7. Other barriers to access

Key points

- Families have diverse preferences and needs in relation to early childhood education and care (ECEC). While the current system caters to many families, others may experience barriers to access.
 - Inquiry participants described a range of barriers beyond the availability (paper 5), affordability (paper 6), quality
 and inclusivity (paper 2) of services. This included practical barriers such as lack of transport, food or clothing,
 difficulty navigating the system, cultural responsiveness and safety and the flexibility and availability of hours.
 - Participants also described other barriers such as unstable home situations or perceptions of maternal roles.
 Many of these issues are outside the scope of this inquiry. But ideally policy settings should be sensitive to the diverse circumstances families experience.
- Different approaches or services may be required to meet the needs of some families and address barriers to ECEC access.
 - Some families may experience practical barriers to ECEC access, such as transport. It is unclear whether current funding programs sufficiently resource services to support families and address these barriers.
 - Most families will successfully navigate the ECEC system, but some may experience additional challenges such as limited digital access, literacy or other barriers. Some may receive support through their networks, but others may benefit from a 'system navigator' to help them understand the system and enrol.
 - Inquiry participants highlighted how integrated services can support children and families requiring services beyond ECEC, particularly those experiencing disadvantage or vulnerability. An ECEC Commission should be responsible for advising governments on the need for integrated ECEC services.
 - While outside of the formal ECEC system, playgroups have a valuable role in supporting families and children in their early years.
- Aboriginal Community Controlled Organisations (ACCOs) are well placed to deliver culturally safe ECEC to Aboriginal and Torres Strait Islander children and families.
 - Inquiry participants argued a new ACCO funding model is needed, given the unique circumstances ACCOs operate in and the integrated services many provide. The Early Childhood Care and Development Policy Partnership, established under Closing the Gap, has commissioned research on funding model options for ACCO-delivered ECEC, which the Productivity Commission will consider in its final report.
- ECEC services can better support the diverse range of family working hours and schedules.
 - Some families require non-standard hours ECEC, shorter sessions or access to ECEC on a casual basis. Changes to the hourly rate cap for non-standard hours and ensuring occasional care is available where needed could help. The Commission is considering ways to encourage flexibility around session lengths.
 - Preschool hours do not align with a standard work week. Changes to make it easier to receive the Child Care Subsidy for outside preschool hours ECEC could assist families to manage these hours.

Ensuring families do not face undue barriers to accessing early childhood education and care (ECEC) is key to a high-quality and equitable system. Families have diverse preferences and needs in relation to ECEC and may experience barriers to access beyond the availability (paper 5), affordability (paper 6), quality and inclusivity (paper 2) of ECEC.

This paper first discusses the types of barriers families may face (section 7.1) and then considers policy responses, including:

- options to meet the needs of families to address practical barriers, navigate the system or access integrated services (section 7.2)
- cultural safety (section 7.3)
- flexibility, including the availability of non-standard hours ECEC, session lengths and charging practices, the availability of casual ECEC and out of preschool hours ECEC (section 7.4).

7.1 Barriers to ECEC access encompass a broad range of issues

Some families face barriers to accessing ECEC (box 7.1). These barriers can be complex and touch on a variety of factors within the ECEC service and policy system. They may also involve broader social determinants, such as access to transport. Some families may experience few barriers, while others may experience several that compound.

Inquiry participants described a number of ECEC-related factors that may affect access for families, including:

- availability and location of services (Goodstart Early Learning, sub. 125, p. 26; Australian Childcare Alliance, sub. 150, p. 32; NACCHO, sub. 151, p. 6)
- cost of services, access to the Child Care Subsidy (CCS) and understanding of out-of-pocket expenses (Australian Childcare Alliance, sub. 150, p. 32; The Smith Family, sub. 108, p. 6; Social Ventures Australia, sub. 145, p. 7)
- quality of services (NACCHO, sub. 151, p. 6; NIAA, sub. 152, p. 5)
- ability of services to provide support for children with additional needs (Australian Childcare Alliance, sub. 150, p. 32; The Smith Family, sub. 108, p. 6)
- flexibility and availability of hours (Australian Childcare Alliance, sub. 150, p. 32)
- cultural responsiveness and safety (NACCHO, sub. 151, pp. 6–7; SSI, sub. 16, p. 3)
- difficulty navigating the ECEC system and enrolment process, poor service coordination or not having the required documentation (The Hive Mt Druitt (United Way Australia), sub. 64, p. 3; The Smith Family, sub. 108, p. 6).

Several of these factors have been considered separately in papers 2 (How do ECEC services support children?), 3 (The ECEC workforce), 5 (Availability of ECEC) and 6 (ECEC affordability).

Inquiry participants also described a range of other barriers, such as transport, lack of food, clothing, poor child health or unstable home situations (Meli, sub. 139, p. 4; Tasmanian Government Department for Education, Children and Young People, sub. 159, p. 6; The Hive Mt Druitt (United Way Australia), sub. 64, p. 3; ACT Government, sub. 27, p. 7; The Front Project, sub. 143, p. 14). Some of these factors are outside the scope of this inquiry, although ideally ECEC policy settings would be sensitive to them. In addition, some participants outlined other individual factors impacting families' access, including perceptions about maternal roles, not perceiving the benefits of ECEC or a belief that a child is too young to attend (Social Ventures Australia, sub. 145, p. 7; ACT Government, sub. 27, p. 7).

Box 7.1 – Some families may be more likely to face barriers to accessing early childhood education and care

The Report on Government Services identifies cohorts who may experience higher barriers to early childhood education and care (ECEC) access compared to other groups, including children:

- who are Aboriginal and Torres Strait Islander children
- · from non-English speaking backgrounds
- · from regional and remote areas
- · from low socio-economic areas or from low-income families
- · with disability.

While these indicators are focussed on the child, the majority (aside from children with disability) are likely to be shared characteristics of the family. In cases where these characteristics are not shared, it is reasonable to expect the circumstances of the child also affect the family's access (and vice versa).

Australian Government programs (Inclusion Support Program, Additional Child Care Subsidy and In Home Care) designed to ensure equal ECEC access also identify additional cohorts of families or children who may experience barriers to access or have additional needs in ECEC. This includes families:

- · experiencing geographic isolation
- · with complex or challenging needs
- · working non-standard or variable hours
- experiencing temporary financial hardship, transitioning to work from income support or where grandparents have primary care of the child and are receiving income support.

It also includes children:

- · with developmental delay
- · with serious medical or health conditions, including mental health
- · with challenging behaviours
- at risk of serious abuse or neglect, including those that are in formal foster care, formal kinship arrangements, on a long-term protection order or otherwise identified as at risk
- · presenting with trauma-related behaviours
- · from refugee or humanitarian backgrounds.

This paper does not assume that all families or children in the identified groups are inherently vulnerable or disadvantaged, although some may be in vulnerable situations.

Source: SCRGSP(2023); DoE (2023f, 2023g, p. 8, 2023e); Services Australia (2022).

7.2 Making the ECEC system more accessible

Some families may require or prefer different or targeted approaches to meet their needs or address barriers to access. This section discusses:

- ways to address practical barriers to access (such as transport)
- · overcoming system complexity and the potential role of 'system navigators'
- · the role of integrated services
- · the role of playgroups.

Overcoming practical and logistical barriers to accessing ECEC

Inquiry participants noted families may face a range of practical and logistical barriers to accessing ECEC, such as:

- transport (for example, The Hive Mt Druitt (United Way Australia), sub. 64, p. 3; The Smith Family, sub. 108, p. 6)
- non-fee costs of attending services, such as clothing or excursions (Centre for Research in Early Childhood Education, Macquarie School of Education, Macquarie University, sub. 21, p. 11)
- lack of adequate food (Meli, sub. 139, p. 4; The Child Development, Education and Care Research Group, sub. 19, p. 6).

For example, inquiry participants highlighted a range of transport barriers families may experience, including limited public transport options, lack of access to private vehicles or a driver's license, high travel times and high travel costs (The Hive Mt Druitt (United Way Australia), sub. 64, p. 3; Early Childhood Australia, sub. 154, p. 59; Binarri-binyja yarrawoo Aboriginal Corporation, sub. 85, p. 9; The Shop, Distributive and Allied Employees' Association, sub. 72, p. 20).

Inquiry participants noted transport barriers may particularly impact rural and remote, Aboriginal and Torres Strait Islander and culturally and linguistically diverse (CALD) families (ACT Government, sub. 27, p. 6; Early Learning Association Australia INC., sub. 48, p. 2; SSI, sub. 16, p. 3; Binarri-binyja yarrawoo Aboriginal Corporation, sub. 85, p. 9; Regional Development Australia Loddon Mallee, sub. 15, attachment 1, p. 20). Families on low incomes or where parents are unemployed may find it hard to afford transport costs to access ECEC (Beatson et al. 2022, p. 2938).

Although it is not a mandatory requirement, some services and programs support families with transport (box 7.2). One inquiry participant submitted that some ECEC services assist families with taxi vouchers or bus fares without dedicated funding (Lady Gowrie Child Centre Inc., sub. 25, p. 16). Others, such as Mogo Aboriginal Preschool in New South Wales, offer a bus service to pick up and drop off children (Campbell Page 2023).

There are also examples of services that assist families to overcome barriers other than transport. Research undertaken for the SA Royal Commission into ECEC showed one in five long day care services in South Australia directly offered a foodbank or similar programs (Deloitte Access Economics 2023b, p. 18). One participant described how some services may also assist families with items such as shoes, lunch boxes or clothes, or with groceries (Gowrie Australia, sub. 79, p. 5).

Although responsibility for addressing the above barriers should primarily rest with broader social policy initiatives, ECEC programs may also be able to assist where these barriers cannot be addressed through other government services or programs.

Box 7.2 – Examples of transport provision to support greater early childhood education and care access

Child Care Subsidy services

In a 2019 survey, 6.9% of surveyed Child Care Subsidy (CCS) services offered transport assistance to low-income and vulnerable families (Bray et al. 2021, p. 218). Of this group, the rate was significantly higher for former Budget Based Funded services (36.4%) (Bray et al. 2021, p. 218).

Community Child Care Fund (CCCF)

The CCCF provides a range of grants to CCS services, including to support services in disadvantaged and vulnerable communities to increase the number of children in early childhood education and care (ECEC). Under the CCCF Open Competitive (vulnerable and disadvantaged) grant, one of the permitted purposes includes providing transport assistance to facilitate attendance by isolated families and those with transport difficulties (DESE 2021, p. 10). Grants are also available under the CCCF Limited Supply stream for newly established ECEC services in areas of limited supply to provide transport assistance (DoE 2023a).

Victorian Government School Readiness Funding

The Victorian Government provides School Readiness Funding to ECEC services delivering preschool for three- and four-year olds, with the amount of funding varying depending on the profile of the children enrolled (Victorian Government 2023b). Part of this funding can be allocated for a transport program aimed at improving preschool attendance for children with transport access issues (Victorian Department of Education 2023).

Tasmanian Working Together program

This program provides 20 hours of free early learning per week for eligible children in the year before preschool. It also provides some support to families, including transport assistance for their child to attend (Tasmanian Department for Education, Children and Young People 2023).

The Australian Government Community Child Care Fund (CCCF) provides a range of grants to services, including to address community-level barriers, such as for:

- · working with local organisations
- · building relationships with families not using ECEC
- · providing transport assistance
- developing and implementing a community stakeholder engagement plan (DESE 2021, p. 10).

