Application of NQS

ECEC services face challenges in comprehensively understanding and consistently applying the evolving NQS.

The sector would benefit greatly from regular updates to NQS demand clear, consistent, and current communication to ensure providers correctly apply changes in their respective jurisdictions.

### Time and Cost Considerations:

Being able to achieve and surpass the minimum standards of the NQS requires service providers to make a significant investment of time, financial resources and additional training of staff.

Upon analysis of the operating costs of running a high-quality ECEC service, and as confirmed by the ACCC's December 2023 Final Report<sup>117</sup> on their recent inquiry into childcare, wages represent 70% of operating costs for ECEC services.

## Overview of the Support Available for Services to meet NQS

### Queensland


- The State Department of Education, which previously providing dedicated support for NQS compliance, has since closed the support unit, which has negatively impacted those services seeking assistance.

### New South Wales

- Further to the Quality Support Program, the Department of Education communicates NQS changes through regular newsletters and offers free training.

---

<sup>117</sup> ACCC Child Inquiry Final Report December 2023 - <https://www.accc.gov.au/inquiries-and-consultations/childcare-inquiry-2023/december-2023-final-report>

- 
- The Department identifies key areas of concern and where services are failing, and then develops content and workshops, which are free for service providers and educators to access.

#### **Victoria**

- Services receive regulatory emails from the Department of Education and can participate in regional quarterly meetups to discuss ratings, assessment processes, related topics, and any updates.
- The Kindergarten Quality Improvement Program supports services not meeting the NQS and requires eligibility through the delivery of funded preschool.

#### **South Australia**

- The South Australian Education Standards Board (ESB) offers webinars for service providers and has been scrutinised by the Royal Commission, with recommendations for improvement.
- There is a growing need for more support for the new centres and centres based in rural locations that are deemed as “underperforming”.
- The level of additional support for underperforming services and the ESB’s role was scrutinised by the Royal Commission, with recommendation 7 calling for improvement in the functioning of the ESB with assessments of service increased to every three years to address the backlog and improve the support offered to services that are rated as ‘working towards’.<sup>118</sup>

#### **Western Australia**

- The Education and Care Regulator Unit had previously provided support to services but has since ceased this support, leaving services struggling to get clarity and guidance on NQS requirements.
- Many services find it challenging to understand the criteria for meeting or exceeding NQS and are finding it hard to achieve the next rating level, which has caused frustration and disillusionment with the rating process.

---

<sup>118</sup> The Royal Commission (2023) *Royal Commission into Early Childhood Education and Care Report*, The Royal Commission, Government of South Australia



## OUR RECOMMENDATIONS

ACA recommends:	
IR8.3a	<p><b>Urgent review and improvement to the A&amp;R Assessment Processes:</b></p> <ul style="list-style-type: none"> <li>Review of variances across assessment processes within and across the different states and territories – this includes criteria and levels of evidence for assessments, opportunities for services to step up and meet the higher levels of assessment, and the length of time between assessments.</li> <li>Revise and improve the assessment process to achieve greater consistency across all services regardless of location, possibly more frequent assessments, or alternatively greater opportunities for the service to step up and meet the aspired rating level without having to wait another 5-7 years, more practical evaluation methods for the service.</li> <li>Until the process is reliable, ensure that services have to display the date of their assessment along with the-rating.</li> </ul>
IR8.3b	<p><b>Greater Outreach and Community Engagement:</b></p> <ul style="list-style-type: none"> <li>ACEQA should conduct more outreach, face-to-face community engagement, direct phone calls, Q&amp;A webinars, roadshows, and professional development sessions.</li> </ul>
IR8.3c	<p><b>Greater Accessibility to Information and Training:</b></p> <ul style="list-style-type: none"> <li>Increased investment is needed to ensure current information is easily accessible.</li> <li>Provide affordable or free professional development and training through high-quality third-party providers.</li> </ul>
IR8.3d	<p><b>Consistency in Content and Training:</b></p> <ul style="list-style-type: none"> <li>Third-party providers should maintain consistency in content development and training to prevent inaccuracies.</li> <li>ACA WA recently partnered with the WA Department of Education to design and deliver consistent information and training across the State.</li> </ul>
IR8.3e	<p><b>Modelling the Quality Support Program across all states:</b></p> <ul style="list-style-type: none"> <li>Other states acknowledge the value in a model like the NSW program, particularly beneficial for services that have received a "working towards" rating.</li> </ul>
IR8.3f	<p><b>Greater Clarity around Expectations for each standard:</b></p>



