



Australian Government
Productivity Commission

PRODUCTIVITY COMMISSION

EARLY CHILDHOOD EDUCATION AND CARE INQUIRY

MS LISA GROPP, Commissioner
MR MARTIN STOKIE, Commissioner
MS DEBORAH BRENNAN, Associate Commissioner

TRANSCRIPT OF PROCEEDINGS

THURSDAY 7 MARCH 2024

COMMISSIONER GROPP: Good morning, everyone. And good morning, Mary.

MS MALLETT: Good morning.

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COMMISSIONER GROPP: Just before we kick off, Mary, I just have to go through a few formalities, because this is a public hearing, and there's just a few things for people, observers, and media, et cetera, to know, and then I'll come back to you and we'll have our chat, okay, that's all right?

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Everyone welcome to the public hearings for the Productivity Commission's inquiry into early childhood education and care. I'd like to begin by acknowledging the Traditional Custodians of the lands from which we are meeting today in my case, and in Martin's case in this room, the lands of Wurundjeri people of the Kulin Nation, and pay my respects to Elders past, present and emerging.

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My name is Lisa Gropp, and I'm a Commissioner with the Productivity Commission. Today I'm joined by my fellow Commissioners, Martin Stokie, who's in the room with me.

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COMMISSIONER STOKIE: Good morning, Mary.

COMMISSIONER GROPP: And Deborah Brennan, who's online. So I don't know whether you have a line of sight, Mary, to Deb or not, but anyway.

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COMMISSIONER BRENNAN: Hi, Mary.

MS MALLETT: Hi.

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COMMISSIONER BRENNAN: We're having a few computer problems, but I'm here.

MS MALLETT: No worries, Deb.

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COMMISSIONER STOKIE: Can you see Deb, Mary?

COMMISSIONER GROPP: Can you see Mary?

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COMMISSIONER BRENNAN: No, I can't. I'm actually going to go out and come back in.

COMMISSIONER GROPP: Okay. It looks like you're actually frozen, Deb.

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COMMISSIONER BRENNAN: Okay, thank you.

COMMISSIONER GROPP: All right. Anyway, the three of us together are leading this inquiry. The purpose of these hearings is to facilitate public feedback, and comment, on the recommendations and findings in our draft

report, at least last year in November. Following the hearings, we'll be working to finalise the report, and hand it to government by the end of June this year, having considered all the evidence that's been presented at the hearings, and some various submissions that we've received, and further
5 modelling and analyses undertaken by us for the inquiry.

Participants, and those who have registered their interest in the inquiry, will be advised of the final report's release by the Australian government, which may be up to 25 parliamentary sitting days after we hand it to them. So we
10 don't actually put this out on our own timetable, we hand it to government, and then they choose a time to release it, but you'll be advised of that.

We're very grateful for all the organisations, and individuals, who have taken the time to meet with us to prepare submissions, and to appear at these
15 hearings. It's certainly made for a much richer process, and evidence base. While we like to conduct hearings in a reasonably informal manner, I remind participants that the sessions are being recorded, and a full transcript is being taken. For this reason, comments from observers cannot be taken, but at the end of the day's proceedings, I'll provide an opportunity, for anyone who
20 wishes to do so, to make a brief presentation. Participants are not required to take an oath, but under our Act, they are required to be truthful in their remarks, and I'm sure will be. Participants are welcome to comment on the issues raised in other submissions.

The transcript of the today's proceedings will be made available on the Commission's website. In case there are any media representatives, who are one of those observing today, some rules apply. No broadcasting of
25 proceedings is allowed, and taken, and is only permitted with prior permission. Members of the media should make themselves known to Commission staff, who can provide them with further information. And just following on that, participants should be aware that media representatives who
30 are present, may be using social media, and other internet mechanisms, to convey information online in real time, including your remarks.

We also note that there could be some observers observing in real time, and we just ask for those observers to keep their microphones on mute. As it's an
35 online hearing, I don't think I have to go through the emergency evacuation instructions, because you're all in your own spaces, and I guess it's every man for himself.

40 So I'd like now to welcome our first presenter, Mary Mallett, who is the Interim Disability Commissioner in Tasmania. Hello, Mary. Can you hear us okay?

45 MS MALLETT: I can, yes.

COMMISSIONER GROPP: Great. I'll just ask you to introduce yourself, your name and organisation, for the purposes of the transcript, and do you

want to make some opening remarks, and then we can have a conversation after that.

5 MS MALLETT: Okay, thanks. So my name is Mary Mallett. I'm the Interim Disability Commissioner in Tasmania, and I'd like to start by acknowledging the Traditional Owners of the lands that I am speaking on. I'm speaking from Nipaluna, Hobart, today, and the Traditional Custodians of the lands and seas in this area are the Muwinina people.

10 I'm not going to make a formal opening statement, so I'll just talk. And I just want to check, I presume if you want to ask questions about anything I say, you will just leap in and ask them, is that how you work?

15 COMMISSIONER GROPP: Pretty much. But, you know, you can talk, and then we can come in with questions.

20 MS MALLETT: Yes. So firstly, I'll just explain why there is an Interim Disability Commissioner, and what that means. So Tasmania has a new draft Disability Inclusion, and Safeguarding Bill. We're now in election mode here, and that may have an impact on some things that I might or might not say, just because we're in caretaker mode. But we have an existing Disability Services Bill, which will be replaced when the new Disability Inclusion and Safeguarding Bill goes to parliament this year. It originally was intended to go last year, it got delayed, and so at some stage this year after the election, there'll be a new Bill. That Bill is the legislation that brings in the functions and powers of a disability commissioner in Tasmania. So Tasmania hasn't had one before, and my role, as Interim Disability Commissioner, which is a two year role, last year and this year, is to scope and establish the Office of the Disability Commissioner.

30 So I've spent a lot of time in the last year talking to the disability community, to stakeholders all over Tasmania, so that includes the disability services sector, but primarily the Disability Commissioner role is about, and it's for, people with disability, and their families, and carers and, in particular, to make sure that Tasmania is more inclusive in every way for people with disability. And that's all ages, so children, adults, older people, everybody in the state who has a disability. So because of that, I've had lots of interaction with families of children with disability across the last year, both in formal meetings with organisations where they get together, but also informally at disability expos, and other opportunities, where people have just come up and told me about things.

45 And so that's where I've gathered my understanding, I suppose, the issues that affect children with disability, that's relevant for your hearing, is directly from parents of those children, and the things they battle and struggle with while they try to make sure that their children access all the same services that other children do. And probably inclusion is not a common thing. It's not commonly how parents describe what happens with their child. They would describe 'exclusion' more commonly than they describe 'inclusion'. Now, the

more significant the child's disabilities, the more likely they are to not be welcomed, or able to access any form of early childhood education and care.

5 Now, I presume I don't need to tell you all the things about the Tasmanian system, because I'm sure you've already got this in your report, or among all your information. But kindergarten here, so when children turn four, they start kindergarten, that's what that first year is called, but it's in the schools. It's not, like other states, it's not in private child care, you know, private pre-schools, it's part of the Tasmanian education system, and it's been like that
10 forever really, as far as I know.

COMMISSIONER STOKIE: Mary, for your benefit, I've had quite a level of interaction with Tasmanian bureaucrats, and department's responsibilities.

15 MS MALLETT: Yes.

COMMISSIONER STOKIE: And also providers of services, representative bodies. We have physically come down and put a small sample, it's not every organisation, et cetera, and you can't possibly do that. And so, yes, we're I
20 would, say, that we are sufficiently aware of the specific name characteristics that we're trying to take into account for Tasmania. But I just wanted you to tell you that information.

25 MS MALLETT: Yes, thank you, yes.

MS MALLETT: Yes. And the other thing I should have said right at the beginning, is my role is specifically about, in this case, children with disability, and their families. So it's not about the broader... it's not
30 everything to do with early childhood education and care, my particular focus is on that cohort. So just a comment about the children who are in the school system. So in Tasmania, Tasmania has what are called 'support schools', so they're not called 'special schools' in Tasmania, they're called 'support schools'. There's one in Hobart, one in Launceston, and two campuses of the one in the north west coast. There are fewer children, proportionately, with
35 disability in the support schools than there are in the mainstream school system. So most children with disability in Tasmania, as they start still in that age group that you're looking at, will be joining the mainstream schools. But the children in the support schools, who all have an intellectual disability, and generally other disabilities as well, when I've spoken to the principals, and
40 when I visited the Hobart school, and spoke to the principal, he said it's very unusual, and very rare, for any of their children to have been in child care or any other early children service before they start in - - -

45 COMMISSIONER GROPP: Mary, does that include the preschool, the year before school as well, that they don't attend that the government provided preschool either?

MS MALLETT: Yes, basically.

COMMISSIONER GROPP: Right.

5 MS MALLETT: If you think of that government provided preschool – so I
hear Victorians talking about three year old kinder, and four year old kinder,
and they've talked about that for a long time, that notion hasn't existed in
Tasmania. There was just the kinder, than when your child turns four, they
start in their local primary school in the kinder, which meant two days, two
and half days, sometimes three days at school. But there wasn't, and still isn't
10 really, a widespread notion of a preschool program. So other children will
just be in their local child care centre, or family day care, or whatever form of
child care they're using, but there isn't really that same notion, that there are in
other states, of those preschool programs.

15 COMMISSIONER GROPP: And, Mary, when you speak to the parents about
– you said that they have story about exclusion, I mean, have you spoken to
child centre operators, or preschool providers, you know, what's their side of
the story, what are the reasons that they don't... that these children are being
excluded, do you have any idea?

20 MS MALLETT: No, I haven't. I haven't done that side of it. My interest is...

COMMISSIONER GROPP: It's okay...

25 MS MALLETT: Yes, yes. I should have, perhaps, but I haven't. And it's not
that – you know, and you said you've spoken to the department, and other
sources, in Tasmania, it's not that the Tasmanian government hasn't been
doing anything, you know, there's a Child and Youth Well-being framework,
I'm sure you've received a copy, 'It Takes a Tasmanian Village', I think is the
name of it. There's a very good first 1000 days campaign that's quite visible.
30 So the government is trying, and pushing, to make parents aware, and to make
the whole community aware, of the importance of those early years.

35 Coming back to what parents experience is a whole range of, sort of,
gatekeeping. So some parents will say that they've been told that the – so they
put their child's name down for a place at their local child care, their closest
child care centre, and they're on a waiting list. And then their child won't be
offered a place, but they'll discover, coincidentally by meeting somebody in
the park, or whatever, that somebody else, who wasn't on the waiting list
before them, has been given a place. Now, the parent doesn't always know for
40 certain whether it's because their child has a disability, they're making some
assumptions, but that's the tone of what they understand, that the child care
centre thinks they're going to find it too difficult to include their child, and
because they can, because there's more children on waiting lists, they just take
a different child. Some parents, of course, will push harder and, you know, if
45 they felt that they were being discriminated against, of course they could go to
the Anti-Discrimination Commission, but parents of children with disability
usually, at the same time, are dealing with multiple systems. So for children
with significant disabilities, they often have multiple health appointments,

allied health, a whole range of other things, that take up quite a large chunk of their time, and energy, to navigate the other systems.

5 The health system, as an example, in Tasmania, I'm sure you've seen and are aware of this, Tasmania has the lowest level of bulk billing in the country by a long way. You know, the average amount that as Tasmanian pays to go to a GP is \$10 more than any other state or territory than all the other states. And that means that those families, who have children who have – I'm talking
10 children with significant disabilities here who, some of them, will have complex medication conditions as well, or as part of their disability, and not all of those – I've just had an example given to me the other day of a mother who has twins, one of whom has some delays, and there's no diagnosis yet. But anyway, she commented to me that up until the twins turned two, all visits to the GP were free. The last time she went to the GP, she was surprised to
15 find she was asked to pay \$99. Now, of course, the Medicare thing gets paid straight away, so she's paying about half of that. But still, if you have two young children, and they are sick quite often, that's still a reasonable amount of cost that parents are having to bear.

20 So it's not that it's got nothing to do with the whole early childhood system, it's just that it's the pressure on parents who have young children in that age group, especially those who are more often sick, and one of those – so for some of those parents, they may be actively avoiding sending their children to centre-based care, and that's for multiple birth parents of twins who were born
25 early, and who are more, not more susceptible to getting sick, but they're likely to get sicker, and may be hospitalised if they do get sick. So for some of those families, they don't feel – so even if they can get the child into a child care centre, they don't necessarily feel, they worry that the child's going to get sick too often.

30 COMMISSIONER GROPP: What about – I mean, use of options like family day care, for example, is that something you're across, because...

35 MS MALLETT: Yes, so some of them - - -

COMMISSIONER GROPP: So smaller numbers, and perhaps more support, or even In Home Care.

40 MS MALLETT: Yes, that's exactly what parents choose, of course, is family day care if they can, of course, there's not as much of it as there used to be, it's dropping, the rate of availability of family day care, and it's also slightly more expensive for families, because the subsidy level is slightly different. And even that maybe \$1 an hour difference, still is enough for some families to notice the additional cost. And in-home care just seems to be – they find it
45 difficult to get, difficult to make the arguments for it. Now, as - - -

COMMISSIONER GROPP: Also - - -

MS MALLETT: Yes.

5 COMMISSIONER GROPP: Also, I mean, there is a program called the
Inclusion Support Program, which is designed to assist children, not just with
disability, but a range of children with additional needs, if you like, for the
centres to get support. But do you get any sense at how that's being used, or
the – I mean, there are barriers....

10 MS MALLET: Yes, I suppose what I've heard from families is – and this is
mainly the mothers, I'm saying families on the whole when I'm meeting these
either groups of parents, or they contact me as individuals, and it's usually the
mother – so the Inclusion Support Program is notionally very good, and some
people have had good experiences with their child, and the child care
accessing it. Other people say that they feel as if the centre finds it too hard to
15 want to be bothered, and perhaps also there isn't enough funding in it, so
increased level of funding, and making it easier would be something to get.

COMMISSIONER GROPP: We've made recommendations about expanding
the quantum, but also making it easier to navigate and to, you know, get.
20 Because there are, sort of, the requirements for it to be, you know – and then
what the centre gets often doesn't match the needs of the child, so...

MS MALLET: Yes.

25 COMMISSIONER GROPP: ... maybe just any notions around that?

MS MALLET: There's a sort of a circular situation that families with
children, especially children with significant disabilities, are in. So at the
same time as they are trying to – well, you know, a family has a new baby
born, sometimes some of those children it will be immediately obvious that
30 the child has a disability, Down Syndrome, something that's immediately
obvious, or they may be told very soon after the baby's born, or within a few
months, that they've got cerebral palsy. And then there are other disabilities,
Autism is an example, where it's through those first couple of years that the
parents either start to realise themselves, or other people start to mention to
35 them, that maybe there's something going on, and they should have the child
assessed. So that pathway that most people have where they – and it's,
you know, common now where the mother is on maternity leave, and then
goes back to work, and the child goes into some rhythm of combination of
family care, and early childhood care. That's more complicated, at the same
40 time, for multiple reasons.

So the health issues are one, the fact that the child – so if you have a child
who's got additional health problems, and the system in long day care only
allows, I think it's 14 days' absence that they can have without it impacting on
45 the cost. So if their child is out of the centre, this is my understanding of it,
and it's how it's been explained to me by parents, so forgive me if I've got this
wrong, but my understanding of it is that there are only 14 days allowable
days of absence. Some of these children will need more than that, and what it
means is the child care is them costing them more, so you may already have,

5 I'm sure, information about that. And at the same time, the parents will be trying to navigate whether or not their child needs to be on the NDIS. So they're navigating the health system, early childhood education and care system, the NDIS, for some families there'll be child safety, child protection issues, and it might be a grandparent that's actually trying to navigate all of this for a very young child. So the time and energy that that requires for a family to do that is really significant.

10 And what doesn't seem to happen is the whole – and I can see that you're recommending this, sort of, better integration of all of the places that a family might get support, and certainly the Tasmanian government is recommending it, and trying to do this. So, you know, there are the child health nurses that families see, and there are, in Tasmania, some more intense versions of that for some families, and there are child and family centres, which there are, I think, 30 of them up and running now, and there's a few more to come online, well, within this next year. They're situated in particular areas generally, socially, disadvantaged, low, you know, SEIFA areas, and - - -

20 COMMISSIONER GROPP: This, sort of, integrated hubs, sort of - - -

MS MALLET: That's right. And so they work well for the families where you have one in your area, but, of course, they're not everywhere, and financial, and social, disadvantage tends to be in pockets, but disability isn't like that. Disability, actually any family anywhere can have a child with a disability, and in a meeting with – in Tasmania have a very good organisation called 'Association for Children with Disability', there's a Victorian one, and there's a Tasmanian equivalent organisation there. They're funded by the Tasmania government for advocacy for families with children with a disability, and they do lots of project work, and peer groups with youth, lots of really good work. But one of the things, when I met with their advocates on the north west coast last year, they said they've seen, in more recent years, families with children with disability moving to the west coast of Tasmania.

35 Now, the west coast is because that's the cheapest housing that's available. So if you think that what happens for some families with children with a disability, it's harder, for some of those families it's impossible really for maybe one parent able to work, and the other one just can't, because of the time required to care for and organise all the things, appointments and things, around the child, and some of these families may have multiple children with a disability. So for financial reasons, they will move themselves to where the cheapest rent is, but that means moving themselves further and further away from where services are going to be available to them.

45 Now, I'm sure this isn't just Tasmania, I expect there'll be other regional areas in Australia where the same thing happens, but for that housing, you know, huge, huge escalation in cost of housing, and in rent, in Tasmania in the last couple of years, has made a difference for families who are struggling, and when a child with a disability is born into a family, it sends them on a downward trajectory in financial situations.

COMMISSIONER STOKIE: Mary, can I maybe interject a little bit...

MS MALLETT: Yes, yes.

5

COMMISSIONER STOKIE: We have around 10 minutes or so.

MS MALLETT: Yes.

10 COMMISSIONER STOKIE: And if I could be as bold as to, sort of, almost
paraphrase what I'm hearing from you, and twist that, because I wanted to ask
you what specifically would you like us to hear. We have a whole range of
challenges, with disability's phased from housing cost, access to services,
getting access to doctors, et cetera, and we're very cognisant and very
15 appreciate of the challenges. We have a view here, and we have our terms of
reference, and a limit to what we can reflect on. If I'm hearing you correctly,
even with the area that we are focused on, so early childhood education and
care, that access is not easy, additional work and support is needed to work
with families to encourage, and support, them to come in, additional support is
20 potentially needed for those children to adjust or cater for their needs, and the
system itself is not particularly targeted or responsive to the families that have
acute additional needs.

25 Am I hearing you correctly, because we've heard this in your narrative, and
we are very sympathetic to that, and we're also then trying to think further,
particularly given the review, it's not the only area of disability, but the review
of the National Disability Insurance Scheme, as to thinking about alternative
pathways, mainstream foundation targeted supports for children, particularly
with a disability, so I just wanted to, sort of, put back to you that, (1) have we
30 heard you correctly so far; and, secondly, you know, with the remaining time,
what would you like us to take away that I actually said to you just then?

MS MALLETT: Thanks. Yes, your point about the NDIS review is where I'll
go. So there are going to be these funded foundational supports that will be
35 jointly funded by Commonwealth and state and territory governments. That
could make a big difference to families of children with a disability, or who
are trying to work out if their child has a disability and needs some
assessment. There's something important about flexibility. It's difficult for a
system that is as tight, difficult perhaps, as long day care, and then it's tricky, I
40 can see, for the providers to work out how on earth they can be flexible. But
ideally, some additional flexibility in the system. You know, at the moment, a
parent might be able to access because there's care available, you know, a
centre has a vacancy for Tuesdays and Thursdays, so that's what they can
access if their child is able to go. For families of the children that I'm talking
45 about, they may need shorter amounts. It's more like occasional care, it's
more like a version of what used to be fairly readily available 30 or so years
ago, but it's harder to find now. So some way that the existing child care
system, which has all of these qualified trained early childhood educators, for
them to be able to have somehow an additional service that can be bolted on,

woven in, somehow, into what they're providing that allows for these families to still access that expertise, but not have to have that commitment of using long day care that their child may not actually need, or even will struggle with that, sort of, you know, very long day; so that's one of the things.

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You know, the Disability Standards for Education, as you know of course, don't apply to child care, and the last review of that recommended that they be extended to cover child care, and I would - - -

10 COMMISSIONER GROPP: We recommended that too.

MS MALLETT: Yes, I would agree with that, and strongly recommend that. Bearing in mind, though, that those standards of course apply to schools, and - - -

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COMMISSIONER GROPP: And the implications of that would – look, Deb's got her hand up. Deb?

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COMMISSIONER BRENNAN: Hello, Mary, and I'm sorry to be the invisible presence here. I'm very much appreciating the discussion, though, Mary, and clearly you're familiar with the complexities of the ECEC landscape. So I just wanted to ask you whether, in your experience, the Tasmanian kinder or preschool system is working more effectively for children with disability and, if so, are there things that we could learn or take into other parts of the sector from those experiences?

25

MS MALLETT: One of the things that works very well for the Tasmanian kinder system, is that it is in the local schools, and the schools now, almost all of them, have the LiL's program, the Launching into Learning. So in those few years leading up to kinder, then families are able to, if they can, attend one of those Launching into Learning programs, and it's a good entrée and introduction for the parent, and for the child, into the school.

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COMMISSIONER BRENNAN: And perhaps for the school too.

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MS MALLETT: Yes.

COMMISSIONER BRENNAN: To get to know that child.

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MS MALLETT: Yes, yes. And it also providers – you know, the issues for some of these families is struggling to understand whether their child really has got some extra needs, compared to other children.

45

COMMISSIONER BRENNAN: Yes.

MS MALLETT: The LiL's program allows them to - you know, they're usually run by the kinder teacher, and so they obviously are experienced in seeing a whole range of children, and will be able to, and they do give, you know, sometimes advice, but also suggestions to the parents if they think

a child really does need to be assessed. So that's sometimes the first place where a family would have that experience.

5 COMMISSIONER BRENNAN: Is it the case that the great majority of children, who have some kind of developmental delay, or around whom there's some concern, are able to participate in kinder in Tasmania?

MS MALLETT: Yes, they do, yes.

10 COMMISSIONER BRENNAN: Yes, okay.

MS MALLETT: Not all, but there'll be some who are very medically fragile, but on the whole, yes, absolutely they do. Yes, generally do.

15 COMMISSIONER BRENNAN: So there's not that sense of potential exclusion?

MS MALLETT: Well, no - - -

20 COMMISSIONER BRENNAN: Except where there's obviously very severe disability or illness.

MS MALLETT: Of course the difference is that it's free.

25 COMMISSIONER BRENNAN: Yes.

MS MALLETT: So kinder is completely free, because it's part of the education system. So, you know, there's a black and white line there, isn't there, between child care that people have to pay for, and kinder, which in Tasmania is part of the school system, and is completely free.

30 COMMISSIONER BRENNAN: Yes.

MS MALLETT: So that's - - -

35 COMMISSIONER BRENNAN: Yes, it's a big difference.

MS MALLETT: There's a big difference.

40 COMMISSIONER BRENNAN: Yes, thanks very much, Mary. Thank you.

MS MALLETT: Yes. In the NDIS review, of course, they have recommended lots of different navigators that would be brought in as part of the changes to the system, and they recommended, I think, a 'lead practitioner', is the term, I think, they're using around the childhood children one, and that sounds like it would be an advantage to have somebody who understands all of these systems, and is helping families.

