# How do ECEC services support children?

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| Key points | |
|  | The children attending early childhood education and care (ECEC) are diverse and have a range of needs. Ensuring ECEC services appropriately cater to these needs is an integral part of ensuring a high‑quality system. |
|  | ECEC delivered in accordance with the National Quality Framework (NQF) should be sufficient to meet the needs of most children.  The NQF imposes ratio and qualification requirements that were raised by inquiry participants as affecting the supply of ECEC. The literature does not provide a strong case for raising requirements but cannot rule out risks from lowering them.  Some services are not covered by the NQF but receive direct funding from the Australian Government. The standards for these services should be reviewed and the Australian Government should ensure any future funding model for these services has appropriate mechanisms to ensure their quality.  The NQF regulates outside school hours care services in a similar way to services for younger children but it is unclear if this is appropriate. |
|  | Some children require support to ensure their inclusion in a mainstream setting. But some of these children still experience exclusion or environments that are not culturally safe.  The NQF and anti‑discrimination legislation require ECEC services to be inclusive. But most ECEC services are excluded from the *Disability Standards for Education 2005* and it is unclear if the NQF adequately promotes cultural safety or capability.  The Inclusion Support Program, funded by the Australian Government, could better support children with additional needs. Changes to additional educator subsidies, eligibility, and application processes would improve the supports available to children and services.  There are examples of poor coordination between governments on inclusion funding, which may lead to gaps, overlaps and confusion for services and families. |
|  | For children requiring or using other services, such as allied health, ECEC services can help identify and connect them. The Productivity Commission will address findings from the recent review of the National Disability Insurance Scheme and any implications for the ECEC sector in its final report. |
|  | A smaller cohort of children may benefit from services tailored to their specific needs. Place‑based approaches are one way these children could be supported. |

This paper considers how well Australian services deliver early childhood education and care (ECEC) that responds to children’s needs, given the diversity of the children who attend ECEC and the diversity of Australian children more broadly.

The paper begins by considering the characteristics of children attending and not attending ECEC and sets out a framework for responding to their needs (section 2.1). It then considers the performance of the National Quality Framework (NQF) (section 2.2), inclusion programs (section 2.3), connections to services (section 2.4) and tailored supports (section 2.5) in meeting these needs.

## Thinking about the needs of children in ECEC

### The children who attend ECEC are diverse, but some cohorts are under‑represented

Paper 1 established the important role ECEC can play in supporting children’s developmental and educational outcomes. Nearly half of one‑year‑olds attend some form of ECEC and participation rises until children commence school (figure 2.1). About 90% of four‑year‑olds are enrolled in ECEC and, once in primary school, about 14% of children aged 5–12 spend time each week in outside school hours care (Productivity Commission estimates, based on ABS 2023a, 2023b and DoE administrative data (unpublished)).[[1]](#footnote-2)

There is substantial diversity among children who attend ECEC in terms of their age, setting attended, backgrounds and associated needs, and other characteristics (figure 2.1). Ensuring ECEC services and policy appropriately respond to this diversity is a key part of ensuring children experience positive outcomes from ECEC.

The majority of children in Australia thrive in their early years, but many children across the community experience developmental vulnerability. The three‑yearly Australian Early Childhood Development Census (AEDC), which assesses children’s development in their first year of school, shows some cohorts are more likely to be developmentally vulnerable, including:

* Aboriginal and Torres Strait Islander children
* children with a language background other than English
* children from regional and remote areas
* children from low socio‑economic areas[[2]](#footnote-3) (DESE 2022, pp. 29–40).

While included in the census, AEDC results are not reported for children with chronic medical, physical or intellectual disabilities that require special assistance, based on medical diagnosis.

Figure 2.1 – The children who attend ECEC are diverse

Characteristics of children attending ECEC

Figure 2.1 – An infographic detailing characteristics of children in ECEC in Australia. Of the 1.4 million children in CCS approved ECEC in the December 2022 quarter: 60% attended CBDC, 5.7% family day care, and 37% outside school hours care. A bar chart with blue bars depicts rising engagement in CCS approved services or preschool programs from ages 0-4, declining over ages 5-12. Among the 550,000 children (3-6 years) enrolled in a preschool program in August 2022: 63% were in CBDC only, 27% in dedicated preschool only, and 10% in both. For every 100 children in CCS approved ECEC: 23 live in low-income families, 22 are from regional areas, 19 come from a non-English speaking background, 5 have a disability, 4 are Aboriginal or Torres Strait Islander and 1 is from remote and very remote areas.

**a.** Includes children whose family lodged a claim for CCS and have a Customer Reference Number. 2,090 children attended In Home Care in the December 2022 quarter. The sum of percentages exceeds 100% as children can attend multiple CCS service types. **b.** The reference period used to calculate the number of children enrolled varied but was generally a period in August 2022. For Australian Government data, it was 1–7 August 2022. For state and territory data, it was generally a period in August 2022. For the NT, it included part of June and July 2022 and in the ACT it included part of July 2022. **c.** Data on the overall population of children was at June 2022. **d.** For enrolment by age, there may be some double counting of children aged 3‑6 years enrolled in both a preschool program (including centre‑based day care) and family day care, outside school hours care or In Home Care. **e.**Children in centre‑based day care of the appropriate age are assumed to be enrolled in a preschool program. **f.** Data on children from regional and remote areas, low‑income families and Aboriginal and Torres Strait Islander children is at the March 2022 quarter. Data on children with disability and from non‑English speaking backgrounds is at 2021; these children may be counted more than once if attending more than one approved service in the reference period. **g.** Children can use ECEC in multiple regions, and may be counted in more than one region. **h.** Data on Aboriginal and Torres Strait Islander children and children with disability is based on identification by the service.

Source: DoE (2023a), Productivity Commission estimates, based on ABS (2022) *Preschool Education 2022*, *TableBuilder*, accessed 15 August 2023, ABS (March 2023) ‘Estimated Resident Population by Single Year of Age, Australia’, *National, state and territory population,* accessed 10 September 2023, DoE administrative data (unpublished), SCRGSP (2023).

Children from these cohorts as well as children with disability are often less likely to be enrolled in or attend ECEC (figures 2.2 and 2.3).[[3]](#footnote-4) They are typically under‑represented both among children attending Child Care Subsidy (CCS) approved services and those enrolled in preschool in the year before‑full time school.

Figure 2.2 – Children from some cohorts are under‑represented in CCS approved servicesa,b,c,d

Representation of select cohorts among children attending CCS approved services, compared to their representation in the community

This is a bar graph with a series of vertical bars to show the representation of select cohorts in CCS approved services compared to their representation in the community. Cohorts include: Aboriginal and Torres Strait Islander children; children from non-English speaking background; children from regional areas; children from remote and very remote areas; children from low-income families; and children with disability. Separate vertical lines depict their representation among children aged 0-5 years and 6-12 years in CCS approved services, compared to their representation among the population of children aged 0-5 years and 6-12 years. Most cohorts are under-represented in CCS-approved services, with the exception of children with disability aged 0-5 years.  

**a.** For representation in CCS services: data on Aboriginal and Torres Strait Islander children, children from regional, remote and very remote areas and low‑income families is at the March quarter 2022; data on children from non‑English speaking background and with disability is from 2021. For representation of children in community: data on Aboriginal and Torres Strait Islander children is at 30 June 2022; data on children from regional, remote and very remote areas is at 30 June 2021; data on children from non‑English speaking backgrounds is at 2021; children from low income families is at 2019‑20; and children with disability is at 2018. **b.** Children with disability and those from non‑English speaking backgrounds may be counted more than once if attending more than one approved service during the reference period. As a result, participation could be over‑reported **c.** Children can use ECEC in multiple regions and may be counted in more than one region. **d.** Data on Aboriginal and Torres Strait Islander children and children with disability is based on identification from the service.

Source: SCRGSP (2023).

Figure 2.3 – Some cohorts are also under‑represented in preschoola,b,c,d

Representation of select cohorts enrolled in preschool in the year before full‑time school (YBFS), compared with their representation among children aged 4 to 5 years

This is a bar graph with a series of vertical bars in light blue and dark blue colours. It looks at the representation of select cohorts enrolled in preschool in the year before full-time school, compared with their representation among children aged 4 to 5 years. Cohorts include: Aboriginal and Torres Strait Islander children; children from Non-English speaking background; children from regional areas; children from remote and very remote areas; children from low-income families; and children with disability. Most cohorts are underrepresented in preschool, with the exception of Aboriginal and Torres Strait Islander children and children from regional areas.   

**a.** Data are incomplete. Data is not available on children from non‑English speaking backgrounds in Western Australia and the Northern Territory. **b.** The ages of the year before full‑time school cohort varies by state and territory and does not completely align with all children aged 4 to 5 years. **c**. For representation in preschool programs: data on Aboriginal and Torres Strait Islander children, children from regional, remote and very remote and low socio‑economic areas is from 2022 and represents children in the state‑specific year before full‑time school; data on children from non‑English speaking background and with disability is from 2022 and represents children aged 4 years plus children aged 5 years who were not repeaters. **d**. For representation in the community: data on Aboriginal and Torres Strait Islander children is at 30 June 2022; data on children from regional, remote and very remote and low socio‑economic areas is at 30 June 2021; data on children from non‑English speaking backgrounds is from 2021; data on children with disability is from 2018.

Source: SCRGSP (2023).

But these cohorts are not necessarily under‑represented across every age group or service type. For example, in 2021, children with disability aged 0–5 years were over‑represented among children attending CCS approved services, and in 2022, Aboriginal and Torres Strait Islander children and children from regional areas were over‑represented in enrolments in preschool programs in the year before full‑time school.

Data issues likely affect measurement of some of these outcomes. For example, identification of children with disability is reliant on identification from services, which may not align with the definition used for data on the prevalence of disability in the community more broadly. And while some cohorts of children may be over‑represented in preschool enrolments, this does not necessarily guarantee they are attending for the full 600 hours per year provided under universal access arrangements.

The cohorts who are under‑represented in ECEC are among those often identified as being more likely to experience disadvantage or vulnerability (though it should not be assumed all children from these cohorts are disadvantaged or vulnerable) (AIHW 2020, p. 8). And it is children experiencing disadvantage or vulnerability who are likely to experience the greatest benefit from attending ECEC (paper 1).

The reasons for lower levels of engagement among these cohorts are explored in paper 7.

|  | Draft finding 2.1  Many Australian children attend ECEC services |
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| Early childhood education and care (ECEC) services play a major role in the lives of young children and their families. Nearly half of one‑year‑olds attend some form of ECEC and participation rises until children start school. About 90% of four‑year‑olds are enrolled in ECEC and, once in primary school, about 14% of children aged 5–12 years spend time each week in outside school hours care. | |

|  | Draft finding 2.2  Children who would benefit most from ECEC are less likely to attend |
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| Children experiencing disadvantage and vulnerability – who are likely to benefit most from ECEC services – are less likely to attend than their more advantaged peers. | |
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### A framework for responding to the needs of children

In considering responses to the diversity of children’s needs, this paper conceptualises ECEC service delivery in four layers (figure 2.4). Each is discussed in the following sections.

* **Broad‑based ECEC (section 2.2)**: ECEC services that meet the requirements of the NQF should be sufficient to meet the needs of most children.
* **Support for inclusion in ECEC settings (section 2.3)**: for some children, additional support may be required to support their inclusion in a mainstream ECEC setting and ensure they receive ECEC in accordance with the NQF.
* **Connections to other services (section 2.4)**: for children with needs beyond ECEC, services can help identify and connect them with other services (such as allied health, schools or other ECEC providers).
* **Tailored support or integrated services (section 2.5)**: a smaller cohort of children with specific needs or experiencing high levels of vulnerability may benefit from place‑based, tailored or integrated support.

This model acknowledges that all ECEC services have a responsibility to be inclusive and responsive to the needs of children. However, it recognises that in some circumstances children and their families may prefer or benefit from services tailored to their specific needs. Children may move between these tiers over the course of their time in ECEC. Nonetheless, such a framework is helpful in thinking about how services and policy should respond to children’s needs.