	<ul style="list-style-type: none"><li>■ Providers need greater consistency and clarity in expectations at each level, understanding the standards and what they look like in practice.</li></ul>
<b>IR8.3g</b>	<b>Better Post-Assessment Feedback:</b> <ul style="list-style-type: none"><li>■ Services require more feedback after assessment, along with support to turn around a failing service.</li><li>■ Tangible steps and plans should be provided to achieve improvement.</li></ul>
By addressing these support needs, the ECEC sector can enhance its capacity to meet and exceed the National Quality Standards, ensuring a higher quality of early education services across Australia	



## Information Request 9.1: Scope for broader funding reform

The Commission welcomes views on the implications of broader funding reform in ECEC for children, families, service providers and governments, including the benefits and costs of expanding the use of supply-side funding mechanisms.

### ACA INSIGHTS

The ECEC sector needs broader funding reforms that prioritises:

- Inclusion support funding.
- Funding for families including the activity test.
- Other reform activities to build quality for the sector, through a funded wage subsidy.
- Needs based funding as an approach that improves quality with an equity lens.
- Enduring funding for educator and teacher wages for the sector – whether long term approach, via direct wage subsidy or an appropriate hourly/ daily rate cap.

The ECEC landscape is complex, with different service models, jurisdictional issues, and diverse community needs, which means that a “one size fits all” response will not work.<sup>82</sup> Consequently, the sector needs more flexible funding models that supports wages for educators and reflects the actual current costs to deliver high-quality early learning for children, families, and the community.

This landmark opportunity to develop a broader funding reform should result in a simple, effective and affordable subsidy regime for families that allows for high-quality and viable service ECEC delivery across Australia.

Should the Australian Government choose to act on the Commission’s and ACA’s recommendations it could provide Australians with an Early Learning Subsidy system that delivers:

- A minimum of 30 hours of weekly access for all children.
- 100% of CCS funding for the most vulnerable families in our community
- A simple system with the potential for a daily subsidy rate
- Automatic enrolment for the subsidy system with income assessed against STP information

It’s important to note that the predominant funding system in Australia for ECEC should be demand-driven with judicious use of supply side funding, to allow for the flexibility to solve complex problems that cannot otherwise be solved.

## OUR RECOMMENDATIONS

ACA recommends:	
IR9.1a	Significant reforms to the Inclusion Support Program (ISP) to increase the funding rate for additional educators to cover hourly rate and oncosts.
IR9.1b	Funding models that bring about equity for families with the abolishment of the activity test.
IR9.1c	Funding ECEC educator and teacher wages through direct wage subsidy or an appropriate hourly/ daily rate cap.
IR9.1d	Creating direct subsidies to families in disaster-affected areas, by creating a new category in the ACCS Child Wellbeing subsidy.
IR9.1e	Policy settings that offer flexibility for different regional and remote needs through Needs-based funding. <sup>119</sup>
IR9.1f	Funding models to support communities with specific needs and the cost variations in service delivery across the country, through Place-Based funding. <sup>120</sup>
IR9.1g	Collecting information more frequently to inform ECEC funding decisions and identify areas of need.
IR9.1h	Collecting information more frequently to inform ECEC funding decisions and identify areas of need.
	Collaborate with the ECEC sector to co-design grants which are more practical, easier to apply for and better suited to the operational needs of ECEC services.
	Establish a legislated review process to review funding rates and ensure they adequately meet the needs of the sector, as indexation alone is not enough.

These recommendations collectively aim to address the complex landscape of ECEC, ensure equitable access, support vulnerable families and communities, and create a sustainable funding model that reflects the evolving needs of the sector.

