



A path to universal early childhood education and care

Draft report post-release briefing webinar transcript

Associate Commissioner Brennan: Good afternoon, everybody. I'm Deb Brennan. I'm one of the Commissioners on the Productivity Commission inquiry into early childhood education and care. And I'd like to begin by acknowledging the Gadigal and Wangal people who are the traditional owners and custodians of the land that I'm on today. We've got people joining the webinar from many different parts of Australia, so I'd also like to acknowledge that collectively we're meeting on the lands of many traditional owners and custodians. I pay my respects to elders past and present, as well as to any Aboriginal people who are joining us today.

With me this afternoon are my fellow Commissioners Lisa Gropp and Martin Stokie, and also Assistant Commissioners Lou Will and Miriam Veisman-Apter, who many of you will have met, as well as other members of the team who are probably behind the scenes.

I'd like to mention that the webinar is being recorded. I think you may have seen that as you joined, but it is being recorded and it will be available on the Productivity Commission website as soon as we can get it up there. So this afternoon I'm going to give just a short presentation on the key findings and recommendations of the draft report and you'll be able to submit questions through the Q&A function on your screen. And you'll also have the opportunity, if you wish, to upvote other people's questions if you think 'yes, that's the one I want an answer to as well'. If you have admin questions, you can put them into the Q&A as well and they'll be addressed by members of our team.

Well, as I mentioned, every minute is precious to me, even though I can see that we're still, there's still people joining, I'm going to get underway. So it really is a pleasure to be with you this afternoon and we're looking forward to the discussion. Just very briefly, I'm going to refresh your minds and your memories about the terms of reference that the Productivity Commission received from the Treasurer earlier this year.

So I'm sure you know this, but we were asked to consider options for a universal early childhood education and care system. And we were asked to take into account both the labour force participation needs of the community, but also children's learning and development. And we were asked to do this by considering improvements to affordability, access, quality, equity and the efficiency of government investments. One of the things we did early in our inquiry was to explore the literature on the impacts of early childhood education and care on children's development. We've done a very rigorous piece of work, which I'm sure that you'll have, many of you have, an opportunity to spend some time looking at. But the bottom line from that is that most credibly evaluated early childhood education and care programmes have been found to benefit children if they are of sufficient quality. And not only that, but the benefits can be substantial and they can be both short term and potentially extend into later life. And some of the key areas where those



benefits are seen in terms of educational attainment, labour market success, and physical and mental health. Importantly, research is telling us, and I know that many, many of you are familiar with this, that the benefits seem to be stronger for children experiencing vulnerability or disadvantage.

So this is just a very brief snapshot of our inquiry and findings. So in terms of setting the scene, a little bit of information here about the current scale of the sector. So more than 1.4 million children currently attend early childhood education and care services in Australia. And you can see from the bars over on the left the rise in participation from birth up to age 4. And then as children move into school, even though, of course some of them will be participating in out of school hours care, we see a significant drop away till the end of primary school. You can also see on the little buttons on this figure at the top, the percentages of children attending some of the main CCS approved service types. So 60% in centre based daycare, 6% in family daycare and 37% in outside school hours care. And then another important set of information in the bottom buttons there, of the 550,000 children are participating in preschool programmes, nearly 2/3 are attending in centre based daycare, only 27% in a dedicated preschool. Pardon me. And then 10% attending both.

So early childhood education and care is also important for the way in which it enables families to balance caring for their children with other activities. And amongst those activities, paid work is particularly important. So two really interesting figures. On the left of your screen, an indication of the participation rates of fathers, men with no children, women with no children and mothers. And you can see, obviously, mothers are at the lowest part, but a very significant increase in mothers' labour force participation from 2009 to 2021. We have a lot more information about that in one of the papers associated with our report. And then on the right side of the screen, sorry, pardon me, mother's participation by the age of their youngest child. And again you'll see a really striking increase in maternal labour force participation of those mothers whose youngest child is nought to 4. That's gone up really significantly in the decade from 2009, and you can see an increase too in mothers' workforce participation, where the youngest child is 5 to 9. And a bit of a flatter line for those where the youngest child is 10 to 14. But as I mentioned, there's a lot of data about all of this in our report.