The last grant round conducted for established services to reduce these barriers was in 2021, with 180 services receiving funding (DoE 2021). To be eligible, services needed to be located in or servicing families in disadvantaged, regional, remote or very remote areas, providing specialised services to a vulnerable or disadvantaged sector of the community (such as an Aboriginal or Torres Strait Islander-specific service, or a service targeting children with additional needs), or have received funding under previous rounds (DESE 2021, pp. 8, 17).

A new CCCF round will be run in 2024, with funding available to support services to address barriers to participation (Community Grants Hub 2023). Further information on the round is not yet available.

Given many of these barriers may require a relatively quick response, it is unclear if the frequency and the design of CCCF is appropriate. The Productivity Commission is seeking feedback from inquiry participants on this, as well as whether the scope of eligible activities is appropriate.

If a new approach is required, the Commission also seeks views from inquiry participants on a preferred mechanism. One option could include a flexible pool of funding available through the CCCF that could be applied for as needed and would be available in all areas, with a service required to demonstrate community need in its application. Alternatively, eligibility for the Innovative Solutions funding stream of the Inclusion Support Program (paper 2) could be expanded to provide funding for activities that address community-level barriers.



Information request 7.1

The Commission is seeking information on the appropriateness and responsiveness of the Community Child Care Fund (CCCF) to address practical barriers to ECEC access (such as transport) that families may face.

- Do CCCF grants adequately and effectively respond to the various practical barriers (such as transport or food provision) that families face in accessing ECEC?
 - Is the current frequency (that is, grant rounds every 2–3 years) and funding amount available to services for community-level supports sufficient? If CCCF is not accessed for this purpose, are services receiving funding for this elsewhere?
- If the current CCCF does not adequately and effectively respond to these needs, what funding changes are needed? Options could include:
 - a more flexible approach through CCCF, with an open pool of funds that could be applied for as needed and available to all services, provided they demonstrated community need in their application
 - an expansion of the Inclusion Support Program, where funding could be provided through Innovative Solutions.

The ECEC system can be complex for families to navigate

The ECEC system can be confusing and hard for families to navigate, with multiple funding sources, programs and governments involved. Inquiry participants raised the difficulties families experience in navigating this system (Early Learning Association Australia INC., sub. 48, pp. 6, 8; KU Children's Services, sub. 83, p. 4; Waverley Council, sub. 132, p. 10; Community Early Learning Australia, sub. 92, p. 8).

As noted in paper 6, families can find the CCS system hard to understand, particularly in relation to their subsidy entitlement, out-of-pocket expenses and engaging with Centrelink.

Others may find navigating and selecting a service confusing. For example, research undertaken by The Smith Family in four communities in New South Wales and Victoria found families may be overwhelmed when trying to understand which preschool service (dedicated or centre-based day care) would be best suited to their family's needs (The Smith Family 2021, p. 22).

In addition, some families may not be aware of ECEC, its benefits or the appropriate age to attend preschool (Early Learning Association Australia INC., sub. 48, p. 8; The Hive Mt Druitt (United Way Australia), sub. 64, p. 4; SSI, sub. 16, p. 3).

For some families, this complexity is compounded by other factors, including low English proficiency, lack of digital access or access to government offices, fear or mistrust in governments, or other circumstances. One participant noted not having a birth certificate can be a barrier for some families (The Hive Mt Druitt (United Way Australia), sub. 64, p. 3) and there are additional challenges CALD families may face due to language, literacy and digital literacy barriers (SSI, sub. 16, p. 3). The 2021 Australian Institute of Family Studies evaluation of the Child Care Package (AIFS evaluation) heard feedback from services that for some families where English was not their first language, the terminology used by Centrelink was at times 'confusing' (Bray et al. 2021, pp. 54–55).

The Smith Family noted:

enrolment and subsidy application processes assume a level of agency, literacy and mobility which some families struggle to navigate without support. Families often do not understand their out-of-pocket expenses for [early childhood education] which impacts their ability to make an informed choice. (sub. 108, p. 6)

Providing system navigator support

Simplifying the CCS and making information more accessible to families will go some way towards addressing these issues (paper 6). But given the need to maintain integrity and accountability in public funding, a degree of complexity is likely to remain in the system. As a result, more targeted approaches may be necessary to support families who experience additional barriers to navigating the system.

One solution could involve a 'system navigator' role that could provide support to eligible families to understand the system, fees, forms and other enrolment processes. There are already some examples of these types of roles in the ECEC sector, with some receiving government funding (box 7.3).

This role could also conduct outreach with families who may not be aware of or are otherwise unlikely to engage with ECEC. For example, the Municipal Association of Victoria noted that following an expansion of the Victorian CALD Outreach Worker program in 2021, enrolments in targeted preschool and early learning programs provided for priority cohorts increased from 399 to 947 in 2022 (sub. 117, p. 13).

Box 7.3 - Examples of system navigator roles in early childhood education and care

- The Victorian Government provides funding for councils to create centralised preschool enrolment
 points and funds 22 councils to employ a Culturally and Linguistically Diverse (CALD) outreach worker
 to address barriers to preschool access for CALD families (Victorian Government 2023c, 2023a).
- Goodstart Early Learning partners with the Victorian Government to deliver outreach and support to
 families to address barriers to accessing Additional Child Care Subsidy (Child Wellbeing), including
 providing a Family and Community Engagement Worker who facilitates the administrative process and
 develops an orientation plan for the child and family (sub. 125, pp. 67–68).
- The Institute for Urban Indigenous Health (IUIH) runs a Deadly Kindies Program, funded by the Queensland Government, which encourages families to complete a health check at a IUIH clinic and enrol in kindergarten (Institute for Urban Indigenous Health nd, nd). IUIH and/or clinic staff can follow up with families to support kindergarten enrolment (Institute for Urban Indigenous Health nd).
- The Hive Mt Druitt Early Learning Linker initiative supports families to seek information about early
 education or preschool options (The Hive Mt Druitt 2021). It assists families in navigating the Child
 Care Subsidy process such as enrolment paperwork or accessing their child's birth certificate. For

Box 7.3 – Examples of system navigator roles in early childhood education and care

families who cannot afford the early childhood education and care bonds, the initiative assists with paying brokerage for bonds or arrears.

- Gowrie Australia notes some services may provide additional support to families to help them navigate enrolments and Services Australia processes, and may provide translation services (sub. 79, p. 5).
- One Tree Community Services receives funding from the Community Child Care Fund for some of its services, which have a Community Liaison Officer to support families in remote communities where there is no Centrelink office (sub. 121, attachment 2, p. 33).

Some families may also receive support from other sources. For example, a 2019 survey of services conducted as part of the AIFS evaluation found 41% of services assisted low-income and vulnerable families with Centrelink applications (Bray et al. 2021, p. 218). And it is likely other non-ECEC services assist families too, although there is no information available to assess the extent to which this happens.

The Commission is seeking information from inquiry participants on whether existing supports are sufficient, or whether investments in a 'system navigator' initiative may be required.

The Commission also seeks feedback from participants on how such an initiative could be delivered, including how it could be delivered in a culturally appropriate way for Aboriginal and Torres Strait Islander or CALD families. Options could involve delivery by Inclusion Agencies as part of the Inclusion Support Program (which would need to be better resourced) or by ECEC services, community organisations or local councils under a grants program. For Aboriginal and Torres Strait Islander families, delivery by Aboriginal Community Controlled Organisations (ACCOs) could also be considered.



Information request 7.2

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

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

Integrated services can reduce system complexity for families

A range of inquiry participants advocated for integrated services to support children and families experiencing vulnerability or requiring services beyond ECEC (for example, The Salvation Army, sub. 56, p. 17; Early Learning and Care Council of Australia, sub. 153, p. 19).

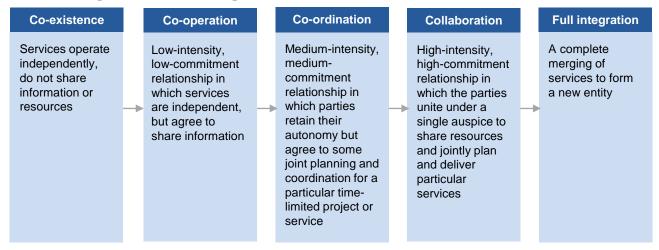
Integrated services can take many forms, operating along a continuum of activities ranging from co-existence (where services operate completely independently) to the complete merging of activities under a single entity (full integration) (figure 7.1). The types of services integrated can vary and can include allied health, employment support, playgroups, family services, or schools. While ECEC is not always included in integrated services, inquiry participants have highlighted the role it can play in an integrated service setting (for example, Early Childhood Australia, sub. 154, p. 37).

Broadly, integrated services:

provide access to multiple services to children and families in a cohesive and holistic way. They recognise the impact of family and community contexts on children's development and learning and focus on improving outcomes for children, families and communities. Through respectful, collaborative relationships, they seek to maximise the impact of different disciplinary expertise in a shared intent to respond to family and community contexts. (Press, Sumsion and Wong 2010, p. 53)

Figure 7.1 - Integrated services operate on a continuum

The five stages of service integration



Source: Adapted from Moore and Skinner (2010, p. 17).

Integration recognises that children and families have a variety of needs

Several inquiry participants highlighted the role of place-based integrated services in supporting families experiencing vulnerability who have multi-faceted needs (for example, Social Ventures Australia, sub. 145, p. 8; Goodstart Early Learning, sub. 125, p. 66). Participants suggested these services provide a range of benefits, including:

- making it easier for families to access support and ensuring they do not need to jump through multiple hoops or repeat their story (SSI, sub. 16, p. 4; Brotherhood of St Laurance, sub. 96, p. 9)
- better identification of child and family needs, including developmental concerns (Royal Far West, sub. 41,
 p. 15; The Benevolent Society, sub. 98, p. 7)
- improving the engagement and retention of families, particularly those experiencing vulnerability (Early Learning Association Australia INC., sub. 48, p. 18; The Benevolent Society, sub. 98, p. 7)
- better ability to support children and families, including considering whole-of-family needs (The Salvation Army, sub. 56, p. 17; Early Learning Association Australia INC., sub. 48, p. 18).

There are also examples of integrated services providing trauma-informed and responsive support to children and families (box 7.4).

Box 7.4 - Integrated services can be trauma-informed and responsive

Some families and children may experience challenging or vulnerable circumstances, and accessing early childhood education and care (ECEC) may be particularly difficult during these times. This may include experiencing violence, abuse, neglect, exploitation, mental health deterioration, relationship breakdown, housing instability, or other challenging or vulnerable circumstances.

Data from the 2021-22 Personal Safety Survey shows that a considerable portion of Australians have experienced or witnessed family violence and abuse from a young age. About one in six women (18% or 1.7 million) and one in nine men (11% or 1 million) in Australia experienced physical and/or sexual abuse before the age of 15 (ABS 2023a). About 2.6 million people (13%) aged 18 years and over witnessed violence towards a parent by a partner before the age of 15 (ABS 2023a).

Similarly, a 2021 study of 3,775 participants reported that one in six female carers (17.0%) said a child residing with them experienced some form of abuse in the 12 months prior to the survey, perpetrated by a current or former partner (Wolbers, Boxall and Morgan 2023, p. ix).