119 Referred to in [ACA's previous Productivity Commission submission](#) for further details around Needs Based Funding  
 120 Harrison, L., Goldfeld, S., Metcalfe, E., & Moore, T. (2012). *Early learning programs that promote children's developmental and educational outcomes*. Resource Sheet No. 15. Produced for the Closing the Gap Clearinghouse. Canberra, ACT / Melbourne, Vic.: Australian Institute of Health and Welfare / Australian Institute of Family Studies



## List of references


- ACA (2019) ACA's response to the Productivity Commission's Skills and Workforce Development Agreement, ACA [https://www.pc.gov.au/\\_data/assets/pdf\\_file/0010/248833/sub046-skills-workforce-agreement.pdf](https://www.pc.gov.au/_data/assets/pdf_file/0010/248833/sub046-skills-workforce-agreement.pdf)
- ACA (2023) ACA's response to the Productivity Commission Inquiry into ECEC, ACA [ACA's Submission to the Productivity Commission Inquiry into Child Care.](#)
- ACCC (2023) *Childcare Inquiry Culturally and Linguistically Diverse Communities Roundtable Summary*, 11 August 2023, ACCC cited in ACCC (2023) *Childcare Inquiry: Final Report*, December 2023, ACCC
- ACCC (2023) *Childcare Inquiry: Interim Report September 2023* ACCC
- ACCC, (2023) *Childcare Inquiry First Nations roundtable summary (virtual)*, 25 August 2023, ACCC cited in ACCC (2023) *Childcare Inquiry: Final Report*, December 2023, ACCC
- ACCC (2023) *Childcare Inquiry- Final Report*, December 2023, ACCC
- ACECQA (2022) *NQF Annual Performance Report December 2022*, National Quality Framework, ACECQA
- ACECQA (2023) *Review of Child Safety Arrangements under the National Quality Framework; Final Report – Findings and recommendations for the NQF and inter-related child safety mechanisms*, ACECQA
- ACECQA (2024) *Service and Temporary Closure Information*, ACECQA <https://www.cecqa.gov.au/resources/national-registers/service-temp-closure-info>
- Australian Bureau of Statistics (2024) *Census Interactive Maps*, ABS. <https://www.abs.gov.au/census/find-census-data/census-data-tools/census-interactive-maps>
- Australian Bureau of Statistics (2016) *Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA)*, ABS, Australian Government [2033.0.55.001 - Census of Population and Housing: Socio-Economic Indexes for Areas \(SEIFA\), Australia, 2016 \(abs.gov.au\)](#)
- Australian Bureau of Statistics (2022), *Childhood Education and Care Survey*, Collected June 2017, ABS
- Australian Government Department of Education (2022), *Belonging, Being and Becoming: The Early Years Learning Framework for Australia (V2.0)*, Australian Government Department of Education for




the Ministerial Council


<https://www.acecqa.gov.au/sites/default/files/2023-01/EYLF-2022-V2.0.pdf>


- Australian Institute for Teaching and School Leadership (2018) *National Review of Teacher Registration*, Australian Institute for Teaching and School Leadership  
<https://www.aitsl.edu.au/teach/national-review-of-teacher-registration>
- Australian Humans Rights Commission (2016) *Building belonging: A toolkit for early childhood educators*, Australian Humans Rights Commission <https://humanrights.gov.au/our-work/education/building-belonging-toolkit-early-childhood-educators>
- Bar-Haim Y, Ziv T, Lamy D, et al. (2006) Nature and nurture in own-race face processing. *Psychological Science* 17(2): 159–163 cited in Adam, H., Barblett, L., Kirk, G., & Boutte, G. S. (2023). (Re)considering equity, inclusion and belonging in the updating of the Early Years Learning Framework for Australia: The potential and pitfalls of book sharing. *Contemporary Issues in Early Childhood*, 24(2), 189-207.  
<https://doi.org/10.1177/14639491231176897>
- Bray, J., Baxter, J., Hand, K., Gray, M., Carroll, M., Webster, R., Phillips, B., Budinski, M., Warren, D., Katz, I. and Jones, A. (2021) *Child Care Package evaluation: final report*, Australian Institute of Family Studies, Australian National University, Social Policy Research Centre, Social Research Centre  
[https://aifs.gov.au/sites/default/files/2022-12/2021\\_child\\_care\\_package\\_evaluation\\_final\\_report.pdf](https://aifs.gov.au/sites/default/files/2022-12/2021_child_care_package_evaluation_final_report.pdf)
- Centre for Community Child Health (2022), *The impact of the COVID-19 pandemic on children in Australian early childhood education and care*. Rapid review prepared by the Centre for Community Child Health, Murdoch Children’s Research Institute for the Commonwealth Department of Education, Skills and Employment.  
[https://www.rch.org.au/uploadedFiles/Main/Content/ccchdev/Impact%20of%20COVID-19%20pandemic%20on%20children%20in%20Australian%20ECEC%20\(1\).pdf](https://www.rch.org.au/uploadedFiles/Main/Content/ccchdev/Impact%20of%20COVID-19%20pandemic%20on%20children%20in%20Australian%20ECEC%20(1).pdf)
- Dandolo Partners (2023), *The cost and impact of different funding approaches to increase ECEC sector wages*: Report for the Australian Childcare Alliance, Dandolo Partners
- De Young, A., Paterson, R., March, S., Hoehn, E., Alisic., Cobham, V., Donovan, C., Middeldorp, C., Gash, T., and Vasileva, M. (2021), *COVID-19 Unmasked Young Children Report 2: Impact of the second wave in Australia on the mental health of young children and parents*
- Department of Education (2020), 2020 Review of the Disability Standards for Education 2005, Department of Education, Australian Government  
<https://www.education.gov.au/disability-standards-education-2005/2020-review-disability-standards-education-2005>
- Department of Education (2015), 2015 Review of the Disability Standards for Education 2005, Department of Education, Australian Government