So I mentioned that there are a lot of children participating in the ECEC system. But what we have observed in our inquiry is the under-representation of children from particular cohorts in Child Care Subsidy approved services. So looking along there, the blue, you can see the blue bars representing children aged nought to five in services and in the community and the green bars representing children aged 6 to 12, again in services and in the community. And in almost all cases you'll see that children from those cohorts are underrepresented in CCS funded early childhood education and care.

So over the last decade, there has been a significant improvement in the availability of early childhood education and care, though as we've seen not for all, but a very significant 25% increase in the number of services over that period and a 50% increase in the number of places. Most of the growth, however, has been in urban areas, particularly cities, and in the for profit sector, almost all of the growth has been in the for profit sector. We also see that 56% of services currently have



kept their enrolments. Something that we may return to and I try not to delay on that issue here, but also that there are long waiting lists for many services as reported both by the services themselves and by family. And particularly poor access for families living in remote and low SES parts of Australia.

Workforce challenges are a critical set of issues that we have been exploring in our inquiry, and although what we've seen is that the workforce has actually grown by 90% over the last 10 years, more or less keeping pace with the growth in services, but not quite. Staff vacancy rates have also increased, particularly in remote areas. And while the workforce itself, the workforce in place, is critical, so too is the pipeline coming through and our work has shown that the completion rates for early childhood teaching degrees have decreased by 19 percentage points. Again, as I know many of you are aware the median wages for early childhood teachers in early childhood education and care settings are about 20% lower than those of primary school teachers. And not surprisingly, with the data that's being laid out here, the share of services with staffing waivers has increased significantly.

On now to the question of cost and particularly cost as a barrier for low income families. Just concentrate on the left hand side of the screen for a moment and I've learned that this is called a box and whisker plot and it's actually a really useful way to represent data. So if you look at each of the boxes and you see the numbers 1 to 10 underneath those, they represent household income deciles with 10 being the decile with the highest income. The solid horizontal lines in the middle of each block represent the median proportion of household income that's being spent on childcare at different deciles. So just to pick out the two. Box #1 the lowest income families pay a portion of income that is higher than for any of the other deciles. And are considerably higher than, let's say the two or well, than all of the others. The lines that go up and down, called the whiskers, they indicate the spread or the dispersion of the proportion of out of pocket expenses. So again you can see that there are some low income families who are spending up to 30%. That's the top of the whisker there of their income on ECEC, which is much higher than for higher income groups. So 70% of families currently receive a subsidy of the hourly rate cap of at least 70%. But as it's very clear here, lower income families are spending a higher proportion of their income on early childhood education and care. Thank you.

So there are a number of reasons why children are not participating in ECEC. And one particularly significant set of issues relates to inclusion challenges and the lack of flexible solutions for families. So only 1% of children are directly supported by the Inclusion Support Program. We're aware, of course, that other children can benefit from the engagement of an additional educator in a service. But 1% are directly supported and that's a really important finding and one that we explore in some detail. We also look and we've consulted extensively with Aboriginal and Torres Strait Islander community organisations who have very strongly told us of the strong desire of many families in their communities to participate in Aboriginal community controlled organisations, so the absence of those can be a significant barrier to access for those children and families. We've also noted that many families can find it difficult to access non-standard hours, which can be a particular problem depending on the type of workforce participation that parents have and the shortest session



lengths are difficult to find, as is occasional care. We note, too that many dedicated preschools are only available during school terms and for limited hours each week.

So just pushing through some just highlights from the inquiry, moving briefly to quality. We note that a majority, a large majority, of services are now at least meeting the National Quality Standard. But there are variations in terms of provider management type and also in terms of service type. And of course, there's some crossover between the different management types and service types so that that takes a little bit of unpacking.

So now just briefly to our findings, I think many of you won't have missed the bottom line recommendation in our draft report which is that all children should have an entitlement. All children aged naught to five should be able to attend up to 30 hours or three days a week of quality early childhood education and care for 48 weeks per year. In order to achieve that, there's an enormous amount that would need to be done to improve availability, affordability, inclusivity and flexibility.