There are examples of ECEC services undertaking integrated activities to support these families and children.

- Victoria's Early Childhood Agreement for Children in Out-of-Home Care sets out roles and
 responsibilities for partnered ECEC and child protection organisations, with the aim of ensuring
 enrolment and ongoing support for vulnerable children in ECEC settings (Victorian Department of
 Education and Training and Victorian Department of Health and Human Services 2019, p. 45).
- A trial of an intensive ECEC model for children experiencing significant disadvantage who were engaged with family or child protection services included an infant mental health clinician and family support practitioner as staff members (Tseng et al. 2022, pp. 7, 10).
- Budup Wilam Aboriginal Child and Family Centre provides wrap-around services for families requiring additional support, including due to trauma (SNAICC, sub. 133, p. 6). This includes 'family violence assistance, prevention, mental health support, child protection, advocacy and support'.

Integration can overcome the siloing of services - including ECEC

The South Australian (SA) Royal Commission into ECEC refers to the connection function or 'glue' that links ECEC services with other early years services such as health and family supports. It notes 'how funding systems currently fail to adequately recognise its role' (SA Government 2023a, p. 33). Under current arrangements, the majority of these services are funded and delivered independently, making the connection function between services key – but also one that often falls between the cracks when it comes to policy and funding.

The SA Royal Commission acknowledged that creating these connections is challenging because of the different layers of government and non-government organisations involved in this broader service system (SA Government 2023a, p. 63). One way to fund this function, as SA Royal Commission noted, is through the creation of integrated services. In the context of integrated services, this paper refers to this connection function as the 'integration function'.

There are a range of integrated services operating across Australia, and models vary (box 7.5). Some are funded by the Australian, state or territory governments while others may rely on philanthropic or other funding.

Box 7.5 - Examples of integrated services in Australia

Queensland Early Years Places

Each Early Years Place has a different mix of programs including playgroups, early childhood education and care (ECEC), health services and family and parenting support (Queensland Government 2023).

Western Australian Child and Parent Centres

The centres are located at schools in partnership with a non-government organisation (WA Government nd). A range of services may be offered, including maternal and child health, speech therapy support, psychological services and counselling, antenatal classes, early learning programs, playgroups, school holiday programs, parenting and family support, multicultural programs and services, and referrals to other services. The centres do not provide ECEC but four are co-located with ECEC services (WA Government, sub. 162, p. 23).

Tasmanian Child and Family Learning Centres

The centres provide place-based affordable and flexible early learning that parents can attend with their child (Tasmanian Department for Education, Children and Young People, sub. 159, p. 8). Through the centres, families can connect with services, such as adult learning, allied health and social supports.

Northern Territory Child and Family Centres

The centres operate in six locations and provide a range of services including ECEC and the Families as First Teachers program (NT Government 2023). They can also connect families to other services.

Aboriginal Child and Family Centres (ACFCs)

38 ACFCs were originally established through the National Partnership Agreement on Indigenous Early Childhood Development, signed by governments in 2009. The agreement envisaged these centres would provide a mix of services, including ECEC, early learning and parent and family support services (COAG 2009, p. 6). The agreement ceased in 2014, but analysis by Social Ventures Australia identified 44 ACFCs operating in 2023 (Social Ventures Australia 2023, p. 22).

Multifunctional Aboriginal Children's Services (MACS)

As an example of services provided by MACS, Oorunga Wandarrah MACS Centre offers long day care, with regular visits from primary and allied health services (Tharawal Aboriginal Corporation 2023). The centre also invites families to share skills and participate in their child's learning and development.

Australian Government Connected Beginnings program

The program is for Aboriginal and Torres Strait Islander families and provides grants to integrate local support services so children and families can access culturally appropriate services (DoE 2023d). This may include maternal and child health, ECEC, family support, preschools and schools, local government and council support.

Research undertaken by Social Ventures Australia suggests funding for the 'integration function' is generally well accounted for in state- and territory-funded services (Social Ventures Australia 2023, pp. 50–51, 55). But it noted many of these services do not provide ECEC (Social Ventures Australia 2023, p. 60). Other integrated services may not receive explicit funding for this function.

Aboriginal and Torres Strait Islander integrated services, which are primarily funded by the Australian Government, do not generally receive funding for the 'integration function' and rely on several funding streams, some of which are short-term (Social Ventures Australia 2023, pp. 54–55). Many of these services are ACCOs. The Commission will consider Aboriginal and Torres Strait Islander integrated services more fully in its final report, following completion of research commissioned by the Early Childhood Care and Development Policy Partnership on funding models for ACCO-delivered ECEC (section 7.3).

Given the varied approach to funding and delivery, there is no official list of integrated services available nationally, or an estimate of the number of integrated services that provide ECEC.

Deloitte Access Economics and Social Ventures Australia undertook a mapping exercise to determine the number of 'Integrated Child and Family Centres' (ICFCs) in Australia, which were defined as a hub where families can access key child and family services and connect with other families. This analysis identified 209 ICFCs, around 250 other hubs (that did not meet the ICFC definition) and 80 place-based initiatives nationally (Deloitte Access Economics 2023a, pp. 18–19). Some of these services provide ECEC, but not all.

Despite the range of ICFCs identified, modelling undertaken by Deloitte Access Economics suggested there were at least 100,000 children experiencing significant disadvantage aged 0–6 years who did not have access to an ICFC (Deloitte Access Economics 2023a, p. 6).

While estimates of gaps may vary, the different ways these integrated services are funded and established may give rise to inconsistent access. Some communities that may benefit from integrated services may be missing out, particularly if ECEC is not consistently included. It is also likely community needs will change over time, underlining the importance of continued monitoring.

To ensure investment is targeted to where it is needed, an ECEC Commission (draft recommendation 9.2) should be responsible for advising governments on the need for integrated service hubs involving ECEC and the communities in which they are needed.



Draft finding 7.1

ECEC services cater to many children and families, but some families need additional support

While the current system caters for many families, others may require or prefer different approaches to meet their needs or address barriers to access, and some may require additional support beyond ECEC.

Integrated services can support children and families experiencing vulnerability or requiring services beyond ECEC. Initiatives that create the 'connection function' that links ECEC services with other child and family services, such as health and family supports, can also overcome the siloing of services, providing more effective support to families.



Draft recommendation 7.1

Ensure integrated services are available where needed

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

But a more joined up system is important too

Aside from the examples discussed above, there are also a range of other activities that may be thought of as involving some form of integration between services.

Evidence presented to the SA Royal Commission into ECEC showed most SA government preschools offered between one and four additional services or activities per year (SA Government 2023b, p. 35). This included speech pathology, health, parenting support and playgroups. Many of these programs were funded through SA Government preschool funding, although some services accessed parent fees as a source of funding.

Work undertaken for the SA Royal Commission also suggested that almost all long day care services in SA identified needs and offered direct supports or referrals where they could (SA Government 2023b, p. 35). Long day care services reported offering an average of around eight additional activities either directly or through a third party in 2023 (Deloitte Access Economics 2023b, p. 17). The range of activities varied, but included supports such as speech pathology, occupational therapy, other allied health and foodbanks (Deloitte Access Economics 2023b, p. 17).

Anecdotal evidence would also suggest similar activities are happening in other services (box 7.6). For example, the NSW Independent Pricing and Regulatory Tribunal's (IPART) review into ECEC noted examples of services providing 'wrap-around' services to families (NSW IPART 2023, pp. 69–70).

Box 7.6 - Integration can encompass a broad range of activities

Plumtree Children's Service

As a not-for-profit, community-based organisation, Plumtree provides preschool services, centre-based playgroups, parent educational programs, and therapies for children aged birth to eight years with a disability or developmental delay and their families (Plumtree Services 2023).

Tiny Tots Talking Program

The Western Sydney Local Health District, in partnership with Blacktown City Council, delivers 'Tiny Tots Talking programs', which aim to increase language-rich environments in early childhood education and care (ECEC) services (Western Sydney Primary Health Network, sub. 57, p. 6). Through the program, speech pathologists provide professional development in ECEC services in low socio-economic environments.

Goodstart Early Learning

Goodstart Early Learning's submission describes how it provides support to families experiencing hardship, including joblessness, mental illness, homelessness and relationship breakdown. It also notes it provides allied health support within its centres (sub. 125, p. 22).

Koorana Preschools

Koorana Child and Family Services runs two preschools in New South Wales. It employs allied health professionals to deliver therapy within its preschools (Koorana Child and Family Services 2022).

One inquiry participant outlined the additional costs services may incur coordinating with other on-site or external services such as allied health or maternal and child health (Gowrie Australia, sub. 79, p. 5). Similar

feedback was provided to the NSW IPART review of ECEC, which heard coordinating with allied health is burdensome upon services (NSW IPART 2023, p. 56).

The expectations upon ECEC services to undertake this type of work are likely to grow. For example, the SA Royal Commission envisaged preschool should include pathways to parental and community supports, including on site (SA Government 2023a, p. 104). And the recent review of the National Disability Insurance Scheme heard from consultations that there is not enough focus on supporting children in their everyday environments, including in ECEC (NDIS Review 2023, p. 12).

As part of its role in assessing access to ECEC in different communities, the ECEC Commission should also explore the connections between existing services and the most suitable ways to address these gaps.



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

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

Playgroups can be more accessible than other ECEC services for some families

While outside of the formal ECEC system, playgroups also have a role in supporting families and children in their early years. Unlike formal ECEC services, in playgroups, family members participate alongside their child.

Playgroups as an early years service

Playgroups are delivered in a variety of models. They can operate informally with families or community members (community playgroups) or be run by a trained facilitator for certain cohorts of families (supported playgroups) (Commerford and Robinson 2016, p. 3). Some playgroups may be offered as part of an ECEC or an integrated service.

Playgroups may receive funding for a range of sources, including the Australian, state, territory and local governments (for example, DSS 2023; Playgroup Victoria 2023; Victorian Department of Families, Fairness and Housing 2023). Local governments may also directly provide playgroups (Municipal Association of Victoria, sub. 117, p. 7).

While there is no national data collection on playgroups, an analysis of 2018 AEDC data suggests more than one in three children attended playgroup before they started school (Sincovich, Harman-Smith and Brinkman 2019, p. 1). Analysis of 2015 AEDC data showed attending playgroup was positively associated with development upon school entry for children from a range of backgrounds, after adjusting for confounding factors (Sincovich et al. 2020).

Playgroup Australia submitted that playgroups provide 'a triple benefit: play-based learning and development for children; social support for parents and carers; and connections that build communities' (sub. 160, p. 2). More broadly, inquiry participants underlined the role and importance of playgroups in a range of settings (box 7.7).

Box 7.7 - Inquiry participant views on the benefits of playgroups

Inquiry participants have noted that playgroups:

- provide a relaxed and friendly environment (Pathways in Place research program, sub. 130, p. 55)
- provide opportunities for children to play with their peers and support early childhood development (Pathways in Place research program, sub. 130, p. 55; Academy of the Social Sciences in Australia, sub. 116, p. 7; Playgroup Australia, sub. 160, p. 7)
- provide opportunities for parents to strengthen social and community connections, build skills and gain knowledge and information on their child's development (Pathways in Place research program, sub. 130, p. 55; Catholic Education South Australia, sub. 13, p. 2)
- provide valuable community engagement and safe pathways for referral for migrant and refugee families (KU Children's Services, sub. 83, p. 9)
- can be 'non-stigmatising' soft-entry points to ECEC for culturally and linguistically diverse families (SSI, sub. 16, p. 4)
- play an important role for families in rural and regional locations, with several participants highlighting the role of mobile playgroups (Isolated Children's Parents Association Australia, sub. 58, p. 8; Regional Education Commissioner, sub. 102, p. 1; Royal Far West, sub. 41, p. 6).