- 
- Department of Education, (2010) 2010 Review of the Disability Standards for Education 2005, Department of Education, Australian Government  
<https://www.education.gov.au/disability-standards-education-2005/2020-review-disability-standards-education-2005>
  - Department of Education (2024) *Adult Migrant English Programs*, TAFE SA, Department of Education, South Australian Government, <https://www.tafesa.edu.au/courses/education-languages/adult-migrant-english-program>
  - Department of Education (2023) *Case study: Lady Gowrie Tasmania*, Department of Education, Department of Education, Australian Government  
<https://www.education.gov.au/early-childhood/case-studies/case-study-lady-gowrie-tasmania#:~:text=Lady%20Gowrie%20Tasmania%20ran%20the,by%20employment%20agency%20Workskills%20Tasmania>
  - Department of Education (2023) *Community Child Care Fund*, Department of Education, Australian Government <https://www.education.gov.au/early-childhood/community-child-care-fund/community-child-care-fund-grants-newservices-areas-limited-supply>
  - Department of Education (2024) *Paid Practicum Subsidy*, Department of Education, Australian Government  
<https://www.education.gov.au/early-childhood/early-childhood-workforce/professional-development-opportunities/paid-practicum-subsidy>
  - Department of Education (2024) *Schools HUB*, Department of Education, Australian Government  
[Home · SchoolsHub Portal \(education.gov.au\)](https://www.education.gov.au/home/schoolshub-portal)
  - Department of Education (2021) *“Shaping Our Future” A ten-year strategy to ensure a sustainable, high-quality children’s education and care workforce 2022–2031*, Department of Education, Australian Government
  - Department of Education, Children and Young People (2024) *Working Together*, Department of Education, Children and Young People, Tasmania Government  
<https://www.decyp.tas.gov.au/learning/early-years/working-together/working-together-for-families/#at-325600>
  - Department of Employment and Workplace Relations (2023) *Boosting Apprenticeship Commencements and Completing Apprenticeship Commencements*, Department of Employment and Workplace Relations, Australian Government  
<https://www.dewr.gov.au/boosting-apprenticeship-commencements>
  - Department of Home Affairs (2023) *AMEP Program*, Department of Home Affairs, Australian Government  
<https://immi.homeaffairs.gov.au/amep-subsite/Files/childcare-in-the-amep-factsheet.pdf>