COMMISSIONER GROPP: Mary, we've got a couple of minutes.

MS MALLETT: Yes.

5 COMMISSIONER GROPP: So we've certainly heard that need for us to take
into account the fact that, for many these children having access to ECEC is
important, but that offering might need to look a bit different for them, and
taking with that the issue around affordability, et cetera, which we have
proposed 100 per cent subsidy for families on incomes up to 80,000, but we
10 also take your point that disability is not confined to lower income families as
well. But is there anything – a closing remark?

MS MALLETT: Yes. Additional training, and improved increase training,
for the early childhood educators and teachers in the system, about children
with disability, some families have described ignorance, probably is the word
15 I would use, among some of the educators when families have enrolled, or
tried to have their child included, in their local child care system. So that's
something that's important, that there's a gap there that - - -

20 COMMISSIONER GROPP: And we come back to your issue with the
proposed changes to the NDIS.

MS MALLETT: Yes.

25 MS MALLETT: Additional training so that there is, yes, a more automatic
built-in understanding of the needs of these children, and they vary widely,
but all of the early childhood professionals in the area should have an
understanding. So what happens now is parents have to spend a lot of time
trying to educate the people who should be the experts that they're dealing
with, and the parents have to spend a lot of time and energy trying to teach or
30 train that educator about something that would be better if it was included in
their training, and it's not expected that the parents have to do it.

35 COMMISSIONER GROPP: Yes. No, we take that point, but we're also
cognisant that the expectations on educators are increasing a lot.

MS MALLETT: Yes.

40 COMMISSIONER GROPP: So it's, sort of, getting that balance is very
important.

MS MALLETT: Yes, and I'm sure you've had lots of people telling you that
they should be paid better, so that goes along with it.

45 COMMISSIONER GROPP: That's part of the equation.

MS MALLETT: Yes, that's right, expectation of increased expertise also
requires better pay.

COMMISSIONER GROPP: Well, thank you very much for bringing those insights, and I think it's been really useful and helpful to us to hear particularly from the perspective of parents about the challenges that they face.

5

MS MALLET: Yes.

COMMISSIONER GROPP: So thank you very much.

10 COMMISSIONER STOKIE: Thanks, Mary.

MS MALLET: All right, thank you. Thanks for having me. Thanks, bye.

COMMISSIONER BRENNAN: Thank you, Mary.

15

COMMISSIONER GROPP: Okay, thank you. We'll resume with the Australian Council of State School Organisations, who I think are here. I can see little, here they come... That's Deb. I see you now, Di and Peter.

20 COMMISSIONER STOKIE: Di and Peter.

MS GIBLIN: Yes, hi. How are you?

25 COMMISSIONER GROPP: Hi, both. Thanks for coming. I don't know whether you heard the introductory remarks, but just a reminder that this is a public hearing, and so it is being recorded, and a transcript will be put on our website when that transcript is completed. And also members of the public could be watching, because online I can't tell you if there are any observers, and there could be media, so I'm just letting you know that. So I'll just ask
30 you to introduce yourself, and, for the purpose of the tape, give your name, and the organisation you're representing, and then if you want to make some opening remarks, and then we'll have a conversation.

35 MS GIBLIN: Okay. I'm Dianne Giblin, and I'm the CEO of the Australian Council of State School Organisations. Peter.

MR GARRIGAN: Peter Garrigan, I'm the Project Officer for the Australian Council of State School Organisations.

40 MS GIBLIN: Okay, I'll just repeat our opening statement, if you like, and you have our notes, and our speaking points, and our submissions. So thank you for the opportunity to present the views of the Australian Council of State School Organisations at this hearing. ACSSO is the national voice of the families and communities in government schools across Australia, and we're
45 dedicated to advocating for equitable and high quality public education. Early childhood education and care is more than a policy area, though, it's a fundamental pillar of shaping young Australian development. The decisions and recommendations from this review will have far reaching implications on their growth, learning, and overall well-being. It's paramount that discussion

centres not only around the economic aspects, but on the qualitative impact that it has on young people. We know when young people have access to quality prior to school services, their transition to school is less challenging, they start on a more level playing field with their peers. It also allows for a greater opportunity for any early diagnosis of any learning barriers, and a greater chance for earlier intervention.

We acknowledge the significance of the Productivity's draft report on early childhood education and care. This report is a critical step to understanding the current landscape, and identifying the areas for improvement, and reform, on Australia's early childhood and care. While the draft report has outlined several key outlines for improvement and reform, addressing the gaps of potential challenges that emerge from these recommendations are crucial. ACSSO's response to the draft report is rooted in our enduring commitment to promoting equity and accessibility in education. We've analysed draft recommendations focusing on their potential impact on primarily young people, but also families, educators, and communities. Our feedback emphasises the transformative impact that early childhood education and care can have on the child's holistic development.

As we proceed, our objective is clear to ensure that the Commission's final recommendations effectively address the needs of all children, irrespective of their socio-economic background, and their abilities. We see the need to build a robust inclusive, and high quality, early childhood education and care system, and it should be a national priority, and a national commitment. This can only assist our young people improving their life chances.

COMMISSIONER GROPP: Thank you very much, Di. I should have said at the start, I should have introduced ourselves, I don't know whether you were there when we said who we were. I'm Lisa Gropp.

MS GIBLIN: Okay.

COMMISSIONER GROPP: I'm joined by - - -

COMMISSIONER STOKIE: Martin Stokie.

COMMISSIONER GROPP: And we've got our third Commissioner, Deb Brennan.

COMMISSIONER BRENNAN: Deb Brennan. Hello there.

MS GIBLIN: Hi, Deb.

COMMISSIONER GROPP: Can you see Deb, or?

MS GIBLIN: Yes.

MR GARRIGAN: Yes. No, we can see her.

COMMISSIONER BRENNAN: Am I visible now? I've been invisible.

5 COMMISSIONER GROPP: The online participants couldn't see each other,
but that's great if you can see Deb as well. So anyway, we're the three
Commissioners heading up this inquiry at the Commission. Thank you very
much for those remarks, and your submission. I mean, you've raised quite a
few important points. But, in particular, you've got some proposals around
10 teacher registration, and you're proposing a differentiated system, and I just
would like to tease that out a little bit, because we heard yesterday from
another participant about, sort of, the need to recognise the differences
between, say, a school teacher, what the role is, and for an ECEC teacher;
would you like to talk about that?

15 MR GARRIGAN: Would you like me to take that, Di?

MS GIBLIN: Yes, Pete, absolutely.

20 MR GARRIGAN: In the registration system across Australia, each
jurisdiction, if someone's registered under normal circumstances, will be
accepted for registration in any other jurisdiction in Australia. So once a
person's registered, they're deemed to be qualified to teach across the system.
There's a major difference in the pedagogical practice, and education given to
early childhood teachers. And when I'm talking about early childhood
25 teachers, I'm now talking about what's classified as non-school. So you're
looking at below, if I can be blunt, prior to school services, yes.

COMMISSIONER BRENNAN: Peter, can I ask you something?

30 MR GARRIGAN: Yes.

COMMISSIONER BRENNAN: Sorry to butt in.

35 MR GARRIGAN: No, you're right. Go right ahead.

COMMISSIONER BRENNAN: I've had a question from when I was reading
our submission. Do you want to distinguish between those who have been
trained in the zero to five, the zero-to-eight, and the zero-to-twelve systems,
because we're aware that there's such a mix of training regimes in various
40 universities with different amounts of times being given to primary, early
childhood, and so on.

MR GARRIGAN: That's correct.

45 COMMISSIONER BRENNAN: So I just wondered whether you were going
to hone in on that issue at all.

MR GARRIGAN: Yes, we do. And we strongly support the need to register
all early childhood educators, but in registration, we need to look at what their

skill case, and their university training, is providing them. And at the moment, that doesn't happen in a teacher registration process in general, and there's a need to look at that, because there's existing legislation in different states and territories, and there's pending legislation coming through that does not take into consideration the recommendation that you initially put out in your draft where teacher registration boards should – you know, we're looking at registering early childhood educators within the Teacher Registration Board.

10 So if you're wanting to break it down to the categories, Deb, that you just mentioned, then, yes, you could certainly do that. It would need to be a broader discussion depending on what the qualifications are. And I know that a couple of years back, there were teachers that were trained, say, exclusively for delivering middle years as a major. Now, in a lot of areas, the middle years is starting to disappear, so it's in the swings and the roundabouts. So I suppose, yes, if you're going to say it in that regard, yes, we should register them on a differentiated basis, but I would much rather see the education at the universities providing, say, for the one/two through to 12 as an overarching qualification, and the three as a separate. Because you're focusing on two entirely different learning styles, if I could put it that way. But I know I'm saying it more in a black and white, but there is a grey - - -

COMMISSIONER BRENNAN: It's so complicated, because - - -

25 MR GARRIGAN: Yes.

COMMISSIONER BRENNAN: Because, of course, a lot of early childhood education is developed in schools, and then a lot of it is delivered centre-based day care, and then a significant proportion in schools, as you'd be aware, and we have an issue of teachers being drawn into schools from early childhood education because the wages are much better.

MR GARRIGAN: Yes.

35 COMMISSIONER BRENNAN: So there's a whole range of complexities around this issue for us.

MR GARRIGAN: Yes. That's correct, Deb.

40 COMMISSIONER STOKIE: Can I ask – sorry, Peter, I appreciate you.

MR GARRIGAN: No, you're right.

45 COMMISSIONER STOKIE: Just on your point, which is the distinction between, say – and you used one to 12, are you meaning Grade 1 through to Grade 12, or you mean 12 years of age, I wasn't quite sure?

MR GARRIGAN: No, no, sorry, I'm talking about the school system, Years 1 to 12 there.

5 COMMISSIONER STOKIE: Okay. Could I put to you a different perspective to see your view, because, in essence, you're reflecting that school ages from primary to secondary, as it is now, UNESCO defines the early years from one to eight, which would take into account Prep, Grade 1, Grade 2, and potentially Grade 3, depending on when the child starts school, you mention earlier that there are different pedagogy and different ways of learning and teaching, and there's a very play-based learning involvement for young ages.

10 MR GARRIGAN: That's correct.

15 COMMISSIONER STOKIE: And so I kind of wondered, why impose a registration which doesn't take into account that view of the child, like, one through to 12, as opposed to nought through to, say, eight? I'm just putting it as an alternative proposition, and I wanted to seek your views.

20 MR GARRIGAN: No, I quite agree with you. The problem is that in this point of time, the training provided to teachers in universities doesn't address that particular need. So I'm looking at - - -

25 COMMISSIONER STOKIE: It does or does not?

MR GARRIGAN: No, it does not.

30 COMMISSIONER STOKIE: Right.

MR GARRIGAN: Sorry, Di, am I interrupting you?

35 MS GIBLIN: No, no.

40 MR GARRIGAN: No. So what you're looking at at the moment, I wouldn't have a problem, and I'm sure, speaking from the need to register teachers, whether they be in the early childhood area, or wherever, we need to look at registering them, and they all should be definitely registered, but in recognising what their qualification and skill-based in. That, for us, is the critical point.

45 MS GIBLIN: I suppose I wanted to add to that. When an educator comes into the school sector, with the teacher shortages that we have at the moment, they may not be placed with someone that's trained in that nought to eight, they may be placed on a Year 6 class simply because of the need of the school, as opposed to the need of the child, and that's another concern in that respect.

MR GARRIGAN: Yes, that just raises a whole series of other challenges at the moment.

MR GARRIGAN: That's correct.

MS GIBLIN: Yes, yes.

5 MR GARRIGAN: But that's where it comes back to recognising that under the current system, once you're registered you're registered, and you could be teaching in year level 1, or you could be teaching in year level 12. And as an organisation, that's a concern not only for children being in that classroom, but the stress being placed on a teacher who doesn't have the necessary background, and support, to deliver, say, a senior secondary plus when they're coming from the early childhood environment.

10 MS GIBLIN: We also have, in all the different jurisdictions, different qualifications, different structures, and so we need some consistency so the teachers can be mobile across the country. With our registrations, it's very different. New South Wales is a little different to Queensland. When I was talking to a Queensland early childhood teacher the other night, their difference in being able to teach in a primary school, for instance, or a K-6 school, as we call it in New South Wales, is quite different to the New South Wales early childhood teachers. They can, sort of, move in and pretty much teacher anywhere once they're in the system.

20 COMMISSIONER STOKIE: Your focus is very - - -

COMMISSIONER BRENNAN: But is that - - -

25 COMMISSIONER STOKIE: Go ahead, Deb.

COMMISSIONER BRENNAN: No, it's so interesting. Does that mean that primary and secondary specialisms at university don't mean anything either? You could do primary school, and be employed, but teach Year 12?

30 MS GIBLIN: At the moment, yes.

MR GARRIGAN: That's correct, yes.

35 MS GIBLIN: Because of the teacher shortage, they're just putting someone who's got pedagogical experience in front of, yes - - -

MR GARRIGAN: And have their registration with the Teacher Registration Board.

40 MS GIBLIN: Yes.

MR GARRIGAN: They're a body in front of a class.

45 MS GIBLIN: Yes.

COMMISSIONER STOKIE: So with the classification of registration, what you're trying to get at is the registration, and therefore the work exposure, or suite of work opportunities, is limited to what they have been trained for, is

5 that I'm hearing you say? So if you're a, for argument's sake, an early
childhood birth to eight specialist, you could teach up to eight years of age,
but not just, you know, for example, Year 12 English, or whatever, and those
that have been birth through to, say, 12 years of age, so primary school, that
their registration would only be valid for up to primary schools, is that
what - - -

MS GIBLIN: Up to Year 6, yes.

10 MR GARRIGAN: Yes.

MS GIBLIN: Yes. I mean, the other option would be to provide some form
of bridging professional development. But we know in the early childhood
education and care sector that often time for professional development is
15 pretty limited.

COMMISSIONER STOKIE: Right. And I must confess, I haven't studied
the School's Review, et cetera, but I presume you made contributions to the
school's review as well, and made comment around these points as well, is
20 that correct?

MS GIBLIN: Yes, absolutely. The teacher workforce stuff we're working on,
I forget what point it is in the recommendations, I think it's
recommendation 19 or action 19, we're working with AITSL, in particular, on
25 the teacher standards, and even on the standards of the support aids in
classrooms.

COMMISSIONER STOKIE: So can I ask, you no doubt would have
followed that many of the jurisdictions are thinking about expanding the level
30 of preschool, being four year old, or potentially even three old, for a period of
hours, and days. The expectation is that their early childhood education
teachers, in part, perhaps supported with educators, but do you see those four
year old, or three year old, teachers as part of the registration process that
you're referring to, or you just see that as a separate category of registration
35 under the existing system?

MR GARRIGAN: Following up on the Commission's draft
recommendations, I would see anyone that's in front of whether it be an early
childhood cohort, or in a classroom, should be registered. Now, their
40 registration – and that's why we recommended that differentiated registration
system, because, as we said, currently there's that chance that you can put
someone that's early childhood trained, then to be teaching a Year 12 class.
And that's not only detrimental to the young people in that Year 12 class, but
it's detrimental to the mental health of the teacher concerned, because the
45 stress and strain of going into an area where you haven't got qualifications and
experience to deliver, can be exponentially devastating to that particular
person.

5 So, yes, if you're going to go through the change to the system, and it would
require a change right across the board, to include the registration of early
childhood, then, yes, we should be looking at it as a differential registration
system. And picking up on Mary Mallett's comments earlier, I was listening
to what she was saying about in Tasmania, and their area are included within
the individual schools, that's another positive, I see, for the delivery of
preschool into the preparation and advancement of children coming through
the system. They're getting the necessary qualified support as they go
through. So I don't know if I'm answering your question, but, yes, I think - - -

10 COMMISSIONER STOKIE: No, you are, and what I'm hearing is very much
of, 'Well, don't put educators and teachers into harm's way'.

15 MR GARRIGAN: That's correct.

COMMISSIONER STOKIE: 'Support the teachers and the educators to work
in the areas that they are appropriately trained for', and, 'Recognise the effort
and the qualifications, and skill, and the professionalism, of, well, educators,
but in this case for teachers, through a formal registration process', which I
20 think, in the main, it pretty much ticks all round, I would imagine, from our
side. There are some other points in your submission, I wondered if you
would talk to. I was interested to go on to National Quality Framework,
but - - -

25 COMMISSIONER GROPP: I was going to raise the National Quality
Framework.

COMMISSIONER STOKIE: Well, do you want to do that?

30 COMMISSIONER GROPP: I mean, you support our draft rec for a review,
but I'm interested in two things, I guess. What's your perspective of how that
framework has worked, and we've drawn out some observations about
assessments, et cetera, but also you're recommendation for an independent
review, and just getting your perspectives around that as well?

35 MS GIBLIN: Yes.

MR GARRIGAN: Do you want me to take that one, Di, or did you want to
do it?

40 MS GIBLIN: Well, you can start off, and I'll go with you.

MR GARRIGAN: Yes. Certainly, the National Quality Framework is
overseen by ACECQA, and they've been involved with it from its very
beginning. And in looking at that framework, it's important to undertake a
45 review, we believe, with an independent body to ensure that the review is seen
as being unbiased, and free from any potential conflicts of interest. Within the
broader education field, there are both positive and negative dealings in
relation to ACECQA, and how effective they actually are. And it's in this

5 situation that that's why we would strongly recommend that the review – and it's important to undertake regular reviews of any type of framework, particularly the National Quality Framework - be undertaken by someone that will, or a body that will, be seen as both unbiased and free of any potential conflict of interest.

10 MS GIBLIN: And the viewpoints would be objective, the actual development of the National Quality Framework included stakeholders in the game as well, and we believe that the review should also ensure that stakeholders have some form of input into the feedback of the review of the framework.

15 COMMISSIONER STOKIE: What do you see as the deficiencies of the framework that need addressing, or is just, sort of, good practice to periodically, once every, for argument's sake, ten years or something, go back, reassess, does it remain accurate, is it efficient, is it targeted, et cetera, et cetera, or is there something specifically you look at and say, 'Well, that needs to be addressed'?

20 MS GIBLIN: Well, I think more appropriately it's good practice to review. A lot of the work with the National Quality Framework, you see a huge amount of impost on the teaching profession, or the educators in the centre. I pick up my grandchildren, and I think Pete does too, and you see quite a huge difference, and a huge workload. Is that turning into quality, I'm not sure, so I think when the independent body, or whoever reviews the framework, has a look at that, it needs to look at the impost on the actual educator, and what work's involved around meeting those standards. You know, I've been very fortunate, my grandkids have come up with the high quality standard, or whatever the top standard is. But, yes, I don't know whether it's unnecessary work, or whether it's not, but it's definitely changed the communication with families, which we think is a great improvement, but the other assessments, I'm not sure how much workload that's putting on the educator, and how much that's taking away from the young person, or, more importantly, allowing them to do some professional development.

35 COMMISSIONER BRENNAN: So the things that are behind the impetus for the recommendation would be particularly about the regulatory burden, rather than about any sense you've got that the content of the NQF is outdated, or anything like that?

40 MS GIBLIN: From our perspective, yes, because that's not an area that we're in deeply. I mean, I'm only going on the viewpoint of what we see, and what we hear, that the parents of young people moving into primary school, then expect that form of feedback from their primary school, and, of course, it's nowhere near. Mind you, I would also like to suggest that maybe that
45 feedback from the primary school is that good, but there does then have that double entendre of parents expecting that sort of feedback on a daily basis from their local primary school, and that's just not going to happen with the different ratio, for a start.

COMMISSIONER GROPP: Do you think that that administrative reporting burden is something that is, perhaps, driving staff out of the sector, is that something that you hear, or is it just one of many drivers, obviously?

5 MS GIBLIN: I think it's one of many. I mean, obviously salary is the key, that would be their key driver, particularly if they could transition into teaching up to eight year olds in a primary school. And with the teacher shortage in a primary school, they're after pretty much anyone that breathes that can stand in front of a class at the moment, so that's the other issue for
10 early childhood, I think.

MR GARRIGAN: But – sorry.

COMMISSIONER BRENNAN: No, you keep going.

15 MR GARRIGAN: I was just going to say: but having said all of that, I think the review should not just focus on one or two areas, it needs to look right across the spectrum of the framework, and do a full blown evaluation, and then cycle through every so many years on how things are going, and how any
20 recommendations for change have improved, or detracted from, the objective of the framework.

COMMISSIONER STOKIE: And it's not an unreasonable proposition, Peter. And we've highlighted in our work that it's not that we don't know, but
25 research to improve the insight around, for argument's sake, the relevance, or the importance of specific quality areas under the National Quality Framework, and the emphasis that they get, and then how that plays through into, hopefully, reduced vulnerabilities, or enhanced opportunities, and development of children as they go through, it shouldn't be a static process,
30 and that's why I asked, is it good practice, or were there very specific things that you see that we need to hone in on, and others have made observations around aspects. Perhaps to your point, Di, we had heard – I thought this is where you were going, Lisa - that some of the expectations, or that regulatory burden, are the expectations that the parents are placing on educators, and
35 teachers, for almost real time feedback around their child, and they aren't necessarily obligations under the quality framework, but they are part of, sort of, almost a community expectation, and therefore what level of support are we providing to educators, and teachers, and where are we drawing the line, or how is that supported across the board. Can you - - -

40 COMMISSIONER BRENNAN: I just – I know we're pretty much at time, but your organisation is one of the view that made comments about our recommendation on the single touch payroll, so do you think that might make parents a bit anxious?

45 MR GARRIGAN: Yes, I do. And some of the issues there, I think it's how it's going to be sold, if I could put into that perspective. You know, in looking into the - - -

COMMISSIONER BRENNAN: Because the intention is – sorry.

MR GARRIGAN: Yes.

5 COMMISSIONER BRENNAN: The intention is very much to support parents there.

MR GARRIGAN: Definitely. And I think the problem you've got is the Centrelink – I've tried to think of the right term.

10 MS GIBLIN: Subsidy.

MR GARRIGAN: Subsidy. Well, yes, but also the perception of the importance of each - - -

15 COMMISSIONER BRENNAN: Of being watched.

MR GARRIGAN: Yes.

20 COMMISSIONER BRENNAN: I mean, it's just that concern about parents accumulating debts, because they haven't updated their details, and obviously that's the thing that's primarily behind that.

MR GARRIGAN: And we strongly support that concern, and we believe that it needs to be sold, and I know that's not the right term - - -

MS GIBLIN: Marketed.

MR GARRIGAN: - - - but it needs to be marketed with great effect, because parents need to know that the process is there to help them, not lead them into greater debt.

30 COMMISSIONER BRENNAN: Maybe parents could opt-out. I'm not sure how that system works, but maybe it could potentially be an opt-out, and be there for parents who would appreciate that reminder.

COMMISSIONER STOKIE: Fortunately not, Deb.

COMMISSIONER GROPP: I don't think an opt-out of...

40 MR GARRIGAN: No.

MS GIBLIN: That would just complicate...

45 COMMISSIONER BRENNAN: No, not out of the whole thing, out of the reminder.

COMMISSIONER GROPP: Out of the reminder, yes.

COMMISSIONER BRENNAN: Just out of the reminder.

MS GIBLIN: Yes, there would be some that need the reminder.

5 MR GARRIGAN: Yes.

MS GIBLIN: My kids, for instance.