Figure 2.4 – A conceptual model of ECEC service deliverya,b,c,d

A pyramid divided into four horizontal sections, representing a conceptual hierarchy of support provided to different groups of children. 

The broadest base section in dark blue is labelled ‘Broad-based ECEC’ and states ‘All children. 1.4 million children were in Child Care Subsidy approved services in the December 2022 quarter and 550,000 children aged 3-6 years were enrolled in a preschool program in August 2022. The next section, in lighter blue is labelled ‘Support for inclusion.’ It states that ‘Around 17,600 children were supported by the Inclusion Support Program in 2021-22 but this is likely a significant undercount of children requiring support for inclusion.’ The next section, in dark green, is labelled ‘Connections to services,’ and says there is ‘Insufficient data to estimate number of children.’ The narrowest section, in light green, is labelled ‘Tailored or integrated support,’ also notes that there is ‘Insufficient data to estimate number of children.’ 

**a.** The number of children supported by the Inclusion Support Program (ISP) represents children from whom a service was in receipt of ISP funding – it does not capture children who may have been assist by the ISP for whom a payment was not made (DoE, personal communication, 3 November 2023). **b.** Children may attend both a CCS approved service and a preschool program. Some may also attend a preschool program within a CCS approved centre‑based day care service. **c.**The reference period used to calculate the number of children enrolled in preschool programs varied but was generally a period in August 2022. For Australian Government data, it was 1–7 August 2022. For state and territory data, it was generally a period in August 2022. For the NT, it included part of June and July 2022 and in the ACT it included part of July 2022. **d.** The number of children in CCS approved services represents children whose family lodged a claim for CCS and have a Customer Reference Number.

Source: Aly (2023); DoE (2023a); Productivity Commission estimates based on ABS (2022) *Preschool Education 2022*, *TableBuilder*, accessed 15 August 2023.

## Services that meet the NQF should be sufficient to meet the needs of most children

The quality of ECEC children receive is a key determinant of the benefits they experience from ECEC (paper 1).

The NQF, introduced in 2012, is the main way governments regulate the quality of ECEC. The NQF sets out a regulatory system for most long day care (LDC),[[4]](#footnote-5) family day care (FDC), preschool and outside school hours care (OSHC) services (appendix C).

The NQF consists of the:

* National Law and National Regulations, which set out the minimum standards and requirements that providers must meet, including minimum qualification and ratio requirements
* National Quality Standard (NQS), which set out seven quality areas that are important to children’s outcomes
* assessment and quality rating process, through which services are assessed and rated against the NQS
* national approved learning frameworks, upon which services are required to base their educational programs (appendix C).

For the majority of children, ECEC delivered in accordance with the NQF should be sufficient to meet their needs.

Inquiry participants were generally supportive of the NQF and highlighted its importance in ensuring a high‑quality sector (for example, The Creche & Kindergarten Association, sub. 155, p. 14; Goodstart Early Learning, sub. 125, p. 16; KU Children’s Services, sub. 83, p. 6; Family Day Care Australia, sub. 66, p. 6; SDN Children’s Services, sub. 63; p. 5).

While many were supportive, inquiry participants raised a range of issues related to the NQF, including educator ratio and qualification requirements, the scope of services covered by the NQF, requirements for OSHC and the cultural suitability of the NQF (for example, Regional Development Australia Kimberley, sub. 1, p. 6; Berry Cottage Childcare and Pre-school, sub. 41, p. 2; Early Learning and Care Council of Australia, sub. 153, p. 12; Outside School Hours Council of Australia, sub. 82, p. 2; SNAICC, sub. 133, pp. 16–17), which are discussed in this paper. Concerns raised regarding the administrative burden for services, inconsistency between states and territories, inadequate incentives for services to improve and inadequate funding to states and territories for implementation are discussed in paper 8.

Two major reviews of the NQF have been completed to date, with the first commencing in 2014 and the second in 2019. In response to the 2019 review, a range of changes were agreed, with the majority coming into effect from mid‑2023. In addition, updated versions of the national approved learning frameworks were released in early 2023. The original versions will remain in operation alongside the updated versions until early 2024.

Given this review activity, the Productivity Commission has focussed on key issues raised by inquiry participants. This section considers:

* the performance of services against the NQF
* ratio and qualification requirements
* the scope of services covered by the NQF
* whether the NQF appropriately reflects the operating environment in OSHC.

The performance of the regulatory system, including the assessment and rating of services against the NQS, is covered separately in paper 8.

### Most services meet or exceed the NQS but some are still below standard

Most Australian ECEC services meet the quality standard as set out in the NQF. An outline of the ratings and assessment process is detailed in appendix C.

While NQF quality ratings are the best available data set to examine quality in Australia’s ECEC sector, caution should be used when interpreting this data (box 2.1). Issues include long times between reassessments of services, the fact that quality can change between assessments and the fact that the NQF has been revised over time and some services have only been assessed against previous versions.

| Box 2.1 – Reliability of National Quality Framework quality ratings |
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| A range of factors should be taken into consideration when interpreting National Quality Framework (NQF) ratings data.   * **There can be a** **long time between reassessments** **of services and ratings can change between assessments**. For those services that had received at least two assessments, the average time between assessments was just over four‑and‑a‑half years (as at 1 July 2023). * **Some services have only been assessed against previous versions of the National Quality Standard** (NQS). Updates to the NQS were made in 2018, but as at 1 July 2023 11.9% of services have only been assessed against the 2012 version. * **Not all NQF approved services have been assessed**. As at 1 July 2023, 9.0% of approved services had not been assessed. * **Some services are excluded from the NQF**. For example, exclusions include preschools that are part of the school system in Western Australia and Tasmania, In Home Care services and some services funded by the Community Child Care Fund Restricted grant (appendix C). * **Services are assessed as Working Towards the NQS if one or more of the 40 elements is not met.** As at 1 April 2023, 11.1% of services assessed as Working Towards had not met one element only, and a further 13.8% had not met two elements only.   Source: Productivity Commission estimates based on ACECQA (2023e, 2023f). |

Since the introduction of the NQF, there has been a general increase in quality ratings across the ECEC sector (figure 2.5). As at 1 July 2023, 89.1% of assessed services had a rating of Meeting the NQS or higher (Productivity Commission estimates, based on ACECQA 2023f). This improvement has been driven by an increase in the proportion of services assessed as Meeting the NQS. The proportion of services rated as Exceeding the NQS or above has declined since 2018 but this most likely reflects changes made in 2018 to the NQS and the assessment criteria to receive an Exceeding rating.

As at 1 July 2023, 10.9% (1,715) of assessed services were Working Towards the NQS (Productivity Commission estimates, based on ACECQA 2023f).

Figure 2.5 – Quality ratings have improved over timea,b,c,d

Quality ratings of assessed services, as a proportion of all assessed services,   
2013–2023

A line chart that shows the quality ratings of assessed services, as a proportion of all assessed services, from 2013 to 2023. It has three bold and one dotted line. The top line, a grey dotted line, is labelled ‘Meeting NQS or above’. It starts from 57% in Q3 2013 and has a generally consistent upwards trajectory.  

Below it, there is a dark blue line labelled ‘Meeting’ that starts at 34% and also rises over time. A green line, labelled ‘Working Towards’, starts at 43% and decreases over time. A light blue line, labelled ‘Excellent or Exceeding’, starts at 23% and first slowly increases but then falls after 2018. 

**a.** Subject to data caveats outlined in box 2.1. **b.** Data covers the period from quarter 3 2013 to quarter 2 2023. **c.** Data captures services that had received at least one assessment by the end of the relevant quarter, regardless of whether the assessment and rating was conducted during that quarter. **d.** Very small proportions of services are assessed as Significant Improvement Required. These have not been depicted graphically but have been included in the total number of assessed services for the purposes of calculating the proportion of services achieving the respective quality ratings depicted above.

Source: Productivity Commission estimates based on ACECQA (2023d).

There is also variability in individual quality ratings, which are lower in some locations, service types and provider types (figure 2.6). Care should be taken in drawing inferences from this variation, given the data limitations discussed in box 2.1. In addition, these differences do not imply causality and may reflect the differing operating models or cost structures of services.

Despite these limitations, these results present a picture of substantial variation in the quality of ECEC that children receive across Australia. And they show that children experiencing disadvantage are more likely to experience ECEC of poorer quality. Services operating in remote parts of Australia and in areas where socio-economic disadvantage is common are *less likely* to have a rating of Meeting the NQS or above. These are the services attended by children who are most likely to benefit from quality ECEC.

Policy responses to address this variation are discussed in paper 8.

Figure 2.6 – There is variability in quality ratings among service types and locationsa,b,c,d

Quality ratings by select characteristics of services, 1 July 2023

A set of four stacked bar charts. Each chart shows the proportion of services in each quality rating category (Exceeding, Meeting and Working Towards) as at 1 July 2023 by a different characteristic, including provider management type, service type, remoteness, and SEIFA decile. Quality ratings are generally lower in more remote and lower socio-economics areas, while dedicated preschools are more likely to be rated as exceeding and family day care services are more likely to be rated as working towards. Patterns in quality ratings by provider type are more difficult to observe.  

**a.** Subject to data caveats outlined in box 2.1. **b.** Data captures services that had received at least one assessment by the end of the relevant quarter, regardless of whether the assessment and rating was conducted during that quarter. **c.**SEIFA deciles are based on the Socio‑Economic Index for Areas – Index of Relative Socio‑Economic Advantage and Disadvantage. Decile 1 represents the most disadvantaged areas and Decile 10 the most advantaged. **d.** Very small proportions of services are assessed as Excellent or Significant Improvement Required. These have not been depicted graphically but have been included in the total number of assessed services for the purposes of calculating the proportion of services achieving the respective quality ratings depicted above.

Source: ACECQA (2023c).

### Are staff ratios and qualification requirements appropriate?

#### The NQF imposes ratio and qualification requirements

The NQF imposes educator‑to‑child ratios and qualification requirements, including:

* for LDC and preschool services, the engagement of up to two full‑time equivalent early childhood teachers, depending on the number of children attending[[5]](#footnote-6) (ACECQA 2023h)
* for LDC, preschool and FDC services, ensuring educators hold at least a certificate III level qualification, with 50% of educators in LDC and preschool required to hold a diploma level qualification (educators may be actively working towards their qualification in preschool and LDC services)[[6]](#footnote-7) (ACECQA 2023h, 2023i)
* maintaining the required educator‑to‑child ratio, which ranges from 1:4 to 1:15, depending on the age of the children attending, the setting and the state or territory (ACECQA 2017).

The NQF does not prescribe qualification requirements in OSHC (ACECQA 2023j). Many states and territories maintain their own requirements, which vary considerably.

The Australian Children’s Education and Care Quality Authority (ACECQA) is reviewing the NQF staffing and qualification regulations, to inform options for consideration by Education Ministers in December 2023 (ACECQA 2023g).

#### Ratio and qualification requirements were commonly raised by participants

Staff ratios and qualification requirements were regularly raised by inquiry participants. Several participants emphasised the important role staffing ratios and qualification requirements play in supporting quality ECEC and children’s outcomes (Goodstart Early Learning, sub. 125, p. 44; SDN Children’s Services, sub. 63, p. 5; Albury Preschool, sub. 43, p. 1; ACECQA, sub. 6, p. 6). Some inquiry participants advocated for higher qualification or ratio requirements on the basis that this would further improve children’s outcomes (The Creche & Kindergarten Association, sub. 155, p. 17–18; Lady Gowrie Child Centre Inc (Adelaide), sub. 25, p. 4).

However, a number of inquiry participants raised concerns about the impact of ratio and qualification requirements, particularly in the context of workforce challenges. Regional Development Australia Kimberley submitted that qualification requirements were a contributing factor to workforce shortages and argued the requirements should take into account regional considerations (sub. 1, p. 6). And one inquiry participant suggested the increased qualification requirements introduced over the last 10–12 years have not resulted in quality ECEC (One Tree Community Services, sub. 121, p. 8).