Just to highlight some of the recommendations that we've made, in addition to the 30 hour entitlement, we've recommended that the activity test be relaxed for all families for the first 30 hours or three days and we've recommended too an increase in the maximum subsidy for lower income families, those whose household incomes are below \$80,000 to 100% of the hourly rate cap. We've also suggested that in order to secure access for children across Australia, including in rural and remote communities, governments will, may, need to directly support availability. There are a range of ways that could occur, but our message there is if the market is not delivering, government will need to consider ways of stepping in to address that, to ensure universal access. Critical to everything we're suggesting is the priority that needs to be given to workforce challenges. If we can't address the workforce challenges, if we can't secure, attract and retain qualified educators and teachers, the wonderful people who are holding our services up, then none of these things can happen. We've recommended also a significant increase in inclusion support funding in the Inclusion Support Program and some changes to the way in which that functions. And we are also focused on the importance of tackling persistent poor quality in service provision. Finally, we have recommended a new national partnership agreement between the Australian Government and the states and territories and the establishment of an Early Childhood Education and Care Commission to coordinate the multitude of initiatives that are occurring across Australia.

So I'm going to stop talking now and Lisa and Martin are going to join me in answering your questions, which Lou and Miriam are going to curate for us. Thank you.

Assistant Commissioner Will: Thanks Deb. OK, so there's been some interest, particularly in our findings around, our focus on lower income families. And Myra Geddes has asked. She's keen to know what we think, on the way that the current system traps families in poverty. Keen to know what we think that means, what that's doing for workforce incentives and for children.

Commissioner Gropp: Want me to...? Lou?

Assistant Commissioner Will: Yes. Thanks Lisa.



Commissioner Gropp: Thank you. Thanks, Myra. Yeah, I mean. When we look at that cohort of children who are missing out, it's also, we've found that the activity test at that level is kind of a chicken and egg thing for people who want to work, they can't. They're not quite sure how many hours they might get of work, and they don't want to commit their child to childcare, which may leave them in debt, or they may not be able to, you know, may not be able to meet the activity test requirements for the hours they need, And so that's why we thought that doing both together and increasing the subsidy as well as relaxing the activity test at that level would be a game changer for those people. And when we look at our modelling results we see, which I think is really interesting, is that we see overall for relaxing the activity test and that 100% of the hourly rate cap for families on incomes below \$80,000, is that we see a 12% increase in childcare when demand for childcare places, which we assume that they're met when we deal with those availability issues, etc. But 2/3 of those are from children who are not currently in the system. And so we think that's really important because that seems to be sort of opening up that, really removing that barrier, and opening up that access for them.

Assistant Commissioner Will: Thanks Lisa. Martin, we've got a question around the work that we've done, or our thinking on wage increases and whether we considered the sort of mechanism that might be adopted for an implementation of any wage increases that might flow from in particular, I think the Fair Work Commission processes that are underway.

Commissioner Stokie: Thanks, Lou. Thanks for the question, At the moment the multi-employer bargaining arrangements are before the Fair Work Commission. They've had authorization to continue and deliberate on that from the Fair Work Commission. We're a little bit circumspect in our report at this point to say well, how should that be implemented and in fact, well, what should be those outcomes. We've called out what we see as the anomalies and the relatively low remuneration for educators and teachers, but more so, and that's relative to all sectors, but particularly in relation to the sector itself – so the comparison between educators and teachers in early childhood education and care relative to, say, preschool or even primary school teachers and the differences in those spaces. So we're highlighting what the challenges are at the moment. We're wanting to see where the Fair Work Commission process and those multi-employer bargaining processes end and then what the potential response might be from government. We'll have a lot more to say I think for our final report. As probably, people will appreciate, is that the Productivity Commission is not a wage setting organisation, we are a policy advisory group, so we're not wanting to step on the toes of those processes that are underway. But we acknowledge that this is an area that absolutely must be a priority.

Assistant Commissioner Will: Thanks, Martin. So, Deb, there's a question around the growth of the for profit sector and our thinking about that and whether we're going to have any recommendations that specifically go to growth of the for profit providers.