10 COMMISSIONER GROPP: We're just about out of time, but is there anything else you wanted to raise, any other - - -

15 MS GIBLIN: No, I don't think so. Peter, do you? It was more for us about the opportunity for professional learning, the opportunity to recognise the learning that already exists, and making sure that the young educators are able to mobilise, and move around the country, with some form of consistency, not a different set of standards for every jurisdiction. It's better said than done in a federated country – easier said than done. And, of course, the importance for our young people is to receive the opportunities to be the best they can be with the identification of any concerns, and the opportunity for early
20 intervention and, you know, accessible, particularly to the – sorry.

MR GARRIGAN: No, that's all right. The other thing I was just going to say is the recommendation in relation to the creation of the ECEC Commission. We think that's an excellent idea in that it's going to ensure that there's that
25 overarching body that's providing an early childhood framework, a policy, supporting nationally the work of early childhood right across Australia. I think that was a great recommendation coming out of your draft report.

30 COMMISSIONER GROPP: Well, we're still developing it, but the issue we were talking about earlier seems to be one that would be appropriate for something like that, sort of, Commission, to have an overarching perspective to, you know – so I think there is a number of issues, but thank you for that feedback. I mean, it wasn't fully formed in our draft, but we're getting a sense of, you know, general reactions of what it might do, and how it might be
35 established over - - -

MR GARRIGAN: Yes, and I suppose that's why it came at the bottom of the recommendations. I was surprised to see it there. I would have thought it would have been further up, but if you hadn't fully formed it, then I can
40 understand that.

COMMISSIONER STOKIE: We also wanted to test the idea, I think, Peter. There's lots of people who have roles in the sector, they play their respective role, and to hear what various parties thought about it potentially requires the states and the territories to also be a party to it in some way, shape, and form,
45 and so we needed to be respectful of their input along the way, but it will be more developed in our final report.

MS GIBLIN: Awesome, that's great.

MR GARRIGAN: Excellent.

5 COMMISSIONER GROPP: Well, thank you very much for coming here today, and your submission.

COMMISSIONER BRENNAN: Thank you very much.

10 MR GARRIGAN: You're welcome.

COMMISSIONER GROPP: That's been very interesting and insightful, so thank you.

15 MS GIBLIN: And thank you for the opportunity.

MR GARRIGAN: Thank you.

MS GIBLIN: And the work you're doing. Thank you, bye.

20 COMMISSIONER GROPP: Thanks, everyone. We'll just break for 10 minutes, and we'll resume at 10.30. Thank you.

(Short adjournment.)

25 COMMISSIONER GROPP: Thank you. Hi, everyone. We'll now resume our public hearings, and we're joined now by the Centre for Policy Development. Hi, both. I'm not sure how long you've been – well, you know who we are, but just for the purposes just to ensure that you do know who we were. It's Lisa Gropp, one of the Commissioners, Martin Stokie, and Deb's
30 online, so can you see Deb?

MS BROWN: Yes, we can.

35 COMMISSIONER BRENNAN: Good, thank you.

COMMISSIONER GROPP: It's working. Okay, great. And also to remind you that this is being transcribed, and the transcript will be on our website in a few days' time, and also to let you know there could be members of the public observing online, and members of the media observing online, but I can't tell
40 you if there's anybody there at the moment, because I've got no line of sight to that, so just to make you aware of that. So I'll handover to you to introduce yourselves, and your organisation, for the purposes of the transcript, and then to invite you to make some opening remarks.

45 MS BROWN: Thank you very much, Commissioners. It's really wonderful to be here. I'm Annabel Brown, Deputy CEO for the Centre for Policy Development, and with me is Kat Osborne, who's Early Childhood Development Initiative Director, and Leslie Loble, who is the co-Chair of the Early Childhood Development Council. We'll all speak to you over the

course of this hearing, but I will give an opening statement. Thanks very much.

COMMISSIONER BRENNAN: Thank you.

5

MS BROWN: So I'd like to begin by acknowledging that I'm on the lands today... Kat and I are on the lands of the Wurundjeri Woi Wurrung people of the Kulin Nation, and wish to pay respect to their Elders past, and present, and extend that to all First Nations people listening today.

10

The Centre for Policy Development is a non-partisan, independent policy institute. We've worked on effective government and social service system design and delivery extensively since we were founded in 2007, and our work specific to early childhood development began almost five years ago now. As the Commission would know firsthand, developing a better early childhood system in Australia is no small feat. It will require time, goodwill, commitment, and significant investment. But it is, and I hope you're convinced of this as much as we are, it is one of the most important things that we can do to ensure we set up future generations to thrive, and to build a stronger economy, a more productive workforce, and a bright future for Australia.

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Modelling done for our Starting Better report, which we've released a couple of years ago, showed significant returns on investment for free or low cost universal early childhood education and care, including additional tax revenue, and productivity, from children in adulthood, in addition to decreased welfare spending. And around 3 billion in additional annual tax revenue, and around a 6 billion annual GDP increase from parents working more hours. So the government has made it clear its commitment to building a universal affordable ECEC system, in its own words, in the great tradition of universal Medicare, and universal superannuation, one that is, 'Equitable, of high quality that reduces barriers to workforce participation for families, and supports children's learning and development'.

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35

The Commission's draft report is a welcomed first step in realising this system, and this goal, that we have for Australia. We commend a number of those recommendations, particularly the strong focus on children's development, and early learning, as one of the primary purposes of ECEC; the commitment to a three day universal entitlement for all young children and families; and improved affordability for low income families. Many areas of system reform are well agreed across the sector, and I'm sure you would have found that in your first round of submissions. The workforce must be enabled; active government stewardship is needed to support the sector, and for quality improvement; services should be supported to be inclusive, and meet the needs of all children; and a funding model is needed that better recognises the cost of delivery. They're all relatively well agreed.

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45

The Commission has a historic opportunity to build on these agreed reform areas, and, consistent with your terms of reference, create a system akin to

Medicare or superannuation, that provides a universal benefit to all Australian families long term. So we encourage the Commission to embrace this scale of reform, and be bolder in your final report. In our submission, we offer eight recommendations to achieve a truly universal high quality ECEC system.

5 These include outlining a unifying long term vision for the ECEC system, and the steps for how we can get there. Making a recommendation on price regulation, including quality as an explicit feature, and design principle, of the ECEC system, and outlining the transition away from the CCS over time to a child centre's supply side funding model, these recommendations are based on

10 a long term vision that CPD had been developing, and we would like to discuss with the Commission today.

The long term vision involves three critical key system changes that can be implemented in a variety of ways. The first is legislating an entitlement for all

15 young children to access at least three days of ECEC per week free, or at a low set fee, as soon as families need it through to school. For families experiencing disadvantage, three days per week could be free for highly vulnerable children, up to five days a week could be free, and the entitlement would include two days of free preschool per week for three and four year

20 olds.

The second is that all actors in the system, especially governments, have clear roles and responsibilities, and are active system stewards. So a possible option for this, that you'll see in our submission, is that the Commonwealth

25 take responsibility for the national entitlement, and the supporting funding system, making payments to providers, and that states and territories could be system managers, investing and working with the sector to support quality, help change management, increase regulatory effort, and plan provision for the future, and this would need to be supported by governance arrangements,

30 which we've also outlined some options for.

The third area is moving to a child centre supply side funding model. This would mean establishing a child centre supply side funding model for all children over time, and ceasing the child care subsidy. Funding for services

35 could be determined on a reasonable cost of quality provision, and take into account child and service specific additional costs. Reasonable conditions could be placed on services to be eligible for funding, and the current preschool services could become eligible for that funding forming part of a more cohesive national system. The vision requires the system to be reformed

40 purposefully and ambitiously, and needs to go beyond incremental changes to the current funding and governance arrangements. The work of the ACCC provides clear and authoritative evidence that the CCS funding approach is unable to drive the affordability, quality, simplicity, and equity, that's needed to create a truly universal system. Reforming the system will not be a short

45 term process, we understand that, but one that will take the next decade. We welcome the opportunity today to discuss with the Commission, both the short and the long term reforms that could be phased over this period. I'll leave it there for my opening statement, and really welcome questions.

COMMISSIONER GROPP: Thanks very much, Annabel. And there's obviously many, many topics to discuss there, but I might pick up on the supply side funding model that you propose. I mean, we have proposed supply side funding in areas of, like, thin markets, complex needs, and expansion in those areas, recognising there's costs of high, and there's a lot of problems to solve. But, I mean, you said that as a way of dealing with a supply side model, dealing with inequity, et cetera, but I guess it goes to the quantum of funding, because we've got supply side programs at the moment, and we've had them in the past in this area, including block funding in Indigenous areas, et cetera, and while they had those parameters that gave more flexibility, and they had several advantages, but they were often constrained by dollars. So I'm just asking, I mean, there are different aspects of the model itself, but it does come down to what governments are prepared to put in. I mean, even in schools, there are issues around quantum of funding, so I just wanted to get your perspectives on that.

MS OBORNE: Yes. No, thank you, and we do acknowledge that it will take time to get right, and to properly understand the right levels, and the right mix of funding, and that that's critically important to this kind of model working. Kat, do you want to talk through some of the approaches?

COMMISSIONER BRENNAN: I guess there's different kinds of supply side models, and that's partly what Lisa's getting at too, you know, I don't think any of us would be advocating for a model that was unrelated to costs, for example, and we've had different models in the past in Australia. We've had the ACCO's model, and Lisa quite rightly points out that that can lead to great constraint for operators, but we've also had the original model in the Child Care Act where funding was tied to award wages, so we've had a whole lot of different models in the past. So, yes, it would be good to hear about your preferred model, and why you see supply side funding as the way to go.

MS OBORNE: Absolutely. So we would certainly support Lisa, as you've pointed out, around the supply side funding for unserved and underserved markets, so we see that as one form of supply side funding, but moving to a model over time where all services across Australia are provided with that model. So ours is a demand-driven supply side model, and what it would be based on is what we're calling the reasonable cost of delivery. So there would be a base amount that's provided to all services, that enables them to provide a high quality service. And then in addition to that, there would be two additional categories of funding that would be provided. So there's additional funding for what we call 'child-driven differences', so that's effectively, sort of, a needs-based funding, so where people children are experiencing disadvantage, First Nations children where children experiencing vulnerability would receive additional funding on top of the base, and - - -

COMMISSIONER GROPP: It's kind of a school's model, you know, like, the needs-based loadings for different aspects of the childhood area.

MS OBORNE: Well, it will be schools and some preschools, I guess.

COMMISSIONER STOKIE: Maybe I'm - - -

MS OBORNE: And then - - -

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COMMISSIONER STOKIE: No, go ahead, please.

MS OBORNE: Sorry, I was just going to say that the other differences that we do acknowledge within our model is what we would call some 'cost-driven differences', so acknowledging that preschool programs cost more, so you would be providing additional provision for a preschool program, which is often within a centre, or additional funding if there was additional costs beyond, you know, what would be reasonably expected to be run in a service. So it might be geographic costs, so really - - -

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COMMISSIONER BRENNAN: Sorry, I can't see you. Could you just move a little bit closer to Annabel. Sorry, it might be just me, but I just couldn't see you - - -

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COMMISSIONER GROPP: We can see you well here, is that better?

COMMISSIONER BRENNAN: That's much better for me, thank you.

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MS OBORNE: I'd much rather that you see me

COMMISSIONER BRENNAN: Yes. Sorry for the interruption, yes.

COMMISSIONER STOKIE: I think all of us would love to drill down on some of these things, because, (1) your organisation have been thinking about this deeply, and we are being challenged to – a bit like our 3 days, or 30 hours, to actually put on paper what we mean when somebody says 'low' or 'no' cost. And to Deb's point, there are different versions of that, and some of them will have some really positive outcomes, and some might have some really potentially negative consequences. And to Lisa's point, which is, 'Well, you could have a no-cost environment, but if that quantum of funding is so low, something has to give'.

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COMMISSIONER GROPP: Something has to give.

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COMMISSIONER STOKIE: Yes, either quality declines, or services can't be provided, you can't pay enough for wages, or whatever, et cetera, et cetera. So coming back to your point, and I think you mentioned – sorry, I beg your pardon, so many questions. I'm interested in the distinction between when it rolls of the tongue as a statement of low or no-cost, what do we actually mean for starters. And secondly, related to your specific requirement, you talk about a reasonable base, or reasonable base for loading, and I presume you mean some sort of average, or some sort of benchmark level, are you saying, particularly if we had to think about it today, you'll have some relatively high cost services, and they would say, 'Well, we have high costs, because we're in

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the middle of, for argument's sake, CBD of Sydney', or, 'We cater for very high needs children', et cetera, and that would be above, perhaps, what might be defined as a reasonable level. So are we suggesting that this, sort of, block funding element actually comes down, and we should have some centres
5 having less, or are we suggesting that over time, we'd actually go to the highest service paid now, so nobody is worse off. It's often, you know, the argument, no one is made worse off, and then potentially, therefore, everybody else comes up to that level whether they need it or not. I'm just interested, these are some of the very practical levels, particularly, in fact,
10 Annabel's, which is well, over time, you know, what's the lead time, and what does this kind of look like.

MS LOBLE: I might kick it off, and answer part of those, you know, the design questions are really, really crucial, and there's no doubt about that, the
15 implementation. It's also why we understand that there's, kind of, a phasing of this. Now, Lisa, you mentioned, you know, kind of, this is a Gonski-style approach, and, yes, that might be a shorthand description, but we also find efficient pricing in health care, and in other domains as well. So, you know, the work of the ACCC began to surface a lot more of our costs, the sector
20 certainly feels strongly that there's more to be found out. The other aspect that is in development in the early childhood sector is the formulation of an outcomes measure, which could be applied across ECEC, both of which are really important ingredients, that's behind school funding, for example.

25 But Deb mentioned a bit of history that's really important here. So the concept behind base cost loadings is essentially to get an efficient price around what you might call a plain vanilla child, or a student in the case of schooling, and then to create an incentive, and a recognition, of the additional costs that Kat outlined for children, or in the case of schools, students, who
30 have additional needs, are in areas with higher costs, so on and so forth. So it's a transparency, and it's a level playing field around the base, and then an incentive, and a recognition of the additional costs around higher needs to, you know, obviously there needs to be fair compensation.

35 COMMISSIONER STOKIE: What size setting? Leslie that well, can I give you 2 examples?

MS LOBLE: I just wanted to say on the base, I wanted to go back to something Deb said, which is really important here. The wages are,
40 you know, ACCC says, 69 per cent, which is rounded up to 70 per cent, wages are 70 per cent of the cost of delivery. We have a lot of data on that, it would even out the bumps that are across nationally across services, you can peg it to enterprise agreements. There are a variety of mechanisms that you could at least potentially start with looking at wages as a benchmark, and then
45 see how close you come to, as you said, whether it's an average cost, or those sorts of things. But when you pick up 70 per cent of the cost, and in fact the most important part of the cost, that might be a starting point. And as Deb pointed out, that was there historically.

COMMISSIONER BRENNAN: One of the things that I find attractive about it is that we might actually find out something real about the costs of delivery. The ACCC has done very valuable work, and they've given us some key messages from their inquiry, but most of us, I think, are still none the wiser about what it actually costs to deliver an ECEC service. And for me, that's one thing that I'm really interested in, but that would of course require providers to be pretty transparent about how they operate. I mean, some people would say, 'Well, that's just a huge and inappropriate burden to put on to providers'.

MS OBORNE: Yes. So we would definitely say that this model is exactly as you're saying, Deb, it's about better aligning the funding to cost. So at the moment, exactly as you have outlined, we don't know that funding is aligning to cost, it's really based on what parents are willing to pay. And so moving to this approach allows us to have that transparency. And so what we've been recommending is a couple of things. So we've recommended if you move to a model like this, we recommended that you would establish an independent pricing authority that would do this work, and would be part of thinking through what the cost is. But we've certainly also thought about that we understand that it would be, at least initially, like, additional administrative costs on services, so where we can build into support services in that way, or if there are other ways that we could build in approaches around, you know, consistent reporting that services would do year on year, or at whatever time period they've been asked to report on that information and data. So that's absolutely what we're thinking.

MS LOBLE: The other thing, on the reporting point, I would just say, again, to draw on school funding. Obviously, we had a lot of public school data, but then there was then sampling used as well, and then presumably there are certain categories that would get identified, so it wouldn't be necessarily every single line item of every single service. There would be ways to minimise the administrative impost.

MS BROWN: Just to say, I think this move to this kind of funding approach is really consistent with us developing a universal high quality affordable system accessible to all Australian families. So it is moving from that understanding of it's nice to have, to something that's, sort of, central in Australian social compact, and the available services to families. The government is investing large amounts of money into that service system, and it's not unreasonable to believe that the different actors in that service system are transparent, and are on the same journey to developing the system. So I think moving away from that idea of it being burdensome, to actually just be what you need to do to be an active part of delivering the universal service in Australia.

COMMISSIONER STOKIE: I was going to raise before, sort of, some examples. You mentioned school funding, and I belabour this because we genuinely being tasked to think about this, and be bold, but therefore have to put on paper. And the challenge in my mind is, 'Well, okay. What's the final

price?' So is what you're talking about here effectively a capped price, so it has base level with some loadings, and that's what everybody would have access to. Even in schools, if parents so choose, they can, if they can afford to do so, and very large numbers do, avail themselves of non-government schools, and there is some level of government funding towards those non-government schools, and those prices in those non-government schools aren't regulated in that sense of what's capped.

And I also give the example of, say, Medicare, which is in our terms of reference. So if you think about a Medicare rebate for GPs, and I'm using that specific example, it is a universal, it's not means tested, you know, you go to the doctor, but there are many, and probably you might argue most, doctors will charge out of pocket fees, and those fees aren't capped, so it's hard to find a bulk billing doctor. So I'm trying to get to, which is it feels like it sounds like there's a base level. If you went to schools, it feels like what you're arguing for, or suggesting, is that it's capped. But you mentioned low or no-cost, so we're talking about the no-cost model, and I'm wondering what the low cost model looks like, and what's the end outcome of the total resources available to an ECEC service. If it's low, it's the combination of whatever government is prepared to put forward, and presumably what parents are therefore able to, or asked to, top-up. So I'm just wondering, in you're thinking these things – and you can appreciate, at least to me, these things matter, they go to how do you cater for the specific needs of individual children, and families, in the myriad of diverse environments in which they operate across Australia, even if, as the ACCC says, they're operating in very localised markets.

MS OBORNE: I can speak absolutely around the low cost. So we certainly see that we can - so our reasonable cost of delivery model, where it has the base funding, and then loading for children's needs, and for additional costs proven, can have a capped fee associated with the work or it may not. But in our ideal vision, it would have a capped or a set fee. What we put forward in our submission is a number of different options about how you could do that. So I know there's a lot of talk around the Quebec, or the Canadian, model around a set per child amount, but there are other examples of ways in which you can do that. You can have a fixed parent's income, they pay a certain percentage up to a certain amount of their income, or it could be based on income brackets, is another example from other countries where parents, within a certain income bracket, pays a set fee that goes up as parents and families earn more. So there are a range of ways, I think, that you can implement a model such as this, particularly over time.

COMMISSIONER GROPP: If you do have one that's income-related, I mean, that's essentially what we have now, but you just envisage that that would be a lower proportion of income than it is – I mean, the people who are paying now, the households are very high incomes. So you think that there's, you know, a strong case for them to pay less.

5 MS OBORNE: So there's probably two points to that. So one is that it would be based on a percentage of income, but it would be capped. So at the moment, you know, out of pocket costs can be charged at any rate that a parent is willing to pay, there's no upper limit on what a parent, you know, a fee that can be set. So these fixed fees would set fees at a certain price points

10 COMMISSIONER GROPP: Do you envisage, a bit like Martin was pointing out that, I mean, the school system, if parents wanted to take their base funding somewhere, and pay higher fees, that they would be allowed to, or it would just be they would have to use the system?

15 MS BROWN: I think the most important thing is at the moment, in areas where there is a high possibility to pay, or a willingness to pay, then those services can charge very high fees, which can be completely affordable to other families in those places, so that leaves a range of families where there isn't a service available to them. In this situation, for delivery of a universal service, providers would need to make places available to families at an affordable cost to them. Whether there's the possibility of then liking the schooling system, providers that want to actually jump outside of that system, and - - -

20 COMMISSIONER GROPP: But they do take a level of government funding with them. They take a base entitlement with them, and - - -

25 MS BROWN: Then that could be possible. We could have really worked - - -

COMMISSIONER BRENNAN: But that's a voucher, isn't it?

30 MS LOBLE: Exactly, yes.

COMMISSIONER BRENNAN: I don't know - - -

35 COMMISSIONER GROPP: It depends what we're talking about in essence, though, isn't it, it's an entitlement, it's a - - -

COMMISSIONER BRENNAN: No, I think we're talking about supply side – well, I shouldn't – I don't know.

40 COMMISSIONER GROPP: No, it's a different - - -

45 MS LOBLE: I think that's – a couple of things, I want to go back to one thing that Annabel said just a moment ago. I think one of the biggest reasons we came around to having some form of set fees, rather than uncapped fees, or even allowing it to go much beyond those set fees, is because we see that there's a lot of benefit that comes out of that. Universality is incredibly important, and the concentrations of disadvantage we see in schooling is not something that we would want to design a system for in early childhood. We have the benefit of learning a bit of what's happened with the pluses and minuses of different funding systems, and the concentrations, as you would be

aware, are getting much worse, which then raises the cost to government of trying to rectify those, as well as the economic and social costs.

5 So on balance, we looked at this not just from the cost side, and how to structure a system, but also the benefits, and the total impact that it could have. And we, in the end, decided that the combination of supply side funding with some form of set fees, deliver a lot of benefits by pulling a lot more children into the system by giving stability, and predictability, to families, and therefore enabling greater workforce participation, plus the education benefits for children. So this is the entry point into our learning system in Australia, so I guess we put a very high priority in that way on the universality, and the inclusion, and the like. So it's two parts of a system, and you're right to call those out, and ask about them. And one is the supply side, and I just, as Deb said, it's - - -

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COMMISSIONER GROPP: I take your point, yes.

MS LOBLE: Yes, okay.

20 COMMISSIONER GROPP: Because we did some preliminary modelling, and I stress it's preliminary, and, yes, I mean, certainly at the lower end we saw a big response in participation in ECEC, and workforce at the lower end, and that's what we were targeting. It wasn't as great at the upper end, but, as I stress, that was preliminary modelling, we're delving a lot more into that, because at the higher income end, people were largely working, and they're the children who were participating. But what did you find in your... is that consistent with what you found, or you found something different?

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MS LOBLE: Well, I'll let Kat - - -

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MS BROWN: I'm not sure we've got the question, sorry, Lisa.

COMMISSIONER GROPP: I just wanted to get in a sense - because we were talking about the participation response of children in ECEC from your proposed model, and I was just interested in where that response came from. As I said, we found it came in our preliminary model, and, as I said, I stress that it's preliminary, we were doing further work, but it was certainly a big response for children who aren't currently in the system, coming in at the lower income levels. I was just wondering what you saw in your modelling.

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MS OBORNE: Yes. So we haven't modelled out in the way that you're talking, but what we know from the research, and the evidence, is that we will see increased participation around children who experience disadvantage. But one of the benefits of our model is actually that we see vulnerability existing across the population, and so while there will be increases of numbers of children who will join, and who will be able to participate in ECEC, it's also about, through our model, ensuring that all children who are participating, are also being supported to participate equally, and are being given the resources that they need so that all children across the population can start schooling

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well, so that they're really set up to thrive. So it's both of those two aspects of new children joining into ECEC, but also in trying to pull children who once in, are being supported.