Supported playgroups can be a source of information and support for families

Supported (or targeted) playgroups are run by a trained facilitator and generally cater to families with diverse needs or vulnerabilities. They may be specific to young parents, parents or children with a disability, those who are socially isolated, experiencing mental ill-health, or from a CALD, Aboriginal or Torres Strait Islander background (Commerford and Robinson 2016, p. 3).

While providing social support, supported playgroups can also link families to formal supports when needed (Commerford and Robinson 2016, p. 14), such as ECEC, health, family, and other services.

Some playgroups may be run specifically for CALD or Aboriginal and Torres Strait Islander families (box 7.8).

Inquiry participants noted the importance of playgroups for CALD families and described how they could provide 'soft entry' points to ECEC (SSI, sub. 16, p. 4). And some playgroups have had success in engaging with CALD families – for example, for approximately 90% of families accessing early years services as part of the National Community Hubs Program (an integrated service for CALD families), a playgroup provided through the hub was the first early years program they had engaged with in Australia (Deloitte Access Economics 2021, p. iv).

Similarly, in a report on a supported playgroup run by the Victorian Aboriginal Child Care Agency (VACCA), SNAICC noted that:

in recognising that Aboriginal and Torres Strait Islander people are best placed to determine what works for their families, these playgroups become valuable places for children and their parent/carers to gather with other Aboriginal and Torres Strait Islander families, build social connections, access formal and informal supports, discover their heritage, and learn about their culture. In turn, the playgroups work towards VACCA's core purpose of supporting culturally strong, safe and thriving Aboriginal and Torres Strait Islander communities and realising Aboriginal and Torres Strait Islander peoples' right to self-determination. (SNAICC 2022c, p. 3)

SNAICC also described how VACCA facilitators could help connect families with mainstream preschools (SNAICC 2022c, p. 8).

Box 7.8 – Examples of playgroups for culturally and linguistically diverse and Aboriginal and Torres Strait Islander families

National Community Hubs Program

Established in 2013, the National Community Hubs Program (NCHP) uses a place-based, person-centred approach to support culturally and linguistically diverse (CALD) families to connect with their community, schools, health, education and settlement services. There are around 100 hubs co-located in primary schools across four states. As part of their service offering, community hubs run playgroups for children and families.

Gumala Aboriginal Corporation, 3a playgroup

Gumala is a community-controlled organisation. It delivers playgroups in six sites across the Pilbara in Western Australia, for local Aboriginal and Torres Strait Islander children aged 0–5 years and their families.

Where possible, playgroups are run five days a week, with culturally and age-appropriate content that prioritises local languages. They make long-lasting relationships with families, with a key aspect of success being the local staffing. Gumala can also assist families by providing referrals and visits from multidisciplinary teams (such as child health nurses or medical officers) who may attend the playgroups when required.

The playgroups also offer parents and caregivers opportunities to become learning assistants. Once confident, they can progress to becoming a playgroup facilitator.

Source: Deloitte Access Economics (2021, p. ii); Community Hubs (2022, pp. 3, 8, 12); SNAICC (2022a).



Draft finding 7.2 Playgroups are a valuable part of the early years system

While outside of the formal ECEC system, playgroups play a valuable role in supporting families and children in their early years. An ECEC Commission (draft recommendation 9.2) should consider a community's preference for a playgroup when assessing ECEC availability.

7.3 Ensuring Aboriginal and Torres Strait Islander families can access culturally safe services

Cultural safety is an important factor in ensuring ECEC services suit the needs of families. This section highlights the role of community-controlled organisations in providing culturally safe services for Aboriginal and Torres Strait Islander families.

While this discussion focuses on Aboriginal and Torres Strait Islander families, experiencing cultural safety in services is also critical for CALD families. Other aspects of ensuring culturally responsive services are considered throughout this inquiry, including in mainstream ECEC services (paper 2).

Improving the representation of Aboriginal and Torres Strait Islander educators within the ECEC workforce is discussed in paper 3.

Community-controlled services play a significant role for Aboriginal and Torres Strait Islander children, families and communities

While all ECEC services should be inclusive (paper 2), the National Agreement on Closing the Gap recognises that ACCOs are often preferred by Aboriginal and Torres Strait Islander people and achieve better results (clause 43).

Under the National Agreement on Closing the Gap, an ACCO is defined as an organisation that:

delivers services, including land and resource management, that builds the strength and empowerment of Aboriginal and Torres Strait Islander communities and people and is:

- · incorporated under relevant legislation and not-for-profit
- controlled and operated by Aboriginal and/or Torres Strait Islander people
- · connected to the community, or communities, in which they deliver the services
- governed by a majority Aboriginal and/or Torres Strait Islander governing body. (clause 44)

In an ECEC context, ACCOs may include a variety of organisations, such as Multifunctional Aboriginal Children's Services (MACS) and Aboriginal Child and Family Centres (ACFCs) (box 7.9).

Box 7.9 - The early years community-controlled sector

As at 2022, there were 175 Aboriginal and Torres Strait Islander-focused integrated early years services (PC 2023b). These include Aboriginal Child and Family Centres (ACFCs), Multifunctional Aboriginal Children's Services (MACS), Aboriginal and Torres Strait Islander preschool services and other Aboriginal and Torres Strait Islander-operated long day care centres.

In 2022, around three in five of these services were Aboriginal and/or Torres Strait Islander community-controlled (PC 2023b). The remainder were government and/or non-Indigenous controlled services but may operate with various Aboriginal and Torres Strait Islander community advisory and input arrangements.

Analysis by SNAICC (unpublished) identified 106 early years ACCOs in 2023.

Box 7.9 – The early years community-controlled sector

Aboriginal Child and Family Centres

38 ACFCs were established through the National Partnership Agreement on Indigenous Early Childhood Development (Joint Council on Closing the Gap 2021, p. 7), signed by governments in 2009 The agreement envisaged these centres would provide a mix of services, including ECEC, early learning and parent and family support services (COAG 2009).

The partnership agreement ceased in 2014. However, centres continue to operate with state and territory government funding (Joint Council on Closing the Gap 2021, p. 7). Programs in ACFCs are supported through a variety of state, territory, and Australian government funding, including the Australian Government Indigenous Advancement Strategy, Australian Government early childhood education and care (ECEC) funding and state and territory education and community services.

In 2021, approximately half of ACFCs were operated by community-controlled organisations (Joint Council on Closing the Gap 2021, p. 7). Analysis by Social Ventures Australia identified 44 ACFCs in 2023 (Social Ventures Australia 2023, p. 22). And analysis by SNAICC (unpublished) identified 25 community-controlled ACFCs in 2023.

Multifunctional Aboriginal Children's Services

MACS were first funded in 1987 (Social Ventures Australia 2023, p. 27). In 2003, funding for MACS was consolidated with a range of other services under the Budget Based Funded Program, which provided block-based funding to services (Australian National Audit Office 2010, p. 13). The program ceased in 2018 and these services transitioned to the Child Care Subsidy (CCS) and Community Child Care Fund Restricted grant funding, which provides supplementary funding to the CCS (Social Ventures Australia 2023, p. 27).

There were previously 37 MACS but in 2021 fewer than 30 remained (Joint Council on Closing the Gap 2021, p. 7). Analysis by SNAICC (unpublished) identified 26 community-controlled MACS in 2023.

ACCOs are well placed to provide early years and family services

As the Commission noted in its draft report of the Review of the National Agreement on Closing the Gap, ACCOs are well placed to design and deliver culturally safe and effective services for Aboriginal and Torres Strait Islander people (PC 2023a, p. 39). In part, this is because ACCOs 'employ more Aboriginal and Torres Strait Islander people, have greater cultural expertise, skills and knowledge and have stronger ties to the community' (PC 2023a, p. 39).

Similarly, consultations undertaken as part of the Australian Human Rights Commission's Wiyi Yani U Thangani report highlighted that successful models of early childhood learning were community-owned and controlled, engaged Aboriginal and Torres Strait Islander staff in delivering the curriculum, were family-inclusive, and had a balance of both cultural learning and Western education priorities (Australian Human Rights Commission 2020, p. 459).

Inquiry participants spoke about the value of ACCOs to Aboriginal and Torres Strait Islander children and families.

We know ACCO services achieve outcomes for both our children and adults. We know our children and families prefer to access ACCO services over services run by others, which achieves

better outcomes for our children's learning and development. (Binarri-binyja yarrawoo Aboriginal Corporation, sub. 85, p. 11)

The strengths of ACCOs include their connections and accountability to their communities and use of a holistic model to deliver integrated and culturally safe services, which can lead to better health and wellbeing outcomes (SNAICC 2022b, p. 26).

In addition to delivering culturally safe services, ACCOs also play a key role in delivering integrated services for Aboriginal and Torres Strait Islander children and families. For example, SNAICC submitted that:

ACCOs provide a broad range of education, family and early intervention services ranging from community-based playgroups to fully integrated early education and family support hubs which provide holistic wraparound services to families. These services have a significant impact on supporting children and families, preventing child protection intervention, support self-determination and work to ensure children are connected to their families, communities, cultures and Country. (sub. 133, p. 6)

Governments have committed to strengthening ACCOs

Under Priority Reform 2 of the National Agreement on Closing the Gap, governments committed to building Aboriginal and Torres Strait Islander community-controlled sectors, including in early childhood care and development (clauses 42, 48–50).

Under the agreement, parties agreed that a strong community-controlled sector was where:

- there is sustained capacity building and investment in ACCOs to deliver services according to a set of relevant standards
- there is a dedicated Aboriginal and Torres Strait Islander workforce with wage parity
- community-controlled organisations delivering common services are supported by a Peak Body, governed by a majority Aboriginal and Torres Strait Islander Board, which has strong governance and policy development and influencing capacity
- community-controlled organisations delivering common services have a dedicated, reliable, and consistent funding model to suit community and individual needs (clause 45).

To support this reform, the Joint Council on Closing the Gap agreed in-principle the Early Childhood Care and Development Sector Strengthening Plans (ECCD SSP) in December 2021 (NIAA 2023). The ECCD SSP includes 18 ECEC-related actions related in the following areas:

- · workforce
- · capital infrastructure
- · service delivery
- governance
- · consistent funding model
- peak body (Joint Council on Closing the Gap 2021, pp. 21–40).

A key objective of the ECCD SSP is the 'development of dedicated, reliable and consistent funding models' for ACCOs (Joint Council on Closing the Gap 2021, p. 19).

However, SNAICC's submission raised concerns about the adequacy of funding for ACCOs. SNAICC argued that an ACCO funding model should reflect the integrated and tailored support services ACCOs provide, the limited economies of scale, costs associated with operating in rural and remote areas, and support for the Aboriginal and Torres Strait Islander workforce (sub. 133, p. 13).

