



**REGIONAL
AUSTRALIA
INSTITUTE**

REGIONAL AUSTRALIA INSTITUTE SUBMISSION

**PRODUCTIVITY COMMISSION
ECEC INQUIRY: DRAFT REPORT**



JANUARY 2024

ABOUT THE REGIONAL AUSTRALIA INSTITUTE

The RAI is Australia’s only independent think-tank dedicated to research and activation to inform regional policy and investment.

Since 2011, the Institute has been researching topics relevant to the prosperity and success of regional Australia including migration and population; regional employment; jobs and skills; population; housing and health.

The RAI exists so that decision-makers at all levels of government, industry and community have the information they need to ensure the best outcomes for regional Australia.

Our purpose is to empower regions to thrive.

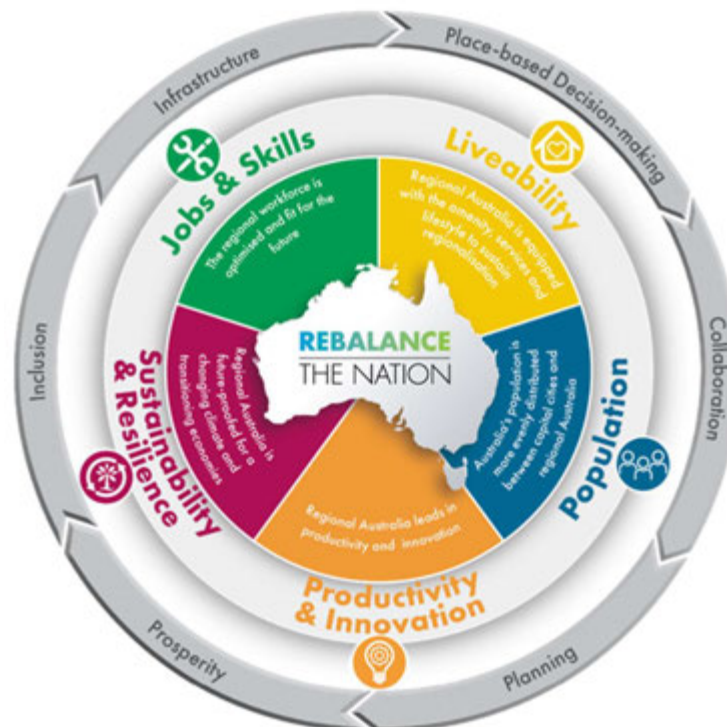
REGIONALISATION AMBITION 2032

Based on more than a decade of research into the most important issues influencing the regions, in 2022, the RAI launched the *Regionalisation Ambition 2032 - A Framework to Rebalance the Nation* – a 10 year plan for regional Australia.

Designed for all levels of government, industry and the community, the Ambition seeks balanced growth across our nation’s regional towns and cities. The Framework underpinning the Ambition outlines cross-cutting themes and five pillars each of which are interlinked and equally important. Across each pillar the RAI has outlined key targets, actions and benefits that will contribute to building prosperous regional communities, and a stronger Australia.

See the **Regionalisation Ambition 2032 – A Framework to Rebalance the Nation** here:

<https://www.regionalaustralia.org.au/Web/RF/Regionalisation-Framework/Regionalisation-Ambition-2032.aspx?hkey=f9cf41e1-2b7e-4870-ac08-9c4efa4cb562>



OUR MEMBERS

The RAI has an extensive member network spanning corporate Australia and community-based organisations.