5 COMMISSIONER BRENNAN: We've got so much to cover in your – were you going to take us somewhere else, Martin, because - - -

COMMISSIONER STOKIE: I was, but keep going.

10 COMMISSIONER BRENNAN: Yes. Well, I just wanted to say that we've got so much to cover, and many, many things interest me, including – well, the next thing I was going to raise probably flows on, and that's about gradual introduction to supply side, but actually there's so many other topics that maybe - - -

15 COMMISSIONER STOKIE: You go ahead, Deb, because I was going to go on to timeframes, and phasing, so it sounds like we're in sync, so we've converged. Please go ahead.

20 COMMISSIONER BRENNAN: Okay. So I was interested that in your submission you don't, sort of, propose a big bang, 'We're about to turn the system upside down, and go to supply side', but you have some specific proposals about phasing in what you see as your preferred model, and I think – time is so short, but I'd like to hear a little about what you've said about –
25 and I'm just looking at your submission – the wages supplement, trialling in selected communities, and then introducing by age cohorts.

MS OBORNE: Yes, so we had certainly thought, and we have debated back and forth, about whether you could, sort of, turn one off and one on, but we
30 thought that a way in which, particularly given that we know that it will take some time potentially to really determine the price, and, you're absolutely right that we need to get the price right if we're going to move to a model like this. So a way in which we could think about a transitioning or a phasing in
35 of this approach, is to introduce elements of the supply side funding over time, and we've certainly, in the end of our submission, we've got a three phrased approach that you could use. And I would, sort of, caveat that phasing in the supply side model also requires a number of critical system elements in place. So we absolutely have to be, you know, growing and enabling the workforce,
40 we need to be ensuring that, you know, there's other system architecture in place to be able to deliver on it at the end.

But some options that we put up for consideration were things like: initially a wages supplement, that could be brought in as a supply side model; that you
45 could build the needs-based funding element through a supply side again, a slow introduction of another element of the supply side model. And over time, that you are continuing to test and refine this as we go. And so services wouldn't be, you know, immediately cut off from one system to another, but we thought that that may be a way of a more gradual introduction where we can test and try over time to get that out.

5 COMMISSIONER BRENNAN: One interesting thing about that to me is that, at the moment we really don't know about the costs, and there is no such thing as public long day care. But by trialling it, which could actually discover something about the real costs, and I think that would be a useful thing for government. But anyway, I'm sure my colleagues have got other thoughts and questions on that proposal.

10 MS BROWN: It's certainly a really important point, Deb, I think, and we're obviously also advocating, as are you, for government to be more active stewards in the system. That, alongside a supply side funding model, it just needs that more skin in the game that can really understand the true cost, and the variability in cost, and how services could manage that, how that can be best supported..

15 COMMISSIONER BRENNAN: Okay, thank you.

MS BROWN: There were some other - - -

20 MS OBORNE : I think that's their question.

MS BROWN: That's - yes.

25 MS LOBLE: Look, I was just mainly jumping ahead to something you were going to raise, but I just think also in this initial phase is an agreement across Commonwealth and state, and that's an important plank of what we're saying that at the moment the system is confusing at times, even overlapping. So when we think about resources to support a new system, I think we also need to be thinking about the resources that states and territories are also putting in, and where the appropriate balance of roles and responsibility are.

30 MS BROWN: And I was just going to point out, sorry, on the phasing in. We also put forward options of trialling in a number of selected communities. We're suggesting that it's not just about unserved and underserved communities, because actually they've got some characteristics that are probably common amongst them. Whereas, if you actually worked across a number of the variety of communities that are unserved, then you get a better understanding of actually how the trialling was playing out, and how it worked in different locations, and in different communities. We've also suggested that that could be a possibility of introducing it for selected ages. So if we wanted to move faster, for instance, on three and four year old preschool, it would potentially do it by ages. There's obviously going to be complexity in doing that, but those are some of the ways that we thought we would transition.

45 COMMISSIONER STOKIE: I was just going to ask you to, sort of, 'crystal ball guess' a bit. We're talking about programs, and Deb's point around phasing and priorities, we have a series of recommendations, and we've stopped short talking about the wages, and the terms, because other than

acknowledging that we can't do anything in this sector without improving the conditions for educators and teachers, and that's a priority, but there is a process that's underway. Whether that's going to be sufficient, and adequate, that perhaps needs to be worked through, but we're proposing to lift income support to effectively make it free for those who are on low income areas, and increase the amount of inclusion support, supply side funding for underserved, and unserved, markets. There's just a timing, national partnership agreements, Leslie, and getting the states, and, you know, there's just a realistic time level of effort that would be needed before we could end in that, sort of, almost see state or grander ambition. So I was interested in your thoughts around phasing. I have asked others that we've spoken with, and people think about this in a very considered way, and we respect their opinions. So what's your view on what time it's going to take, and when do you pull the trigger on said grander ambition?

15 MS LOBLE: So we've made out, in our submission, a 10 year timeframe that we think is ambitious, but doable. So in, sort of, three phases essentially. Do you want to run through the kind of priorities in each phase, Kat.

20 MS OBORNE: Well, we call phase one, sort of, laying the foundations. So that's where we're really working around, ensuring we've got the entitlement, we're relaxing the activity test, we're putting in the wages subsidy, we're setting up some of that architecture around the pricing authority, and doing that initial work. We're starting to roll out, as you were saying, Lisa, around supply side funding for underserved and unserved communities, and we're really working very hard on workforce. So workforce attraction and retention is absolutely a critical element of that first phase.

30 Sorry, I've just skipped over my page, so I'm going to get back... And so what we would then be looking at is that's really, what we've said is setting that foundation, and putting in place some of the necessary pieces that we know would be built from. We then move to, sort of, phase two, so that's sort of, in the middle of our 10-year horizon of thinking that we can then start to roll out some of the supply side funding elements that we were talking about in that phased approach, continuing to support services, potentially it could be about supporting preschools then to start to move into the national entitlement that we had been talking about, really building out the data architecture, really building that base of information that we have and know that we can really use to then inform that final phase, which for us is then really that final phase. We would recommend you actually remove the activity test, because at that point we should have built enough supply that we meet demand at that point, and that that new funding model can be rolled out.

45 COMMISSIONER STOKIE: Do you see them as three equal stages over 10 years, let's just, you know, pervert the maths and say three year increments, or three years and a third, or are you suggesting that they're stage gates, as in you don't proceed to stage two until you've completed stage 1, and you don't proceed to stage 3 until you've completed stage 1 and 2, and they take as long

as they take. If it's a year, great, if it's 10 years, well, we're still in stage 1. I was interested in your views.

5 MS BROWN: Look, we haven't discussed that, and we've got it in, sort of, equal phases roughly.

COMMISSIONER STOKIE: Right.

10 MS BROWN: But I think, you know, the point you make is an important one. Actually, in practical terms, there are some foundational pieces, and bits of work, that will need to be done before the next phase can be entered into. I think what we would really want to avoid is this, sort of, trialling, but never actually becomes actual.

15 COMMISSIONER STOKIE: Yes.

20 MS BROWN: And I'm sure we're all very familiar with that sort of formal process, that essentially stops dead after the first phase. So that's why in our submission, we've really encouraged you to be very bold about that big reform vision that the sector and government should work towards, and to make that as clear as possible. So really, it's about we're not phasing reform, we're just phasing its implementation.

25 COMMISSIONER STOKIE: Indeed.

COMMISSIONER STOKIE: You've offered a very pragmatic, and helpful, approach of thinking about this in the stages that need to be completed as implementation. So thank you very much. It's very, very helpful.

30 COMMISSIONER BRENNAN: Yes, we do think that - - -

COMMISSIONER STOKIE: Yes, I'm asking you the questions that you're asking yourselves.

35 COMMISSIONER BRENNAN: Yes, and we appreciate that you don't have the resources of the Productivity Commission to model these things. But I think I'd like to acknowledge the enormous amount of work, and as Martin and Lisa have said similar things, that you have put into the inquiry, and into the submissions, not from an interested stakeholder perspective, but from giving your best efforts to thinking about the design of good policy, so we
40 really, really appreciate that.

45 MS BROWN: Thank you so much. And look, we enjoyed being on this journey with you, so thank you for all of your work as well.

COMMISSIONER BRENNAN: Thanks a lot.

COMMISSIONER GROPP: I mean, before you go, do you have any other things that you really wanted to raise with us?

COMMISSIONER BRENNAN: Yes, come back.

COMMISSIONER GROPP: Last dibs.

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MS BROWN: Probably just one thing that we haven't discussed is quality, and one of our recommendations is for quality to, sort of, take its place amongst the other key design principles for this system. We do think that it's extremely important that quality is upfront and central as a very important feature of the system, and that we've really thought through, in the design of the system, how each of the component parts is contributing to quality. What we've suggested goes beyond just the regulatory arrangements, and of course it's very linked to workforce as well, as the, sort of, key in-service quality feature. So, yes, maybe to just make a plug for quality. And otherwise, we've probably covered everything. Leslie, unless there's something further you - - -

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MS LOBLE: No, you guys have a heavy schedule ahead of you. We're happy to follow-up in any way.

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MS BROWN: Absolutely.

MS LOBLE: Thank you for the good questions, that's great.

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MS BROWN: And really, there's more work that we've got here, so we're really happy to provide a little bit more.

COMMISSIONER BRENNAN: Thank you.

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COMMISSIONER STOKIE: Thank you very much, all.

COMMISSIONER BRENNAN: Thanks a lot.

MS OBORNE: Thank you.

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MS BROWN: Bye.

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COMMISSIONER GROPP: I'd like to welcome Cara, and Nicole, is that right? You can hear us, okay, and can you see us in the room, and Deb online. Okay. I'm Lisa Gropp, I'm joined by Martin Stokie, and Deb Brennan. We're the three Commissioners heading up this inquiry. I know you've been watching for a while, but just to remind you that these hearings are being transcribed, and the transcript will be made publicly available. And also you should be aware that there may be observers, just interested people, but also media possibly listening in at the moment. I can't tell you, because it's all online today. We had some in person hearings the other day, but when it's online it's a bit hard to have line of sight. But anyway, welcome. And I'll just get you to say who you are, and where you're from, for the purposes of the transcript, and then hand over to you to make some opening remarks, and then we can have a chat.

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5 COMMISSIONER STOKIE: Perhaps I could just say before we do that, well, thank you, we have met before, and thank you for your submission, and your input, along the way, it's very helpful. So we're rounding out, this is part of our public hearings now, so thank you.

MS CALNAN: Thank you. Hopefully you can hear me.

10 COMMISSIONER GROPP: Yes, loud and clear.

MS CALNAN: Fantastic. Great, thank you. So we welcome the opportunity to present our views today, and certainly to have been able to make the submission to the inquiry. Certainly, 2023 was incredibly big year for early childhood education and care, not just with this inquiry, the ACCC inquiry, 15 the early year strategy work that was happening, and now this year it hasn't, sort of, let up with the JSA workforce. Study that's happening, as well as this work continuing, it's so incredibly important, and the opportunity for children and families, but children and young people, in particular, and what it might mean for their lifelong learning outcomes.

20 So notwithstanding affordability, and accessibility of early childhood, which is a big issue for the 78 per cent of our membership who are women, and of course the AEU represents over 195,000 teachers and educators across all of Australia's states and territories, so access, particularly for our teachers and 25 our members in regional and remote communities, but also affordability for our members is an issue today. But what we'd like to focus on is two years of preschool for all children across Australia, the workforce, and certainly Cara has got some contributions, and some thinking there, and also equity. And I know we weren't online for the whole of the centre for policy developments 30 hearing, but noting their comments around a needs-based funding system for early childhood, particularly for preschools, we have a needs-based funding system for schools, and all of those loadings, what they represent, don't start when children start formal schooling. They, of course, exist from birth.

35 So I think we've got a lot to talk about, because at the moment, access to two years of preschool depends on where you live around our country, with some states rolling that out, others not quite there yet, but certainly recognising the call in your draft report for national stewardship. For this, we need a national plan that can ensure that all children can access two years of high quality 40 public preschool no matter where they live. And quite rightly, your reviews acknowledge that the market-based model has resulted in undersupply, and that availability is poor in regional and remote areas, and communities experiencing high levels of socio-economic disadvantage.

45 Yet, in all of these communities, there is a local public school. And in three separate reviews published last year, the ACCC inquiry, the Better and Fairer Review for school funding, they've all – and it's not just last year, for the last 10 years, reviews have recommended better integration between ECEC services, schools, allied health, and health services, so it's really simple as to

why that is. It's because it will lead to better outcomes for children, and so we need governments to invest in the infrastructure needed to expand co-located services, and to build the new ones necessary to service the communities that are simply missing out. And we know that governments can do it. The
5 Victorian government has shown that they can do it to coincide with the roll out of their three year old preschool program; and last month
New South Wales, it's been a long time coming, but they've finally announced an expansion of publicly provided preschools in New South Wales to be delivered as well. And without a national plan, we fear that there will
10 continue to be children that will miss out, and be left further behind.

And so our priority is around the two years of preschool, and developing the workforce, supporting the workforce, to be able to continue to attract and retain the teachers that we need in the sector. We know the reasons that
15 people start these teaching degrees, but what we're hearing from our members, that they're in a school, they're in a setting doing a practicum, a professional experience, and then the overwhelming workload, and often citing, 'And we're not getting paid the same as a school teacher, and yet our qualifications are equal'. So there's lots to be considered there. And whilst the Fair Work
20 supported bargaining agreement will go some way to improving wages, we're not certain that it will go any way to improving the conditions of teachers in the sector. So, Cara, I'm not sure if you wanted to make some opening remarks.

25 MS NIGHTINGALE: Thanks, Nicole. No, I think you've captured our intent for today. Thanks.

COMMISSIONER GROPP: Thank you, both. Thanks for that. Can I just clarify, when you say two years of preschool, what sort of hours do you have
30 in mind? Is it the 30 hours for four year olds, or 30 for both, is that something that - - -

MS CALNAN: Yes, I know when we put our submission, I think we said
35 20 hours of preschool. But I note that the call for 30 hours is there as well. Clearly, there's work to be – yes, things kept changing and developing each time submissions were made, and inquiries were released. We would support certainly 20 hours for three year olds, 30 hours for four year olds. But at the moment, we've just got to make sure that they can access it.

40 COMMISSIONER BRENNAN: And, Nicole, I guess like Lisa, I'm honing in on, kind of, a definitional question. But when you say 'public preschool', do you mean publicly funded, publicly delivered, I mean, bearing in mind that a lot of three and four year old children are in long day care, and a lot of long day care is not publicly delivered.
45

MS NIGHTINGALE: Yes.

COMMISSIONER BRENNAN: Could you just tell us a bit more about your thinking there.

MS NIGHTINGALE: Yes, certainly our policy is that it would be publicly delivered if it was co-located with a public school to be able to provide those services, particularly in those communities where there is no other access to either a long day care centre particularly, so integration of - - -

MS CALNAN: Right, so were talking about reimagining the - - -

COMMISSIONER BRENNAN: Yes, I can see that makes sense where there isn't a service, but there is a school.

MS NIGHTINGALE: Yes.

COMMISSIONER BRENNAN: I'm less clear about how it would work for children who are in long day care now, and receiving their preschool in that context. So it wasn't as clear whether you had envisaged that those children would move out of the long day care setting for preschool, or something else.

MS CALNAN: Yes. We know that in some states, in South Australia, for example, that children are able to move between services to access long day care, and preschool on the same day in some circumstances. Look, it's a massive system, but it's a system that is broken somewhat. Whether that's because the delivery model, the market-based approach isn't working anymore, because it's reached that saturation, sort of, model for the market, so to speak. And I think we've heard – I'm not sure if it was in your report, or in some other report, where they talk about that the yield isn't there in some communities for private providers to set up services. So when we're talking about the education and care of young people, of children, we have great difficulties, sort of, relying on private providers that simply don't go where there's not money to be made.

COMMISSIONER BRENNAN: Right.

MS NIGHTINGALE: Can I add to Nicole's response just in terms of your question around if children are accessing kinder in an early learning centre. The example that I think of is what's happening in Victoria where there are 50 early learning centres that are going to be built, and they will be government owned, and run, and teachers and educators will be employed by the department, and they're going into those child care desert areas where there is that need, because we know that it's less likely that a private provider will go into that space, and so the public sector is filling that gap. So you've still got access for the zero to three children, the kindergarten program is still part of the early learning centre, but it is still public provision because the department, it's government run and owned, so that's an example of where that will commence here in Victoria.

COMMISSIONER BRENNAN: Right. So one of the challenges we've observed as we've gone around the different states and territories, is some states do have a lot of publicly provided preschool offered through public

5 schools, but it tends to be, well almost always, it is very limited hours,
extremely limited in some cases. And certain weeks of the year, you know,
mirroring schools basically, and that doesn't work for a lot of parents. I'm not
sure, but you may have seen in our draft report that we've recommended that
child care subsidy be available to preschools who want to offer wraparound
care, which we think would make a lot of services more accessible for
families with paid work. But I was, kind of, getting partly at that issue when I
asked you about the public model, because that's a real limitation that we've
observed.

10 MS CALNAN: Yes. No, we understand that, and certainly, like, when we
talk about wraparound services, out of school hours care for preschool aged
children in those circumstances is one of the services that we would be talking
about to provide that wraparound care for children attending preschool
15 programs.

COMMISSIONER BRENNAN: Right, yes.

20 MS CALNAN: And perhaps we need to articulate that more clearly.

COMMISSIONER BRENNAN: Right.

25 COMMISSIONER GROPP: Thanks for that. And can I ask, if you're having
30 hours of preschool a week, that's quite a lot of hours, and it's wraparound.
It sort of morphs into a long day care, sort of, situation really, doesn't it? I
mean, when does it become the same thing, because 30 hours a week is
five/six hours a day, and it's quite a lot for children. So I'm just getting your
sense about how it actually operates in practice.

30 MS NIGHTINGALE: Children in long day care are already attending long
hours. So for a lot of children, it's - - -

35 COMMISSIONER GROPP: It's about six or seven hours, that seems to be
where they - and, yes, not necessarily for five days a week either.

MS NIGHTINGALE: Yes. In some instances, and in some there, we know
there are children that are there every day, and for the hours - - -

40 COMMISSIONER GROPP: Yes, some do.

45 MS NIGHTINGALE: - - - the family need. There is research that shows that
30 hours of high quality early childhood with a highly qualified teacher is
extremely beneficial to children, and where we know there are services that
are already delivering those longer hours, or those longer days, it's about the
capacity of the workforce to have a really good understanding of pedagogy
curriculum, and how you are structuring your day, because it's that care
element. So you've got the education, and then it's that care element that
comes into it because they're younger children, in terms of what does the
routine and the curriculum look like if children are attending kindergarten for

longer hours. And so that comes back to the workforce piece of their capacity and expertise in being able to deliver that, and making it really high quality as well. I don't know if that exactly answered your question, but - - -

5 COMMISSIONER GROPP: Yes. And I guess, then, how does it differ from an actual centre-based day care, which is deemed to be providing a preschool program.

10 MS NIGHTINGALE: I mean, in an ideal world, should there be a difference, because high quality education, and access, to funded preschool - - -

COMMISSIONER GROPP: Agree, but I just - - -

15 MS NIGHTINGALE: Yes, I agree that there is some work to do, there is some disparity there. But I think the long term outcome, if anything, from this can be that parents have the choice, dependent on the hours, location, et cetera, to choose a preschool program, and that they're going to get the same level of quality, and a qualified teacher to deliver, whether that's in a sessional kinder, or whether that's in a long day care setting.

20 COMMISSIONER STOKIE: I perhaps wanted to take you back, Nicole, to your earlier point, and seek your council insight around the multi-employer bargaining process. You mentioned that it will go some of the way, but perhaps not all of the way. I wanted to understand what, in your mind, would go all of the way, and I preface that by saying, well, yes, you could think about, well, they're qualified, and primary school, and perhaps certain conditions and wages, but early childhood education and care has, potentially, quite a different – or aspects of it are quite different, certainly the age of the children, the demands of the children, and the needs of the children are different play-based learning, et cetera, et cetera.

35 And so, in your mind, longer term no doubt, there is an ambition to have better wages and conditions for educators and teachers in the EC sector. What does that look like, and how far would the current multi-employer bargaining process go, in your mind? We see that the educator and the teacher challenge is the number one and priority issue. But we're grappling with, 'Well, what does that actually look like?' We've got a whole lot of recommendations in there, but we kind of steered clear of wages and conditions, because that was a process that's underway, but maybe we need to turn our mind back to aspects of that, so I wanted to ask.

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45 MS CALNAN: Thanks. And certainly Cara's involved in the bargaining, so we'll certainly have some insights to it as well. I mean, for a long time now, primary school and secondary teachers, despite the nature of their work, and the ages of the children that they teach being different, there is pay parity for teachers in primary and secondary schooling. It's our view that there should be, at the very least, pay parity between teachers in early childhood, and teachers in primary and secondary schools. Some could argue that, indeed, the work of an early childhood teacher is far more complex, because of the

stage of brain development for children at that point in time. So at the least, we would say, pay parity with school teachers. We don't have national salaries for teachers, but we would say pay parity with teachers in that regard.

5 And going back to the co-location with schools goes some ways to improve the conditions of early childhood teachers in that our members, in some states and territories, tell us that they feel incredibly isolated if they're the only teacher in a centre in a setting. If they're located at a school, they're with other teachers, they're with other professionals that are engaged in teacher
10 registration processes, for example. There's opportunities for that dialogue to continue, and indeed we had an incredible presentation at our annual conference just recently from a kindergarten director/teacher on a co-located site talking about the benefits, not just for the teachers that he supports in the centre, but also across the school, and what it's meant for professional learning
15 throughout the school in terms of better understanding play-based curriculum, and the importance of it, and seeing some of the teachers adapt some of the pedagogy into their classrooms, and wanting to learn more from the early childhood teachers in the school.

20 So co-location offers so many benefits, both professionally, but if teachers are teachers are teachers, and paid at least the same, but the planning time for teachers in standalone settings, access to professional development is challenging for them, so providing them with supportive environments in which to engage in collegial and professional discussions is certainly really
25 important. And how we set up and establish those networks in a better and more structured way, I think would go a long way to supporting the profession. Cara, in terms of the multi-employer bargaining, because we're not talking about huge numbers either.

30 MS NIGHTINGALE: Yes. So I'm in the room with the multi-employer bargaining at the moment, and Nicole's touched on it, but the biggest issues for our members, particularly teachers, you know, a teacher is a teacher is a teacher, there should pay parity for that. But to go back to your question
35 around what else is it that they would need in terms of conditions and entitlements, the top ones are access to the 10 week leave model, so all of the school holidays like teachers in schools get, extra personal leave, like in school access to professional development, and the biggest one is access to extra planning time. Two hours a week, if you're basing it off what the
40 modern aware notes, is nowhere near enough to do your planning, assessment programming, engage with families, mentor, have team meetings, do shared planning, engage with allied health professionals, so we know they are doing a lot of unpaid work at home simply just to do what's required of them, not all the extra work as well.

45 So they're kind of the top issues if we get the pay right, because the pay's about reflecting the value and the expertise that they bring, but the conditions for them to their job, to do it well, to deliver high quality outcomes for children. And again, teachers get more time away from children to do that than you generally do in early childhood. And members are very clear, but

addressing the workload looks at the well-being, the burnout, and the stress, the increase to the pay rise is addressing the value in respect of the work that they do, they're kind of two different things. So it will be interesting to see where the quantum of a pay rise lands, and how long that retains the workforce, or whether it brings people back. But I think that's only one part of the picture, we need to go into that other space as well.