Similar views were captured in the ECCD SSP, which observes:

Aboriginal and Torres Strait Islander ECEC services have noted the impact of the shift from a dedicated funding model to CCS, with fees now dependent on enrolments and attendance. In particular, former [Budget Based Funded] and Indigenous Advancement Strategy services who still receive a similar amount of funding through the [Community Child Care Fund Restricted grant] and CCS, have noted that that their attention has shifted from supporting the most vulnerable children and families within their communities to thrive, to meeting the needs of working families – the key target group for CCS. Many of these services also report reduced attendance by Aboriginal and Torres Strait Islander children and families related to additional challenges and barriers to access childcare funding and attend their early education and care service. (Joint Council on Closing the Gap 2021, p. 11)

Two relevant changes to Australian Government early years funding for ACCOs have occurred in recent years: the cessation of the National Partnership Agreement on Indigenous Early Childhood Development for ACFCs in 2014 and the transition to the CCS in 2018 for MACS and other former Budget Based Funded (BBF) services (box 7.9). Where these services receive direct Australian Government ECEC funding, they are now incorporated into mainstream ECEC funding arrangements (Joint Council on Closing the Gap 2021, p. 10). Funding for child and family functions varies based on the government funding the program (Joint Council on Closing the Gap 2021, p. 10). MACS are also eligible for supplementary funding through the Community Child Care Fund Restricted grant (CCCF-R) (Social Ventures Australia 2023, p. 27).

In a 2023 research report on integrated services, Social Ventures Australia found that while the CCCF-R operates as a temporary 'stop-gap measure', MACS were reliant on the grant for continued operations in non-viable markets (Social Ventures Australia 2023, pp. 27–30). And it also identified that many Aboriginal and Torres Strait Islander integrated early years services are reliant on multiple funding streams and sources, which may be short term or one-off (Social Ventures Australia 2023, p. 54).

In its submission, SNAICC expressed the need for 'adequate, long-term, and flexible' funding for ACCOs, and recommended 'priority and increased funding' for ACCOs that provide integrated, holistic early years services, including ACFCs and MACS (sub. 133, pp. 5–7). Another participant suggested reinstating block-funding for Aboriginal-controlled ECEC services, as per the previous BBF program (Australian Research Alliance for Children and Young People, sub. 107, p. 5).

The Early Childhood Care and Development Policy Partnership has commissioned a research project to develop funding model options for ACCO-delivered ECEC, including integrated early years services, with delivery of the research project expected for completion in December 2023 (ECPP 2023b, p. 2, 2023a, pp. 1–2). In addition, the Australian Government Department of Education has commissioned a review of the CCCF-R, which is due to be completed by early 2024 (DoE 2023c).

The Commission will consider findings from these pieces of work in its final report.



Draft finding 7.3

ACCOs are well placed to provide early years and family services – but face funding challenges

Aboriginal Community Controlled Organisations (ACCOs) provide culturally safe ECEC to Aboriginal and Torres Strait Islander children – but often face funding challenges and uncertainty.

Under Priority Reform 2 of the National Agreement on Closing the Gap, governments have committed to building Aboriginal and Torres Strait Islander community-controlled sectors, including in early childhood care and development. The Early Childhood Care and Development Policy Partnership, established as part of the Closing the Gap commitments, provides a forum for governments and Aboriginal and Torres Strait Islander people to develop new funding frameworks to support the work of ACCOs.

7.4 Flexibility is important to many families

For families, ECEC plays a key role in enabling labour force participation (paper 4). To do so, families require ECEC that is available during their working hours and is compatible with their work arrangements.

For many families, particularly those with non-standard work arrangements, the ability to access flexible ECEC services is important for enabling this participation. For example, this may include access to services that are able to accommodate non-standard hours, shorter sessions or access on a casual or occasional basis. And some families experiencing vulnerability may require access to flexible ECEC to enable other activities, such as attending appointments or interviews (The Salvation Army, sub. 56, p. 10; Bridge Darebin, sub. 3, p. 1).

Other families, including those working standard hours, may face challenges managing preschool hours, which do not align with a standard-work week.

This section considers:

- the flexibility of CCS services, particularly for families with non-standard work arrangements
- the structure of preschool hours and the challenges this can create for families requiring additional hours of ECEC.

The flexibility of CCS services could be improved

Flexibility is an important consideration for families, particularly as many have non-standard work arrangements (figure 7.2).

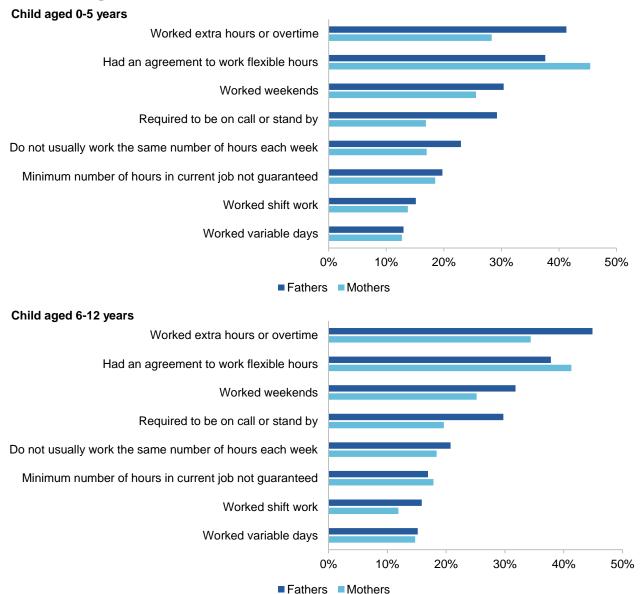
In a 2023 survey of New South Wales parents, finding providers who had suitable operating hours and/or could accommodate flexibility in required days was the third largest barrier to using ECEC (NSW PC 2023, p. 20). Similarly, in a 2021 survey, 80% of parents agreed there need to be more affordable and flexible options for families working unusual hours and 43% reported they had had to change work arrangements to fit in with the service they could find or afford (The Front Project 2021, pp. 47–48).

It is hard, however, to distinguish how much these findings relate to broader availability issues (paper 5). For example, parents may regard the system as relatively inflexible if they are unable to access their preferred days, even if they are within 'standard hours'. The Australian Institute of Family Studies evaluation of the Child Care Package evaluation (AIFS evaluation) noted it was common for parents to answer questions

about flexibility in terms of access (such as vacancies or lack of services in an area) or affordability, suggesting these concepts are linked for many families (Bray et al. 2021, p. 147).

Figure 7.2 – Non-standard work arrangements are relatively common^{a,b,c}

Select usual work arrangements of employed parents by age of youngest child, August 2021 and August 2022



a. Data for some variables is only reported every two years. Data on proportion of people who work variable hours each week and who do not have a guaranteed number of minimum hours are from 2022. All other data is at 2021. Some estimates that are not statistically different from zero have been included in the calculations to maintain consistency across variables. These estimates do not materially affect the results. **b**. Data on 'worked variable days', 'worked weekends' and 'worked extra hours or overtime' is for all respondents' jobs. The other variables are only for respondents' main job. **c**. Excludes contributing family members in their main job.

Source: Productivity Commission estimates based on ABS (August 2021; August 2022), Characteristics of Employment, Australia TableBuilder, accessed 9 October 2023.

Surveys conducted in 2018 and 2019 as part of the AIFS evaluation show that the three most common areas families thought could be improved related to:

- flexible session lengths, including only paying for hours of ECEC used, and charging per hour or half-days
- service operating hours, with being able to drop off and pick up children earlier and later than currently available being most frequently cited
- ability to book days on a casual basis or swap days, which was particularly common among parents working rotating rosters or casually. (Bray et al. 2021, p. 147).

These findings generally align with the views of inquiry participants (box 7.10), with concerns largely focussed on the challenges experienced by families with non-standard work arrangements. But while non-standard work arrangements are relatively common (figure 7.2), it is hard to assess how many families with non-standard work arrangements will require flexible ECEC services to facilitate their labour force participation.

Some families will manage non-standard work arrangements through the family unit, or through accessing informal care arrangements. Others may use non-standard work arrangements to help them manage their caring responsibilities. In June 2017, 64% of surveyed families reported either parent used flexible work arrangements (such as flexible working hours, shift work, working at home, part-time work, job sharing or other arrangements) to care for their children aged 0–11 years (ABS 2018).

Nonetheless, there is likely a cohort of families for whom the current structure of ECEC hours do not work for. This section considers the availability of non-standard hours ECEC, session lengths and charging practices and access to ECEC on a casual basis.

Box 7.10 - Participant views on flexibility

One participant reflected on the challenges faced by shift workers:

it's extremely difficult for shift workers to continue their career with the currently available childcare scheme. Most centres are only open from 6:30-7am to 6-6:30pm. This makes it near impossible to return to work with young children, as often shifts will start at 7am or earlier (be 12 or more hours in length, due to urgent patient care requirements) and may end at 8pm to 11:30pm or be overnight. (brief comment 26)

The Salvation Army submitted:

a lack of flexibility complicates access to ECEC for families due to a lack of appropriate service availability. For example, many parents and carers work outside of standard ECEC hours. This includes shift workers, and parents working casually and requiring ad hoc care arrangements. Further ECEC is often required on an ad hoc basis to allow parents and carers to attend appointments such as interviews and housing inspections. (sub. 56, p. 10)

The Shop, Distributive and Allied Employees' Association submitted findings from research into their members' experiences of managing their work and care responsibilities. Findings included that:

many families pay for formal childcare that they do not use ... Families sometimes book
more care than they need because their child care service requires regular bookings, but
their employers do not offer regular hours. ... When their roster becomes available, they
may discover they only need two or three of those days, but still need to pay for the days

Box 7.10 - Participant views on flexibility

their child doesn't attend. Other times, families pay for childcare that their child doesn't use because the service will not accept a sick child, or because the parent's roster has changed with short notice, and they do not require the care (sub. 72, p. 7)

 the most commonly mentioned challenge was the need to pay for a full day of long day care, even if a child attends for short hours ... Child care becomes unaffordable for SDA members as a result. (sub. 72, p. 8)

Australian Council of State Schools Organisations Ltd stated:

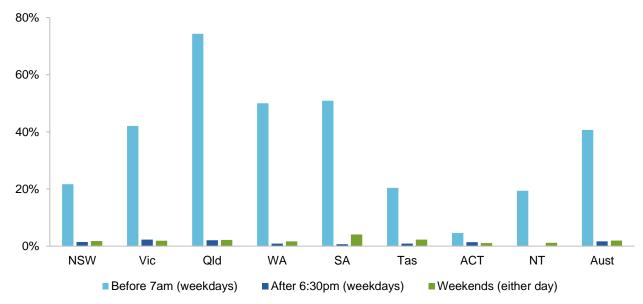
due to the demands of our working lives, many of us require overnight or weekend childcare options. However, unfortunately, most childcare centres operate only during regular business hours and have yet to adapt to these changes (sub. 115, p. 4).

The availability of non-standard hours ECEC is limited

Access to CCS approved services during non-standard hours is limited. While around 41% of services are available before 7am on weekdays, the proportion of services available after 6.30pm on a weekday or on the weekend is very small (figure 7.3).