- 
- Department of Planning (2023) *State Significant Development*, Department of Planning, NSW Government <https://www.planning.nsw.gov.au/assess-and-regulate/development-assessment/planning-approval-pathways/state-significant-development>
  - *Early Childhood Legislation Amendment (Premises Approval in Principle) Bill 2023* <https://www.legislation.vic.gov.au/bills/early-childhood-legislation-amendment-premises-approval-principle-bill-2023>
  - Fox, S. (2023) *ECEC Workforce discussion*— supporting slide deck, Dandolo Partners commissioned for the Royal Commission, cited in The Royal Commission (2023) *Royal Commission into Early Childhood Education and Care Report*, The Royal Commission, Government of South Australia
  - Harrison, L., Goldfeld, S., Metcalfe, E., & Moore, T. (2012). *Early learning programs that promote children’s developmental and educational outcomes*. Resource Sheet No. 15. Produced for the Closing the Gap Clearinghouse. Canberra, ACT / Melbourne, Vic.: Australian Institute of Health and Welfare / Australian Institute of Family Studies
  - Heckman, J. (2008) *The Heckman Equation*, Center for the Economics of Human Development, University of Chicago, USA <https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program>
  - Hurley, P, Matthews, H., and Pennicuik, S. (2022) *Deserts and oases: How accessible is childcare in Australia?*, Mitchell Institute <https://www.vu.edu.au/sites/default/files/how-accessible-is-childcare-report.pdf>
  - Impact Economics and Policy (2023) *Childcare Subsidy Activity Test: Incentive or Barrier to Labour Force Participation?* Impact Economics and Policy, Australia [https://static1.squarespace.com/static/61e32e62c8c8337e6fd7a1e6/t/6404ef877d49164322d52aa1/1678045067038/IEP\\_Activity+Test+V5%5B13%5D.pdf](https://static1.squarespace.com/static/61e32e62c8c8337e6fd7a1e6/t/6404ef877d49164322d52aa1/1678045067038/IEP_Activity+Test+V5%5B13%5D.pdf)
  - Impact Economics and Policy (2022) *The Child Care Subsidy activity test: Undermining Child Development and Parental Participation*, Impact Economics and Policy, Australia [https://static1.squarespace.com/static/61e32e62c8c8337e6fd7a1e6/t/630de5c741a8de08ad48d593/1661855185396/Undermining+Child+Development+And+Parental+Participation+Report\\_FINAL.pdf](https://static1.squarespace.com/static/61e32e62c8c8337e6fd7a1e6/t/630de5c741a8de08ad48d593/1661855185396/Undermining+Child+Development+And+Parental+Participation+Report_FINAL.pdf)
  - KPMG (2023) General Insurance Dashboard - June 2023, KPMG [https://public.tableau.com/views/KPMGGIInsightsDashboard-ProductLevel/KPMGGIInsightsDashboard-ProductLevel?:embed=y&:display\\_count=yes&publish=yes&:toolbar=no&:showVizHome=no#2](https://public.tableau.com/views/KPMGGIInsightsDashboard-ProductLevel/KPMGGIInsightsDashboard-ProductLevel?:embed=y&:display_count=yes&publish=yes&:toolbar=no&:showVizHome=no#2)
  - KPMG (2023) General Insurance Industry Review 2023, KPMG <https://kpmg.com/au/en/home/insights/2023/03/general-insurance-industry-review-2023.html>



- 
- Lampe, B., Healey, B., Collier, L., & Jackson, J. (2023). *Promoting equity for multilingual children in early childhood*. Australian Education Research Organisation. <https://www.edresearch.edu.au/sites/default/files/2023-11/promoting-equity-multilingual-children-ecec-aa.pdf>
  - Lucas, F. (2020) *Survey finds that many ECEC graduates lack the skills needed to care for children*, The Sector, <https://thesector.com.au/2020/01/20/survey-finds-that-many-ecec-graduates-lack-the-skills-needed-to-care-for-children/>
  - National Skills Commission (2022) *National Skills Commission's Labour Market Insights: Education and Training*, National Skills Commission, Australian Government <https://labourmarketinsights.gov.au/industries/industry-details?industryCode=P>
  - OECD (2019), *Good Practice for Good Jobs in Early Childhood Education and Care: Eight policy measures from OECD countries*, OECD <https://oe.cd/pub/ecec2019>
  - Perth Building Projects (202), *What does it cost to set up a childcare centre from scratch?* Perth Building Projects, <https://perthbuildingprojects.com.au/what-does-it-cost-to-set-up-a-childcare-centre-from-scratch/>
  - Productivity Commission (2023) *Childcare Inquiry: September Report*, Productivity Commission, Australian Government
  - Productivity Commission (2023) *Draft report- A path to universal early childhood education and care*, Productivity Commission, Australian Government
  - Productivity Commission (2023) *Supplementary Paper 5: Availability of ECEC*, Productivity Commission, Australian Government
  - Queensland Curriculum & Assessment Authority (2023) *Parent/ Carer Information: Transition Statements*, Queensland Curriculum & Assessment Authority, Queensland Government <https://www.qcaa.qld.edu.au/kindergarten/supporting-transition-school/parent-carer-information>
  - Quinones, G., Barnes, M., & Berger, E. (2021). *Early childhood educators' solidarity and struggles for recognition*, Australasian Journal of Early Childhood, 46(4), 296-308. <https://doi.org/10.1177/18369391211050165>
  - Schram, A., Friel, S., Freeman, T., Fisher, M., Baum, & F., Harris, P., (2018) *Digital Infrastructure as a Determinant of Health Equity: An Australian Case Study of the Implementation of the National Broadband Network*, Australian Journal of Public Administration
  - Services Australia (2023) *Who can get Assistance for Isolated Children Distance Education Allowance*, Services Australia, Australian Government <https://www.servicesaustralia.gov.au/who-can-get-assistance-for-isolated-children?context=22121>