Other submissions emphasised the inconsistency in staffing requirements across jurisdictions, particularly in OSHC (The Y Australia, sub. 127, p. 13, Community Child Care Association, sub. 111, p. 13, Outside Schools Hours Council of Australia, sub. 82, p. 5; Ogrizek, sub. 4, p. 3; Berry Cottage Childcare and Pre‑school, sub. 141, p. 2; Network of Community Activities, sub. 171, p. 3). One OSHC provider organisation noted the additional regulatory burden this inconsistency places on services (Outside School Hours Council of Australia, sub. 82, p. 5).

#### The evidence for change is not compelling

As a principle, ratio and qualification requirements should aim to ensure that children receive ECEC of the quality required to support their developmental and educational outcomes. But ratio and qualification requirements should also not impose unnecessary costs on families, services or governments. Nor should they place unnecessary restrictions on the supply of educators or of ECEC. In other words, the benefits must outweigh the costs.

Quantifying these costs and benefits is challenging, given the uncertainty involved. Paper 1 examined the evidence base on the effect of ratio and qualification requirements on children’s outcomes and found insufficient evidence to determine optimal requirements. It did not find a compelling case in the literature for raising requirements under the NQF, but noted the literature is not capable of ruling out risks from reducing them.

An analysis submitted by Bray and Gray (sub. 14, pp. 45–46; 57–62) suggested Australia’s ratio requirements for centre‑based services[[7]](#footnote-8) are not significantly out of step with those in other comparable countries. For children aged under two years, Australia’s ratio requirements are higher than some comparable countries, although not the highest. For children aged two years, Australian requirements are broadly in line with others and for children aged three years, they are lower. And for children aged four and five years, Australia’s ratio requirements tend to be higher.

In the absence of compelling evidence, the Commission cannot recommend significant changes to staffing requirements.

However, there remains a need to ensure the system is sufficiently flexible to accommodate the varying contexts and circumstances services operate within. For example, it may be reasonable to allow a service to operate below minimum qualification requirements where an inability to find staff would result in the service closing and children being unable to attend. To this end, the current waiver system provides a degree of flexibility to services to operate below certain requirements, where they are able to demonstrate there is no risk to the safety of children.

While the Commission acknowledges concerns from some participants about the impact of staffing requirements in regional areas, it does not consider there should be a different standard for regional providers. Doing so would risk entrenching inequities between regions and children. These circumstances would be more appropriately accommodated through the waiver system.

The Commission also acknowledges concerns from inquiry participants about the inconsistency in qualification requirements in OSHC and notes that ACECQA’s staffing requirements review is considering these requirements, with the aim of considering whether there could be greater consistency.

### Most services are covered by the NQF but some are excluded

While the majority of ECEC services are covered by the NQF, as noted above, some services are excluded.

During its establishment, governments envisaged the NQF would eventually encompass all ECEC service types (COAG 2009, p. 3). Given the diversity of the sector, the largest service types (in numbers of children) were incorporated first. Expanding the scope of the NQF to some out‑of‑scope services was considered in the 2014 and 2019 NQF reviews (ESA 2017, pp. 52–53, 2019, pp. 12–13, 2020, p. 23). However, no changes resulted from either review.

Preschools that are part of the school system in Western Australia (WA) and Tasmania sit outside the NQF. But commitments by the respective state governments to regulate using an approach consistent with the NQS are likely to be sufficient (State of Tasmania and Commonwealth of Australia 2023; State of Western Australia and Commonwealth of Australia 2023). Other excluded services do not operate in a similar way to NQF regulated services. For example, excluded services include personal arrangements (such as grandparents and nannies), and care provided on an ad hoc basis where the parent is readily available (such as a creche at a gym). Excluding services such as these from the NQF is appropriate.

However, a number of out‑of‑scope services are CCS approved. Among others, these include In Home Care (IHC) services, some former Budget Based Funded (BBF) services, some former Indigenous Advancement Strategy (IAS) services, and occasional care services. A number of these services receive supplementary funding through the Community Child Care Fund Restricted grant (CCCF-R).

It is reasonable to expect these services be covered by some form of quality regulation or assurance.

#### Services approved for CCS should be subject to some form of quality regulation

As a starting point, it might seem appropriate for all CCS approved services to be covered by the NQF.

But the NQF may not be fit‑for‑purpose for out‑of‑scope services, many of which operate in different contexts to other services covered by the NQF. For example, it is not necessarily reasonable to expect IHC services to meet physical environment requirements under the NQF when IHC is delivered in a child’s home.

SNAICC’s submission raised concerns about the lack of a nationally consistent regulatory standard for Aboriginal and Torres Strait Islander services that fall outside of the NQF. However, it also noted:

efforts must be made to examine the requirements of the NQF in partnership with the Aboriginal and Torres Strait Islander sector and consideration must also be given to service types and contexts, specifically those services funded under the CCCF‑R, for which the NQF may not be an appropriate regulatory framework. Consideration should be given to developing a unique framework and standards which apply to Aboriginal and Torres Strait Islander ECEC services (sub. 133, p. 16).

Incorporating out‑of‑scope services into the NQF is likely to involve transition costs and may impose additional burden on services operating below NQF requirements. For example, services not meeting NQF staffing requirements may need to improve educator‑to‑child ratios or educator qualifications.

Given these considerations, the Commission is of the view that services approved for the CCS should be subject to some form of quality assurance or regulation, although this may not be the NQF.

#### Out‑of‑scope services approved for CCS are already subject to some regulatory oversight

Under section 45 of the Child Care Subsidy Minister’s Rules 2017 (CCS Minister’s Rules), to be approved for the purposes of CCS, services not in scope of the NQF must either:

* hold a state or territory regulatory approval to operate
* be a former BBF or former IAS service
* be an IHC service (DoE, pers. comm., 8 November 2023).

All of these services are subject to some form of regulatory oversight, either through state and territory regulation, or by the Commonwealth through the CCS Minister’s Rules. Where a service is out of scope of the NQF and is not regulated by states and territories or under the CCS Minister’s Rules, it is ineligible to receive CCS (DoE, pers. comm., 8 November 2023).

##### State and territory regulation

State and territory governments regulate some out‑of‑scope services. For example, New South Wales regulates occasional care, mobile services[[8]](#footnote-9) and Multipurpose Aboriginal Children’s Services (a former BBF service type) under the *Children (Education and Care Services) Supplementary Provisions Act 2011 (NSW)* and Children (Education and Care Services) Supplementary Provisions Regulation 2019 (NSW) (NSW Department of Education 2023f).

However, the types of services regulated by states and territories are inconsistent. For example, IHC services are regulated by the Tasmanian and South Australian governments, but no other state or territory government regulates IHC (DoE, sub. 90, p. 11). The Queensland Government does not regulate mobile services (Queensland Government 2023).

This means that where a service is not regulated by a state and territory and is not otherwise covered by the Minister’s Rules (for example, a Queensland mobile services that was not formerly a BBF or IAS service), it is not eligible for CCS approval.

##### CCS Minister’s Rules

Former BBF and IAS services not regulated by states and territories and all IHC services must meet quality requirements under the CCS Minister’s Rules to maintain CCS approval (DoE, pers. comm., 8 November 2023). The rules include requirements relating to providing an education program, supervision, safety, first aid, managing and reporting serious incidents and insurance.

IHC services must also meet conditions set out in the IHC guidelines, including qualification requirements, and former BBF and former IAS services are required to have a Quality Improvement Plan assessing their strengths and weakness against the NQS (DoE 2022b, p. 15, 2022c, pp. 14; 28).

#### Ensuring fit‑for‑purpose regulation for out‑of‑scope services: a way forward

While all CCS services out‑of‑scope of the NQF are currently subject to some form of regulatory oversight, the Commission’s recommendations to expand access to ECEC for all children are likely to expand the number of non‑NQF regulated services. In some instances, this will likely require investments in services that are not currently subject to some form of quality regulation, such as some mobile services. In the design of any future funding model or agreements for these services, the Australian Government should ensure there are appropriate mechanisms to ensure the quality of these services.

More broadly, given the range of arrangements for regulating out‑of‑scope services, the Commission considers there to be a case for reviewing these arrangements to ensure they meet the needs of children attending. A future ECEC Commission should have responsibility for this work.

As part of this work, the ECEC Commission, with Australian, state and territory governments, should undertake a process of joint decision‑making with Aboriginal and Torres Strait Islander services, communities and peaks on how Aboriginal and Torres Strait Islander services that are out‑of‑scope of the NQF should be regulated. This should include considering whether to include these services in the NQF or another framework.

|  | Draft recommendation 2.1  Ensure appropriate quality regulation for services outside the scope of the National Quality Framework |
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| The Australian Government should ensure that any future funding models or agreements for services receiving direct Australian Government ECEC funding that are out‑of‑scope of the National Quality Framework include mechanisms to ensure and monitor the quality of these services.  An ECEC Commission (draft recommendation 9.2) should be tasked with reviewing regulatory arrangements for out‑of‑scope services receiving direct Australian Government ECEC funding to ensure they meet the needs of children. As part of this work, the ECEC Commission, with Australian, state and territory governments should undertake a process of joint decision‑making with Aboriginal and Torres Strait Islander services, communities and peaks to determine the appropriate way to regulate the quality of Aboriginal and Torres Strait Islander services out‑of‑scope of the National Quality Framework. | |
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### OSHC is regulated in a similar way to services for children below school age

When the NQF was established, it was intended to create consistent quality standards for ECEC services, regardless of setting (COAG 2009, pp. 56; 99; 154). But consistency with services for children below school age may not be appropriate for OSHC, given children attending are predominantly of school age.

Under the NQF, OSHC is classed as a centre‑based service, along with LDC and preschool. As a result, the majority of requirements for LDC and preschool services apply to OSHC, with some exceptions and modifications made for services providing ECEC for children over preschool age (ESA 2019, p. 24). Among others, the differences include less strict ratio requirements in most states and territories, exemptions or modifications to some physical environment requirements and a separate learning framework that recognises the role of leisure in school‑age care. (As noted above, the NQF does not prescribe national qualification requirements for OSHC, though most states and territories impose their own requirements.)

In addition, following the 2019 NQF review, most states and territories now only require program level documentation on the educational program delivered to children over preschool age, rather than the individual child level documentation required for children under school age (ACECQA 2023a).

#### Children in OSHC are older and likely to have different needs

Children in OSHC are older, are more independent and are likely to have different needs to children under school age. They are also likely attending formal schooling.

Children see OSHC as a place for play, making friends and doing activities such as craft and sports (Simoncini, Cartmel and Young 2015, p. 124). Similarly, two small research projects with children aged 9–12 years in OSHC suggested these children value having friends of a similar age and activities that are enjoyable and consistent with their level of development (Hurst 2013, p. 47, 2015, p. 12).

Many OSHC services are provided on school sites. Yet the Commission has heard of instances where the school environment may not meet the requirements of the NQF. For example, one inquiry participant described how children may be prohibited from using a school playground while at OSHC (Outside School Hours Council of Australia, sub. 82, pp. 2–3). The SA Royal Commission into Early Childhood Education and Care heard of examples where adherence to the NQF meant children needed to be accompanied to the toilet at OSHC, when they would be able to leave class and go to the toilet by themselves during school hours (SA Government 2023a, p. 200).

#### There do not appear to be widespread issues meeting the NQF in the OSHC sector

Inquiry participants noted that some OSHC services may face challenges meeting physical environment requirements under the NQF (National Outside School Hours Services Alliance, sub. 103, p. 2; Community Child Care Association, sub. 111, p. 19). For example, in a consultation report submitted by the NSW Small Business Commissioner, OSHC services reported receiving lower quality ratings due to factors outside their control such as limited or poor‑quality toilet facilities (sub. 128, attachment 1, p. 17).

Similarly, consultations undertaken as part of the 2019 NQF Review highlighted that the NQF assessment and rating process was an issue for OSHC services, with feedback suggesting a tailored approach was necessary (ESA 2022, p. 189). But consultation participants also highlighted the importance of maintaining professionalism of the sector, and not all respondents felt major changes to the NQF were necessary.