Figure 7.3 – Early opening hours is the most common non-standard hours service provided^a

Proportion of CCS approved services available during non-standard hours, March quarter 2022



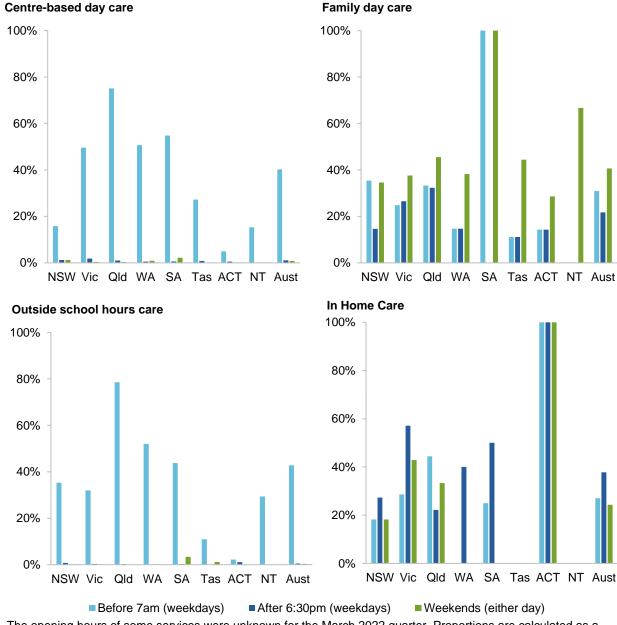
a. The opening hours of some services were unknown for the March 2022 quarter. Proportions are calculated as a percentage of the total services where opening hours were known.

Source: SCRGSP (2023).

This varies by service type, with family day care (FDC) and In Home Care (IHC) services typically offering more flexible operating hours (figure 7.4). But numbers of FDC services have declined in recent years (paper 5).

Figure 7.4 - Non-standard hours service offerings vary by service type^a

Proportion of CCS approved services available during non-standard hours, by service type, March quarter 2022



a. The opening hours of some services were unknown for the March 2022 quarter. Proportions are calculated as a percentage of the total services where opening hours were known. Source: SCRGSP (2023).

There are a range of barriers to non-standard hours ECEC

Inquiry participants highlighted a variety of barriers to providing non-standard hours ECEC, including lack of staff, regulatory restrictions and the prohibitive cost of providing these services (box 7.11). These views align with the AIFS evaluation, which concluded a lack of flexibility was due to the cost of provision, including the

need to pay penalty rates and potentially offer staff other incentives to work non-standard hours (Bray et al. 2021, p. 173). These additional costs are not currently reflected in the CCS hourly rate cap.

In addition, some providers participating in the evaluation survey reported regulation and licensing issues, such as restrictions on service hours of operation (Bray et al. 2021, p. 152).

While the Commission has not undertaken a comprehensive stocktake of planning requirements, it notes findings from the NSW Productivity Commission that planning restrictions may restrict service opening hours in New South Wales. For example, NSW planning guidelines suggest the hours of operation of ECEC services should be confined to 7am to 7pm on weekdays for centres in predominantly residential areas and some local NSW councils further restrict operating hours (NSW PC 2023, p. 42).

Box 7.11 - Service providers' views on barriers to extended opening hours

One Tree Community Services, an early childhood education and care (ECEC) provider, submitted:

the cost of delivering non-standard hours of care or flexible care is prohibitive. This is primarily related to the salary costs and NQF requirements. Our experience is families are not prepared to pay the higher fees. It is also extremely difficult (if not impossible) to staff these arrangements. (sub. 121, p. 15)

The Australian Childcare Alliance stated:

lack of available staff, award restrictions and lack of demand are the key barriers preventing providers from offering more flexible care. The flow on effect is felt by services in their capacity to offer spaces to families, while balancing the staff ratio requirements ... There are often calls for more flexible care models, this requires ECEC staff to work outside of regular hours, with different work conditions and agreements in place. Without funding mechanisms to support these extended hours of care in addition to the 6am to 6pm [long day care] model, and the critical workforce issues – this often seems out of reach. (sub. 150, pp. 38–39)

Lady Gowrie Child Centre Inc. noted:

[ECEC in non-standard hours] tends to remain unviable given the staffing costs and limited use by paying families. (sub. 25, p. 15)



Draft finding 7.4

Additional costs of providing ECEC during non-standard hours are not reflected in the hourly rate cap

Access to Child Care Subsidy approved services during non-standard hours is limited. Services incur additional costs, such as penalty rates, to provide ECEC during these times but these costs are not reflected in the hourly rate cap.

Adjusting the hourly rate cap and reducing regulatory restrictions could help improve availability in non-standard hours

The cost of non-standard ECEC can be a barrier – for families and service providers. The Council of Single Mothers and their Children noted the cost of ECEC can be prohibitive for those in roles requiring work over weekends or at night (sub. 100, p. 3). For some families, IHC offers an alternative option. But one IHC provider noted they typically charged higher fees for non-standard hours and that families found the out-of-pocket expense too high (Australia's Leading Home Care Agency, sub. 167, pp. 2–4).

Previous trials of non-standard hours ECEC provision have fared poorly. The Child Care Flexibility Trials conducted in 2013 and 2014 tested different models of flexible ECEC delivery, including non-standard hours ECEC. This included extended operating hours in long day care and outside school hours care (OSHC) settings, weekend and evening ECEC in a school-age setting, and FDC available 24/7 and changeable at short notice (Baxter and Hand 2016, pp. 1–3). Take up of the first two options was low – with the exception of services that provided extended hours at no additional cost (or without the need to book). And in FDC there were challenges matching families with educators willing to provide a flexible service.

Given the additional costs of provision and families' concerns about affordability, the Commission considers there to be a case for raising the hourly rate cap for ECEC provided during non-standard hours. This is unlikely to incentivise every service to offer non-standard hours ECEC. But it should help address affordability concerns related to IHC and may, at the margin, incentivise provision by FDC and centre-based day care (CBDC) services where there is sufficient demand.

In designing the higher rate cap, the Australian Government should ensure:

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

The higher rate cap should be set based on the costs of providing ECEC during non-standard hours and subject to regular review and indexation, consistent with draft recommendation 6.2.

In addition, the Commission considers there is no clear case to restrict the operating hours of services. State, territory and local governments should review their planning regulations to ensure they do not unnecessarily restrict service opening hours.



Draft recommendation 7.3 Introduce a higher hourly rate cap for non-standard hours

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

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

The higher rate cap should be set based on the costs of providing early childhood education and care during non-standard hours and subject to regular review and indexation as outlined in draft recommendation 6.2.



Draft recommendation 7.4 Examine planning restrictions related to operating hours

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

Session lengths and charging practices are relatively rigid

Session lengths and charging practices were raised by several inquiry participants, who raised concerns about families paying for hours of ECEC they do not use (National Foundation for Australian Women, sub. 10, p. 7; The Shop, Distributive and Allied Employees Association, sub. 72, p. 8).

Charging practices vary by service type, but families are typically charged based on session lengths rather than hours attended. In CBDC, services most commonly charge a daily fee for a full-day session (such as 10 or 12 hours) although some may offer shorter or part-day sessions (ACCC 2023a, p. 72). As a result, children often attend for fewer hours than families are charged, although usage patterns vary across service types (figure 7.5). Across a year, children only attend about 60% of the hours for which their families are charged (paper 6).

This inflexibility can also lead to families being charged for unsubsidised hours, and it imposes a cost on the tax payer, as some subsidised hours go unused. It is challenging, however, to determine the extent of overpayment by families (and taxpayers), given hourly fees are likely to be higher for shorter sessions.

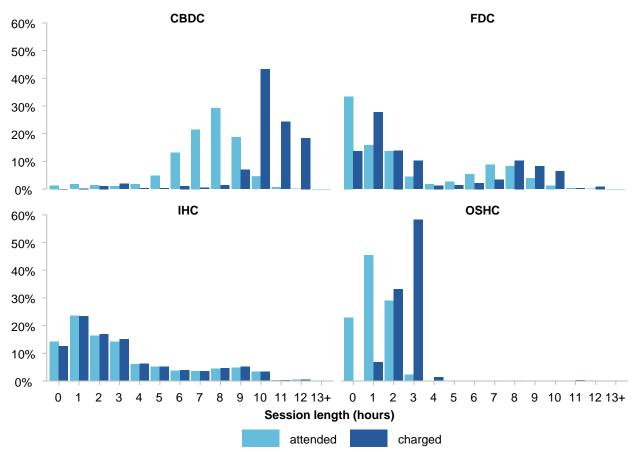
The lack of flexibility in session lengths may also create 'air pockets' in the system. Over 10% of children who attended CBDC in 2021-22 did so for an average of less than six hours a day in at least half of the weeks they attended (among children who were enrolled for at least four weeks and excluding weeks in which a child did not have any attendance records during the week) (Productivity Commission estimates based on DoE administrative data (unpublished)).

This suggests there is unused capacity in the system that may be able to be used by other families. For example, shift workers who only require ECEC for parts of the day could 'share' a place with other families that have different working schedules. While this would remove some flexibility, as families would have to adhere to their booked schedules, it would increase the availability of ECEC overall.

There may also be scope to release places to other families when there is a planned absence, such as holidays.

Figure 7.5 – Attendance patterns in some services differ to charging patterns^{a,b}

Distribution of hours attended per session compared to hours charged per session, by service type, 2022



a. Session lengths rounded down to the nearest hour. Based on a select week ending 20 November 2022. **b.** Excludes sessions where a child did not attend, or where there is insufficient information available to determine attendance. Source: Productivity Commission estimates based on DoE administrative data (unpublished).

Some services offer multiple session lengths but in CBDC this is likely due to the activity test

One of the intended impacts of the 2018 Child Care Package was to improve the flexibility of services. By removing restrictions on the hours per day and days per week a service must be open, the package was expected to increase offerings of shorter session lengths (Bray et al. 2021, p. 145).

The Child Care Provider Handbook, published by the Australian Government Department of Education, states:

child care providers should consider changes that deliver flexible, cost-effective care and learning services for families. For example, providers could choose to offer parents receiving 36 hours of subsidy under the preschool category six sessions of six hours or four sessions of nine hours per fortnight. (2023b, p. 66)

While the AIFS evaluation found CBDC services offered a greater variety of session lengths in response to the package, this appeared largely driven by service attempts to align offered hours with families' allowed hours under the activity test (Bray et al. 2021, p. 173). And it also found the 2018 changes had limited impact on the extent to which hours attended fell significantly below those charged for (Bray et al. 2021, p. 170). A survey conducted in 2019 as part of the evaluation found that across all service types:

- 39.1% of surveyed services charged by the day or had one session length
- 42.8% said families can choose from multiple sessions
- 11.0% reported having multiple sessions, with some only offered to particular families
- 3.8% charged on an hourly basis
- 3.4% had other charging arrangements. (Bray et al. 2021, p. 160)

Similarly, the Australian Competition and Consumer Commission found that CBDC services optimise session lengths to maximise the number of hours subsidised under the activity test (ACCC 2023b, pp. 174–175).

Despite this, session lengths in CBDC are still typically 10 to 12 hours, and providers argued they encounter viability challenges and lack of demand for shorter sessions (box 7.12).

The AIFS evaluation also identified the challenges shorter sessions create for services in having to maintain staff ratios and resourcing, and in managing occupancy, budgeting and administration (Bray et al. 2021, pp. 152–153).