And then the scope of the multi-employer agreement currently will cover 15,000 teachers and educators. That's a really small cohort when you think about the entire sector across the country, and so there's work to do about scoping the rest in, and how long will that take, and will government funding be provided with that scope in. Because what will happen in the interim is that there'll be a three tiered system. So you'll have union bargaining agreements that have been in existence for a while that are significantly superior, and then you'll have this MEA with a wage increase will be the focus, and then you'll still have the rest of the sector sitting on the modern award. So that kind of exacerbates the issue in the interim until we can bring the rest of the sector in.

COMMISSIONER STOKIE: Okay, thank you. I suppose my mind naturally goes to, for early childhood education and care, and I appreciate we're talking about the preschool in the main here, but historically it's been a duality of the service, both in support of learning for children, and also in terms of allowing for wider labour force participation, not exclusively but significantly for mothers returning to work. And to hear when you talk about some of the elements, Cara, and maybe there are different ways you could deliver this, which is the 10 weeks of non-teaching time, they're not actually 12 weeks of annual leave, it's 10 weeks of non-teaching time, and four weeks of annual leave, as you know. To sort of almost mimic the school year – in fact, we have outside school hours care to cater for this, because we've acknowledged, and there's a process that acknowledges, that in fact people have lives that don't necessarily fit within the structure of the school year and term.

And so I just wondered, can you envisage a situation where the terms and conditions are tailored to both the needs of the educators and the teachers that give a degree of what might look like, and feel like, an appropriate recognition for their skill, and their demands, and the challenges that they face, but also the reward that they're involved in, whilst also still delivering for children and parent's needs at that age?

MS NIGHTINGALE: Yes, absolutely, and it happens now in Victoria. So where we have early learning services that are part of our benchmark agreement here with VECTEA, the teachers, their entitlement is – yes, you're right, it's the four weeks' annual leave, plus the non-teaching period as well. For a funded kinder program, the funding is applied by school term basis. So you're not required to have a teacher delivering the program during the school week holidays, and so that can be delivered by an educator, and you're not putting the funding at risk, and it also means that children and families can still access the early learning service because, as you said, for their

circumstance, that is probably a need. So it can work, and we know it can, because it's already happening here in Victoria in that context.

COMMISSIONER STOKIE: Okay, thank you.

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COMMISSIONER GROPP: Thanks. In your talking points, you also raise the issue of equity needs-based funding, and for dedicated preschools, I understand. Could you take us through, because they're outside the Commonwealth system, and in terms of Inclusion Support Program, you want another stream, is that correct, what you're asking for, another stream of funding based on the needs of children in dedicated preschools?

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MS CALNAN: Yes. Like, I was looking down at the dot point going, 'Yes, that's what we need'. So for our public preschools, I mean, needs-based funding is critical to supporting all children to be able to reach their potential, be it because the complexity of need exists in a preschool class in the same way it does when they start their first formal year of schooling. So what resources, what support, does the teacher need in those circumstances to be able to tailor the learning for individual children, for cohorts of children. Is it that there is a need for additional educators to support the learning in the room, smaller cohorts of students working together with a teacher, or with an educator, or that one on one support to learn and be supportive in the development of their social skills for better integration and support in the classroom. We have Inclusion Support Funding for children with disabilities, but there's a long way to go for support for children with disabilities in early childhood services.

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And we know that – well, I don't have to tell you, you've got all the research, you've done it all in terms of the children that are missing out, and are starting school behind. So when they're in those concentrated cohorts when they start school, it's recognised that these children may need some additional support, we may need smaller class sizes, we may need one-on-one tuition, we may need to spend some additional money on occupational therapists, or speech therapists, to support children as they come into school, or working culturally sensitive programs for children from Aboriginal and Torres Strait Islander background, or culturally and linguistically diverse background, the employment of support workers to work between school and home. They are able to do that because there's additional money provided to the school to be able to do that, but early learning services don't have that funding to support those children before it gets to school. And children that start school behind are more likely to stay behind. So what is that we can do before they even start school to better support the transition to school, and enable that transition to be set up for success by providing greater resources to support them before they start school?

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COMMISSIONER BRENNAN: You mentioned the national workforce strategy in your talking points, and I just wondered if you'd like to elaborate at all on what you see as the appropriate ways of giving effect to the strategy, or make – yes, making it stronger, more effective.

MS CALNAN: Yes. I mean, certainly Cara's got a lot to say about the workforce, we both have, but a 10 year plan is great, but the needs of the workforce are more urgent than that. The initiatives can't wait for a 10 year strategy to be rolled out, so the strategy itself, there needs to be greater resourcing for some of that work to be sped up in order to support what is needed, the support and the development of the workforce. And some of your recommendations go to that in terms of mentoring, and professional learning, and paid placements for teachers. So I might throw to Cara, because I know that she's done the prep for this part of it.

COMMISSIONER BRENNAN: Yes, that would be great. Because, you know, obviously we love to hear where we've done something , but equally where there are gaps, or where we haven't gone far enough, this is your chance to tell us.

MS NIGHTINGALE: Thank you. I think there's some great initiatives that are already happening in the attraction space, and, you know, that high find of teachers, and there are always lots of other ways, you know, free scholarships into an early childhood qual, or even the pathways of fee TAFE, et cetera. But I think there needs to be more emphasis and thought put into the retention of the workforce, because it's one thing to get them in and, as I said, there's some good incentives already happening, but we need to keep them, and we know we're not. So obviously, one of the retention is the pay and conditions piece, but when I speak to experienced members, it's about career progression opportunities, and what does that look like in an early childhood context. So, (1) it's mentoring, they want to be remunerated accordingly to do so; or it might be a secondment position where they can share their knowledge and expertise with that next generation of teachers in whatever, you know, context that would look like; or being able to go into TAFEs or uni, and provide lectures. Like, there's a whole array of things that they talk about in career progression, because in an early childhood context, there's not a lot of leadership outside of - - -

COMMISSIONER BRENNAN: Pretty flat.

MS NIGHTINGALE: Correct. But what they say is, 'I still kind of want to do a couple of days teaching, but what are other opportunities', particularly as they transition into retirement, and they want to share that wealth of knowledge and expertise, but they have to actually leave teaching and go into consultation, or something like that, to take that next step. There's nothing within the current system structures for leadership, and that is something they talk about a lot in terms of retention for that experienced cohort.

COMMISSIONER BRENNAN: Thanks, that's helpful.

COMMISSIONER GROPP: Cara, I know you were focusing on retention, but going back to the pipeline.

MS NIGHTINGALE: Yes.

5 COMMISSIONER GROPP: We've made a couple of recommendations around accelerated pathways, say for educators, you know, to get their degrees. I mean, I don't know whether you've looked at those, but do you have any thoughts around those sorts of, you know, trying to encourage educators, and other pools of people, to take their degree? Do you see any downsides, or any upsides?

10 MS NIGHTINGALE: I think with the accelerated, if you've already got the diploma qual, and you're doing the accelerated course, I think that's okay, and it's about ensuring that the ITE courses are providing pre-service students with the knowledge and expertise they need to succeed when they graduate. But
15 being mindful of not undermining the qualifications to get them through, because the downside of that is if it's accelerated, but the content is not the right content, then the risk of losing them remains high, because they don't have that confidence, and they're not being able to succeed. We know, again, with the Victorian context where they are offering the accelerated courses, and it's free, so they're the scholarships, that the retention rate in those courses
20 is significantly higher than it is if they're coming into, you know, just starting that four year course, and I think that's to do with the fact that they've already got some expertise because they've already had time working within the industry. So it's a more conscious choice for them to upskill to become a teacher, so there are bonuses in that aspect as well, yes.

25 MS CALNAN: Just picking up on Cara's point there. One of the challenges for accelerated courses is what do you leave out, what don't you cover in any great detail, and we know from the surveys that we do with our school-based members, and with our early career teachers, where they talk about how
30 prepared they felt for the classroom after completing their studies, that even after a four year degree, they don't feel like they've had enough knowledge of working with children with a disability. They don't have enough understanding and experience in trying to work out, because the nature of how a teacher enters the classroom is very different to an apprentice in building or
35 construction where they're supported on the job to learn the skills. A teacher finished their qualification, accelerated or not, enters the classroom, and is expected to deliver the same curriculum, with the same resources, as the teacher in the classroom next to them. So the risk you run in accelerating, and leaving out content, is that you have a cohort of people who feel even more
40 underprepared than they do already. Like, they feel like they're imposters being dropped into – we had a young teacher talk about their experience, and he said, 'I feel like an imposter. I'm there to be a teacher, but I don't feel like a teacher even though I've done my qualifications. And I know I can do it, but I don't have the experience of the teacher with 20 years from the classroom next
45 to them'. Like, mentor opportunities - - -

COMMISSIONER BRENNAN: Would that be - - -

MS CALNAN: Yes. Like, mentor - - -

COMMISSIONER BRENNAN: Like, has done a diploma previously, or just someone who's come - - -

5 MS CALNAN: I think that's what Cara's saying.

COMMISSIONER BRENNAN: Yes.

10 MS CALNAN: People that have had the experience of working in the – recognising the experience, and the qualification, as opposed to just – I mean, if they're completing a diploma, it's likely that they would go on to complete some further study at some point anyway, but where they've got the experience working in the sector, and then undertake an accelerated course, it's a bit different, because it's recognising that experience in the setting
15 already as well. They come with some pre-understanding, some pre-knowledge.

COMMISSIONER BRENNAN: Yes, of a very complex sector.

20 MS CALNAN: Very complex.

COMMISSIONER GROPP: Deb, I'm - - -

25 COMMISSIONER BRENNAN: That's fine. I think that's fine for me. I really appreciated the detailed talking points, Nicole and Cara. It was between having – I mean, we had your original submission as well, but it was extremely helpful to have that for today and focused this very well.

30 MS CALNAN: Yes. Well, we thought we would provide that. We weren't able to provide a written response to the draft report for a whole range of reasons.

35 COMMISSIONER BRENNAN: That's okay. No, you've covered a lot of ground.

40 MS CALNAN: being one of them, so we were glad that were able to actually articulate what we would have put in there, had we been able to make one, and certainly appreciate the opportunity to discuss them here today. It's a big task that you have, but I encourage brave bold vision, because we have a system that's not working for everybody in the way it should, and that includes the teachers and educators that are in there, and the workforce, whilst I understand your rationale for not wanting to put too much in there, they're holding the sector up, they're holding it together.

45 COMMISSIONER BRENNAN: Yes.

COMMISSIONER STOKIE: And it's not that we wouldn't want to have comment, particularly in our final report, Nicole, we just didn't want to, I

suppose, because what's already in process that's underway for those who are expert, and tasked with specifically looking at that issue.

MS CALNAN: Yes.

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COMMISSIONER STOKIE: We're now stepping back. A bit like what the question I asked you, which is to say, 'Well, okay. Let that process run. Is that going to be enough and, if not, what does a good system look like over whatever period of time that that can reasonably be considered?' So thank you very much for your time today.

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MS CALNAN: Indeed.

COMMISSIONER STOKIE: It's very helpful.

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MS CALNAN: No problems. You're welcome. Thank you.

COMMISSIONER BRENNAN: Thank you both, yes.

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COMMISSIONER GROPP: We'll now break for lunch, and we're going to resume at 1.30. See you then.

LUNCHEON ADJOURNMENT

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COMMISSIONER GROPP: Thanks Frances for coming. And hello everyone. We're resuming after our lunch break. For your benefit, and for those who have come into watch, I'm Lisa Gropp, I'm joined by Martin Stokie, who's in the room with me.

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COMMISSIONER STOKIE: Good afternoon, Frances.

COMMISSIONER GROPP: And Deb Brennan, who's online. Can you see Deb okay, Frances?

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MS PRESS: Yes, I can see three of you, so that should be right.

COMMISSIONER BRENNAN: Hooray. That's good.

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COMMISSIONER GROPP: We're the three Commissioners. And just also to let you know that these hearings are public, and so they're being transcribed, and the transcript will be available on our website in the next few days or so. And also members of the public can observe, and members of the media can also be watching, and reporting, on what's being said, just so you're aware of that. That's okay. And I'll just ask you to say your name, and who you're representing, if you're representing anybody, and then just some opening remarks, and we'll have a chat after that if that's okay.

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MS PRESS: Yes, sure. Okay. So I'm Frances Press, I'm a professor in early childhood education. I'm representing myself, though I'm currently employed

at Griffith University as Head Of School For Education And Professional Studies. But what I want to say here today is based on 30 years' experience in the early childhood sector, both in the non-government sector in terms of training and professional development, but for the longest period as an academic who's been researching in the area of early childhood education and care.

So I've been on a number of research projects concerned with the quality of early childhood education and care, babies' lives in child care, and also the engagement of marginalised families in the early childhood system. But I have also, during that time, traced the impact of the change of provision since the extension of fee relief to the for-profit sector in the early 1990s.

COMMISSIONER GROPP: Thank you.

COMMISSIONER BRENNAN: Sorry, it just might be worth adding that your role in the OECD report, years ago.

MS PRESS: Yes, and so this was in 2000 really. It was part of the OECD Thematic Review of Early Childhood Education and Care, and I led and co-authored the Australian Background Report to the OECD, and I think that was the first time we had really pooled together an understanding of the early childhood system on a national basis in Australia, and it pointed out a lot of the systemic difficulties.

MS PRESS: No, that's fine.

COMMISSIONER GROPP: I understand you've got a few topics you'd like to discuss. Do you want to kick off on those?

MS PRESS: Yes, sure. So I guess I want to acknowledge the great work that the Productivity Commission has done, I think, in terms of recognising the importance of early childhood education and care has in children's lives. To me, this is a really central question that I think needs to be carried through into the recommendation. I also am really supportive of the aspiration toward universal provision, and the emphasis on inclusivity as a central plank of any reform to the system. So I think they're really fantastic.

For me, I don't think the focus on children, and the experiences of children, carries through to all the recommendations. But I think that that's a product of the fact that early childhood education and care sits at the centre of sometimes competing policy aspirations. So is it about parental workforce participation, is it about early intervention and prevention, is it about readiness for school, and I think what objective you emphasise tends to have a pull on the other objectives, and I think what's missing is a really explicit focus on the rights of children. I think that a recognition of that will turn to the provisional right that children should have the right to access early childhood education and care, but I'm really interested in terms of rights within that provision; so how children's rights are recognised and respected within the provision of services,

and I think perhaps a dark illustration of that is the work that Karen Thorpe's done about the lack of children getting the right nutrition within some of the services that they attend, I think that's kind of startling. But also, I think there's a whole heap of social and community things that happen for children within early childhood programs that are recognised, or not recognised, depending on the primary philosophical driver of each service. I don't want to get too esoteric, but I'll touch on that a bit more.

10 COMMISSIONER BRENNAN: Okay.

MS PRESS: I really like the way that the Productivity Commission has recognised a great system is built on a qualified and stable workforce, and that it addresses issues around both pre-service education and qualifications for early childhood staff, and also in-service qualifications. So we know that this is a highly researched area, our understandings of what works and doesn't work changes all the time, but also because we might be getting different types of complexities within services that families and children present with that we need to come to terms with. So it's not as if a qualification or a professional understanding occurs at one point in time, it's something that changes over time that we have to keep up with.

So I've already spoken a little about the competing policy tensions, and I think we have to recognise the impact of that. I know that it's a limitation of the terms of reference, but I think it's unfortunate that we're not looking at issues of access and accessibility from children from a very young age in conjunction with what's happening for children and families through a paid parental leave system. And that nexus between the whole policy framework for very young children and families, I think it something that's important to attend to. And I say that because I'm a realist, and I have been around a long time, and I was around when there were big shortages of child care places, and I've been in a child care centre where the administrative staff were being yelled at because there were no child care places available for desperate women that were returning to work in three or six months' time. I know that issue, I know that it's really bound up with women's workforce participation, but at the same time, the report frames this as an issue of women's workforce participation, and I think we need to frame it more broadly about shared parental responsibility for children.

The onus just isn't around women's return to work, it's how those caring and nurturing responsibilities are shared, and reflected in things like parental leave as well as what we might do within workplaces in terms of family responsive policies. And I guess that, for me, I love the idea of universal access to children from a young age. When I see access to 30 hours for children, I wonder how for babies that might be spread, and I know that for some people, the three 10 hour days would just work for them for babies, because they have to work long days, et cetera. But that, to me, isn't a system that's thinking about, 'What's good for children here?', and, 'Who's the master in this call. Is it the workplace, or what we should be doing for children. How much choice do people get to make about the use of those hours?', et cetera. So I'm not

saying I'm against it, but I'm a bit tentative about how it might be interpreted, and used, and that it might be used to support long hours of work for people, rather than good hours of work for people. So that's just, you know, one of those complexities that I think we're dealing with.

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COMMISSIONER STOKIE: Do you want to talk about that a little bit further, Frances. What we observe in the data is that even though it might be a 10 or even a 12 hour day, long centre-based day care, or long day care service, on average families are using that about 6 hours. It may not be the same 6 hours, and that's part of what the early childhood education and care system has been designed, or evolved to anyway, perhaps in contrast to, say, school hours, which are fixed days for fixed weeks of the year, and so I don't know whether that tempers your view. And the other element is you would have seen – and it would be interesting your feedback on – which is we had quite a detailed examination of the relevant literature, and particularly around children's outcomes. It's not as precise as perhaps what we'd love to see, which is around dosage, or level of engagement, intensity, and potentially that differs by age groups. And given your background, you might have some insight there. We've ended up having to make a call, but we're equally opposite that it's not as – you know, well, it's kind of our best estimate, or best perspective, based on what we do know now, but we acknowledge that we don't know enough.

MS PRESS: Yes. So I think issues around dosage, and what works and what doesn't work, is really complicated, because it depends on factors that also lie outside the setting, as well as those that lie within the setting. So of course, I'm going to have a big rant about quality in a minute, and the quality of what goes on. And also, of course, family functioning, and the dynamics of a family can be a buffer against children, say, being in poor quality. But I think one of the things we have to think about is that families change, and family composition changes, family dynamics change, so you can't take a snapshot in time and think it's going to be like that forever. I guess my view is, I think the entitlement to the total hours is great, but what I wouldn't like to see is that normalising a certain pattern of very long days for very young children. So I suppose it's something, if implemented, we'd want to monitor over time. I think we have to be thinking about what is the impact upon children.

COMMISSIONER GROPP: Do you think that our – because we've, sort of, presented it as 3 days/30 hours, would you be more comfortable if it was about hours, rather than – I don't know, I mean, is that part of the issue that we're - - -

MS PRESS: Yes, I think it's how it's presented, and I think it's the language around it as well. So it's something that can be used, but isn't required to be used. Because when I think – so, for instance, I'm going to go back a little bit. So when Siraj-Blatchford did that huge EPPE study, Effective Provision of Pre-School Education, you know, they came to the conclusion of around 12 hours in terms of making a difference for children of that age. So I think what we're grappling with is, 'What do we guess is the amount of hours that

5 makes a difference?' versus, 'Is this really designed to increase women's workforce participation?' And, again, there's that policy tension there, and then if it is, that's great, and some people would argue it's insufficient because it still relegates women to part-time work. But you wouldn't then want to think that workplaces are banking on women working three long days a week to take advantage of those hours.

COMMISSIONER BRENNAN: That's a great point.

10 MS PRESS: Yes.

15 COMMISSIONER BRENNAN: Yes, and it's certainly not our intention to, in any sense, establish that as a particular norm. It was really a starting point, and particularly to try and address the issue of children who are missing out and, you know, develop this notion that an entitlement relates to activity test for the first 30 hours, again, at least for a start. So I think those were more our intentions.

20 MS PRESS: Yes.

COMMISSIONER BRENNAN: But it's very useful to have that feedback, though.

25 COMMISSIONER GROPP: We're open to – I mean, on the activity test beyond the 30 hours, we're open to what might happen. We're looking at a whole range of options there, so we're taking feedback on that, so that's it not – yes, we're just going to be investigating that further, whether you have one rule.

30 MS PRESS: Yes. So I guess it also relates to what the system looks like. And I think that one of the issues with the paper is that it pretty much relies on – or you've been asked to investigate expansion of supply, I think mainly through CCS child care benefit, and I think this is – what we're doing, I think of my concerns is that the market has increased supply, and it's been
35 enormously successful in increasing the overall number of places but, as we acknowledge, not necessarily in the right places, or to the right community necessarily. But I don't think that we can say it's performed effectively across the bar in terms of quality. And I think quality, in terms of it being related to children's rights as well, should be a central issue that we need to address
40 when we're looking to go to universal access. So, you know the numbers about the way the not-for-profit sector is outperforming the for-profit sector on measures of quality, and I just think that's an issue, and I also think that there are some risks that I'm just unsure about.

45 So when ABC learning collapsed, you know, some years ago, that was a huge risk to the provision of early childhood education and care. That required a very costly government intervention to secure child care for all the families who's patterns were going to be threatened by the collapse of that major provider of child care. And I know that there's work in the UK where they're

5 very concerned about the precarity of some of those services. I don't know what the situation is in Australia, but I'd like to see some more investigation of that. And I'm really concerned – I mean, you will have all seen the 7.30 report just a couple of nights ago, that under the current system, we seem to be funding parents to send children to services of very questionable quality, and I think parents have this trust that if they're getting government funding, the quality will be okay. I think Deb's frozen.

10 COMMISSIONER BRENNAN: Oh no.

MS PRESS: No, you're okay. You're moving again, Deb.

15 COMMISSIONER BRENNAN: Am I, okay. Because I wanted to ask you a question, Fran. Thank you for starting us off on this topic, which I know is a major part of your submission to us, the not-for-profit issue. One of the things – and we're very familiar with those figures – one of the things I think is really interesting in your report, and the work that you've done, is you refer us to some examples of quality for-profit providers, and I know you're work very well, and I know exactly the work that you're referring to, and you've got a call there for more research into what are the features of quality for-profit provision, and we've some examples of that too, and I'd welcome any further comments you have on that issue, and, you know, the nature of research that could be done. Because research will be a feature of our recommendations, and any future ECEC Commission too.

25 MS PRESS: So again, I think it's part of this policy tension. So in the services that we've gone into that have been really highly performing beautiful services in the for-profit sector, the thing that they've shared with the not-for-profit sector is this very strong philosophical commitment to children, they know why they're providing an early childhood education and care service, they might be driven by a particular thing that they think is important for children, so, for instance, a service might be wanting to be like a bush kindy, like, have kids out in nature more, or whatever, or a service might want to do something across a particular educational philosophy.

35 We had a service that wasn't a busy kindy that was located in a city area, but had a real commitment to outdoor play, so even that was on the top of a shopping centre. It took children out every day to various parks, and the children's excursions really became part of the life of that community, because they had a very strong belief in what they wanted to achieve, and why; they invested in a lot of professional development for their staff; they had a clear reference point for making decisions in complex situations, because the word of early childhood educators is complex, because there's often competing demands on their time, or competing demands from parents, et cetera, so they always had a reference point for making decisions in the best interests of the child. So this notion of what they wanted to achieve for children and families, wasn't just something beautiful on the website – and, believe me, I have had a look at a lot of beautiful, beautiful, very alluring websites – it was actually really embedded in what the service did in terms of professional development,

decision-making, all sorts of things about what the day looked like for children.