There is limited evidence before the Commission to suggest there are widespread issues in the OSHC sector with complying with the NQF. As at 1 July 2023, 87% of OSHC services were Meeting the NQS or above (Productivity Commission estimates, based on ACECQA 2023f), suggesting the NQF is not an insurmountable hurdle for services to pass. However, OSHC services tend to receive slightly lower ratings than LDC services and significantly lower ratings than preschool services.

#### It is unclear if the NQF is appropriate for OSHC

There is insufficient evidence before the Commission to determine whether the issues detailed above arise from the standards in the NQF itself or the inappropriate application of those standards to an OSHC context (or both).

For example, one requirement under the NQF relates to ensuring children are adequately supervised. While the Guide to the NQF provides guidance on how this requirement applies for different ages of children, it is ultimately a matter of interpretation. One inquiry participant noted assessment officers have greater experience and knowledge in LDC settings rather than OSHC (Outside Schools Hours Council of Australia, sub. 82, p. 3). This suggests some of the issues may not necessarily arise from the standard in the NQF itself, but rather the way it is applied and assessed.

Equally, it is reasonable to assume children in OSHC will have different needs to children below school age. For example, while the role of leisure in OSHC is reflected in the national approved learning framework for school‑age care and in the Guide to the NQF, it is not reflected in the quality standard.

In response to feedback from the 2019 NQF review, governments agreed to review and consider changes to the assessment and rating methodology for OSHC services (2019 NQF Review 2023).

The Commission is seeking further information from inquiry participants on the suitability of the NQF for an OSHC context and whether further actions are needed to ensure appropriate quality regulation arrangements.

|  | Draft finding 2.3  It is unclear whether the National Quality Framework is fit‑for‑purpose for outside school hours care |
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| Under the National Quality Framework (NQF), outside school hours care (OSHC) services are regulated in a similar way to services for children under school age. But children in OSHC are likely to have different needs.  Despite the fact that children attending an OSHC service usually also attend the school at which that service is located, the Commission has heard of instances where the school environment may not meet the requirements of the NQF.  It is hard to determine whether the issues raised by inquiry participants relate to the standards in the NQF, the inappropriate application of those standards to an OSHC context or both.  Moreover, while the national approved learning framework for school‑aged care reflects the importance of leisure, this is not reflected in the National Quality Standard. | |

|  | Information request 2.1 |
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| The Commission seeks further information about the suitability of the National Quality Framework (NQF) for outside school hours care (OSHC) services.   * Is the NQF suitable for an OSHC context and for school‑aged children? If not, why? * If not, would further guidance to services and assessing officers on how NQF requirements should apply in an OSHC setting be sufficient to address concerns? Or are modifications to the NQF required to account for the needs of school‑aged children? | |

## Some children require additional support to participate in ECEC services

While the NQF provides a foundation to ensure all children receive quality ECEC, some children may require additional support or adjustments to participate fully.

To achieve this, additional programs and funding may be required to ensure inclusive access and participation for some children in mainstream settings. Examples include the Inclusion Support Program (ISP) and state and territory initiatives that aim to improve inclusion and the cultural safety and responsiveness of services.

This section first outlines what is meant by inclusion and the cohorts who may have additional needs in ECEC. It then considers:

* requirements for ECEC services to provide an inclusive service
* the cultural safety and responsiveness of ECEC services
* the ISP.

### Defining inclusion and looking more closely at children with additional needs

Inclusion in an ECEC context can be defined in many ways. Early Childhood Australia offers a useful definition, outlining that inclusion involves every child having access to, participating meaningfully in, and experiencing positive outcomes from ECEC (Early Childhood Australia nd).

Inclusion and equal access are enshrined in the United Nations Declaration on the Rights of Indigenous Peoples,[[9]](#footnote-10) the United Nations Convention on the Rights of Persons with Disabilities,[[10]](#footnote-11) and the United Nations Convention on the Rights of the Child.[[11]](#footnote-12) These conventions recognise the importance of equal access and participation of children with disability and/or from Indigenous backgrounds.

While there is no national definition of children who may have additional needs in ECEC, the ISP Guidelines note this may include children who:

* have a disability or developmental delay
* are presenting with challenging behaviours
* have a serious medical or health condition, including mental health
* are presenting with trauma‑related behaviours (DoE 2023b, p. 6).

The guidelines also recognise specific considerations, such as cultural support, may be required to ensure that some children are able to participate fully in ECEC services, including:

* Aboriginal and Torres Strait Islander children
* children from culturally and linguistically diverse (CALD) backgrounds
* children from refugee or humanitarian backgrounds (DoE 2023b, p. 6).

For the children mentioned above, this paper adopts the term ‘children with additional needs’. It does not assume all children in the identified groups are inherently vulnerable or disadvantaged, although some may be in vulnerable situations. For example, not all children with disability have high support needs and the support required will vary significantly based on the child’s circumstances. Children may have multiple additional needs, meaning an intersectional approach is required.

While it is not possible to articulate all of these experiences or cover all of these cohorts in this paper, the discussion below illustrates some of the factors that may need to be considered, drawing from the experiences of inquiry participants.

#### Some children with disability, developmental delay or challenging behaviour experience exclusion

While some services are adept at supporting children with disability, developmental delay or challenging behaviour, others may struggle to meet children’s needs. As a result, children may be refused enrolment, provided with inadequate support, or asked to leave. Goodstart Early Learning noted that:

children living with disability, developmental delay and other inclusion support needs often face exclusion from mainstream ECEC services because the service cannot meet their needs. These needs can range from requiring an additional educator to ensure children can safely participate, requiring adjustments to the program or physical environment, or requiring specialist support such as peg‑feeding or intensive medical management. (sub. 125, p. 56)

Several participants reported gatekeeping, requests from services for partial attendance, suspensions, expulsions and other exclusionary practices (for example, The Parenthood, sub. 122, p. 6; Family Advocacy, sub. 118, p. 4; Association for Children with a Disability, sub. 78, p. 5).

In addition, some inquiry participants highlighted an increase in children presenting with behavioural, emotional, wellbeing or other additional support needs post COVID‑19 and noted this was translating into increased requirements for inclusion support (Big Fat Smile, sub. 120, pp. 2–3, Australian Childcare Alliance, sub. 150, p. 45; Waverley Council, sub. 132, p. 4; Outside School Hours Council of Australia, sub. 82, p. 3).

Others suggested ECEC services could play a larger role in delivering early intervention to children with disability or developmental delay. For example, The Bryan Foundation argued an appropriately trained and supported ECEC workforce could deliver therapeutic responses to children, drawing on the example of a pre‑emptive intervention developed by the Telethon Kids Institute for infants with autism (sub. 123, pp. 8–9).

#### Children with experiences of trauma may experience challenges remaining connected to ECEC

Some children may experience circumstances that result in lasting trauma. Although responses to these circumstances are led by other services, ECEC services have a role in supporting these children to access and participate in ECEC.

However, Life Without Barriers submitted that:

in our experience, some children [in out of home care] are not fully supported to remain connected to early learning; being subjected to suspensions, time limitations, and exclusions. (sub. 24, p. 2)

#### A lack of culturally safe services can affect Aboriginal and Torres Strait Islander children and families

Aboriginal and Torres Strait Islander children have experienced dispossession and exclusion from their cultural knowledge, education systems and practice. While recognising that ‘a majority of Aboriginal and Torres Strait Islander children are thriving’, some may face ongoing ‘challenges that stem from colonisation and its effects, including discrimination, poverty, systemic removal, intergenerational trauma, dislocation from land and culture, and community disempowerment’ (SNAICC and Early Childhood Australia 2019, p. 3).

The National Aboriginal Community Controlled Health Organisation noted:

it is important to recognise that mainstream care and education systems have often excluded and been culturally unsafe for Aboriginal and Torres Strait Islander people. It is evident that the Australian care and education system was at no time designed for Aboriginal and Torres Strait Islander students. (sub. 151, p. 6)

Submissions have noted that for Aboriginal and Torres Strait Islander families and children, cultural safety is critical (The Child Development Education and Care Research Group, sub. 19, p. 6; National Aboriginal Community Controlled Health Organisation, sub. 151, p. 6). A report from the Australian Institute of Health and Welfare underlined that:

early learning programs that do not reflect the culture and knowledge of the Indigenous community are not seen as culturally safe and tend not to be used by families in that community. (Harrison et al. 2012, p. 2)

The national approved learning frameworks define cultural safety as the ‘recognition, respect and protection of the inherent rights, cultures and traditions of a particular culture’ (DoE 2022a, p. 65, 2022d, p. 65). They note that in a culturally safe environment there is no assault, challenge or denial of identity and that cultural safety is about shared respect, meaning, knowledge and experience of learning together with dignity and truly listening (DoE 2022a, p. 65, 2022d, p. 65).

For Aboriginal and Torres Strait Islander families, the National Agreement on Closing the Gap uses the following definition.

Cultural safety is about overcoming the power imbalances of places, people and policies that occur between the majority non‑Indigenous position and the minority Aboriginal and Torres Strait Islander person so that there is no assault, challenge or denial of the Aboriginal and Torres Strait Islander person’s identity, of who they are and what they need. Cultural safety is met through actions from the majority position which recognise, respect, and nurture the unique cultural identity of Aboriginal and Torres Strait Islander people. Only the Aboriginal and Torres Strait Islander person who is recipient of a service or interaction can determine whether it is culturally safe. (section 12)

#### Culturally inclusive practice is also important for culturally and linguistically diverse children and families

Children and families from CALD backgrounds may experience a range of barriers to ECEC, including language barriers and a lack of culturally responsive services or cultural safety (SSI, sub. 16, p. 3; Meli, sub. 139, p. 8).

They may also have diverse perspectives on ECEC. The Salvation Army noted:

our services have also identified a significant gap in ECEC service providers’ understanding of diverse cultures’ approaches and beliefs related to caring for and educating children, parenting, health and wellbeing. We urge all governments to act on the need for greater cultural education across the ECEC system to ensure culturally inclusive service provision. (sub. 56, p. 14)

The WA Government highlighted that for children from CALD background, especially those who are recent arrivals to Australia or do not speak English as their first language, ECEC can contribute to positive settlement outcomes (sub. 162, p. 10).

### Inclusion is embedded in the requirements of ECEC services

#### The NQF establishes expectations of services around inclusion

For services regulated by the National Law and National Regulations, the NQF sets expectations around inclusion and cultural responsiveness. ‘Equity, inclusion and diversity’ and ‘Aboriginal and Torres Strait Islander cultures are valued’ are two of the five principles underpinning the NQF (ACECQA 2023b, p. 10), and are woven throughout the NQS and the approved learning frameworks (box 2.2).

| Box 2.2 – Inclusion and cultural responsiveness in the National Quality Framework |
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| Inclusion and respecting children’s family, culture and other identities and languages is woven through the National Quality Framework (NQF). For example, the framework:   * uses the terms ‘each child’, ‘every child’ and ‘all children’ to promote inclusion * recognises all children as confident and capable learners with the capacity and right to succeed regardless of diverse circumstances, including strengths, cultural background and abilities * requires educators to hold high expectations for the learning and development of all children, recognising that every child has an individual learning path and will progress in different ways.   National Quality Standard   * Quality Area 1 requires services to provide children with programs that contribute to each child’s learning and development and is based on their current knowledge, strengths, ideas, culture, abilities and interests. * Quality Area 3 promotes the creation of inclusive physical environments, including ensuring spaces are adapted to support every child’s participation. * Quality Area 5 requires educators to maintain respectful and equitable relationships with children, including supporting children to feel secure, confident and included and maintaining their dignity and rights. * Quality Area 6 requires services to respect the expertise, cultures, values and beliefs of families and ensure they are included in decision‑making about their child’s learning and wellbeing. It also requires services to form effective partnerships to support children’s access, inclusion and participation.   Approved learning frameworks  NQF regulated services are required to deliver an educational program based on an approved learning framework. The two national frameworks comprise a vision, supported by eight principles, seven practices and five outcomes.a  Key principles include:   * **Partnerships**, including with children, families, other professionals and communities * **Respect for diversity**, which recognises children are born belonging to a culture * **Aboriginal and Torres Strait Islander perspectives**, which recognises providing opportunities for Aboriginal and Torres Strait Islander children to see themselves, their identities and cultures reflected in their environment is important for growing a strong identity * **Equity, inclusion and high expectations**, which recognises all children have a right to participate in inclusive early childhood settings.   Key practices include:   * **Responsiveness to children** (for children under school age), including responding in ways that best suit each child’s strengths, capabilities and curiosity * **Collaboration with children** (for children over school age), including building on children’s strengths, skills and knowledge and responding to their expertise, cultural traditions and ways of knowing and the multiple languages spoken by some * **Cultural responsiveness**, including embedding Aboriginal and Torres Strait Islander perspectives in the curriculum and respecting and working collaboratively with culturally and linguistically diverse children and families.   **a.** A Victorian‑specific framework, the Victorian Early Years Learning and Development Framework, is also approved under the NQF.  Source: ACECQA (2022, p. 1, 2023b, pp. 94–95); DoE (2022a, pp. 14–17; 21; 23–24, 2022d, pp. 14–17; 21; 24–25). |

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#### There are also legislative requirements against discrimination

ECEC educators and services are obligated to follow Commonwealth and state or territory legislation regarding discrimination and exclusion.