Box 7.12 - Service providers' views on shorter session lengths

Goodstart Early Learning's submission noted it previously offered two six-hour sessions in the middle of the day to support families entitled to 24 hours of subsidised early childhood education and care (ECEC) per fortnight under the low-income activity test exemption. However, it noted these were not successful because:

- families found the offer inconvenient and hard to navigate around other commitments, such as picking up and dropping off older children, especially when using public transport
- educators found it challenging to plan and program for high quality, intentional early learning experiences and to support peer-to-peer learning when most children were attending for longer days. We also had reports of children not wanting to 'always leave early' while other children got to 'stay with their friends'
- at a provider level, shorter sessions had to be heavily subsidised as costs for the 'unsold' hours each day could not be recovered
- demand for six-hour sessions has declined further each year, particularly since COVID, and the impact of the hourly fee cap has meant out-of-pocket costs for families increased despite ongoing cross subsidisation by Goodstart. (sub. 125, p. 31)

The Australian Childcare Alliance submitted:

service providers are limited in extending a huge variety of session offerings as they impact service viability. (sub. 150, p. 16)

Creating incentives for shorter sessions that match attendance

Services are not prohibited from offering shorter session lengths. As the above discussion shows, some CBDC services do appear to tailor their session offerings to meet a family's subsidised hours under the activity test. And in FDC and IHC, hourly charging models are relatively common (Bray et al. 2021, p. 160).

But as the ACCC noted, CBDC providers generally charge a daily fee, which is often similar across a range of different session lengths (ACCC 2023b, p. 174). A uniform session length is likely easier for providers to manage and keeps their costs in check. But there may be potential to develop solutions to enable viable models for shorter sessions. For example, one provider in Scotland allows families to book by the hour and change their hours each week (Flexible Childcare Services Scotland 2023). To enable this, it has developed a software tool that enables services and parents to see hour-by-hour information about service availability (Flexible Childcare Services Scotland 2021).

The Commission is considering ways to encourage providers to offer greater flexibility around session lengths. It seeks further information from inquiry participants on the barriers to providing shorter sessions of ECEC that more closely align with attended hours. It also seeks views from families on their preferences for shorter sessions, noting that in some cases shorter session lengths may create less flexibility for families by reducing the window of time they have to drop off and pick up their children.

More closely aligning session lengths to attended hours may also help make existing spare capacity more available to families requiring access to ECEC on a casual or occasional basis. This issue is discussed in the following section.



Draft finding 7.5

Families do not use a significant amount of the ECEC that they pay for

In centre-based day care, services most commonly charge a daily fee for a full-day session (such as 10 or 12 hours) although some may offer shorter or part-day sessions. Children's attendance patterns often do not align with hours charged for, meaning families and taxpayers pay for ECEC that is unused. Across a year, children only attend about 60% of the hours for which their families are charged.

This inflexibility can lead to families being charged for unsubsidised hours. It may also create 'air pockets' in the system. Over 10% of children who attended CBDC in 2021-22 did so for an average of less than six hours a day in at least half of the weeks they attended. This suggests there is unused capacity in the system that may be able to be used by other families.



Information request 7.3

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

Access to ECEC on a casual basis is particularly important for some families

For some families, the ability to access ECEC on a casual or occasional basis plays a key role in supporting their labour force participation or other needs. Inquiry participants highlighted the role such flexibility plays in supporting families working unpredictable hours and those who may require care for activities such as job interviews (The Shop, Distributive and Allied Employees Association, sub. 72, p. 7; The Salvation Army, sub. 56, p. 10).

Other inquiry participants highlighted the role dedicated occasional care services play in supporting families experiencing vulnerability, who may require ECEC to attend English classes, training, appointments, or court cases (Bridge Darebin, sub. 3, p. 1; Neighbourhood Houses Victoria, sub. 124, p. 3). These services were previously a separate service type for the purposes of Child Care Benefit (CCB), but in 2018 were combined with long day care services under the CBDC service type (Bray et al. 2021, p. 8).

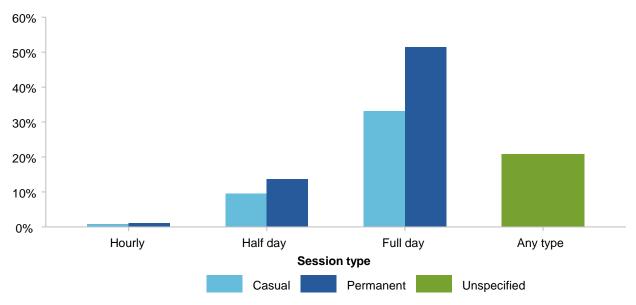
But casual ECEC may be harder to find

There is limited data on the prevalence and availability of casual ECEC.

Analysis of Starting Blocks data suggests CBDC services that report having at least one casual vacancy are less common than those that report having at least one permanent vacancy (figure 7.6). But not all services choose to specify the type of vacancy and others do not report at all. Other services, such as FDC or OSHC, may be more flexible.

Figure 7.6 – Fewer CBDC services report having a casual vacancy than report having a permanent vacancy^{a,b}

Proportion of CBDC services on Starting Blocks with at least one vacancy for a weekday, by vacancy type, 2022



a. Data is for a reference week in November 2022. Excludes services that did not provide vacancy information. 6,400 CBDC services recorded information on vacancies for the given week, about 70% of all CBDC services. A service is recorded as having a vacancy if they have a vacancy on any weekday from Monday to Friday **b.** The category 'Unspecified' represents CBDC services that nominated that they had any type of vacancy (casual or permanent) for any session type during the week but did not specify the type.

Source: Productivity Commission estimates based on DoE Starting Blocks data (unpublished).

Analysis of Care for Kids listings (a non-government website where families can search for ECEC services) shows services offering 'occasional, casual or flexible' ECEC represent a small proportion of services listed (table 7.1). But again, not all services choose to make a listing.

Similarly, analysis of DoE administrative data shows that of the 105 former occasional care services approved for CCB in the first half of 2018, 66% were approved for the CCS at the start of 2023 (Productivity Commission estimates based on DoE administrative data (unpublished)). A degree of caution should be used when interpreting these figures as they do not account for services that may have changed ownership or merged and do not guarantee these services were active. They also do not capture new services that may have entered the market. However, the figures suggest there has been a decline in former CCB-approved occasional care services in the market.

These findings align with feedback provided to the NSW IPART review of ECEC affordability, access and consumer choice, which heard from stakeholders that the availability of occasional care has declined in recent years (NSW IPART 2023, p. 44).

Table 7.1 – A small proportion of services offer occasional, casual or flexible care services listed on Care for Kids as providing occasional, casual or flexible care services, November 2023

State	Number of services	Proportion of all services listed
New South Wales	271	3.6%
Victoria	269	4.6%
Queensland	180	4.1%
South Australia	66	4.5%
Western Australia	132	6.3%
Tasmania	11	4.0%
Northern Territory	7	2.6%
Australian Capital Territory	26	5.2%

a. Care for Kids describes occasional, casual or flexible services as providing short periods of care for children under school age, which families can access on a regular or casual basis.
 b. Data extracted on 17 November 2023.
 Source: Productivity Commission estimates based on Care for Kids (2023).

The Commission is seeking information about the availability of ECEC on a casual or occasional basis, the barriers services face in providing this type of ECEC and how these might be resolved. It is also seeking information about whether families' needs for this type of ECEC are going unmet.



Information request 7.4

The Commission is seeking information about the availability of ECEC on an occasional basis. What barriers, if any, do services face in providing this type of care? How might these be resolved? Are families' needs for this type of care going unmet?

Challenges managing variable demand and funding changes affect the availability of casual ECEC

CCS services are not prohibited from offering ECEC on a casual basis. But they likely have an incentive to enrol families seeking permanent places prior to making casual bookings.

Were bookings to fluctuate significantly, it would likely be hard for ECEC services to manage this variable demand. The need to ensure adequate ratios and provide notice to staff of work arrangements places limits on the ability of services to manage changes in attendance. As such, there is likely a strong incentive for services to predominantly accept permanent bookings.

Services may have an incentive to offer casual bookings where it provides them an opportunity to fill places when families cancel or children are absent due to illness or other reasons. Some ECEC software providers offer services the ability to use a booking system that enables families to see and book casual places if available.

Inquiry participants described how occasional care services are struggling under current funding models (box 7.13). These services were previously funded under a mix of arrangements. Some were eligible for CCB and Child Care Rebate. Those funded directly by the Australian Government were generally eligible for some form of operational support to assist with the day-to-day costs of delivery. In addition, the National Occasional Care Program provided funding to support non-CCB approved services in participating jurisdictions, particularly in rural, regional and remote areas. The Australian Government contributed 55% of costs to participating jurisdictions under a national partnership. These arrangements ceased in 2018 with the introduction of the Child Care Package. Since 2018, the CCS has been the primary Australian Government funding source, with a small number of non-formula funded services eligible for supplementary funding under the CCCF-R.

There are also examples of state delivery, with the South Australian Government offering occasional care at some of its government preschools and Children's Centres for Early Childhood Development and Parenting (SA Department for Education 2022).

However, the decline in services and feedback from inquiry participants would suggest this approach is insufficient.

Box 7.13 - Case study: neighbourhood houses in Victoria

Neighbourhood Houses Victoria

Neighbourhood Houses Victoria (NHV) is the peak body for the neighbourhood house sector, representing 400 independent, community-based organisations across Victoria.

Since their inception in the 1970s, most neighbourhood houses offered occasional care. NHV's submission outlines how these services enable women to gain skills and training and also support women in cases of domestic and family violence or family breakdown.

NHV submitted there has been a long-term decline in occasional care, with less than 100 neighbourhood houses in Victoria offering occasional care, compared to 160 in 2011. NHV considered there were three factors contributing to this decline:

 removal of state funding and use of the Child Care Subsidy (CCS) as the single funding instrument, which NHV notes does not meet the fixed costs of smaller, shorter hours providers and requires services to be open for 48 weeks a year

Box 7.13 - Case study: neighbourhood houses in Victoria

- introduction of three-year-old preschool, which NHV notes has exacerbated workforce issues and skewed demand to younger children who require higher staffing ratios without additional funding or increased willingness or ability of families to pay
- improved child safety standards and cultural safety guidelines for Aboriginal and Torres Strait Islander children, which NHV notes are welcome but have increased costs.

Bridge Darebin

Bridge Darebin is a neighbourhood house and adult learning organisation based in Preston and Thornbury, Melbourne. As part of its services, it delivers occasional care to support women studying adult education classes, newly arrived migrants studying English, refugees and women who have escaped family violence and need to deal with the courts, Centrelink and other support agencies.

Bridge Darebin's submission notes the erosion of government funding for occasional care has seen the number of Victorian neighbourhood houses offering occasional care decline from around 150 in 2011 to 88. It noted that without annual funding and change in eligibility criteria for state and federal grants, occasional care will continue to decline.

Bridge Darebin notes it became CCS registered in response. It also made changes to increase fees, introduced minimum seven-hour bookings, and no longer provides free early childhood education and care to those who need it. Bridge Darebin closed one of its two services in 2020 due to it no longer being financially viable and expects that without external funding it will close the other within the next three years.

Source: Bridge Darebin (sub. 3); Neighbourhood Houses Victoria (sub. 124; 2022).

Improving the availability of casual ECEC

Given the link between service capacity and casual bookings, recommendations to improve the availability of ECEC (paper 5) may also help increase the availability of casual ECEC. Encouraging providers to better align session lengths with attended hours (discussed above) may also help make existing spare capacity available to families requiring access to ECEC on a casual basis.