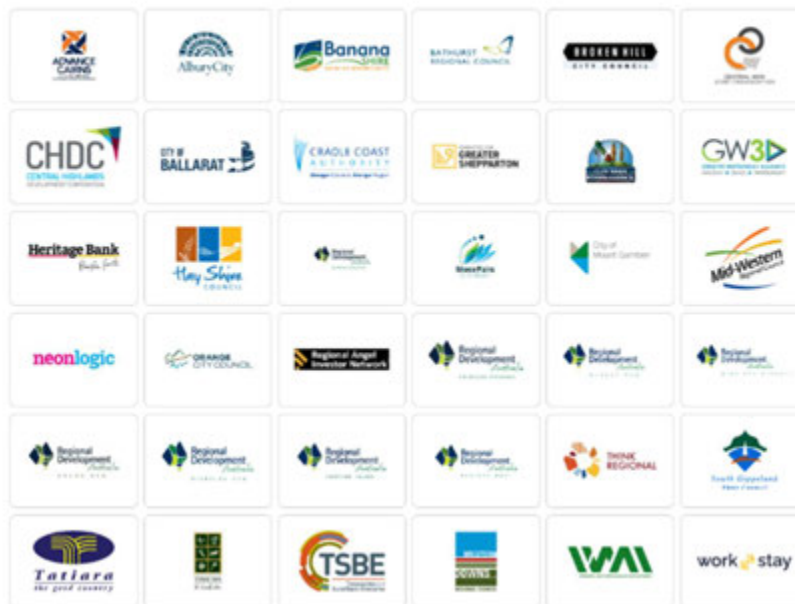
The **Regional Australia Council** is a cohort of leading corporate entities with a footprint in and a commitment to regional Australia. The **Regional Activators Alliance** includes than 30 local government organisations, Regional Development Australia network members, and economic development associations. Both membership groups were involved in the design and launch of the Regionalisation Ambition 2032 and its targets. In 2023, the RAI established the **National Alliance for Regionalisation**, a cohort of 32 of Australia’s leading peak industry bodies who support the aspirations of the Regionalisation Ambition 2032 and overarching goal to ‘rebalance the nation’.

These networks provide the RAI with a unique, ‘lived’ understanding and experience of the issues impacting regional Australia.

Regional Australia Council



Regional Activators Alliance



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Submission: A path to universal early childhood education and care: Draft report

The Regional Australia Institute commends the release of the Productivity Commission's *A path to universal early childhood education and care: Draft report* as a step towards the shared goal of universal access to Early Childhood Education and Care (ECEC) services for all children and families. It is particularly encouraging for analysis of regional contexts to be included in the draft report. The Institute recognises the Commission's identification of the importance of equality for regional communities in accessing to ECEC opportunities.

The findings of the Productivity Commission affirm the research of the RAI in respect to the status of ECEC in regional Australia, particularly, the RAI's *Maranoa and Western Downs Childcare Study*¹, and *Against the Odds: Realising regional Australia's workforce potential*². Further, the Institute continues to actively contribute to ongoing ECEC policy deliberation in the submissions to JSA ECEC workforce capacity study, the Senate Committee on Community Affairs – Paid Parental Leave Amendment (More support for working families) Bill 2023³, and 2024-25 Pre-Budget Submission which calls for extensive regional specific funding for ECEC services⁴.

The RAI also highlights the work of The Parenthood, a national body representing the perspective of parents, grandparents and carers, and the release of their 'Choiceless'; *The plight of parents in accessing regional, rural and remote early learning and care*⁵ report as an exemplary experience-based assessment of the regional perspective on childcare. The Mitchell Institute has also previously reported on the spatial distribution of childcare deserts finding there to be higher proportions of children living in childcare deserts in regional to remote areas⁶. This measure of the Mitchell Institute is adopted in the RAI's *Regionalisation Ambition 2032*⁷ and subsequent *Year 1 Progress Report*⁸, highlighting the need for every child and family to have equitable access to childcare no matter where they reside.

ECEC in regional Australia

The Draft report does contribute and highlight significant findings of inadequacies of regional childcare. Figure 3 of the Draft report highlights the growth of centre-based day care (CBDC) in respect to the ABS levels of remoteness, illustrating the increasing divide between metropolitan services and regional services. Moreover, Remote/Very-remote regions experienced a decrease on 2018 levels. As a caveat, regional areas pertain to differing mixes of childcare options, especially in-home care which is essential to remote and very-remote childcare services. This is not captured in the CBDC analysis, however CBDC accounts for 60% of child enrolments for 32.4 hours a week on average and is the predominant form

¹ Regional Australia Institute. (2023) *Maranoa and Western Downs Childcare Study*. RAI. Canberra.