- 
- SNAICC (2022) *The Family Matters Report 2022*, SNAICC, Melbourne
  - Teager, W, Fox, S. and Stafford, N.(2010) *How Australia can invest early and return more: A new look at the \$15b cost and opportunity*. Early Intervention Foundation, The Front Project and CoLab at the Telethon Kids Institute, Australia
  - The Hive (2023) *Submission to NSW ECEC IPART Review*, The Hive, Mt Druitt (United Way Australia), [https://www.ipart.nsw.gov.au/sites/default/files/cm9\\_documents/Online-Submission-The-Hive-Mt-Druitt-%28United-Way-Australia%29-L.-Faraj-16-Nov-2023-195751092.PDF](https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Online-Submission-The-Hive-Mt-Druitt-%28United-Way-Australia%29-L.-Faraj-16-Nov-2023-195751092.PDF)
  - Urban Economics, *Occupancy and Performance Appraisal: Early Childhood Education and Care Sector*, Dec 2018  
<https://childcarealliance.org.au/media-publications/aca-media-releases/112-occupancy-and-performance-report-early-childhood-education-and-care-sector-10-12-2018/file>
  - National Population and Planning Framework (2019) *Planning for Australia's Future Population* (September 2019), Australian Government
  - NSW Department of Education (2023) *The Transition to School Digital Statements*, The NSW Department of Education, NSW Government <https://education.nsw.gov.au/early-childhood-education/working-in-early-childhood-education/transition-to-school/transition-to-school-digital-statement>
  - NSW Department of Education (2023) *Transition to school: Information for early childhood education and care services*, The NSW Department of Education, NSW Government  
<https://education.nsw.gov.au/early-childhood-education/working-in-early-childhood-education/transition-to-school/information-for-services>
  - NSW Small Business Commissioner (2022) *Opportunity to reduce complexity for small businesses in the early education and childcare sector*, NSW Small Business Commissioner  
<https://www.smallbusiness.nsw.gov.au/news-podcasts/news/opportunity-reduce-complexity-small-businesses-early-education-and-childcare-sector>
  - Pharmacy Guild (2018) *Fourth Community Pharmacy Agreement and Australian Community Pharmacy Authority Handbook*, The Pharmacy Guild of Australia [National Health \(Australian Community Pharmacy Authority Rules\) Determination 2018 \(PB 46 of 2018\)](#)
  - Pharmacy Guild of Australia (2020) *Pharmacy Facts*, The Pharmacy Guild of Australia  
<https://www.findapharmacy.com.au/pharmacy-facts>
  - Queensland Department of Education (2023) *Transition Statements, Early Education and Care*, Queensland Department of Education, Queensland Government  
<https://earlychildhood.qld.gov.au/early-years/transitions/moving-to-school/transition-statements>

- 
- The Steering Committee for the Review of Government Service Provision (2024) *Report on Government Services*, Australian Government CCS approved child care services (March quarter), the Steering Committee for the Review of Government Service Provision, Australian Government
  - Royal Commission (2023) *Royal Commission into Early Childhood Education and Care Report*, The Royal Commission, Government of South Australia  
<https://www.royalcommissionecec.sa.gov.au/publications/final-report>
  - The Victorian Department of Education (2023) *Transition Learning and Development Statements (TLDS)*, The Victorian Department of Education , Victorian Government  
<https://www.vic.gov.au/transition-learning-and-development-statements>
  - Uniting (2023) *The Links to Early Learning*, Uniting  
<https://www.uniting.org/services/family-services/facility/uniting-links-to-early-learning>



Email: [president@australianchildcarealliance.org.au](mailto:president@australianchildcarealliance.org.au)

Website: [www.childcarealliance.org.au](http://www.childcarealliance.org.au)

Facebook: [www.facebook.com/childcarealliance](http://www.facebook.com/childcarealliance)