The ***Disability Discrimination Act 1992* (Cth)** (DDA)makes it unlawful for people and organisations in all sectors, including ECEC services, to discriminate against a person based on their disability. This includes making reasonable adjustments to enable a person with disability to access and participate in a service on the same basis as others.

The ***Disability Standards for Education 2005* (Cth)** (DSE)are subordinate to the DDA and clarify the obligations of education providers (including preschools), in areas of enrolment, participation, curriculum, assessment, student support services, physical environment, and others, under the DDA (box 2.3). However, they do not create new obligations.

The ***Racial Discrimination Act 1975* (Cth)** makes it unlawful to discriminate against a person on the basis of their race, colour, descent, national origin, or ethnic origin.

Each state and territory also has several anti‑discrimination laws that supplement federal legislation.

| Box 2.3 – The Disability Standards for Education 2005 (Cth) |
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| The *Disability Standards for Education 2005* (Cth) (DSE) are subordinate legislation to the *Disability Discrimination Act* *1992* (Cth) (DDA).The DSE clarify the obligations of education providers under the DDA.  The DSE provide detail about an education provider’s obligation to make reasonable adjustments to assist students with disability to participate in education on the same basis as their peers. There is no obligation to make an unreasonable adjustment. Education providers must consult with students and their family members or carers about reasonable adjustments.  The DSE outline education providers’ obligations to ensure students children can participate in education on the same basis as students without disability, in relation to:   * **enrolment** – the provider must take reasonable steps to ensure the prospective student is able to seek admission or apply for enrolment * **participation** – the provider must take reasonable steps to ensure the student is able to participate in the courses of programs provided by the educational institution and use the facilities and services provided by it * **curriculum** – the provider must take reasonable steps to ensure that the course or program is designed in a way that a student with disability is able to participate in the learning experiences of the course or program and any relevant supplementary course or program * **student support services** – the provider must take reasonable steps to:   + ensure that the student is able to use support services by students of the institution in general   + ensure a specialised support service is available, where it is necessary for the student to be able to participate in activities for which they are enrolled and the service is of the kind provided by the education provider   + facilitate the provision of a specialist support services, where it is necessary for the student to be able to participate in activities in which they are enrolled and the service is not of the kind provided by the education provider * the elimination of harassment and victimisation.   Source: *Disability Standards for Education 2005* (Cth); DESE (2020), p. 11 |

#### But ‘child‑care’ is excluded from the Disability Standards for Education

In the context of ECEC, ‘preschools’ are covered by the DSE. However, ‘child‑care providers’ are explicitly excluded from the standards.[[12]](#footnote-13)

Successive reviews of the DSE commencing in 2010, 2015 and 2020 recommended the standards apply to other ECEC providers, with the 2015 and 2020 reviews noting the exclusion of ‘child‑care providers’ appears anomalous (Australian Government Department of Education, Employment and Workplace Relations 2012; DESE 2020; Urbis 2015). A similar recommendation was included in the Australian Institute of Family Studies (AIFS) evaluation of the ISP (Bray et al. 2021, p. 169).

The 2020 DSE review noted that the distinction made between preschool and other ECEC services in the DSE is imprecise and does not reflect the diversity of service types and programs offered by ECEC providers. It noted that these arrangements:

create the mistaken impression that the rights of children with disability in relation to education in a child care setting are somehow different to those in a preschool/kindergarten setting. While extending the Standards to incorporate child care would not, in itself, alter or increase the existing rights of children with disability or obligations of ECEC providers, the current exclusion of child care from the Standards contributes to a poor understanding of rights and obligations in an ECEC context (DESE 2020, p. 61)

The intent of the DSE is to clarify the obligations of services under the DDA. If other ECEC services understand their obligations under the DDA and families effectively engage these protections, there may be less of a case to include those services in the DSE. However, the 2020 DSE review found there was limited awareness of the DDA within the ECEC sector and that complaints processes were difficult for families to navigate (DESE 2020, p. 12). The review heard families had limited complaint options, and that a fear of retribution sometimes acted as a significant disincentive to making a complaint (DESE 2020, p. 17)

While ACECQA has developed information packages to help services understand their obligations under the DDA (Aly and Rishworth 2023), there remains a case for including all ECEC services within the scope of the DSE. This should be progressed as a matter of priority.

In implementing these changes, the Australian Government Department of Education should work with ACECQA to ensure services are provided appropriate information and support to meet their obligations. The department should continue to monitor the effectiveness of current supports, including the ISP, and make any changes required to support services to meet their obligations.

|  | Draft recommendation 2.2  Amend the Disability Standards for Education |
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| The Australian Government should amend the *Disability Standards for Education 2005* (Cth) to include all services within the early childhood education and care sector. | |
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Improving cultural safety and responsiveness is key to inclusion

For a large number of children, inclusive ECEC services are those that offer culturally safe environments that respect the diverse cultures of children and families. As discussed above, this is particularly important to Aboriginal and Torres Strait Islander children and families.

While Aboriginal Community Controlled Organisations (ACCOs) may often be the first preference of Aboriginal and Torres Strait Islander children and families (paper 7), there is also a need to ensure mainstream ECEC services are inclusive for Aboriginal and Torres Strait Islander children and families. And as access to ECEC expands, more children from diverse backgrounds are likely to attend services. The capacity of ECEC to cater to these children will be a critical part of increasing accessibility.

For mainstream services, the NQF is intended to provide a foundation to ensure culturally safe and responsive ECEC, while the ISP allows services to seek advice and funding for others supports to improve their cultural responsiveness and safety.

SNAICC submitted the NQF does not adequately promote or reflect the significance of culture to Aboriginal and Torres Strait Islander children and families (sub. 133, p. 16). It noted that:

while NQS Quality Area 5 (promoting relationships with children that promote children’s sense of security and belonging) and Quality Area 6 (promoting collaborative partnerships with families and communities where the expertise, culture, values and beliefs of families are respected) highlight critical elements of quality ECEC, there are currently no specific provisions in the NQF and NQS regarding how these standards will be implemented or assessed, including on cultural competence and safety. Moreover, under the NQF, there is no explicit requirement for ECEC services to embed culture into their curriculum, raising critical questions regarding the suitability, cultural safety, and inclusivity of ‘mainstream’ ECEC services for Aboriginal and Torres Strait Islander children and families. (sub. 133, pp. 16–17)

To address these concerns, SNAICC recommended the development of a ‘cultural competence framework’ to support the implementation and assessment of the NQF and ensure Aboriginal and Torres Strait Islander cultures and ways of knowing, doing and being are integrated into the curriculum (sub. 133, p. 17).

The Commission notes revised versions of the national approved learning frameworks were released in 2023, with the updated versions including a strengthened focus on Aboriginal and Torres Strait Islander perspectives. In addition, the NSW Government is developing the Cultural Safety Framework for the ECEC sector in NSW (NSW Department of Education 2023c). The Commission notes revised versions of the national approved learning frameworks were released in 2023, with the updated versions including a strengthened focus on Aboriginal and Torres Strait Islander perspectives. In addition, the NSW Government is developing the Cultural Safety Framework for the ECEC sector in New South Wales (NSW Department of Education 2023c).

The Commission is seeking information from inquiry participants on whether there should be further changes to the NQF to promote cultural safety and capability, beyond the updated learning frameworks. It also seeks views from inquiry participants on whether a national cultural competency framework would help improve the cultural safety of ECEC services.

The ISP supports ECEC services to better include children in ‘mainstream’ settings, including Aboriginal and Torres Strait Islander children. Under the ISP, services can apply for funding through Innovative Solutions Support to build their capability and capacity, such as accessing cultural advice and mentoring or community engagement (DoE 2023b, pp. 31–32). Services can also access advice on inclusive practice from Inclusion Agencies. The ISP is discussed further below.

As outlined in paper 3, the Commission considers there is a clear case for strengthening inclusion‑related professional development, including in cultural capability. The Commission is seeking further information from inquiry participants on cultural safety in ECEC services and whether further action is required beyond professional development and the existing ISP structure.

|  | Draft finding 2.4  It is unclear if the National Quality Framework adequately promotes cultural safety and capability |
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| Cultural safety is critical to Aboriginal and Torres Strait Islander families and children.  While Aboriginal Community Controlled Organisations may often be the first preference of Aboriginal and Torres Strait Islander children and families when accessing ECEC, there is also a need to ensure mainstream ECEC services are inclusive of Aboriginal and Torres Strait Islander children and families.  The National Quality Framework sets expectations around inclusion and cultural responsiveness. Revised versions of the national approved learning frameworks, released in 2023, include a strengthened focus on Aboriginal and Torres Strait Islander perspectives. It is unclear whether further changes to the National Quality Framework are needed to promote cultural safety and capability. | |

|  | Information request 2.2 |
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| The Commission seeks information on cultural safety in ECEC services for Aboriginal and Torres Strait Islander and culturally and linguistically diverse families and children.   * What factors most effectively promote the provision of culturally safe ECEC? * Should there be changes to the National Quality Framework to promote cultural safety and capability, beyond the updated learning frameworks? Would a national cultural competency framework help improve the cultural safety of ECEC services for Aboriginal and Torres Strait Islander families and children? * Does the structure of the Inclusion Support Program adequately prioritise and allow provision of culturally safe ECEC in mainstream services? If not, what are the issues and how could these be addressed? * Would professional development in cultural capability (draft recommendation 3.6) be adequate to promote inclusion in ECEC services, or are there other components required? | |
|  | |

### The Inclusion Support Program could be improved

The ISP is an Australian Government initiative that supports mainstream ECEC services to better include children with additional needs (box 2.4). The program was introduced in 2016 as part of the Child Care Package, building off previous iterations of the program. While previous iterations of the program have had a historic focus on children with disability, the program also supports services to include a range of children, including those from diverse cultural backgrounds. More than 17,600 children were supported by the ISP in 2021‑22 (Aly 2023).[[13]](#footnote-14)

The ISP was recently subject to a review (ISP review), which identified 21 short‑ to medium‑term opportunities and five long‑term opportunities to better support the inclusion of children. The Commission has not undertaken an in‑depth review of the ISP but has focussed on three key issues, including:

* the adequacy of program funding
* support for children and services, including eligibility rules, the additional educator subsidies, the administrative burden on services applying for funding, and the FDC Top Up
* interactions with state and territory inclusion programs.