² Hutchinson, D., Block, A., Robin, S., Cheng, Y., Shi, C., and Zou, Z. (2023) *Against the Odds – Realising Regional Australia's Workforce Potential*. Regional Australia Institute. Canberra. p. 81.

³ Regional Australia Institute. (2023) *Submission to the Senate Committee on Community Affairs – Paid Parental Leave Amendment (More Support for Working Families) Bill 2023*. Regional Australia Institute. Canberra.

⁴ Regional Australia Institute. (2023) *Pre-Budget Submission 2024-25*. Regional Australia Institute. Canberra.

⁵ Butler, M. (2023) 'Choiceless': *The plight of parents in accessing regional, rural and remote early learning and care*. The Parenthood. <https://www.theparenthood.org.au/>

⁶ Hurley, P., Matthews, H., and Pennicuik, S. (2022) *Deserts and oases: How accessible is childcare?*. Mitchell Institute, Victoria University. Melbourne.

⁷ Regional Australia Institute. (2022) *Regionalisation Ambition 2032 – A Framework to Rebalance the Nation*. Regional Australia Institute. Canberra.

⁸ Regional Australia Institute. (2023) *Regionalisation Ambition 2032: 2032 Progress Report*. Regional Australia Institute. Canberra.

of childcare⁹. For long-term access to childcare, CBDC services are an essential component that has been significantly under-invested in, within regional Australia.

The ACCC ECEC Inquiry furthers the analysis of established large regional CBDCs by comparing the ratio of waitlisted children to childcare places available. Inner-regional Australia which often tends to fair well regarding access to amenities, recorded there were more than three children per childcare place for those aged between 0-2 years, with every other regional denomination recording higher than the major city average. Similarly, children aged 25-35 months and 36 months and up, all recorded above major city average children to childcare place average ratios. Waitlisting tends to be an exaggerated measure of demand due to children being waitlisted on multiple services, and children being waitlisted ahead of time which dictates future demand as opposed to current demand. In contrast however, offered places tend to be less than approved places, as centres predict staffing shortages or 'soft cap'¹⁰. Whether this differs depending on regional denomination is unclear, however the overall demand and supply analysis remains a relevant indicator that there is an under-supply of CBDCs in the regions.

In referring again to the Mitchell Institute, the proportion of the population living in a childcare desert generally increases with remoteness. Inner-regions in this measure pertains to nearly half of the childcare desert ratio in remote regions. This is inverse to the ACCC CBDC findings. The difference found in combining the Mitchell Institute measures to waitlisting ratios, could be attributed to numerous factors including the popularity of different forms of childcares depending on remoteness and the lack of suitable large CBDC providers in outer-regional and remote areas. Most likely, this measure points to there being a lack of CBDC options in remote and very-remote Australia. Overall, the issue in regional ECEC is one of supply that is illustrated by both the over-demand in waitlisting and the measure of childcare desert proportions¹¹.

Therefore, the solution must be predominately supply-sided, a notion adopted by the Productivity Commission, ACCC, The Parenthood, and the RAI amongst others. Particularly, recommendation 5.1 of the Draft report outlines provisions of supply-side funding to persistently thin markets that are unattractive to private market investment. As a recommendation, the expected Government funding will reshape regional childcare and with the additional stewardship of the system, the inequity of the regions will be a foremost priority of the Government. However, this will be a large undertaking. Not only have regional markets been historically neglected, moreover, the set expansion of regional Australia and the growing composition of younger people within regional Australia will result in larger population growth and specifically larger pressures on the childcare system.

Future childcare pressures

The RAI has consistently reported on the changing demography of regional Australia, particularly the changing migratory patterns. In the previous census period capital to regional migration increased 120,750 from the census period prior, contributing to an overall 614,144 gross migration towards the regions. Moreover, millennials comprised a large portion of these migration patterns with net migration of millennials increasing 94,431 to a net gain of 57,252

⁹ Productivity Commission. (2023) *A path to universal early childhood education and care: Draft report*. Productivity Commission. Melbourne. pp. 8-12.