However, this may not be enough. Data limitations preclude the ability to estimate the gap in supply of occasional care.

It is clear that for some families, particularly those experiencing vulnerability, the ability to access casual ECEC is likely to be particularly important. There may be a case for grant or other additional funding for occasional care services to meet these needs, in certain communities. An ECEC Commission (paper 9) should be responsible for advising on the need for occasional care services and the appropriate communities in which to invest in these services. Where the ECEC Commission identifies a need, additional funding should be available through a more flexible Community Child Care Fund to support these services.

The Australian Government Department of Education should ensure there are appropriate mechanisms in place to ensure this funding is not provided to CBDC services predominantly providing 'long day care'. One potential option could be to restrict this funding to CBDC services that generally do not provide a full day of ECEC.



Draft recommendation 7.5 Ensure occasional care is available where needed

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

Preschool hours do not align with a standard work week

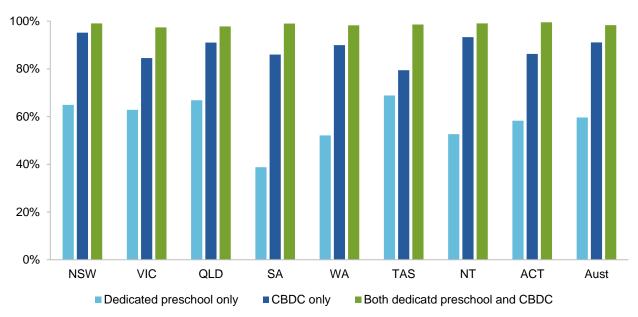
The structure and length of preschool hours were raised by several inquiry participants, with some noting it can be a barrier to preschool or labour force participation (Restacking the Odds, sub. 149, p. 7; brief comment 62; Early Learning Association Australia INC., sub. 48, p. 17).

The Australian Government provides funding to states and territories under the Preschool Reform Agreement to support the delivery of 15 hours of preschool a week (or 600 hours a year) for children in the year before full-time school (appendix E). These hours are delivered differently across Australia, depending on the setting and the state or territory. Dedicated preschools are generally less flexible, with programs usually operating for limited hours (for example, between 9am and 3pm) and during school terms. In contrast, preschool delivered through CBDC provides families greater flexibility, allowing them to access additional ECEC hours beyond the 15 hours of preschool provided under the Preschool Reform Agreement. The reasons for this difference are largely historic, reflecting differences in the way these two service types evolved – one from 'education' and the other from 'care'.

For families, arrangements in dedicated preschools may create challenges in balancing preschool hours with work commitments. In some cases, this may lead to them combining preschool with other ECEC services or may mean some children miss out on the full 15 hours per week of preschool; in 2022, 20.1% of children enrolled in preschool in the year before full-time school did not attend for the full 600 hours per year (Productivity Commission estimates based on ABS 2023b). Among children enrolled in preschool in the year before full-time school, children who are enrolled in preschool in dedicated settings only are less likely to attend for the full 600 hours per year (figure 7.7).

Figure 7.7 – Children enrolled in preschool in dedicated preschool only are less likely to attend for the full 600 hours a year in the year before full-time school^{a,b,c}

Proportion of children who are enrolled in preschool in the year before full-time school who attend for 600 hours a year, by service type, by jurisdiction, 2022



a. Data is a point-in-time collection only. Children are counted as enrolled if they are attending in the reference week, or are absent due to illness, holiday leave or COVID-19 impacts and expected to return. Children's attended hours per year are calculated using the number of attended hours during the reference period, multiplied by the number of weeks the service is open.
b. Some states have used reference periods of different duration or dates, or have averaged figures.
c. Children attending centre-based day care of the appropriate age are assumed to be receiving a preschool program.
Source: Productivity Commission estimates based on ABS (2022), Preschool Education, accessed 8 June 2023.

Some services offer longer hours or support parents to access wrap-around ECEC

Some services provide additional flexibility to families to help them manage preschool hours. This may be through longer preschool hours, or through access to 'wrap-around' ECEC, where preschools hours can be supplemented by additional 'non-preschool' ECEC. There are a range of examples where this has been implemented, although models vary.

- The Early Learning Association Australia INC's submission noted some dedicated preschools offer extended hours or days to families but have done so at full fees (sub. 48, p. 17). For example, one dedicated preschool offers up to 37.5 hours of preschool at a cost of around \$2,600 per term but families cannot access the CCS to subsidise this cost (Glen Education 2023).
- Bermagui Preschool's submission described how it provides integrated preschool, long day care, before and after school care and vacation care (sub. 49, p. 2).
- The Australian Capital Territory Government is expanding a trial of OSHC for preschool children (ACT Government nd). Under this model, preschool children stay in their preschool room and OSHC and preschool educators transition in and out depending on the ECEC being delivered.
- The South Australian Government has funded a trial of preschool OSHC at 20 preschool sites, with operational models tested in 2023 and rolled out in specific locations in 2024 (SA Department for Education 2023a).

 CBDC services delivering a preschool program can offer parents the ability to combine preschool and other CCS-subsidised ECEC in the same setting.

Some dedicated preschools may be co-located with CBDCs or on a school site with an available OSHC, allowing parents to use these services to supplement preschool hours. For example, in 2021, there were 41 SA government preschools operating alongside a CBDC, with a further 41 co-located with an OSHC (SA Department for Education 2023b, p. 21).

OSHC services are able to provide places to preschool aged children, although CCS requirements stipulate these services must primarily be for children attending school. For example, in the December 2022 quarter, about 9,200 children aged 3–4 years attended OSHC services (Productivity Commission estimates based on DoE administrative data (unpublished)).1

But this may be insufficient for some families

Where available, families can be expected to select services that suit them best. For example, in states and territories where preschool delivered through CBDC is a readily available option, parents seeking more flexible preschool hours may choose to enrol their children in these services (although may not receive 'free' preschool as a result).

This suggests managing preschool hours is most likely an issue for families where dedicated preschools form a larger share of the preschool delivery mix and there is not an available OSHC, or where a CBDC providing a preschool program is not an available or affordable option.

It is unclear how many families this would affect, although in some jurisdictions this may be a substantial proportion. For example, analysis conducted by the SA Department for Education estimated that at least 81% of children enrolled in government preschools in SA did not have access to on-site ECEC outside of preschool hours (SA Department for Education 2023b, p. 21).2 But it is unclear what proportion of these children required additional hours of ECEC.

There are options to better support families

While dedicated preschools are not prohibited from offering additional hours of ECEC, current arrangements make it hard for families to receive the CCS for this.

Different options could be considered to better support families, including:

- additional subsidised ECEC hours within the preschool service
- separate outside preschool hours care services, ideally onsite.

These models have benefits for families, but they could also improve children's ECEC experience, as it could reduce the need for them to attend multiple services or locations. 14.1% of children enrolled in preschool in the year before full-time school attend both CBDC and preschool, experiencing different environments and interacting with different groups of peers (Productivity Commission estimates based on ABS 2023b).

¹ Based on existing data, it is not possible to identify whether these children were attending preschool. This figure does not capture all children of preschool age attending OSHC. Some children in preschool are aged over 4 years, depending on the age they start full-time school in their state or territory. Not all three-year-old children are eligible for state and territory funded or delivered preschool programs.

² This estimate predates the announcement of a trial of preschool OSHC at 20 SA preschool sites.

Current arrangements make it hard to access additional subsidised hours within preschool services ...

One option could involve making it easier for dedicated preschools to access the CCS for additional hours of 'non-preschool' ECEC.

Under current arrangements, dedicated preschools can modify their business models to operate as a CCS approved CBDC service providing preschool sessions. However, provisions in Family Assistance Law make this challenging.

- ECEC services are ineligible to receive the CCS if they primarily provide an early education program to children in the year before full-time school, meaning preschool sessions would need to comprise the minority of ECEC provided.
- CCS-approved CBDC services are required to operate for at least 48 weeks per year, which does not align with the 40-week operating model often used in dedicated preschools.

Together, these two requirements act as an integrity measure to help ensure the CCS does not subsidise preschool that should be funded by states and territories and the Preschool Reform Agreement. But the CCS already subsidises preschool delivery in CBDCs, raising the question of equity among service types and the families that use them.

... or to access separate subsidised outside preschool hours care services

Alternatively, a second option could involve making it easier to establish a second CCS approved service on dedicated preschool sites to provide 'outside preschool hours' ECEC. In instances where there was insufficient demand or capacity at a single site, off-site delivery could also be considered with appropriate transport.

These arrangements are currently permitted, but again provisions in Family Assistance Law may make this impractical.

- If established as a CBDC service, the service must operate for at least 48 weeks per year as noted above.
- If established as an OSHC service, the service must primarily deliver ECEC to children who attend school.

Establishing a separate 'outside preschool hours' care type that primarily catered to preschool age children and was not subject to the minimum 48-week operating period could make it easier for services to provide additional non-preschool hours of ECEC.



Draft finding 7.6

Dedicated preschools have difficulty providing additional subsidised hours of ECEC

The 15 hours per week of preschool provided under the Preschool Reform Agreement do not align with a standard work week. For families accessing dedicated preschools, this may mean they need to supplement preschool hours with additional ECEC to support their labour force participation.

Dedicated preschools are not prohibited from offering additional hours of ECEC, or from facilitating access to a separate outside preschool hours service either on or off site. But provisions in Family Assistance Law make it hard for these types of activities to attract the Child Care Subsidy.

Removing restrictions in Family Assistance Law would allow preschool services to better meet families' needs

Given the diversity of preschool delivery across states and territories, it is unlikely one solution will fit all circumstances.

At a minimum, the Commission considers it appropriate to allow the CCS to be claimed for ECEC delivered in addition to jurisdiction-specific preschool hours. To ensure CCS is not directed towards subsidising preschool hours, this would require services to report on the length of the preschool session delivered.

However, some services may not have the capacity to extend their hours within the service itself, particularly where two cohorts of children attend the preschool across the full five working days. For these services, making it easier for them to establish a separate outside preschool hours service on site may be more appropriate.

In either instance, a separate CCS service type would likely need to be established to ensure the required amendments to Family Assistance Law did not apply more broadly to other services.

The Commission notes concerns from some inquiry participants that fragmented care may have negative impacts on children (for example, Goodstart Early Learning, sub. 125, p. 73). While the Commission acknowledges these concerns, it considers the proposed changes would provide greater continuity for children than current arrangements.

National Quality Framework (NQF) requirements as they relate to centre-based services should continue to apply in either circumstance. The Australian Government should also seek commitments from the Western Australian and Tasmanian governments that any additional 'non-preschool' hours provided by preschools in their school system would be regulated in a way that is consistent with the NQF.



Draft recommendation 7.6 Support out of preschool hours ECEC

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

- allow dedicated preschools to claim the Child Care Subsidy (CCS) for additional 'non-preschool' hours by creating a separate 'wrap-around preschool' care type that would:
 - not be subject to minimum operating periods or restrictions that it must not predominantly provide a preschool program in the year before full-time school
 - attract the CCS for hours of ECEC delivered beyond jurisdiction-specific standard preschool hours,
 with services required to report on the length of the preschool session delivered
- make it easier for providers to establish a CCS-eligible 'outside preschool hours' service, by creating a
 separate 'outside preschool hours' care type that would cater primarily to preschool aged children and
 would not be subject to the minimum 48-week operating period.

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