| Box 2.4 – The Inclusion Support Program involves multiple components |
| --- |
| The Inclusion Support Program (ISP) is available to most Child Care Subsidy (CCS) approved services, including centre‑based day care (CBDC), outside school hours care (OSHC) and family day care (FDC) services. In Home Care, specialist and other non‑CCS approved services are ineligible. Children must also be eligible for the CCS to receive support under the ISP.  The program consists of several components, with service eligibility varying by component.   * Inclusion Agencies (IA) work with services to identify and address barriers to inclusion. This may include assisting with:   + site visits and advice to services   + access to a Specialist Equipment Library, where services can loan specialist equipment (such as portable ramps, hoists) to facilitate the inclusion of a child with additional needs   + Strategic Inclusion Plans (SIPs), an assessment and planning tool which services must complete to access the Inclusion Development Fund or Specialist Equipment Library and is reviewed at least every 12 months   + reviewing or endorsing applications for support under the Inclusion Development Fund. * The Inclusion Development Fund (IDF) provides funding to address barriers to inclusion that cannot be resolved through support from an IA or the Specialist Equipment library. It has four streams.   + Immediate/Time‑Limited Support provides a subsidy to CBDC and OSHC services to employ a short‑term additional educator to address immediate inclusion barriers.   + IDF Subsidy for an Additional Educator provides funding to CBDC and OSHC services to employ a longer‑term additional educator to support children with high ongoing support needs (although additional educators do not provide 1:1 support).   + The FDC Top Up helps FDC services cover the loss of income where including a child with additional needs results in the service being unable to enrol the maximum number of children permitted under the NQF.   + Innovative Solutions Support provides flexible funding to CBDC and OSHC services and other organisations for innovative solutions, such as bilingual or cultural training and support, specialist inclusion training, advice from specialists and community engagement. * The Inclusion Development Funding Manager is a contracted organisation responsible for managing the IDF and approving most applications for funding.   Source: DoE (2023b) |
|  |

#### ISP funding appears inadequate

Publicly available data on the ISP is limited. The Australian Government provided a budget of $133 million in 2020-21 to the ISP (Bray et al. 2021, p. 9). As at June 2023, demand had grown by 58% over the previous four years, with more than 17,600 children supported by the program in 2021‑22 (Aly 2023).[[14]](#footnote-15)

The Commission has heard anecdotally that Inclusion Agencies (IAs) and the Inclusion Development Fund Manager (IDFM) have struggled to keep up with this demand. For example, one participant noted IAs are struggling to deal with a backlog of applications (Australian Childcare Alliance, sub. 150, p. 73), while another noted services can wait months for applications to be approved (Early Learning Association Australia, sub. 48, p. 8). Similarly, another participant noted the usefulness of information provided by Inclusion Professionals (who work in IAs) varies, with some providing useful strategies, but others having limited contact (Special Teaching and Research, sub. 87, p. 5).

These views align with findings from the ISP review, which identified resourcing limitations for both the IDFM and IAs. The review noted services reported delays in support and a decreased level of engagement from IAs with services (Deloitte Access Economics 2023, pp. 111–112).

The Australian Government has recently provided an additional $21.2 million to the ISP to respond to this increased demand (Aly 2023). There is insufficient evidence before the Commission to establish whether this additional funding is sufficient given the current level of demand.

But the proportion of children for whom services receive funding appears disproportionately small. ln 2021‑22, 1% of children receiving the CCS were supported by ISP funding (excluding IHC) (Productivity Commission estimates, based on Aly 2023 and DoE administrative data (unpublished)). In comparison, 5.2% of children in CCS approved services had a disability in 2021 (SCRGSP 2023).[[15]](#footnote-16) This would suggest the program may not reach all children requiring inclusion support in ECEC, particularly as inclusion needs extend beyond children with disability.

The Commission’s recommendations to expand the availability of ECEC are likely to increase demand for the ISP and the workload of IAs and the IDFM. Further resourcing will be required for the program to implement these recommendations and ensure children with additional needs are adequately supported in ECEC.

Funding allocations for the ISP should also take into account any changes resulting from the recent review of the National Disability Insurance Scheme (NDIS).

|  | Draft finding 2.5  Increased inclusion support funding will be needed for universal access |
| --- | --- |
| Increased funding will be required for the Inclusion Support Program to ensure children with additional needs are adequately supported and included in ECEC. At a minimum, funding should be sufficient to:   * enable Inclusion Agencies and the Inclusion Development Fund Manager to respond to all applications in a timely manner * enable Inclusion Agencies to provide adequate support and advice to services * ensure services can manage the increased demand likely to result from adoption of the Commission’s recommendations. | |
|  | |

#### Changes could allow services to better support children

##### Eligibility rules restrict some children from receiving support

For services to receive the Inclusion Development Fund (IDF) Subsidy for an Additional Educator or FDC Top Up, documentary evidence that a child has ongoing high support needs must be provided. This may include evidence of:

* diagnosed disability or developmental delay
* current and ongoing assessment for disability
* in certain circumstances, other additional needs – for example children aged under six years in centre‑based day care (CBDC) (DoE, personal communication, 3 November 2023).

Services obtain this evidence from families, and then provide it in the application for funding. Families can source this evidence from a range of professionals, in a variety of forms (box 2.5).

| Box 2.5 – Documentary evidence under the Inclusion Support Program |
| --- |
| A range of professionals can provide documentary evidence for an Inclusion Development Fund application, including (but not limited to):   * registered psychologists * allied health professionals, social workers and family counsellors * qualified medical practitioners * registered nurses or nurse practitioners, including Maternal and Child Health nurses.   Documentary evidence may include, but it not limited to:   * the child’s health care card stating the disability code, or evidence that the child is a NDIS participant * diagnosis by a qualified medical/health practitioner or registered psychologist * a report or supporting documentation signed by an allied health professional, registered nurse or nurse practitioner, Maternal and Child Health nurses, social worker/family counsellor of the current and ongoing assessment of a child * an appointment letter or referral for an assessment by a qualified medical/health practitioner or registered psychologist * supporting documentation, such as a diagnostic report, signed by a qualified medical/health practitioner, registered psychologist or social worker * documentation stating a child’s eligibility for Child Disability Allowance or parent or carer eligibility for Carers Allowance with respect to the child.   Source: DoE (2023b, p. 21) |

In addition, the IDF has an annual capped funding allocation. Where demand exceeds available funding, children with a diagnosed disability or awaiting a diagnosis are prioritised (DoE 2023b, p. 16).

A range of inquiry participants submitted that requirements for diagnosis were a barrier to accessing the ISP (for example, Australian Childcare Alliance, sub. 150, p. 12; Special Teaching and Research, sub. 87, p. 5; The Salvation Army, sub. 56, p. 15). The City of Sydney submitted:

Inclusion Support Funding heavily relies on a diagnosis which can be problematic and exclude children who may be experiencing behavioural and emotional challenges that may not be easily diagnosed or do not have a diagnosis. It also excludes and does not consider the range of challenges faced by Aboriginal and Torres Strait Islander children or children of families who are seeking asylum or are refugees. (sub. 65, p. 12)

As noted, services and families are able to provide evidence other than a diagnosis to access the ISP. At a minimum, these requirements should be more clearly communicated to services and families.

There is also a case for aligning eligibility requirements. As noted, in certain circumstances evidence that the child has other additional needs is accepted. But this does not apply in all circumstances, which precludes some children with additional needs other than disability from receiving support. This should be addressed.

|  | Draft finding 2.6  Eligibility requirements for inclusion funding create barriers to access |
| --- | --- |
| Services must provide evidence that a child has high ongoing support needs to access the Inclusion Development Fund Subsidy for an Additional Educator or the Family Day Care Top Up. Different professionals can provide this evidence, in a range of forms, including other than a formal diagnosis. But this may not be sufficiently clear to services and families.  Evidence that the chid has additional needs other than disability is not accepted in all circumstances, which precludes some children from receiving support. | |

|  | Draft recommendation 2.3  Amend eligibility requirements for inclusion funding |
| --- | --- |
| The Australian Government Department of Education should work with Inclusion Agencies to communicate documentary requirements for receipt of Inclusion Support Program funding more clearly to services, including the eligibility of children without a formal diagnosis.  Evidence a child has additional needs other than disability should be accepted in all circumstances for services seeking to access the Inclusion Development Fund Subsidy for an Additional Educator and the Family Day Care Top Up.  Increasing the funding allocated to the Inclusion Support Program (draft finding 2.5) will ensure children have adequate support, regardless of a diagnosis. | |
|  | |

##### The subsidy design and rules for additional educators are restrictive

Under the ISP, eligible services can apply for a subsidy to hire an additional educator on a short‑term (Immediate/Time‑Limited) or long‑term (IDF Subsidy for an Additional Educator) basis to support the inclusion of children with additional needs (box 2.4).

However, there are several shortcomings in the design of the additional educator subsidies, which limit the support provided to services and children.

**The subsidy rate of $23 per hour has not increased since 2016**, with inquiry participants noting this does not cover the actual costs of employing an additional educator (Australian Childcare Alliance, sub. 150, p. 46; SDN Children’s services, sub. 63, p. 7; Early Childhood Australia, sub. 154, p. 52). For example, a survey of services conducted as part of the AIFS evaluation of the ISP suggested the mean cost to hire an additional educator was $29‑30 per hour (Bray et al. 2021, p. 95).[[16]](#footnote-17) And the lowest award wage for a full‑time educator upon commencement, with no qualification, is currently $23.11 per hour (Fair Work Commission 2010). This rises to $26.18 per hour for a full‑time certificate III qualified educator upon commencement and does not account for superannuation or any relevant casual loading (Fair Work Commission 2010).

There is a clear case for raising the current subsidy rate to align more closely with the costs of employing an additional educator. If rates remain low, services will likely face a disincentive to enrol children with additional needs who require the assistance of an additional educator. While it is challenging to set a rate that will suit all circumstances, the Commission considers the median wage for a certificate III educator to be appropriate. This should be indexed to the Wage Price Index. Services that pay additional educators wages that are below this rate should only receive a subsidy of 100% of the actual wage paid.

**There are limits on the number of hours per week the additional educator subsidies can be claimed for**. These limits vary depending on the service type and the number of children the additional educator is supporting, but for a single child in CBDC is 25 hours per week. In contrast, the average weekly hours for a child in CBDC was 32.4 hours in the December 2022 quarter (DoE 2023a).

Inquiry participants noted that this means the subsidy is not always available for the child's full attended hours (Goodstart Early Learning, sub. 125, p. 60; Early Learning Association Australia, sub. 48, p. 8; The Y Australia, sub. 127, p. 11, Australian Childcare Alliance, sub. 150, p. 45). One participant described how families can sometimes be told that their child can only attend for the hours the additional educator is available (Association for Children with a Disability, sub. 78, p. 4).

There is no clear reason why a child should only have access to an additional educator for some of their attended hours, as children’s needs for inclusion support do not change once the cap has been reached. These hours should be matched to a child’s enrolled hours to ensure services are not out‑of‑pocket where a child is unwell or otherwise absent with short notice.

**Additional educators are required to meet NQF qualification requirements – meaning services cannot employ people with relevant experience and expertise in adjacent sectors, unless they also meet NQF requirements**. The ISP review recommended considering expanding the subsidy to include other inclusion professionals in some circumstances, such as bicultural workers, community workers and other relevant professionals (Deloitte Access Economics 2023, p. 113). This would require changes to the NQF.

The Commission considers there is merit in expanding the range of professionals who can work as additional educators. Workers from surrounding human‑services sector, such as those in disability, aged, or youth care, may have transferrable and specific skills that may be beneficial in the role of an additional educator. Expanding the criteria of an additional educator may benefit the immediate availability of an additional educator and benefit children who require additional support. To ensure children’s needs are met, a list of approved qualifications should be developed and Inclusion Agencies should be required to agree that employing another relevant inclusion professional would be appropriate before a service is approved for the subsidy. Additional educators should still be required to comply with working with children checks and any other relevant measures designed to ensure the safety of children.