¹⁰ ACCC. (2023) *Childcare Inquiry: Final report*. ACCC. Canberra. pp. 144 – 151.

¹¹ Hurley, P., Matthews, H., and Pennicuik, S. (2022) *Deserts and oases: How accessible is childcare?*. Mitchell Institute, Victoria University. Melbourne. pp. 6-7.

compared to the prior census period¹². This pattern of internal migration and capital city migration deficits will continue, in accordance with the Centre of Population¹³. Moreover, the growing unaffordability of capital cities is resulting in a perpetuation of millennial migration and potential further migration of younger cohorts. The NSW Productivity Commission highlighted as such in their recent linkage between millennial migration and growing housing prices¹⁴.

It is evident that the regions are going to be subject to continued growth, not only regarding affordability led migration, but also in consideration of the net-zero transition. The recent *State of Australia's Regions Report*, from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, projects that 213,000 will be created in key occupations to the net zero transition before 2033. Moreover, 43,000 more electricians will be required in the next ten years for the net zero transition alone¹⁵. In supporting these workers, the economic growth of the regions, and the liveability of the regions, population enabling infrastructure must be a priority of the net-zero transitions.

An important measure of liveability is access to ECEC services, as highlighted in the RAI's *Regionalisation Ambition 2032*¹⁶. The soft infrastructural services of regions will break under the pressures of mounting population growth. The Government is on the precipice of creating a long-term system for ECEC service implementation, it is of paramount importance that the future population pressures on regional Australia be considered in these plans. If not, the current regional inequities may be addressed, but the system will be over-pressured, over-stretched and regress. The Institute implores the Productivity Commission and Government to consider future growth patterns of the regions when planning the growth of ECEC services.

Regional ECEC Workforce Considerations

As illustrated in the RAI's previous submission to the [Jobs and Skills Australia ECEC Workforce Capacity Study](#), a key consideration of ECEC reform must be in addressing the current workforce shortage. The ECEC workforce is at the heart of the regional workforce shortage and the ramifications of growing ECEC worker shortages impacts all sectors of the regional economy. Figure 1¹⁷, the indexed Jobs and Skills Australia Internet Vacancy Index of Carers and Aides, of which Educational Aides and Childcare workers are included, demonstrates how metropolitan Australia has been outpaced by the regions in the growth of job vacancies since early 2020. With the aforementioned influx of millennials into regional Australia from metropolitan Australia, who are likely to be accompanied by family or looking to start a family, will further widen this gap. This phenomenon may have already been a contributing factor in the post 2020 gap.

¹² Houghton, K., Shi, C., and Zou, Z. (2023) *Big Movers 2023- Regional Renaissance: A Rise in Migration to Regional Australia*. Regional Australia Institute. Canberra. p. 6.