5 And I am kind of interested in how those services, which must have a lot of demands upon – you know, they must have to make a profit margin, they must have a lot of things that they have to meet, make that commitment, and is it scalable. Because I think one of the problems we've got at the moment is wanting to run a business, and be profitable as a business, isn't exactly the same aspiration as doing something that's fabulous for children. So what
10 enables them to do that, that's what I'd like to know. They've told us what they do, I think the next thing is, 'What enables you to do this? How are you running so successful as a business, and ensuring this happens, and is it to do with the management model?' Because, as you know, there's multiple management models in the provision of early childhood.

15 COMMISSIONER STOKIE: So do you say, Frances, that the quality standards aren't right, we don't have enough regulations and oversight. I notice throughout your submission, you refer to the rating systems, and, at some level, you can't but draw on that data.

20 MS PRESS: Yes.

COMMISSIONER STOKIE: But we look at it and say, the data, and the level of focus from other regulators, and the regulatory with which services are
25 assessed, is not up to what we would like it to be, there's not enough close observation, and alignment. But I'm interested in your view, which is do you think it's fine, or do you think the standards are good, or is it just we're not enforcing that, we're not oversighting that?

30 MS PRESS: As familiar as I am with different quality rating systems, I like the Australian system, it was constructed in consultation with the field, it's had a lot of buy-in from the sector more generally. I'm sure that there's issues around differences in how standards might be monitored, and enforced, and understood, between different states and territories, because I think that's just
35 a thing that happens when you have different regimes, and there's probably work that could be done around that. But I think all services, you know, are required to be accredited, and participate in that system. But I think the question is, 'What is it that makes some services very successful, and in terms of reaching those levels of quality that are outlined in the system, and going
40 beyond just meeting standards, to providing really good quality of care?' And some of that consists within the service and, to me, that's really driven by, 'What is the philosophical underpinning of what you're doing for children?'

45 COMMISSIONER STOKIE: I suppose I'm trying to explore, and wanting to hear your thoughts on – and you used the term 'just meeting'.

MS PRESS: Yes.

5 COMMISSIONER STOKIE: These services are meeting the standard. Are we saying that 'just meeting' isn't good enough, and what's wrong with meeting the standard, notwithstanding that we do have a gradation of scale, and some are exceeding, and some are exceptional, or whatever it is, but I don't disagree with you, which is there's a much higher proportion of the not-for-profits in the exceeding level, but I'm trying to go back to almost the fundamental question of, 'Well, is it such a bad thing that they're meeting?' And when we speak to ACECQA they said, 'No, no, it's a good thing. They're meeting standards'. And so if we think it's not a good standard, do we need to call that out, and, if so, what aspect of it isn't where we want it to be, I suppose.

15 MS PRESS: Okay. I think that one thing about the accreditation system is that it is, or has been, regularly reviewed to look at the quality of standard, and what might have been acceptable in one decade is kind of raised in the next, or whatever, and I think that that's a good thing. But I think, for me, the question of performance, and the not-for-profit sector outperforming in terms of exceeding in excellence, and having a higher proportion of more than just meeting, is also to do with this question of, 'What do you want the system to achieve?' Now, if you're wanting the system to make a difference to children 20 who are in adverse circumstances, or are otherwise at risk of their development for whatever reason, through birth, economic circumstances, or whatever, you actually need to have higher quality provision than just meeting.

25 And I think that's an issue with the report too, that we can get children to access services, and we might even fund services in areas where supply isn't met, but if we're trying to mitigate disadvantage, it's actual important that they are getting higher quality services than just meeting. And at the moment, it's a bit skewed in terms of socio-economic provision, et cetera, within the for-profit sector.

30 COMMISSIONER STOKIE: Well, it's worth to know, Francis, because what we've highlighted is that those who needed the most aren't coming, so they can't even get meeting services, because they're not available, or they can't afford it, or the---

35 MS PRESS: Or it doesn't reflect them, you know, they don't see that it's all of it.

40 COMMISSIONER STOKIE: Yes, indeed. So at a minimum, getting those most vulnerable, or the children who will benefit the most, in the door is probably, at least in my view, the number one priority. I was probably more going to a longer term perspective around what is it that we're looking for from the sector, and if we think that we're wanting – and you're articulating in another thought, which I haven't really heard before, but it doesn't seem 45 unreasonable, which is at least for those children who need additional needs, and have additional requirements, not dissimilar to the Parkville work that's going on, maybe there is something that aligns the additional support to

higher quality services, rather than just those that are – and I'm sure ACECQA would use this too – higher quality is what they would view as is meeting, but I'm just reflecting what the words would be, rather than the quality of terms. Anyway, thank you. That's useful.

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COMMISSIONER BRENNAN: Sorry, are you going on on your list, Fran?

MS PRESS: I'm just looking at my page, and wondering if I have done it all, but just ask questions, that's fine.

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COMMISSIONER BRENNAN: Look, I have a question, but I hope this isn't unfair, because it's actually not in your document. But you mentioned that, and I know, that you've been in the sector for a very long time, and one of the issues that we're really grappling is the preschool long day care divide, and we're thinking about different funding mechanisms, and possibilities, and appropriate roles for Commonwealth and the states. We're aware that, for many families, the preschool model is beloved, but for others it simply doesn't meet the needs of contemporary families. And so if I could just put a big question to you, should we be thinking about a future with these separate things, preschool and long day care, or is this our big moment, the big moment we've waited for for decades, to bring long day care and preschool much closer together, what's your thought?

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MS PRESS: I think this is a really complicated question, Deb.

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COMMISSIONER BRENNAN: Well, you've got a good 60 seconds.

MS PRESS: I'll tell you why I think it's complicated.

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MS PRESS: One is that, again, if you think about it, what is it like from the child's point of view? So the one thing that, when we did the Exemplary Educators at Work study, preschools tended to be a little bit better in some of the quality ratings, and that's because they've got stability of child attendance, right, and one thing that you're grappling with within long day care, is that you've got different groups of children appearing throughout the week. That's a lot of people for an educator, a lot of children and families, for an educator to get close to and really understand during the week. So you've have change in groups of children, that also means that depending on how the service operates, those children might have different peers all throughout the week in terms of their group. That can be a big adjustment for some children, whereas preschool temperamentally might suit them better.

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As an aside, you know, at a very good service I attended when I had a parent of a young child, they actually organised enrolment about peer groups of children. That was a very controversial decision, but the children loved it, and they settled much more clearly. So that's what I'm saying, always get back to thinking about, 'What is this going to feel like from a child's perspective?', 'What do we know might be good for children?' So for some families, long day is going to be better, but preschool, for some children, that's going to be

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5 better. So it's hard to know, you know, because long day care can be much
more complex in terms of its administration, and patterns of attendance,
et cetera, though it meets the workforce needs much better. But the other
thing that I worry about – and, you know, I worked in New South Wales for a
10 long time, so I worked in a state where there wasn't universal preschool
provision of any kind, but there were teachers in long day care, it was a
requirement for many, many years before it was in other states, so I can see
the way that that model can work in terms of quality, and the education and
care of young children, but I do wonder, if we go to a, kind of, one size fits
15 all, are we abrogating the state department's education responsibility for early
childhood education, and that worries me too. But it's also a big part of the
not-for-profit sector, preschool education.

15 COMMISSIONER BRENNAN: Yes.

COMMISSIONER STOKIE: Can I put a slightly different spin on that to
hear your views, Frances.

20 MS PRESS: Yes.

COMMISSIONER STOKIE: Which is that, to Deb's question around,
you know, 'Do we seize this moment?', and we've thought that over time
potentially, and we could already see that there's a convergence in the level of
service of preschool, and centre-based, or long day care, you know, some of
25 the preschools expanding their hours, but also expanding their operation of the
day, and you said, 'Well, I'd be concerned around one size fits all'. And I
wonder, is a better way to describe it – because you talk about putting the
child at the fore, and we've tried to do that, and maybe your point is we do it
at the beginning, and then we, kind of, peter out towards some of our
30 recommendations, and maybe we need to revisit that. But would a better
description be, rather than one size fits all, one size caters for all, of which
different families have different needs, and different children have different
requirements, but the system itself is robust enough for preschool not to be
fixed hours, and fixed times, and fixed days, but in fact you cater for those
35 children that require longer, or will benefit from, or families need, more time.
Or conversely, long day care that caters for much shorter periods of time in
sessional opportunities, but it's an integrated system that's catering for the
specific needs; would that be a better way to express what you're saying,
you're putting the child first, rather than converging to a fixed service that
40 parents have to wrap themselves around?

MS PRESS: Yes, it's hard for me to answer that. Because, I guess, it depends
on what is it going to administratively look like, and also – what was I
45 thinking – yes, again, what's the experience going to be for the child and
family in that service. So that's my big question. I think the idea sounds
good, yes, what is the quality, what will be the experience - - -

COMMISSIONER STOKIE: High quality's a given, yes, anyway, sorry, Deb,
you wanted to - - -

COMMISSIONER BRENNAN: Well, I was only going to say that one view that's been put to us is that increasingly preschool is a privilege for more advantaged families who have got stable employment, who can have one parent at home, significant number of hours, et cetera, and I must say that's hit home a bit. And you've probably seen, we've recommended that preschools be able to access the CCS, so that if the preschool is operating in a context where parents are seeking longer hours, that option is there for those families. I guess the core of preschool would remain, but there would be opportunities for families who need it, or want it, the longer hours, to avail themselves of those, and maybe that step, that we've suggested, is as far as we need to go. But we're just interested in different views, because, as you know, the care education dichotomy has been something that we've said for decades we want to get rid of.

MS PRESS: Yes, that's right. I think we have to recognise both do care and education. Like, I think that's really important, the qualifications of staff are really important, the time that staff are given in terms of the preparation of their programs, all that stuff is important, and traditionally, it's been more visible and easier within the preschool system than in a long day care system. But again, yes, so what's going to be the overall impact in terms of patterns of attendance, et cetera. If you flesh out that idea, I'd love to look at it, and then I could comment more deeply.

COMMISSIONER BRENNAN: And just I'd like to ask a final question, Fran, because you have talked about very good for-profits, but you have argued in your submission twice that expansion through non-profit and public provision is your preferred approach. Is that still the message, or would you modify that, or?

MS PRESS: Well, I guess what I'd say is that we keep putting money into a system, through parent subsidies, where we've got no control over fee increases, we don't know whether that increased fee subsidy is going to improve the quality of the service, or do improve the profit margin of the sector. It doesn't necessarily provide stable infrastructure, and we know that quality can change when services are sold, and all sorts of things like that, and it's not necessarily reaching the children that have the most need, or the families that need additional supports. I'm just not convinced that the cost impact, whether that's more effective than directly funding a whole heap of provision.

COMMISSIONER BRENNAN: All right. Well, that was my final question. I'll hand back to Martin and Lisa.

MS PRESS: Yes, okay.

COMMISSIONER GROPP: So following on from that, I was going to ask Frances whether – because we've recommended four areas of thin markets, or areas of complex need, et cetera, that there is supply – you know, through the

expanded CCCF, that there would be direct supply side funding to provide services as required in those areas. In that case, would you limit who could provide those services to not-for-profits, or government provision?

5 MS PRESS: I think that I would, because I think then you've got more of a
guarantee that the money is going into the quality of the service provision, and
it's not necessarily going in to making a business profitable or viable, so I
would recommend that, both based on the track record of the not-for-profit
10 provider in providing services that are high enough quality to make a
difference in the lives of those children, and families.

COMMISSIONER GROPP: Thank you.

15 COMMISSIONER STOKIE: Thank you, Frances, for your time today.

MS PRESS: Thank you.

20 COMMISSIONER BRENNAN: Thank you very much for that, Fran, and for
your submission to us, and your engagement with the inquiry.

MS PRESS: Okay. Thanks all. Bye.

25 COMMISSIONER BRENNAN: Bye.

COMMISSIONER STOKIE: If you wanted to introduce yourself for the
benefit of the transcript, and give a background, you can speak, and hopefully
by the time you've had any broad introduction, [the audio feedback] is fixed.

30 MR CLEVELAND: Okay, I will take that advice then, I'll go ahead and
introduce myself, and make some introductory remarks, and hopefully the
technical issues will be sorted. That's probably better now. So my name is
Gordon Cleveland, I'm an Associate Professor of economics at the University
of Toronto, emeritus, which I guess means that I am more meritorious than I
35 used to be, perhaps, but in any case, it means that I am retired.

I'm very happy to have this opportunity to present to the Productivity
Commission. Since 2002, I've come to Australia I think every year except
when there was COVID, and I couldn't get in. So it's sort of become my
40 winter home for two to three months every year, and a wonderful place to
spend a couple of months a year. So I'm quite involved on Australian life, in a
funny sort of way, and I've paid a lot of attention to early childhood education,
that's my research area as an economist, and so I'm reasonably familiar with
both the history and the current state of early childhood education and care in
45 Australia.

So the draft Productivity Commission, obviously some good things about it,
in particular, moving to 100 per cent rather than 90 per cent for the subsidy;
up to \$80,000, that's good; removing the activity requirement for three days,

also good, I'd recommend it going to five, but it's a good start to move it out to three days, and those measures will have important effects on access, especially for lower income families, and that's not to be sneezed at, that's very important, so very good for that. But it does seem to me that really the remit of the Productivity Commission was to come up with a plan to phase in universal child care, and I don't think that the draft report can be said to achieve that. And so I regard that really, in a way, the major failing of the draft report, that it doesn't come up with a plan to transition towards universal child care.

10 Now, I'm aware, coming from Canada, and observing systems that I have over the years, that issues of transition are incredibly important, so I'm not imagining that a new universal system arrives tomorrow in Australia, but I do want to hear a 10 year plan, maybe a longer than 10 year plan even, for transition towards having a universal child care system in Australia. And I think that is the remit that you were asked to come up with, so I think the final report, in my mind, should try very hard to achieve that. It needs to provide a path to universal child care, and maybe we want to talk about what that path should look like, but I won't say that in my initial remarks, but that, it seems to me, is really important.

25 The second thing that really I find problematic with the draft report is the weakness of its gender equity focus. I am, I guess, influenced very strongly by the Canadian debates over child care, in which gender equity is completely central to the argument for a universal child care system, and I believe that that is true in Australia that it would have a very strong effect on gender relations, and gender equity, and yet this argument seems to be, well, not exactly completely absent, nearly absent, from the draft Commission report, and I think that's a mistake.

30 You do observe, I think it's in an appendix, that the motherhood penalty in Australia is about 55 per cent on average. That's the average size of motherhood penalty. Now, the motherhood penalty, as I'm sure you're aware, refers to the average drop in earnings of the typical mother when she has a child. And a drop of 55 per cent is made up of several things: the lower probability that she will be employed at all; the greater probability that she will be working part-time rather than full-time if she is employed; and the greater probability that she will face a lower hourly wage than she did before she had a child. All those three things combined make for a drop of 40 55 per cent in earnings. Now, that might be understandable in a temporary sense in the first year or two years after having a child, but that motherhood penalty, again in the figures you yourselves have published in that appendix, is maintained at between about 40 percent and 55 percent for at least 10 years, that's as far as they measured it. So we are saying that women pay an 45 extraordinarily high earnings price for having children, and in public policy terms, what that tells me is that that should be a really, really important priority. Anything that can reduce the size of that motherhood penalty is important, and child care is going to be central to that, I would argue.

And I think it's now my third point of concern, is around the issue of competition. Really, it hooks in with the issue of for-profit provision of services. It seems to me that the Productivity Commission believes that competition in child care markets in Australia, particularly the centre-based child care market, is strong, and that this provides a great deal of security that policy only needs to do a certain number of things, and that competition will do the rest. And it means that you feel more comfortable with having a tremendous dominance of the for-profit sector in child care, because its behaviour is constrained by competition. I think that is a mistaken analysis.

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And for me, the two aspects of competition, which are the most important, they almost come down to one. One is if the market is competitive, it should be the case that there are very strong downward pressures on cost. I do not observe this in the Australian child care system. And second of all, and perhaps more obvious, it should be the case that prices/fees are competed down so that they are close to the costs of provision. I mean, that's absolutely characteristic in a first year economics course discussion of what happens, what the benefits of competitive markets are, that prices are competed down by the forces of competition in the market to being very close to the actual costs of provision. Well, and this is the marker for, I guess the most obvious marker, I'm sure there's others, it's true, I think, that the actual cost of infant care must be close to three times the cost of providing care for a preschool aged child, but your ratios are something like four to one for an infant, and 11 or 12 to one for a preschooler, and labour costs are far and away the most important cost. It's got to be two and half to three times the cost for an infant's care compared to a preschooler's care. And yet, if you look at the difference in fees between infants and preschoolers in Australia, they are either the same or very, very close to each other. That tells me the market cannot be competitive. If it were competitive, it would make sense for a provider to specialise in the provision of preschool care only, and lower the fee dramatically, and that would force all other providers to then bring their fees down much closer to the cost. We don't, as far as I know, observe this behaviour. And so I would say that it is not a competitive market in the most meaningful senses of the term, and therefore I do not have comfort that the for-profit sector is controlled by the forces of competition, and I believe that that is a job for government, therefore, to institute those controls, and we can talk about what that would look like.

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Finally, and very briefly, is to say that it's Quebec. Quebec is a very interesting example of a universal child care system implemented back in the 1990s and 2000s. It's extraordinarily well loved by parents in Quebec, many markers of that. It's been extremely successful in encouraging mothers into the labour force, and that's true whether we're talking about mothers who are low income mothers, or higher income mothers. The payback, if you want to get crude as an economist about this, in terms of the extra tax revenues, and the lowering of benefit costs for those mothers has been very substantial. Some very good economists argue that it more than pays for itself, the Quebec system. Others would argue that it's at least a 40 per cent payback. But whatever numbers you believe, a very substantial payback because of the increases in labour participation, and hours of work.

5 And the latest studies – there's a lot of studies about what the effects on
children have been – but the latest studies, looking at the long term effects in
terms of education levels of the children who were in child care in those early
years, once they become older, says, 'If anything, Quebec children did better
10 in terms of university education'. But it's not statistically significant, and all
the rest of the different levels of education is essentially no difference in
between those children who went through the Quebec child care system, and
the rest of Canada. Well, we'd like it to be better. We'd like it to say, 'It
15 dramatically impacted, and made those children better'. But since there's been
such a concern about whether it made children worse off, I regard it as an
important marker to say, 'Well, no, there weren't the long term negative
effects that people worried about when they first look at the Quebec child care
system in the early days'. There are no shortages now of child care in the
20 system. Anyway, we can talk about Quebec, and the interpretation of the
Quebec experience. I think it's a very important model for Australia to be
able to look at. Thank you very much.

20 COMMISSIONER BRENNAN: Thank you, Gordon.

COMMISSIONER STOKIE: Thanks, Gordon. I don't know whether our
audio issue has been fixed.

25 COMMISSIONER GROPP: It's better now.

COMMISSIONER STOKIE: I don't know, Deb, did you want to go first on a
number of these points?

30 COMMISSIONER BRENNAN: Well, yes, I'll just say, Gordon, you do bring
an absolutely unique perspective. That's me.

COMMISSIONER GROPP: Deb's the problem.

35 COMMISSIONER BRENNAN: I'm the problem.

COMMISSIONER STOKIE: Are you on multiple devices, Deb? Are you on
a phone, or? You're now on mute.

40 COMMISSIONER GROPP: It might be your headphones.

COMMISSIONER STOKIE: I think Deb's deferring to us, Gordon.

MR CLEVELAND: Yes.

45 COMMISSIONER STOKIE: I had a series of points, and I'm sure Lisa has as
well, and it would be nice if Deb was hearing us. Can you hear us, Deb, still
whilst you're frantically – okay. It would be fair to say, Gordon, that you're
the most critical review that I've seen of anybody of our paper. And there's
some aspects in your commentary that, if we left aside the emotive element of

the language we'd agree with, there's components of change in the form that we're recommending that would come in, and whether long term, it achieves a specific goal, et cetera. But we're dealing with immediate problems, and so maybe it's worth having a conversation around some of those things. I don't
5 quite accept your view that we believe that the competition is keeping the market in-check. I think that, (1) we deferred on aspects of that because, as you know, the ACCC was looking at these specific issues around cost and profitability of the market participants as we speak, as we were drafting our draft report, and they put out their interim report, but they hadn't put out their
10 final report.

And you refer in your submission a lot to the interim report, but not to the final report. Which, incidentally, actually found that there were no on average excessive profits. And as you would know – and again, competitive markets
15 aren't about actually not making a profit at all - they're about not making excessive or above normal profits. There's a reasonable rate of return on capital, and capital investments, or else there wouldn't be any investment, it would go to another sector full stop. And so they haven't found the evidence. Now, I'm a little bit – I take it's a given what they've done, but it's only a
20 snapshot at a point in time, and it's probably heavily influenced by COVID, the current market structure, the employment constraints of the educators and teachers, and you refer to, well, we need a better oversight of the market, and costs, and we would agree with that aspect, so that we could actually have an informed view rather than me saying, 'Well, ACCC didn't find anything,
25 nothing to see here' as opposed to the longstanding concerns that many have had, including one of our fellow Commissioners, but there are many people who have raised concerns around profit in the sector, et cetera, and so what's actually going on. It's also probably not dissimilar to Quebec. Our sector has been dramatically growing, and so it's not a stable sector, and so you want to
30 see profit signals which ironically have encouraged the for-profits to invest, but not the not-for-profits to invest, who actually have almost a competitive advantage against the for-profits.

And one of the things I keep asking, whenever I get a chance, of somebody
35 who knows, or should know, is, 'Why aren't you being a not-for-profit?' or 'Why aren't they coming in? What can we do to fix that?' My – and I know this is more a defence, and it probably shouldn't be the discussion – but the one thing I'm thinking about, I read some of the things that you like, and ticks, and they're probably the early stages of what you'd need to do. But maybe it's
40 worth talking about the longer term vision of 10 and 20 years, and the question I had in mind for you, Gordon, is not only what does that actually look like, but maybe quite openly, and realistically, asking how critical is it to have that statement of what that vision is, or at least the open ended direction of where that vision could go, because many things can happen between here
45 and 10 years' time, or 20 years' time is a very long time.

And even when we've spoken previously, listening to the development of the Quebec model, it's gone through various iterations, it's not a single model that was dredged up 30 years ago, and it stayed stable ever since. It's hard various

iterations, and views. It may be in its concept, and particularly its appeal to families, it stayed pretty constant, but behind the scenes it's gone up and down. So maybe I'd be interested in that element of – and I think it's perhaps a reasonable criticism, we focus more on the here and now, what needs to be done today, and probably realistically over the next 5 to 10 years, because that's how long some of these things will take, and your challenge to us, if I was taking in a positive way our critique of what we've done is, 'Well, you haven't outlined what it should be. You know, where's the ink gone. What's the light on the hill. Where are we aiming for, rather than just plugging the holes?' So that's a long winded defence, and question for you which is what's the 10 year vision, or 20 year vision, in your view?

MR CLEVELAND: Okay. Am I still muted, or you can hear me? Okay. I apologise if I seem disrespectful. I'll put it down to being an academic, and so - - -

COMMISSIONER STOKIE: We haven't taken offence. I was just being honest, it was the most critical - - -

MR CLEVELAND: No, fair enough, fair enough.

MS VEISMAN-APTER: Sorry, just before you keep going. If I may ask if you can mute your microphone, Gordon, when the Commissioners are speaking, otherwise we just get this feedback loop, but please continue. I'm sorry to interfere.