The above issues likely contribute to the experiences of gatekeeping reported by some families and reduce the support available for children with additional needs. They should be addressed as a matter of priority.

|  | Draft finding 2.7  Subsidy design and rules for additional educators are restrictive |
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| Eligible services can apply for a subsidy to hire an additional educator to support the inclusion of children with additional needs through the Inclusion Development Fund Subsidy for an Additional Educator or Immediate/Time‑Limited support. But there are several shortcomings with the subsidy design:   * the subsidy rate has not increased since 2016 and does not cover the costs of employing an additional educator * subsidies can only be claimed for a limited number of hours per week (for example, 25 hours in centre‑based day care) irrespective of the number of hours that children who require support are enrolled * additional educators must meet National Quality Framework qualification requirements – meaning services cannot employ people with relevant experience and expertise in adjacent sectors, such as allied health, unless they also meet National Quality Framework qualification requirements. | |

|  | Draft recommendation 2.4  Review and amend additional educator subsidies |
| --- | --- |
| The Australian Government should amend the Inclusion Development Fund Subsidy for an Additional Educator and Immediate/Time‑Limited support, including:   * increasing the current hourly subsidy rate so that it subsidies 100% of an additional educator’s wage, up to the median hourly wage of a certificate III qualified educator and ensuring it is indexed it to the Wage Price Index * removing limits on the weekly hours the subsidies can be approved for and ensuring they align with the child’s enrolled hours * allowing other human‑services qualified staff and inclusion professionals, such as allied health or other relevant professionals to be employed as an additional educator, where the Inclusion Agency agrees this would be appropriate. | |
|  | |

##### Services find applying for funding unduly burdensome

To access funding under the IDF, services are required to complete an application and a Strategic Inclusion Plan (SIP), both of which are managed through the Inclusion Support Portal. For the IDF Subsidy for an Additional Educator and the FDC Top Up, documentary evidence is also required, which must be sourced from families.

Inquiry participants raised a range of concerns about the administrative burden associated with applying for funding under the ISP and delays in receiving support. These included:

* difficulty using the Inclusion Support Portal,[[17]](#footnote-18) which one participant noted dissuades some services from submitting applications (Australian Childcare Alliance, sub. 150, p. 45)
* concerns about the burden or complexity of the application process (Australian Childcare Alliance, sub. 150, pp. 45–47; Outside School Hours Council of Australia, sub. 82, p. 3; National Outside School Hours Services Alliance, sub. 103, p. 4; Sandgate Kids Early Education, sub. 51, p. 2)
* for the IDF Subsidy for an Additional Educator, requirements to review the SIP and seek reapproval when there are changes to the care environment, such as a child changing rooms (Goodstart Early Learning, sub. 125, p. 58; Australian Childcare Alliance, sub. 150, p. 74)
* the timeliness of support, with one participant noting services can wait months for applications to be approved (Early Learning Association Australia, sub. 48, p. 8; The Parenthood, sub. 122, p. 6).

These views broadly align with findings from the ISP review, which noted services reported delays in receiving support and found the application process for additional educators burdensome (Deloitte Access Economics 2023, pp. xvii; 78–79; 111). The review also highlighted nearly all stakeholders consulted identified the Inclusion Support Portal as one of the largest barriers to accessing the program (Deloitte Access Economics 2023, p. 98).

Additional resourcing for the ISP may enable improvements in turnaround times. To further streamline application processes, the Australian Government Department of Education should consider relaxing requirements for reapprovals when there are changes to the care environment. The Commission notes the Department of Education and Services Australia are working on enhancements to the Inclusion Support (IS) Portal, delivered over a series of releases to June 2024 (DoE, personal communication, 31 October 2023). The department should continue to monitor the impact of these changes and whether further adjustments are necessary.

Given the potential disincentives to services applying for funding, there is a case for reviewing application requirements under the ISP.

|  | Draft recommendation 2.5  Reduce administrative burden of Inclusion Support Program applications |
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| The Australian Government should assess the application process required for the Inclusion Development Fund with a view to reducing the administrative burden on services. This should include considering whether requirements to seek reapproval when there are changes to the care environment could be relaxed and if further upgrades to the Inclusion Support Portal are required beyond those currently being implemented. | |

##### Support for family day care services

The IDF offers ‘top‑up’ payments to FDC services, where enrolling children with high support needs means a service is unable to enrol the maximum number of children permitted under the NQF (DoE 2023b, p. 29).

However, usage is low, with the 2021 AIFS evaluation of the ISP noting only 25–35 subsidies were provided annually (Bray et al. 2021, p. 101). Case studies and survey responses from the evaluation highlighted the FDC Top Up often falls short of providing the resources needed to care for children with high support needs, imposes administrative burdens on services and may require asking existing children to leave (Bray et al. 2021, p. 101).

This aligns with the findings of the ISP review, which expressed concerns about the adequacy of the top‑up and the training and resources available to FDC educators. It noted:

several educators also raised concerns around the level of confidence and capability of the current FDC workforce, noting that inadvertent gatekeeping of children from FDC services may often be a result of fear of being unable to meet the needs of a child in a single‑educator residence. (Deloitte Access Economics 2023, p. 109)

To address these concerns, the ISP review recommended considering alternative funding arrangements and resources to increase FDC educators’ capacity and capability (Deloitte Access Economics 2023, p. 109).

The Commission is seeking feedback on whether the top‑up is adequate, or what alternative support to FDC services could involve.

|  | Information request 2.3 |
| --- | --- |
| The Commission is seeking feedback on whether the Inclusion Support Program provides effective support to family day care services. Is the Family Day Care Top Up adequate? | |
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#### There are examples of poor coordination between governments on inclusion funding

In addition to the ISP, several states and territories fund or deliver programs to support inclusion (box 2.6). These are largely focussed on supporting children in a preschool program, consistent with states and territories’ responsibility for preschool delivery.

There is diversity in the range of programs offered. In some respects, this is appropriate, given the varying mechanisms through which states deliver preschool and intervene in ECEC markets. However, it also means children receive different support based on the type of service they attend.

| Box 2.6 – Examples of state and territory inclusion programs |
| --- |
| States and territories also fund programs to support inclusion, predominantly targeted at services delivering preschool programs. Examples are provided below.  Victoria   * The **Kindergarten Inclusion Support program** provides support for funded preschool services to enable greater inclusion of children with disability, developmental delay or complex medical needs. Support includes specialist training and consultancy for educators and additional staffing support. * **School Readiness Funding** provides needs‑based funding to services delivering state‑funded three‑ and four‑year‑old kindergarten programs. Services receive funding based on the profile of children enrolled and can choose from a menu of supports to meet the needs of children. * The **Early Childhood Language Program** allows participating preschools to employ a language teacher to deliver part of their four‑year‑old kindergarten program in another language.   Queensland   * The **Kindergarten Inclusion Support Scheme** supports preschool services to provide inclusive programs that reflect needs, including those of children with a disability. * The **Kindy Uplift Program** enables selected preschool services, including community kindergartens and long day care services, to respond to the educational and developmental needs of kindergarten children. It funds programs, resources, supports and professional development.   New South Wales   * The **Disability and Inclusion Program** provides funding and support to enable the participation of children with disability or additional needs in not‑for‑profit community preschools. * The **Ninganah No More** program provides grants to early childhood education service providers and recognised Aboriginal and Torres Strait Islander organisations to teach Aboriginal languages in not‑for‑profit long day care services and mobile or centre‑based community preschools in select regions.   **South Australia**   * **Intervac funding** is available for approved outside school hours care services to subsidise an additional educator to support children with additional needs. The funding provides short‑term assistance while services apply for the Inclusion Support Program (ISP). Services become ineligible for Intervac funding once eligible for the ISP. * The **Inclusive Education Support** program provides funding for students with disability to receive additional support from their school or preschool.   Source: NSW Department of Education (2023d, 2023e); Queensland Government (2018, 2021); SA Department for Education (2022; 2022); Victorian Government (2023a, 2023b, 2023c) |
|  |

In some cases, this may mean there are two programs available to a child and service, who then have to manage interactions between the two and make multiple applications or complete multiple pieces of paperwork. For example, the Association for Children with a Disability expressed concerns about interactions between the Victorian Kindergarten Inclusion Support program and the Australian Government ISP (sub. 78, p. 4). It noted that:

families spoke about the additional burden of having to cobble together applications … Where families did apply for Kindergarten Inclusion Support and did not receive enough funding for an additional assistant for the full 15‑hour program, poor interaction with the Inclusion Support Program at a systems level often meant there were gaps in support purely based on whether the Commonwealth or State was the primary funder of that portion of the program (e.g. sessional kinder or long day care component). (sub. 78, p. 4)

Similarly, the ISP review noted eligibility for the ISP may render a service ineligible for state and territory funding in some circumstances, leading to uncertainty for services over which program they should use (Deloitte Access Economics 2023, p. 92).

In addition, the ACT Government raised concerns that the Australian Government ISP is not available for state or territory funded ECEC programs that do not attract the CCS (sub. 27, p. 4). It noted this means:

… for programs like the ACT’s targeted delivery of quality early childhood education for children experiencing vulnerability or disadvantage, these priority children cannot receive equitable support alongside their peers in ECEC settings. (sub. 27, p. 4).

These issues point to a system where there is blurred responsibility for inclusion funding, in some instances leading to overlapping programs or gaps for services and families. In part, this reflects the broader complexities of funding and delivery arrangements for preschool programs delivered in CBDCs.

As a guiding principle, governments should be responsible for ensuring the services they fund or deliver are inclusive.

In the short term, the Australian Government Department of Education and the relevant state and territory government departments of education should work together to streamline application requirements, where there are multiple programs available to the one service.

In the longer term, Australian, state and territory governments should clarify responsibilities for inclusion funding as part of a National Partnership Agreement on ECEC (paper 9).

|  | Draft recommendation 2.6  Improve coordination of inclusion funding between governments |
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| Australian, state and territory governments should better coordinate inclusion funding to reduce complexity for services and families.  In the short‑term, the Australian Government Department of Education and relevant state and territory departments of education should work together to streamline application requirements, to reduce the need for services to apply for funding multiple times.  In the long‑term, governments should clarify responsibilities for inclusion funding as part of a National Partnership Agreement on ECEC. | |
|  | |

## ECEC can help connect children to other services

### ECEC services can help identify and connect children who require support from other services

For children (and families) who may have need beyond ECEC, ECEC services can play a role in connecting them to other services.

At a minimum, ECEC services can play a role in identifying children who may require additional support from other services. ECEC staff may be well positioned to identify developmental delays or additional support needs, given the extended time they spend with children and their ability to observe how children are developing in comparison to their peers. By extension, this also means staff and services may be well positioned to identify children who are at risk of abuse or neglect. While child protection legislation varies in each state and territory, educators and/or ECEC staff are generally mandatory reporters (AIFS 2023).

Where children are identified as requiring additional support, ECEC services can also assist families by connecting them to other services. However, identification and referral requires staff to have both appropriate knowledge and adequate time and resources. But there is evidence some services are currently facilitating connections and referrals. For example, work undertaken for the SA Royal Commission suggested that almost all LDC services in SA identified needs and offered direct supports or referrals where they could (SA Government 2023b, p. 35).

Several inquiry participants expressed an expectation that ECEC services play this role, with some suggesting ECEC should be the backbone of a child development system (for example, The Bryan Foundation, sub. 123, p. 8; Brotherhood of St. Laurence, sub. 96, p. 6; Royal Far West, sub. 41, p. 7; Centre for Policy Development, sub. 156, p. 47).

Paper 7 recommends an ECEC Commission (draft recommendation 9.2) be responsible for examining the connections between ECEC and other child and family services. Training and professional development of the workforce is discussed in paper 3.

### The interface between ECEC and the NDIS needs to be considered

Inquiry participants and the ISP review both highlighted concerns about the interface between ECEC services, the ISP and the NDIS.

The NDIS Early Connections Program and NDIS Scheme support children who may have a developmental delay or disability. There is a growing number of children receiving NDIS early intervention and scheme support. As at 30 June 2023, there were 99,395 children younger than seven with an NDIS plan (16.3% of all participants), with a further 14,556 accessing early connections (NDIA 2023, pp. 11, 15; Productivity Commission estimates, based on NDIA 2023).

Submissions have highlighted poor interactions between ECEC and the NDIS, including rigidities in applying NDIS funding in an ECEC setting, disconnections between the NDIS and ECEC systems and instances of children being unable to use their NDIS package in conjunction with the ISP (Centre for Excellence in Child and Family Welfare, sub. 59, p. 2; G8 Education, sub. 68, p. 10; SDN Children’s Services, sub. 63, p. 9).