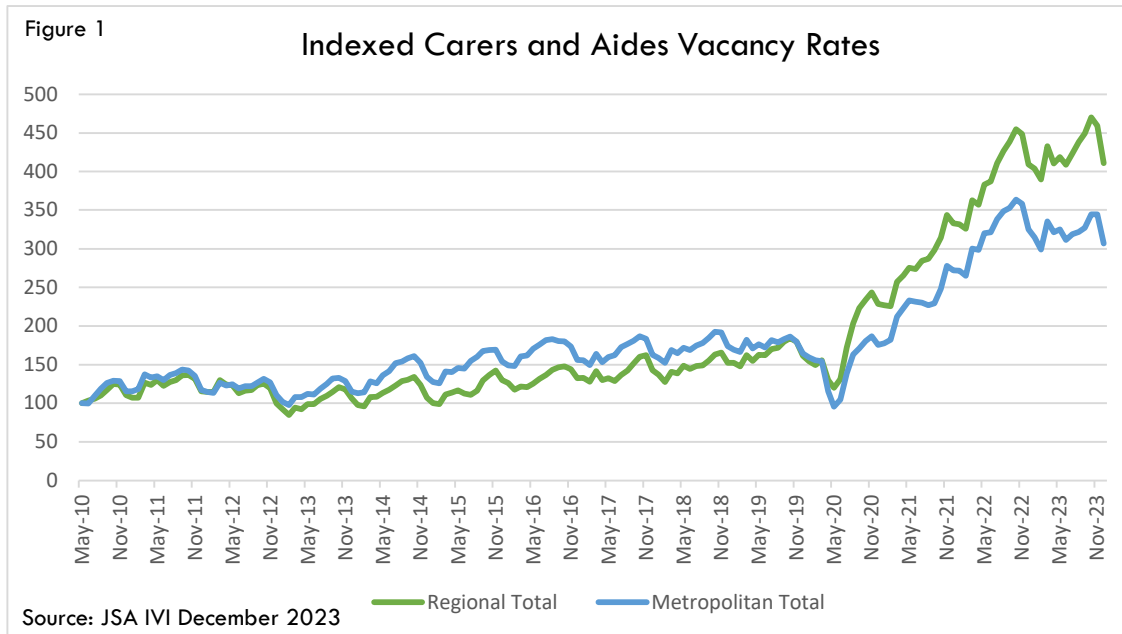
¹³ Centre for Population. (2023) *2023 Population Statement*. Centre for Population – Australian Government. Canberra

¹⁴ NSW Productivity Commission. (2024) *What we gain by building more homes in the right places*. NSW Productivity Commission. Sydney.

¹⁵ Department of Infrastructure, Transport, Regional Development, Communications and the Arts. (2024) *State of Australia's Regions 2024*. Australian Government. Canberra. pp. 57-58.

¹⁶ Regional Australia Institute. (2023) *Regionalisation Ambition 2032 – A Framework to Rebalance the Nation*. Regional Australia Institute. Canberra. p. 36.

¹⁷ RAI – *Jobs and Skills Australia*. (2023) *Internet Vacancy Index November 2023*. JSA website. [Internet Vacancy Index | Jobs and Skills Australia](#)



While migration of younger demographics is encouraging regarding the fulfilment of ECEC training gaps there still remains significant work in attracting and retaining further workers. In answering how spatial differences affect workforce participation in the ECEC workforce, there are two elements; the general liveability of regions, and as an extension of the question, the outcomes of insufficient ECEC workforce participation.

Liveability is a central tenant of the RAI's philosophy as outlined in the *Regionalisation Ambition 2032*¹⁸, encompassing everything from affordable housing, to access to education and ECEC. The 'liveability' of a region is essential to the attraction and retention of skilled workers. In the current context of the housing challenges across regional Australia, access to affordable housing as a rental or purchasable option is critical. The Institute held the National Regional Housing Summit in February 2023 and produced an accompanying Discussion Paper¹⁹, highlighting the context and potential political resolutions to housing challenges in regional Australia. Regarding the workforce, medium-density affordable housing provides the option for younger, single, skilled workers to live in regional Australia. The RAI, in the *Building the Good Life: Foundations of Regional Housing* discussion paper²⁰, found the supply of diverse housing stock was synonymous with attracting and retaining the skilled workers required to fulfill job vacancies in regions. This finding was reiterated in the *Regional Jobs 2022: The Big Skills Challenge* report regarding childcare workers²¹.

Furthermore, the supporting soft-infrastructure and amenities of the regions regarding healthcare, transportation, educational, and recreational services are all considerations in this notion of liveability. The evaluation of how easy and enjoyable it will be to live regionally is a concern to those thinking of making the switch from metropolitan as well as those moving to the metropolitan. Hence the foregrounded issue is that to attract workers to provide liveability

¹⁸ Regional Australia Institute. (2023) *Regionalisation Ambition 2032 – A Framework to Rebalance the Nation*. Regional Australia Institute. Canberra.