MR CLEVELAND: Okay. Interesting. Okay, I will do that when you're speaking.

COMMISSIONER BRENNAN: Thank you, Peter.

MR CLEVELAND: Okay. So I think this issue of why should there be a 10 year or 20 year dominant aspect to the final report, in my opinion, I would say it really is important, okay, and what would I think about it? So I do agree that switching from a demand side funded system to a supply side funded system is difficult. That cannot happen overnight. So how do you do – well, okay, you've talked about maybe having, in thin markets, some examples of supply side funding, and we could talk about other ways of doing that too, but I think you want to move in the direction of what it would mean to have a universal system even within the demand side funded model. So what do I mean by that? You need to move towards, in my opinion, guaranteed fee levels, okay, within the existing system, move towards guaranteed fee levels.

Now, you tried that with \$11.15, you know, fee cap that was at the last Productivity Commission report, and I forget what it is now, \$13 or \$14 as the hourly fee cap, but that isn't working to have guaranteed fee levels. So you need to say 'Okay, what do we need? Several things, because we're moving towards a system that will be good for families, and that will be universal, and that will be trustworthy. We need guaranteed fee levels, so we're going to

have to find ways of transitioning towards that, we need financial
accountability. It is shocking to me that billions and billions of dollars go
towards operators, both for-profit and not-for-profit, and there is essentially
no requirement to report back to the government on how the money is spent.
5 The fiction is that it's the shareholders, or the parents, that maintain this
financial accountability, but we know that's not true.

I mean, we are talking about billions of dollars in which there is no
accountability on whether it was spent on – I mean, of course most of the
10 subsidy is spent on child care, and most of it is spent – you know, all that's true.
But there should be strong elements of financial accountability, and that partly
links into my concern that there really are not incentives in the system to keep
costs down, or to keep fees associated with cost. So the financial
15 accountability is necessary, partly because competition is really not strong in
the sector in the ways that we need it to be. But that, again, would be a
recommendation within the existing demand side system, but much stronger
elements of financial accountability. I would say, yes, there should be some
more supply side funding.

20 I did listen in to the last part of the discussion with Fran Press. One of the
things about preschools – and you talked about, you know, how could the
relationship between preschools, and long day care, I mean, preschools are
fundamentally supply side funded now. Is there a way of using that so that
you build up some of the preschools, as an image of supply side funding, a bit
25 of modelling of supply side funding – I don't know, there's lots of difficulties
there. I'm sure that some of the preschools are completely unwilling to go to
full day provision, and want to keep the nice little arrangement that they've
got as part-days, but maybe some of them are willing to go to full day
provision, and could be modelled as part of a movement toward supply side
30 funding. But you want to be looking for ways in which that could be
modelled.

COMMISSIONER GROPP: Can I just ask, Gordon - - -

35 COMMISSIONER BRENNAN: Interesting.

COMMISSIONER GROPP: Can I ask about the pressures to reduce costs. In
a supply side funding model, what are the incentives for providers to reduce
costs there if it's just, you say to the government, 'These are my costs. My
40 wages are going up. I want more from the government provider. What are
the incentives there to innovate and to reduce costs in that model?

MR CLEVELAND: Well, I mean, the government has to keep a lid on costs,
and so, yes, it isn't by competitive pressures that they are encouraged to costs
45 down, typically in those supply side funded models, what there are are
different buckets, and there's money associated with those buckets. So you
get a certain amount of money, and you have to use it in the way that you can,
but it's a limited amount of money, it's not an unlimited of money. So you
have the incentive, in that sense, to try and save money. Are there upward

pressures within a supply side funding model? Will all the providers always be saying, 'The government needs to increase the amount of funding', yes, that's true. But it's a back and forth, in between them. So that is an issue, fair enough, in supply side funding model.

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COMMISSIONER BRENNAN: Yes. But presumably, there is some kind of relationship between demonstrated costs, and funding. Because one of the concerns I have about the current system is that the relationship is with prices. Its' not with costs, and we don't actually know – that's echoing again, and my phone is off. We don't actually know that it costs to deliver long day care in Australia, and that is a concern to me, given the - - -

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COMMISSIONER GROPP: We have got something from the ACCC, Deb.

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COMMISSIONER BRENNAN: Well, I don't think we've got enough information to design - if we did, we could design the hourly rate caps more appropriately, and maybe in a way that related to particular locations, and service mixes, and so on. But anyway, that's a comment I should be - - -

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COMMISSIONER STOKIE: Can I recommend, Deb, revisiting the rate caps.

COMMISSIONER GROPP: I mean, the ACCC found it was surprising that there was, sort of, a pretty uniform for a big range. It was, sort of, in high income areas, and in very remote areas, that you got very high costs.

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COMMISSIONER STOKIE: Can I just come back to something. I'm really interested just to your thought deeply about these issues for a very long time, Gordon, so I'm just going to ask you really specific questions, if that's okay. You talk about costs, and keeping costs down, and the main cost in this section, 70 per cent basically was wages. And we think the fundamental first priority is in fact the terms, wages, and conditions, for educators and teachers. So in fact, the cost base is not stable, or appropriate, because we're not keeping the people in, and we're not attracting them. Leaving aside the fact that the schools, of which the teachers in the main, are qualified to move from ECEC services into primary school, and we heard even today that they might even be asked to teach secondary school, but that's a school issue that, you know, are they getting good, qualified people to do the right things that they're qualified to do. But quite reasonably, being responsible for a four year old in preschool or an ECEC setting, and a five year old, or a six year old, in a Grade 1 or Prep, sort of program, and the wage differences are 20/30 per cent.

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And so we find that they drag us constantly from ECEC into the state governments, and the state governments are saying, 'We can't get enough teachers anyway', so they're not happy to stop that flow of movement. I listen to what you're saying, and you say, 'The ambition of this whole thing is to keep costs down'. I look at it and think, we need to have massive levels of investment, we need to fix the challenges, not just wages but conditions, and incentives to come, educator, program, which is just the educator base, but that's 70% of the cost. So we're wanting to equate prices or costs, or

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5 otherwise. You're looking at, if we don't deal with that – so I just wanted – I'm not sure I can agree with you when I hear, 'It's to keep costs down'. I actually think we need a – and maybe you're misstating, or you're not being accurate when you use it, which is cost to parents, which is different from the cost of the service, as a whole. And so I just wanted to really – well, both challenge, but also really hear what you had to say in that respect. You're on mute, sorry.

10 MR CLEVELAND: Yes, sorry.

MR CLEVELAND: Yes. The cost of the service, though, is important, isn't it? I mean, your typical fee now is, what, \$135 a day. You know, that's higher than – yes, I don't know, most anywhere else.

15 COMMISSIONER STOKIE: And 70 per cent of that is going to wages.

MR CLEVELAND: And that's good.

20 COMMISSIONER STOKIE: And the ACCC said there's no cost.

MR CLEVELAND: Okay, but hold on.

25 COMMISSIONER BRENNAN: Well, it's very variable, Martin, the percentage

COMMISSIONER STOKIE: No, but on average, Deb. We're talking about average.

30 COMMISSIONER BRENNAN: 54 to 85, yes.

COMMISSIONER GROPP: That's people who don't pay themselves a wage, they point that out.

35 COMMISSIONER BRENNAN: It's not all that - - -

40 MR CLEVELAND: So the point is, yes, you do need to pay more in wages. It is closely related to quality, and it's definitely related to the supply of teachers, and early childhood educators, that you end up with. And so that's where you wanted your money to go. If that's where the costs are coming from, I have no problem with it. But I don't believe that that is the only driver of costs. If I look at \$135 a day as the fee, I have to believe that if you did a very careful evaluation of costs, you would find that all too little of it was ending up going to the early childhood educators.

45 Anyway, I mean, it is true that the ACCC has looked at cost, but you don't know much about costs, actually. So if I look at the Canadian system, I'd say – and this is actually prior to the movement towards \$10 a day, in the city of Toronto, if you were going to be able to provide child care subsidy to a family, you do so at a fee that will be subsidised by the city. The city requires

5 you, therefore, to justify that fee. It's not going to pay you that fee unless you justify it. So you have to, every year, submit a budget which itemises room by room, staff member by staff member, what the costs are going to be of the provision of that. If it's in the right ballpark, they'll accept, and they'll accept it and they'll pay you the child care subsidy.

10 Otherwise, they're going to challenge you. If you're 10 per cent out from what you were last year, they're going to challenge you. So costs have to be justified in order to justify the fees that are charged in the centre. I don't see anything remotely like that in the Australian system. You don't have to adopt that model, I'm just saying I don't see anything like that in the Australian system, so there is no accountability for the fees charged. And when I say that you have an acceptance of competition as existing, it's probably based on what your Commission staff is saying, I'm not saying it's necessarily true of the Commissioners. But nonetheless, the arguments that you put forward have said, 'We don't really think that for-profit/not-for-profit is an issue', you haven't raised that as a central issue.

20 And yet, 100 per cent nearly of the increase in the supply of child care in the last 10 years has been in the for-profit sector. And you yourself regard that as unusual, you're surprised by it. But yet, I would say, 'Okay, this is something then that I have to investigate'. If 100 per cent of the expansion in this last 10 years, and actually if you go back the previous 10 years, it's also true before, is the expansion is all in the for-profit sector. You're getting a very unbalanced system in which you have some comfort in it, but because you believe competition exists, that's how I think the logic that's going through. If I look at it and I said, 'I don't competition is very strong in the sector', then the issue of the unbalance between the for-profit and the not-for-profit, particularly the expansion, is something I would really love the Productivity Commission to take on.

35 COMMISSIONER STOKIE: Yes. Look, the end goal of some of the things that you're referring to, Gordon, I don't think anybody in the Commission actually disagrees. We are talking about increased level of oversight, particularly given the level of government commitment, and the higher that government commitment, the greater the need for oversight, et cetera. I think we were – okay, this sounds like a bit defensive – but I think we were pretty light on in that respect, because the ACCC was looking explicitly at prices, costs, and profitability, and they hadn't put out their final report, and so it was hard for us to comment, and now that we have that, we have feedback like yours, and we have the further feedback from all the others, I think we'll reflect on some of these points, and I actually think we're not in too greater level of disagreement. Maybe the macro 10 year program I'm yet to quite hear, and you've gone through financial reporting; I'd give that a tick, yes, you know, and what that means. But guaranteed fee level is an interesting one - - -

COMMISSIONER GROPP: That's what I was going to raise, because one of the elements of a universal system, and if it's a guaranteed fee level, so you

5 don't see a system where fees are related to income, you know, you're looking at a flat fee. Because, mind you, my understanding is even in Quebec, not everybody is covered by the flat fee. There are some services where you might have some tax deductibility, for example. How important is that as you see in a universal system?

10 MR CLEVELAND: Okay, so let me clarify. The comment that I made about moving towards a fixed fee, or a guaranteed fee, in your system as it evolves over the next number of years, really reference to the fee, not the out of pocket cost, okay. So, yes, the out of pocket cost will vary according to the income of the family, but I meant that the fee charged should be in some way controlled, you should – it's hard - - -

15 COMMISSIONER GROPP: Okay, I see.

20 MR CLEVELAND: Okay. So that's one thing. The second thing you mentioned is with Quebec, and the Quebec system is unbelievably complicated in a way, there are actually two systems in Quebec, two funding systems that sit parallel to each other. There's a history to that. The one that you're talking about is a bunch of operators who do not have their fees in anyway controlled, it's like the Australian system, they're funded by a tax credit, it does vary according to the income of the family, and the regulations of those child care centres are less onerous than on the other group. And then you have the fixed fee system on the other side.

25 This emerged out of the history of how the system developed, and the government wanted to go that route. It's ended up being largely for-profit providers, and it's expanded very rapidly, which was the intention of the government. It turns out that that is now a failed experiment. Now that there's enough supply that parents are not compelled to use those child care centres, they're moving almost into the fixed fee child centres. They don't like the system where a fee is not guaranteed to them, they don't like the considerable poorer quality of the largely for-profit centres that are in the tax credit funded system, and so the government of Quebec now has a program to transition these 60,000 spaces in the tax credit funded system towards the fixed fee spaces, because they're actually failing, they're going out of business because, you know, their enrolments are considerably lower than in the fixed fee system. So that issue of variable fees only exists on that side, the set fee part of the system - - -

40 COMMISSIONER BRENNAN: So the fee faced by parents in the second part of the system is a fixed fee.

45 MR CLEVELAND: Yes, and this year it is \$9.10 a day.

COMMISSIONER BRENNAN: Yes.

MR CLEVELAND: I think it goes up every year, but it's \$9.10 a day. So if you are in what's called 'CPE', which is an early childhood centre, that's a set

5 fee system, it could be for-profit, it could be not-for-profit, because there are
some of those that are for-profit, or you could be in family child care under
the set fee system. So that's now more than two-thirds of the entire system is
made above the set fee, or fixed fee services. And it's something like about
60,000/65,000 of the others, or are the tax credit funded ones who are now
diminishing.

10 COMMISSIONER BRENNAN: So in light of the position you occupy in the
sector, Gordon, which you've mentioned at the beginning having deep
expertise both in Canada and in Australia, the things that you say are very
significant, and it certainly weighs very heavily on me, I'll just say the bracing
comments you made about elements of our report, and there are a number of
15 them that we've canvassed, and we've come back to the issue of Quebec, and I
think it's immensely important, because I know you're aware, and we're all
aware, that Quebec is a bit of a lone star for universal provision, and it has its
advocates, and it has its opponents, it is incredibly important that the
Productivity Commission, in my view, puts an accurate perspective on the
Quebec model. So I really want to take onboard the things that you've said
20 and, in particular, because we're talking about a really significant expansion,
and at the moment expansion seems to be just through the for-profits, but
you're telling us that one of the lessons of Quebec is largely about poor quality
for-profit rapid expansion. So that's an issue that I would like to hear – is that
still the case, or was that a teething problem that they've recovered from?

25 COMMISSIONER GROPP: And you said they weren't subject to much
quality regulation, is that correct?

30 MR CLEVELAND: They were at the beginning, yes. So when that system
first started, they got given a break in terms of the number of staff they had to
have, instead of two out of three being fully qualified staff, they were allowed
to go with one out of three as a teething problem. But that's no longer the
case, but they're still much poorer quality. I mean, the observation of much
poorer quality is not only mine. I mean, the Auditor General of Quebec did an
35 extensive report in it. I mean, I can send lots of evidence to suggest that it's
well established that the quality was much poorer in that segment, that was the
tax credit funded segment. I do think that the issue of how do not-for-profits
expand, is something that I'd love you to deal with, but we haven't dealt with
very well in Canada either. You know, there's a lot of people that haven't
40 dealt with it very well.

45 It seems to me that it requires an institutional response. There is sort of a
belief that somehow or other if you just make the funding available, the
operational funding, or in your case the child care benefit funding, and you
make that generous enough that providers, both for-profit and not-for-profit,
will come in and enter the system, and establish. But you observe that you
end up with only for-profit operators. So it's equity capital of one kind or
another, either it's private equity capital that's coming in, or it's the big chains
that have substantial resources themselves that are coming in and able to
establish, but you tend to get less, at least in my experience in Canada, you get

less expansion by the small for-profits, and you get not very much expansion by the not-for-profits either. And the not-for-profit expansion requires – like, we're sort of imagining that somehow or other, the group of parents sitting around running a not-for-profit board will decide to take on the risk of borrowing a large amount of money, will go out and hire an architect, will design or manage the design of the system, will find the space in which to have it, or go through all the planning permissions at the municipal level, and then will build the centre and, you know, go through that financial risk. And that's not what happens. What's worked in Canada is either municipalities or school boards taking that task on.

So the city of Toronto has five people that work full-time on expansion, and what they do is they do all of these tasks that I just talked about, and then they take a request for proposals from different operators, largely not-for-profit, and say, 'Okay, who wants to operate the centre?', and then they have lots of people lined up that want to operate the centre. So lots of not-for-profits are willing to operate a centre, but they're not willing to take on the role of building, construction, financing, risk, all that kind of stuff. You know, so that's been true with the cities, with the municipalities in Ontario, and there are school boards who have done that kind of work too. So when there's an institution that can take on those tasks, you do get not-for-profit expansion. In the province of Ontario, 75 per cent of our child care centres are not-for-profit, and it's because we've got a municipal role in Ontario, unique across Canada, municipalities are responsible for child care management, and so they've taken that on, and then the school boards have taken that on. And so we have had a considerable amount of not-for-profit expansion, but absent that institutional framework for expansion, you don't end up getting expansion in the not-for-profit sector generally speaking. Sometimes big chains – I mean, Goodstart could do it if it wanted to, and there's some other - - -

COMMISSIONER GROPP: So you're sort of saying that somebody has to take on the risk, and that's sort of the government sector in that case, rather than private - - -

MR CLEVELAND: Yes, although it could be a not-for-profit agency. It doesn't have to be government.

COMMISSIONER GROPP: Yes, okay.

MR CLEVELAND: I mean, one could establish a not-for-profit agency who had that as a responsibility.

COMMISSIONER GROPP: It would have to be funded to that.

MR CLEVELAND: It would have to be funded, yes.

COMMISSIONER GROPP: I'm going to ask about – I mean, one of the main themes, I think, we were trying to address in our report was the children who are missing out, and then they tend to be the ones who would benefit – in our

words, ones who would benefit most. And so if we're 100 per cent subsidy, relaxation of the activity test, plus supply side funding in thin complex markets, et cetera, and a range of recommendations, recognising that they weren't being properly service. But how has it worked in Quebec? I mean, because I've read some, and I think even in your submission, you acknowledge that it hasn't been perhaps as equitable as another – and particularly who gets the better quality services, it's probably been, you know, not the vulnerable disadvantaged children. So what's driven that, and what's been done to correct it?

10 MR CLEVELAND: Yes, this is a weakness, and it's acknowledged as a weakness. It is true that the low income families have ended up, generally speaking, in the poorer quality care. So as I described, there are the CPEs, which are the heart of the system, not-for-profit centre-based child care, and they have been higher quality, and acknowledged as such. There's other fixed fee services, sort of, middle in quality, and then there are the wild west of child care services funded through the tax credit system, that expanded very rapidly, and they are largely for-profit. So, too many of the low income families have either ended up in family child care, not as strong on the quality side, or in the for-profit services, what I've described as wild west services funded by the tax credit, and those two sections are acknowledged as being of poorer quality, and too many of the low income families have ended up in there, and the middle class and upper class families move quickly to select the better quality services. I mean, it happens everywhere.

25 As I said, you know, I've done studies in Australia, and I've read studies in other countries, so this is a very strong pattern for low income families in many jurisdictions, and independent of the policy arrangements around child care. So it's a problem. It means that you have to allocate spaces, rather than letting the pure choice process go on. Because it's true, middle class families – I mean, their networks work really well, they know where the good child care is, they have the time to access it, you know, they look at the research, all that kind of stuff, and that definitely happened in Quebec as it has happened in other places, and so that continues to be a problem. On the other hand, you know, as I said in my submission, I looked through the data on Canada versus Quebec, in terms of the percentage of low income families who ended up using child care, and it was two or three times higher as a percentage of the low income group that ended up in child care in Quebec versus the rest of Canada. In the rest of Canada, we had a targeted child care funding system. We had subsidies targeted at low income families, and you would expect that that would be effective in getting low income families into child care. But, the answer is, it was nowhere near as effective as a fixed fee - - -

45 COMMISSIONER STOKIE: Did it pay – like, you would have seen our recommendation, which is effectively to make it free for under \$80,000 family income.

MR CLEVELAND: Yes.

COMMISSIONER STOKIE: Is that the comparator that you're making, so even in provinces outside of Quebec, that it didn't lead to the uptake that we're hoping it would through targeted incomes, is that - - -

5 MR CLEVELAND: Yes. I mean, if you're in Ontario, you know, below around – I mean, this is a number of years ago – but below around 40 or \$50,000 it was free, and then the out-of-pocket fee would rise above that. But I mean, in terms of even the people that were below about \$60,000, and there's a much smaller percentage of them, if - - -

10 COMMISSIONER STOKIE: Was that an availability? What was driving that, because that weren't enough services, or it's not enough just to make it free?

15 MR CLEVELAND: No, it's related, I think, to your issue of the activity requirement, right. So the requirement for getting subsidy is, yes, an income requirement, but also what we call a social requirement. That is to say, you're going to school, you're employed, you know, all this kind of stuff, and so for low income families on more uncertain employment, that also became a very important barrier to their participation. But in - - -

20 COMMISSIONER BRENNAN: I want to ask what is the – sorry, isn't it also the predictability issue, because we have recommended 100 per cent of the hourly rate cap, but that's not necessarily fee, especially with 22 or 3 per cent of services charging above the hourly rate cap. And to me, one issue to consider is whether parents can predict, rather than be told that it's free and find that it's not, or actually know what the difference is between the hourly rate – I mean, it's a very complicated thing, what's the difference between the hourly rate cap, and the service in your local area.

30 MR CLEVELAND: Yes, yes. If you ask me to predict what will happen in response to the Productivity Commission report for low income families, I'm going out on a limb here, but I'd say I expect that what will happen is that child care centres who don't want just to have low income families, will game the system to make sure that they don't end up with low income families. And so you will repeat the – you know, better quality centres end up serving middle and upper class. So if you want to keep low income families out, you will then charge a fee that is above the rate cap, or you'll increase the number of hours that the centre is open. So if you go beyond 10 hours, you do 11 or 40 12 hours, if you're open for that length of time, then the family has to pay for the remaining 2 hours at full rate, as I understand it. So, you know, I would predict that you'll see some of that gaming going on, which then separates the system into those centres that service low income families, and those centres that really make it hard for low income families to come in.

45 COMMISSIONER STOKIE: To rephrase what you're saying, Gordon, I suspect – well, what I'm hearing is, your advice to us is to make sure that the regulatory system doesn't allow for these things, rather than to naively just have a system and say, 'Let it rip', and then you look and observe the adverse

outcome of what you're saying here. Partly you're reflecting that there's, and we acknowledge this, there isn't sufficient services to cater for what we expect to be the demand or the desired level of participation in centres, which then means that some services can have a little bit of choice, it would be of concern if those things that you outlined actually do occur, and I think that's incumbent on us to help provide advice back to government to whatever regulatory structure to put in place that that's not allowed, plus we're also talking about potentially things that you might do tomorrow versus you might do something differently, which is to your original point, it takes time to change. You might do something, you know, of a much grander step change in 10 years' timeframe.

MR CLEVELAND: I do appreciate the work that you're doing in the Productivity Commission, and I guess a little piece of advice that I'm making, which you fully understand, is that you always have to think through the ways in which your recommendations can be gamed by people who are in the system, right, and I'm just making a comment- - -

COMMISSIONER STOKIE: And that's a fair warning, and good counsel.

MR CLEVELAND: Yes.

COMMISSIONER GROPP: Gordon, we might have to close it off, because we've got another presenter. Is there any last word that you wanted to - - -

MR CLEVELAND: Here's a last word, which is not exactly a last word, but it's about Quebec. When you hear things that are very negative about Quebec, remember this about it: it was developed by a provincial government in Canada, exclusively funding its own universal child care system. Our provinces have much lower taxing ability than our federal government does, and the federal government didn't provide any assistance to that at all. So apropos of some of the things that you said, if you have a supply side funded system, but you don't have very much funding in it, you can end up with bad results. It does have to be relatively generously funded, or else you will end up with a bad result.

COMMISSIONER GROPP: the quantum matters.