Others described how the introduction of the NDIS has resulted in a lack of investment in mainstream services and impacted the ability of ECEC services to support children and families (Brotherhood of St. Laurence, sub. 96, p. 6; Early Childhood Australia, sub. 154, p. 52; Community Connections Solutions Australia, sub. 105, p. 11).

Children with disabilities, including those with NDIS funding, can have allied health professionals deliver therapies in early childhood settings. The New South Wales Independent Pricing and Regulatory Tribunal (NSW IPART) review of ECEC heard from services that while this offers more choice for families, it can be disruptive and places a coordination burden on staff (NSW IPART 2023, p. 56). In its interim report, the review found there was scope to improve allied health service provision within early childhood services to minimise disruption, reduce burdens and increase efficiency, and achieve better collaboration between ECEC staff and therapists (NSW IPART 2023, pp. 56–58).

Stakeholder consultations conducted as part of the 2023 ISP review also highlighted that the introduction of the NDIS and its emphasis on personalised support for children with disabilities has created obstacles in effectively communicating the intent of the ISP to families. The review noted the ISP, primarily aimed at fostering inclusive practices across services, is at odds with the individualised approach taken by the NDIS (Deloitte Access Economics 2023, p. 70).

The NDIS was recently reviewed. In June 2023, the review released a report on what it had heard in consultations. A common theme was that the education system needed to be more inclusive. The report noted:

there is not enough focus on supporting children and families in their everyday environments – in the home, in early childhood education and services, and in the community. The increasing reliance on therapy delivered in clinical settings has got in the way of children living ordinary and inclusive childhoods. (NDIS Review 2023, p. 13)

The NDIS review was required to provide a final report to Disability Reform Ministers by October 2023. The Commission will consider any implications from the NDIS review in its final report.

### ECEC services can support transitions to schools and between settings

All children make a transition between ECEC and school. In addition, some children will experience day‑to‑day transitions between ECEC settings (such as preschool and CBDC) or between OSHC and school. ECEC services can help support these transitions by facilitating information sharing and supporting continuity of learning.

The importance of transitions and continuity of learning is recognised in the NQF and the approved learning frameworks. Under Quality Area 6 of the NQS, services are required to support continuity of learning and transitions for each child by sharing information and clarifying responsibilities (ACECQA 2023b, p. 95). Continuity of learning and transition is included as a practice in the national learning framework for children aged birth to five, while continuity and transitions is a practice in the national learning framework for school‑aged children (DoE 2022a, pp. 24–25, 2022d, pp. 25–26).

In addition, several states and territories have established transition to school statements, which are completed by a child’s educator prior to them commencing school (table 2.1). Some states have made completion of these statements compulsory for some services or in some circumstances.

However, some inquiry participants raised concerns related to transitions to school. For example, one participant suggested schools should be more proactive in engaging with ECEC services and that current transition to school processes should be reviewed (Lady Gowrie Child Centre Inc (Adelaide), sub. 25, p. 7). And another raised concerns about the inadequacy of transition to school statements and the added workload they placed on educators:

transition to school strategies need to go beyond the current reliance on ECE [early childhood education] to provide a developmental summary to schools that invariably does not result in continuity of learning for children. Given the added workload placed on ECE, a review should be undertaken of the current transition to school statements mandated in various jurisdictions and how they are used in by schools … There needs to be a consistent transition process that is well supported and funded to promote professional collaboration between prior to school and school settings that includes children and families in the process. (KU Children’s services, sub. 83, p. 6)

Similarly, other inquiry participants highlighted poor communication between OSHC providers and schools (Community Child Care Association, sub. 111, p. 16; National Outside School Hours Services Alliance, sub. 103, p. 3).

There is limited information available to the Commission on the adequacy of transition to school processes and transition to school statements. The NSW Centre for Education Statistics evaluated the NSW Transition to School Statement in 2015. It found that while it was impossible to determine whether the statement had made an additional impact on improving transitions to school, it was valued among the stakeholders who used it (NSW Centre for Education Statistics and Evaluation 2015, p. 15). The Commission is seeking further information from inquiry participants on the extent to which these statements are used, their adequacy and whether they contribute to more effective transitions.

Separately, the Commission recommends states and territories should be responsible for ensuring the delivery of OSHC in government schools (paper 9). This change should help improve coordination between OSHC services and schools, as they would both fall under the responsibility of one level of government.

Table 2.1 – Several states and territories have transition to school statementsa

Summary of transition to school statements in states and territories

|  | Name | Details | Requirements to complete |
| --- | --- | --- | --- |
| NSW | Transition to School Statement | Completed by a child’s educator and summarises the child’s strengths, interests and approaches to learning. | Compulsory for services receiving preschool funding under the Start Strong program. |
| Vic | Transition Learning and Development Statement | Comprises sections completed by a child’s educator, the child and the child’s family. Families are given an opportunity to opt out before the statement is shared with the school. Funding of $9 per child is provided to contribute towards releasing ECTs to complete the statement. | Kindergarten funding conditions require that every child transitioning to school has a statement. |
| QLD | Kindergarten Transition Statements | Kindergarten teachers complete and provide a snapshot of the child’s knowledge, skills and dispositions for learning. | Only compulsory for children attending a Queensland government approved kindergarten program for at least 15 hours a week. |
| SA | No information available publicly. | |  |
| WA | No information available publicly. | |  |
| TAS | No information available publicly. | |  |
| NT | Early childhood transitioning to school – child transition statement | Teachers and educators are responsible for completing a statement for each child in their preschool or Families as First Teachers program. | No information available publicly. |
| ACT | Continuity and Transitioning Statement | The statement is for children transitioning from ECEC services to four‑year old preschool rather than the first year of full‑time school and captures educator, child and family reflections. | No information available publicly. |

**a.** Based on publicly available information. State and territory governments may have internal school procedures, particularly where preschool is delivered through schools.

Source: ACT Education Directorate (nd), NSW Department of Education (2023a, 2023b, 2023g), NT Department of Education (2023), Queensland Curriculum and Assessment Authority (2021, 2023), Victorian Government (2023d)

|  | Information request 2.4 |
| --- | --- |
| The Commission is seeking information on the extent to which transition to school statements are used, their adequacy and whether they contribute to more effective transitions. | |
|  | |

## For some children, a more tailored approach should be considered

A small cohort of children may have specific needs in ECEC or be experiencing a high level of vulnerability that warrants more tailored support designed to meet their needs.

Although mainstream services should be as inclusive as possible, they may not always be adequate or appropriate for the child. Where available, a family may choose an ECEC service that specifically caters to their child’s needs. For example, a family may choose an Aboriginal Community Controlled Organisation (ACCO) service. Or the child’s circumstances may warrant support through the In Home Care program, which provides ECEC in a child’s home where alternative options are unavailable due to families working non‑standard or variable hours, being geographically isolated or experiencing complex or challenging needs. ACCOs are considered separately in paper 7.

Place‑based, integrated or targeted programs can also play a role in supporting children, where they or their families have specific needs. Done well, place‑based initiatives have the benefit of ensuring solutions meet the needs of the local community. The Australian Government funds place‑based ECEC initiatives through the Connected Beginnings program, which provides grants to integrate local services to support Aboriginal and Torres Strait Islander children and families. The role of integrated services is considered in paper 7.

Recent Australian research into a targeted, intensive ECEC program for children experiencing significant disadvantage has shown considerable benefits to children attending (box 2.7). While further trials are underway (Aly and Stitt 2022), depending on the results, this type of program could also be considered in a place‑based context where it meets the needs of the community.

| Box 2.7 – Research on an intensive early childhood education and care model |
| --- |
| Australian research into an intensive early childhood education and care (ECEC) model has shown the potential impact of tailored ECEC programs for children experiencing significant disadvantage.  To be eligible for participation, children had to be aged between 0–3 years, have two or more risk factors, be currently engaged with family services or child protection services, and have early education as part of the child’s care plan. Among others, risk factors included having teenage parents, parental substance abuse, parental mental health difficulties, and the presence of family violence. Children who participated in the program were offered 50 weeks of care and education per year (five hours per day, five days per week) for three years.  Key features of the program included high staff–child ratios (1:3 for children under three years and 1:6 for children over three years), qualified and experienced teachers and educators, and an infant mental health consultant and family support practitioner as members of staff. The program also used a primary educator model, where each child was allocated a primary educator when enrolled, and applied a relationship‑based curriculum, informed by trauma and attachment theories and early learning theories.  A randomised control trial was undertaken alongside the program. It found the program led to benefits for children’s cognitive development, social and emotional development and behaviour.  Source: Tseng et al. (2017, 2022) |
|  |

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1. The reference period used to calculate the number of children enrolled varied but was generally a period in August 2022. For Australian Government data, it was 1–7 August 2022. For state and territory data, it was generally a period in August 2022. For the NT, it included part of June and July 2022 and in the ACT it included part of July 2022.Data on the overall population of children was at June 2022. [↑](#footnote-ref-2)
2. Children residing in an area with a Socio-Economic Indexes for Areas – Index for Relative Socio-economic Disadvantage quintile of 1. [↑](#footnote-ref-3)
3. For CCS services, data is reported based on the income of the family, rather than the socio-economic status of their area. [↑](#footnote-ref-4)
4. The NQF categorises service types differently to the classification system used for the CCS, which has been adopted throughout this inquiry. Long day care services refer to centre-based services providing all-day care to children. Some CCS approved centre-based day care services also offer shorter sessions or occasional care. [↑](#footnote-ref-5)
5. Services with fewer than 25 children attending are permitted to access an early childhood teacher, which may be through an information communication technology solution. [↑](#footnote-ref-6)
6. In FDC, changes from July 2023 removed the ability of educators to be working towards their qualification. Existing educators have up to 12 months to complete their qualifications (aside from educators in South Australia, where this requirement already applied). [↑](#footnote-ref-7)
7. Under the NQF, centre-based services include LDC, OSHC and preschool. [↑](#footnote-ref-8)
8. Mobile services are excluded from the NQF. All mobile services currently approved for the CCS are former BBF services (DoE, pers. comm., 6 November 2023). [↑](#footnote-ref-9)
9. Article 14(2): Indigenous individuals, particularly children, have the right to all levels and forms of education of the State without discrimination. [↑](#footnote-ref-10)
10. Article 24(1): States Parties recognize the right of persons with disabilities to education. With a view to realizing this right without discrimination and on the basis of equal opportunity, States Parties shall ensure an inclusive education system at all levels and lifelong learning directed to … enabling persons with disabilities to participate effectively in a free society. [↑](#footnote-ref-11)
11. Article 23(3): Recognizing the special needs of a disabled child, assistance extended in accordance with paragraph 2 of the present article shall be provided free of charge, whenever possible, taking into account the financial resources of the parents or others caring for the child, and shall be designed to ensure that the disabled child has effective access to and receives education, training, health care services, rehabilitation services, preparation for employment and recreation opportunities in a manner conducive to the child's achieving the fullest possible social integration and individual development, including his or her cultural and spiritual development. [↑](#footnote-ref-12)
12. *Disability Standards for Education 2005* (Cth), s.1.5(a) [↑](#footnote-ref-13)
13. Represents children for whom a service was in receipt of ISP funding – it does not capture children who may have been assisted by the ISP but for whom a payment was not made (DoE, personal communication, 3 November 2023). [↑](#footnote-ref-14)
14. Represents children for whom a service was in receipt of ISP funding – it does not capture children who may have been assisted by the ISP but for whom a payment was not made (DoE, personal communication, 3 November 2023). [↑](#footnote-ref-15)
15. Children aged 0-12 years. [↑](#footnote-ref-16)
16. Excluded rates of $15 per hour or less and $60 per hour or more. Survey conducted between December 2020 and February 2021. [↑](#footnote-ref-17)
17. The Inclusion Support Portal is the online platform services use to interact with ISP. It is used to develop, manage and review SIPs and to apply for funding from the IDF. [↑](#footnote-ref-18)