¹⁹ Regional Australia Institute. (2024) *Regional Housing Summit: Discussion Paper*. Regional Australia Institute. Canberra.

²⁰ Regional Australia Institute. (2022) *Building the Good Life – RAI Discussion Paper: Meeting the demand for regional housing*. Regional Australia Institute. Canberra.

²¹ Houghton, K., Barwick, A., and Pregellio, S. (2023) *Regional Jobs 2022: The Big Skills Challenge*. Regional Australia Institute. Canberra.

improving services these services must exist to begin with; alike to a “chicken and egg” scenario. Hopefully with the relative affordability of the regions, paired with targeted Government intervention in addressing the ECEC workforce shortages, the liveability of regional Australia can be enhanced creating a positive cycle of growth and development. However, to resolve the currently stagnant cycle in stalled regions, there must be proactive investment with scope for long-term gain.

The second element of this discussion is still linked to regional liveability, however, also highlights the importance of ECEC workforces in regional Australia. The occasions of workforce disruptions such as illness or staff-turnover will influence any ECEC service irrespective of geographical differences, however the effect these disruptions have on the external economy of regions can be debilitating as opposed to metropolitan areas. In the RAI’s *Western Downs and Maranoa Childcare Study*, the level of staff turnover and understaffing were key concerns of the study’s subjects as parents place great value on the bond created between carers and the welfare of the children in ECEC services. Further, in situations where staff were unable to work on short notice (illness or misadventure), in thin ECEC markets, these scenarios caused a service provider to shut down for that day. In turn, the onus of childcare was placed on parents who will have to take time off work, further depriving regional businesses of key workers. A spiral effect occurs that influences numerous sectors of the regional economy, outlining how important well-funded and well-staffed ECEC services are in regional contexts, especially less-populated regions²².

The significance of ECEC services in regional contexts

As previously touched on, the effect of ECEC services inadequacies in regional Australia is magnified in comparison to metropolitan Australia. Firstly, the gendered perspective must be considered, in 2020-21 250,000 women reported wanting to work or to work more hours, with 25% citing ‘caring for children’ as the main barrier for both²³. With women who have a child or children aged under 15, the figure grew to 50% under the same metric. In contrast only 0.2% of men cited childcare as being the main barrier of entry to the workforce. Critically in sole parent families, of which 14.7% of the 7.5 million Australian families are, ECEC is key to their access to the workforce. Furthermore, 83% of single parent families are single mother families further compounding the gendered difference²⁴.

The Parenthood in their *Choiceless* report illustrate some of the stories in which skilled parents are forced out from the workforce or from working less hours. These case studies provide an insight to the devastating situation regional families are placed without adequate childcare access. In many cases childcare options do not exist, further when placements are available, the commute can be so burdensome that the childcare access itself is futile. The appetite for parents in the regional workforce exists and there are strong parental participation rates already with regions on average recording 83.7% compared to 82.7% in cities²⁵. As mentioned, parents who have been curtailed by a lack of affordable and accessible ECEC services, particularly women, are wanting to work more and are crucial to the development of regional Australia.

²² Regional Australia Institute. (2023) *Maranoa and Western Downs Childcare Study*. RAI. Canberra.

²³ Hutchinson, D., Block, A., Robin, S., Cheng, Y., Shi, C., and Zou, Z. (2023) *Against the Odds – Realising Regional Australia’s Workforce Potential*. Regional Australia Institute. Canberra. p. 81.

²⁴ Hutchinson, D., Block, A., Robin, S., Cheng, Y., Shi, C., and Zou, Z. (2023) *Against the Odds – Realising Regional Australia’s Workforce Potential*. Regional Australia Institute. Canberra. p. 81.

²⁵ Hutchinson, D., Block, A., Robin, S., Cheng, Y., Shi, C., and Zou, Z. (2023) *Against the Odds – Realising Regional Australia’s Workforce Potential*. Regional Australia Institute. Canberra. p. 81.

Attached to this submission is the RAI's *Maranoa and Western Downs Childcare Study*.