MR CLEVELAND: I interpret most of the difficulties that Quebec had to the fact that they did it entirely on their own as a province, because they believed in it. They look to France for their social examples, and this was what the French do in terms of child care, and they tried to go ahead with it, but found that it actually was a lot more expensive than they anticipated because it was much more popular. It was so popular, they've kept with it, and worked with it, now they're getting considerably more funding, so the various problems, I think, will be dealt with. But my interpretation is most of the problems I saw with that universal system were understandable, but in fact it's ended up being incredibly positive nonetheless, even with the difficult start that it had. So I do regard it as an important model to look at.

COMMISSIONER STOKIE: I'll be definitely looking at it.

5 COMMISSIONER GROPP: Yes. Thank you very much.

MR CLEVELAND: Thank you.

COMMISSIONER GROPP: You're on mute, Deb.

10 COMMISSIONER BRENNAN: Just adding my thanks, and just for all Gordon's engagement, which has been considerable during the inquiry. Thank you.

15 COMMISSIONER GROPP: You're on mute now, Gordon. Bye. Thank you. Okay. Now, is Warren there?

COMMISSIONER GROPP: Great. Hello, Warren.

20 MR JACOBSON: Hi. How are you?

COMMISSIONER GROPP: Very well. How are you?

25 MR JACOBSON: Wonderful, thank you. Thank you very much for having me in this – I hope it's not the graveyard shift at the end of your public engagement.

COMMISSIONER GROPP: No, we're bright-eyed and bushy-tailed.

30 COMMISSIONER STOKIE: Well, I think we're past midway through the full consultations, and public hearings, but we still have many to go.

COMMISSIONER GROPP: Yes.

35 MR JACOBSON: Fantastic. Well, then maybe you won't have heard everything that I'll share with you today. I hope that there's something new that can be brought to the table, and that it's not too repetitive.

COMMISSIONER GROPP: Bring your own perspective, so - - -

40 MR JACOBSON: Yes.

COMMISSIONER GROPP: And I'm not sure how long you've been watching, but I'll just – oh, Deb you've gone. What happened?

45 MR JACOBSON: No, I'm here. Can you hear me?

COMMISSIONER GROPP: Just it's gone blank, okay, as long as you can hear us.

COMMISSIONER BRENNAN: I can see Warren.

MR JACOBSON: Yes.

5 COMMISSIONER BRENNAN: Just that our screen went blank. So I'm Lisa
Gropp, joined by Martin Stokie, and Deb Brennan on the screen there, and
we're the three Commissioners running this inquiry. I'm sure you know, but
these proceedings are being transcribed, and the transcript will be on our
10 website, and there may be members of the public and/or the media observing,
so just you're aware of that. But if I just ask you to say who you are, and
where you're from, for the purposes of the transcript, and then make some
opening remarks, and then we can have a chat.

15 MR JACOBSON: Fantastic, thank you. My name is Warren Jacobson, I'm
the CEO of Camp Australia, and I'm also the President of the Outside of
School Hours Council of Australia, and I'm delighted to be with you all today.

COMMISSIONER BRENNAN: Thank you.

20 COMMISSIONER GROPP: Thank you. Did you want to make some
opening remarks?

25 MR JACOBSON: I'd love to, thank you very much. So I had the benefit of
hearing from, I think, it was two of the three of you at the ACECQA
workforce forum at the end of last year, and I think in that forum I shared
some thoughts, so hopefully they won't be too repetitive. I appreciate and
thank the Commission for the opportunity to appear in front of you today. To
the extent that you're not familiar with Camp Australia, we're the largest
30 provider of outside of school hours care in the country. We operate over
500 services in all states and territories, other than Tasmania, and across those
services we care for over 75,000 children from 54,000 families, delivering
over four and a half million care sessions per annum.

35 Children are at the heart of everything that we do, and we guide their growth
through before school, after school care, pupil-free days, and also vacation
care. And you would understand that in outside of school hours care, we give
parents the opportunity to do things that they would not otherwise be able to
do in a way that is guilt-free, knowing that their kids are in safe, enriching
care, and that is most frequently work, but it's also looking for work, and it's
40 also tackling the natural challenges of everyday life, whether they are familial
challenges, or health challenges, all of which is important. And we also give
kids the opportunity to experience things that they otherwise would not be
able to do, and in-so-doing, also assist with their growth, their learning, and
socio-emotional development.

45 We have obviously welcomed the Commission's draft report, and I'll just
share some thoughts across, sort of four dimensions with you today that we
are particularly sensitive to, and as you finalise your final report, that we
would hope there would be due consideration or further consideration on. The

5 first one is what I refer to as the idea of regulation and, in particular, the cost
of inconsistency in regulation. So, I'd be surprised if members of the sector
hadn't shared with you, particularly multi-jurisdictional providers, the
challenges posed by differences in regulations and frameworks, between
10 states and territories. And these differences, as you would appreciate,
increase the cost and complexity of doing business, they inhibit staff mobility,
and consistent increase in regulation places more pressure on educators, and
keeps them away from time with children. And so to this end, you know, as a
sector, we've been quite vocal advocates of the opportunities for
15 harmonisation in, for example, such regulations as staff qualifications, and
ratio, with little to no evidence that more stringent requirements in one state
deliver different quality outcomes to other states.

15 We've also seen inconsistency to the same extent in the way in which outside
of school hours care governance agreements or service agreements are
governed. And so you know, this is reflected in the different terms of
engagement, the different licence terms, different fees of doing business,
different procurement processes, and very different parent fee structures that
20 exist across states and territories. And, you know, there's lots of evidence to
demonstrate that the higher the licence fees, the more onerous or complex the
regulatory requirements, and therefore the cost of doing business, the higher
the fee is to parents. So, you know, attending to those nuances is something
to be mindful of in ensuring this idea of universal access, or access to
25 affordable care.

25 We also note – and I shared this point with you at the ACECQA workforce
forum – the inherent dissonance that exists in outside of school hours care
regulation. So I noted the idea that the way in which outside of school hours
care is regulated is substantially the same, and consistent, as a part of the
30 ECEC sector, with the regulations that apply to the other parts of the sector
including, but not limited to, long day care. But we obviously care for cohorts
of children that have very different characteristics, zero to five, and,
you know, five or six to 12. The environment in which we deliver that care is
substantially different, and so standalone bespoke purpose built settings
35 versus licence space inside schools, which can be very variable in its nature,
and which we have no control over. So you know, to the extent that there is
consideration more broadly about sector-based regulation, and I know that
there's work underway in review and consideration of the National Quality
Frameworks, ensuring that we don't throw the baby out with the bath water,
40 but [ensuring] the manner in which regulation evolves, sensibly attends to the
idiosyncrasies of the different parts of the sector I think is really important.

45 So first point, regulation and inconsistency in regulation. The second point is
really about sector-based funding, and I agree with the comments that have
been made that major changes shouldn't be made to a funding regime that
substantially works in advance of, [you know], determining other reforms to
the sector. But when those changes are made, we encourage policy makers to
consider the implications of those changes across the entire sector, and not
only parts of it, and I noted Gordon's comments at the end about, you know,

gaming the system. The thing that I'm most generally sensitive to, when regulatory changes are made, is less about gaming the system, because I formed the view that people who are gaming the system will be found out, it's actually the unintended consequences of change, and so changes that only
5 apply to one part of the sector, which is like squeezing the balloon, that have adverse unintended consequences on other parts. As it relates to sector-based funding, I heard your reference to the activity test, and we support the removal of the activity test, and we note things like the Impact Economics and Policy Report that found that removing that test will encourage increased
10 participation by mothers, I think with children under five, to the tune of 40,000 mothers, also contributing over four and half billion, I think it was, to GDP, and we also know that that change will benefit those that are most adversely affected or the most vulnerable.

15 We also support the idea of the availability of three days or 30 hours of free care in zero to fives. But to my point of, you know, equity across the system, we question why this is a benefit that would only apply up to five, because the working circumstances of parents, and their care needs, don't substantially change for children that move from five years old to six years old. And then I
20 also note the comments in the report about system stewardship and, in particular, as it relates to OSHC state-based stewardship of outside of school hours care, and we have assumed, and I have understood, that any such changes would not be at the expense of harmonisation or attempts to harmonise, or would not be with the intent to increase [in] differences and
25 complexity, and would not be at the expense of a federal system that broadly works.

The third point I'll touch on – and again, I heard you touch on this with Gordon – is this idea of inclusive care, and particularly the availability of
30 inclusive care for vulnerable cohorts, complex or thin markets, and you would be aware that providers across the spectrum incur considerable additional expense on their own account, to ensure the availability of inclusive care and delivering care, I'll first focus on the idea of complex care, delivering care to children that have got complex needs does require a different staffing model,
35 it requires staff with different skills and experience, it requires more intense staffing ratios, it requires additional and different resource requirements, and all of that increases substantially the cost of care, which is underfunded, and what we have certainly seen in outside of school hours care, and amplified as an outcome of COVID, is an increase in incidence of behavioural challenge in
40 children, we've seen increased incidence of neurodiversity, and I think that's been reflected in the NDIS data, but, you know, mainstream media has made much of in terms of, you know, children on the spectrum, availing themselves of funding through NDIS, and we note the decision to exclude that cohort from NDIS, and to have that cohort perhaps otherwise served and funded
45 potentially through the education system, and so, you know, just making sure that we're mindful of the manner in which that happens.

I also note the ACCC reports into the ECEC sector, and their acknowledgement of the deficiencies in the Inclusion Support Program related

to amounts of funding that are available, administrative burden in accessing funding, and also the time to get funding. And so without substantial reform, and targeted investment, children with additional needs will continue to remain at significant [dis]advantage in getting access to appropriate care, but
5 this will also continue to put pressure on educators who are often ill-equipped to attend to these needs, but also puts pressure on other children in the service, and their care-based experience, and so we look forward to working with the government to attend to those challenges, and opportunities.

10 Similarly, you know I know you've been very focused on this idea of thin markets, and thin markets has predominantly, it would seem, been funded by states. And what I would say in that regard is that the nature of funding that's been typically made available, you know, at a state level to support thin
15 markets, has often not been sustainable, and so it's been short-term funding to set up or establish the care and, you know, to the point of gaming, there have been lots of providers who have sought to put their hands up for that short-term funding. I suspect in some instances, knowing that at the point at which that funding expires, the care will no longer be available, and there are some that have walked away from the provision of that care, you know, at the end
20 of the one, or two, or three year establishment grant, only for communities that have had short-term care to be left wanting. And so what I would say is that as we consider both the requirement to support those thin markets, and as we think about funding, we do so in a way where the funding is certain, in a way where the funding is sustainable and in a way in which the quantum of
25 funding, and the access to funding, is available at the point at which care is provided, or once the need for funding is ascertained not at some point thereafter.

30 And then finally, the question of workforce depth. You know I sit on the ACECQA Strategy Reference Group that's working on the sector-based workforce strategy. You know we appreciate all of the work that is being done both at a national level by ACECQA, but also at state-based levels to attend to acute workforce challenges, and workforce challenges that have become more acute as a consequence of COVID. And the challenges have
35 really been amplified in outside of school hours care, and so we talk about outside of school hours care substantially, you know, as the base of the ECEC workforce pyramid, and outside of school hours care is substantially a feeder into other parts of the sector. That is, not only the ECEC sector, but also the education sector. And so we're very sensitive to that. You know the impact
40 has been the most acute in our sector, but we're also very sensitive to adverse consequences that might accrue or arise as a result of any efforts to booster supply side of care. So you know, when we think about the 100 new preschools in New South Wales, or universal pre-k in other states, you know noble and appropriate policy measures, but in circumstances where they are
45 not accompanied by workforce solutions that match and correspond supply side, you can see how it's just going to exacerbate issues that are already quite acute.

And then I finally just need to comment on and recognise the government's engagement with employers, unions, Fair Work Commission, in multi-employer bargaining and, you know, particularly for long day care, and we support all measures to increase educator compensation to, (1) demonstrate the value of education and care, but also to assist with attraction and retention, but again, in this interest of calling out potential procural adverse consequence, and unintended adverse consequences, we're sensitive to what would be the impact on our sector in circumstances where the government chose to, you know, support with wage subsidy another part of ECEC broadly defined, and that is where the subsidy or wage support was confined to long day care, because you could see how that would very quickly suck a lot of resources out of outside of school hours care. To the extent that we were unable to retain those resources, there would be a dramatic unfunded cost or increase in the cost of delivering service, and we've done some work, and I think it's reflected in the outcome of the ACCC report, you know, the profitability of the sector is not such that were there such considerable increases in labour costs, that the structural integrity of the system, and the viability of the system, would not be materially compromised.

And to that end, whilst I had not intended to speak about it as we move to your thoughts, I'd be delighted to offer some thoughts, as Gordon did, on competition. Because whilst I can't comment on long day care specifically, I would argue that competition in outside of school hours care has increased considerably over the last, sort of, 5 to 10 years, and there's lots of data points that I can point to that demonstrate the benefit of that to schools, to families, and also to children. So I hope I've shared some perspectives with you that you consider in finalising your report. I, and on behalf of the sector, and certainly the 30 per cent of the sector that comprises the outside of school hours council, thank the Commission for the opportunity to appear before you, and if there are specific matters that we can provide you with further information on as you continue to do your work, we'd be delighted to do so.

COMMISSIONER GROPP: Thanks very much, Warren. I think on one point you raised earlier, it was about our proposal for 100 per cent subsidy for zero to fives, and the removal of the activity test of the 30 hours, we probably weren't as clear in our – well, we probably weren't very clear at all in our report, that that would have to extend to outside of school hours care, I mean, as the current arrangements apply.

MR JACOBSON: Thank you.

COMMISSIONER GROPP: So this was our bad. We might have to - - -

MR JACOBSON: No, all good.

COMMISSIONER GROPP: But one thing I would like to ask you, you mentioned – well, were talking about focuses on thin markets area, the children that aren't accessing ECEC, including out of school hours care, I mean, you're a big operator, a big provider, and, again, maybe our language

wasn't as clear as it might have been, but around states taking responsibility to provide, it's not the funding, but just that they take that, you know, to ensure that children, and families, have access, and have a more systemised approach to ensuring that it is provided, and that the schools are more engaged in that process. But where you have very small numbers, for example, I mean, are you involved in those sorts of more problematic, or challenging I should say, areas of smaller numbers, and also in higher needs areas, and how do you operate, do you provide services in those sorts of areas, and what do - - -

10 MR CLEVELAND: Yes. So we provide services in those areas, but I'll be absolutely frank and honest that it's with hesitation, and with reservation, yes, because we're very attuned to the idea of a dislocation between a school, and a community's expectations, and what it is that we're able to deliver, yes. So we will be mindful of a number of things. We will be mindful of economic
15 viability, and, you know, the proportion of our portfolio that we are prepared to operate on an unviable unprofitable basis, in a way that it is funded by the balance of the portfolio. And I'll be honest with you, as I came into speaking now for Camp Australia, there was an irrationally long tale of unviable services, and so a part of what was my decision was to rationalise those
20 unviable services.

Now, other providers have indeed picked those unviable services up, and their motivations for picking those services up will be extremely diverse and varied. But one is viability, and the drag on the balance of the portfolio. The
25 second one is workforce availability. So one of the considerations for me, as a general rule, will be my confidence in my ability to adequately and appropriately staff a service in a thin market, or in a setting where there are acute and complex needs. And we, from time to time, will very deliberately take that risk on if we think that there's a way in which we can meet it. But if
30 we're not confident that we can meet it, and we have no support in meeting it, we won't take it on. And, you know, the sort of example that I used in my intro was a perfect example. You know a number of the states have offered establishment grants to set up services in thin markets, and those establishment grants are short term, you know, of generally two year grants,
35 and we have ourselves put our hands up for a very small number, but there are a number of players that put their hands up for a large number of those services, some of which have walked away from those services at the point at which the grant expires. Now, I would rather not lean into that, and walk away. I'd rather not lean in at all, then to lean in and walk away, and my own
40 personal view is that that's disingenuous. And so I think apropos, you know, your comments, we need to be really mindful of who's going to bear the cost, and the fact the funding is sustainable.

45 COMMISSIONER STOKIE: Can I just ask, and this is, sorry, my ignorance of those particular programs, and those grants. Were they fully funded grants, or were they grants that then accrue on the Child Care Subsidy as well in combination?

MR JACOBSON: No, they're essentially establishment grants, and so it's a defined sum of money for a period of time, essentially to cover the upfront cost of establishment.

5 COMMISSIONER STOKIE: Establishment, okay.

MR JACOBSON: Yes, there is a part of - - -

10 COMMISSIONER STOKIE: But you then drew on the CCS, is that right, to - - -

MR JACOBSON: You then draw on the CCS, yes. The size of the grant exceeds to the cost of establishment, and so part of the funding is used to subsidise the cost of delivering care.

15 COMMISSIONER STOKIE: Yes.

20 MR JACOBSON: But the premise of which that works, if at the end of that defined grant period you have a service that is financially viable in its own right.

25 COMMISSIONER STOKIE: I presume what you're really saying, financial viability is just a big finance term, et cetera, but what we're talking about here is children, and families, but what you're saying is that there aren't sufficient families and children attending to cover the costs given that the funding and the CCS attaches to the child, that there'll be relatively significant fixed cost per service, is that really what you're saying?

30 MR JACOBSON: Yes, that's it.

COMMISSIONER STOKIE: And so in those markets, there weren't enough children and families attending, or coming, to match the expectation of the service being delivered, am I correct in understanding that?

35 MR JACOBSON: No, no, that's crystal clear. And the point, though, is with a bit of work, it's clear that there'll never be enough.

40 COMMISSIONER STOKIE: Well, that's the classic example of an underserved or unserved market where - - -

MR JACOBSON: That's the point.

45 COMMISSIONER STOKIE: And we hear this a lot, particularly in remote and regional areas, if we're going to have a universal service, we need to think broader than the historical approach how to actual ensure that those children, and those families, don't miss out.

MR JACOBSON: Correct.

COMMISSIONER STOKIE: It may be that there needs to be some flexibility in how that's delivered.

MR JACOBSON: Yes.

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COMMISSIONER STOKIE: And we've had some people thinking in different ways with different models. So I just wanted to understand what was going on.

10 MR JACOBSON: Yes, absolutely. The volume of demand for the service doesn't cover the fixed costs.

COMMISSIONER STOKIE: Yes.

15 MR JACOBSON: And the funding schemes that are available today, have by some, because they are short term and unsustainable, been gamed for short term gain, only to have those communities left unsupported thereafter.

20 COMMISSIONER STOKIE: Deb, you look like you wanted to step in at some point. You might be on mute, actually.

COMMISSIONER BRENNAN: No, thanks very much. Thanks, Martin. Just clarifying, so what you're talking about is where you can get the service started with a grant, plus CCS. When you get to the point of CCS alone, it's
25 inadequate. We had a discussion yesterday with one of the jurisdictions where they were supporting kindergarten in very remote areas through funding a fixed number of children, it was 18 actually, even if there were not actually 18 eligible children in the community. So I'm guessing that you've not heard of anything like that in outside school hours care.

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MR JACOBSON: No, but we have had discussions to that end.

COMMISSIONER BRENNAN: Right.

35 MR JACOBSON: I mean, you'd be well familiar with the outside of school hours care model across most states where outside of school hours care providers pay school's licence fees for access to space.

COMMISSIONER BRENNAN: Yes.

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MR JACOBSON: And so, effectively, in some of those thin markets, we flip the model where we've said, 'Rather than us paying you a licence fee, this is the minimum we would require in order to cover the fixed cost of delivering the service', and I can tell you, in our experience, the number of children is
45 substantially less than 18.

COMMISSIONER BRENNAN: All right.

MR JACOBSON: And so it might be 10, but that's precisely what we've done, but that's had to be the product of commercial negotiation between the provider and the school, and so the school has had to, in those circumstances, make a decision to bear the cost.

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COMMISSIONER BRENNAN: Okay. I see, yes. Thank you.

COMMISSIONER STOKIE: And perhaps just by way of a final comment from us, Warren, I just wanted to reiterate Lisa's point earlier, which is – and it's an oversight on us – we see the extension of whatever is recommended around funding, et cetera, extends into outside of school hours care, we think it's an incredibly important area. We remember you from the ACECQA session, and value the input. You mentioned fairly early on about the overlap, the regulatory burden. Part of our ambition for having the states more involved, not to funding it, but is more involved just to help try and remove that, and in New South Wales, and Queensland for that matter, there's much more universal approach at a state level than there are in some of the other jurisdictions around outside of school hours care. So uniform contracts, uniform arrangements, cost of services, and I just thought I'd reiterate that, because you raised it as a concern; we hear that, and part of our recommendation is to try and – well, bring the counterparty in, or one of the other counterparties in, which is the states and the school principals, et cetera, in a more formal structured way that would hopefully try and alleviate some of those concerns. So that was probably the final thing that I want to add.

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MR JACOBSON: Look, and I appreciate that, and I would say New South Wales is a very collaborative state. I participated last week in an ECEC advisory reference group. There's a very high level of engagement with the sector. The model that applies there works effectively well, and I understand the challenges in getting all of the states onto a consistent model, but I do think that in some of those other states, where there are less parameters around the manner in which the sector works, at least from a contractual engagement with school's perspective, that there are probably some frameworks and benchmarks, or some system stewardship, that can be brought to bear to ensure your higher levels of consistency to achieve quality outcomes.

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COMMISSIONER STOKIE: Yes, we agree.

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MR JACOBSON: Good.

COMMISSIONER GROPP: Thanks very much, Warren.

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COMMISSIONER BRENNAN: Thanks very much, yes.

COMMISSIONER GROPP: Is there anything else you wanted to raise with us?

MR JACOBSON: No, I would only say, just because I caught the end of Gordon's – you know, I always find the debate about profit or not profit a curious one, because fundamentally for me, I focus on the outcome and the objective, and if the outcome and the objective is indeed being met, that is, 5 you know, access to affordable inclusive quality engaging safe care, then it should be agnostic as to who's providing it, and I would say, in my five years in this particular seat, I've seen considerable increases in competition that I've seen manifest themselves in lower fees to parents, higher licence fees to schools, higher quality that is, you know, the outcome of assessment and 10 ratings if you look at the proportion of services meeting or exceeding the national standard, you know, dramatic increases in outside of school hours care, and I think also substantial increases in the quality of the child experience. So when you look at the quality of the programming, the nature of the experiences that are delivered, the orientation, despite the National Quality Framework, and the structure that it puts around programming, 15 you know, real attempts to build and drive enrichment through differentiated programming, you know, my own sense is that the impact of competition across each of those dimensions is real and genuine.

20 COMMISSIONER GROPP: Thank you very much.

MR JACOBSON: Thank you.

25 COMMISSIONER GROPP: Thanks for your time.

MR JACOBSON: Thanks all, I appreciate it.

COMMISSIONER BRENNAN: Thank you.

30 COMMISSIONER STOKIE: Thanks, Warren.

MR JACOBSON: Bye.

35 COMMISSIONER GROPP: Bye. Okay, that concludes the scheduled public hearing for today. But before we formally close proceedings, is there anyone who would like to appear today before us? I think an electronic hand, or something like that, would do the trick.

40 COMMISSIONER GROPP: So only the team left.

MS KIM: Yes.

45 COMMISSIONER GROPP: Okay. All right, I'll now adjourn today's proceedings. And the next hearings will be held in Perth next Wednesday.

COMMISSIONER STOKIE: Thank you very much.

COMMISSIONER GROPP: Thanks everyone.

MATTER ADJOURNED