Associate Commissioner Brennan: Thanks, Lou, and thanks for the question. So the growth of the for profit sector really stands out as does the stalling or the non-growth of the not for profit sector. We've had some discussions within our inquiry team about understanding why, why that might be the case. We note in our report, for example, that there used to be capital funding for not



for profits. There still is a small program that does provide funding for not for profits and others, but we've put out an information request as part of our draft report, asking people to tell us what are the barriers to growth in the not for profit sector. So rather than us only tossing this around between ourselves, we're seeking information and of course potentially that will feed into our final report mid-year next year.

Assistant Commissioner Will: Thanks Deb.

Lisa, can I ask you to say a bit more about our thinking on funding models, and there's a question here that asks whether we've thought, or are thinking about moving away from a parent-funded model to funding services directly?

Commissioner Gropp: Yeah. Thanks, Lou. We have thought about that and there will be a paper which is not out yet, but a paper will be coming out on funding and governance, which has our thinking around, some of our early thinking around that. Where we've come to, as we think that modifications of the existing model, including some, Deb raised the issue of availability and also the recommendation for maybe some more direct provision in certain markets, and so we've got recommendations around what we call 'persistently thin markets' or areas, places where there are complex needs. And also as Deb mentioned about Aboriginal communities, that may well be a need for direct funding, whether that's block funding, so that will be sort of the provider subsidy approach. Whether we raise we'll be considering further whether we should look at maybe extension of changes I mean note we note that there would be rather large transition costs in moving to such a model, but we're looking at that further for our final report.

Commissioner Stokie: Perhaps, Lou, if you're happy, I might just add to Lisa's comment, which, hopefully people have had the chance to look at our draft report, but we do canvas a range of broad funding options in our model, some that many have expressed to us or if you look around the world and see other examples and why don't we do that here, Quebec is often raised. We have modelling around and we will have further modelling insight around those. We've put in there what we think that the estimated impact for labour force participation, for children's participation, in early childhood education and care will come from each of these, including the budgetary implications. So we're canvassing quite a broad suite of perspectives in our report. We'll reach a view as to what we think is the best way, or perhaps our advice to government as to the options and the pros and cons of each of these, alluding to some which is around, you know transition costs aren't insignificant, and anybody who's followed Canada at the moment who are trying to roll out the Quebec model to all the other provinces can see that it takes a lot of time and effort, but they are planning to move down that path. Anyway, our report does canvas these points, I think is the broader point I wanted to add.

Associate Commissioner Brennan: And Lou, if I could add. And that's another area where we have asked for input from readers of the draft report on around that issue of whether we should be considering broader funding reform.

Assistant Commissioner Will: Thanks to all of you. We've had a number of questions about the 30 hour entitlement. For example, how did we get there? Why 30 hours? How does it align with



preschool hours or preschool reform? And will it apply to outside school hours care? Deb, can I ask you to start?

Associate Commissioner Brennan: Yes. Well, as you can imagine, we spent a lot of time landing on this, on the three days or 30 hours. But I'll say a few things about it. It is broadly consistent with the pattern of participation of children who are currently in the ECEC system. I think the median hours of attendance are around 30 or 31, per week. So we thought that was an interesting, you know, a sensible place to pitch this recommendation. Importantly, and I've had to say this in a couple of contexts, this is what we're recommending for the entitlement. It's not a ceiling on access to subsidised ECEC. There'll be plenty of families who need more than 30 hours for workforce participation or indeed for other child or family focused reasons. Another reason was the advocacy of the community. We had strong representations from many groups (I'm sure some of you are here today), around 30 hours or three days. It seems to be consistent with the way some states are moving in terms of their preschool offering for children in the year before school. And it's also consistent with some international agendas. I know Martin has these numbers, I think Martin has these numbers at his fingertips. So I might ask, invite, Martin to say something about the Barcelona targets and anything else that I've forgotten.

Commissioner Stokie: Sure, well. For those that don't know, the Barcelona commitment is effectively the commitment for all EU countries. It has target ambitions for participation. They do split it between age groups, so nought to three of 25 hours and three to five for 35 hours. In some respects you could argue ours is kind of pegged in the middle there. To Deb's point, we've looked at other jurisdictions. Not just the state and territories in Australia, but overseas. And I suppose we're also anchoring back to the academic literature, which at one level is both a challenge to anchor back because they don't talk about dosage and or in the intensity et cetera and what is in there is hard to scale up to a universal principle. But what we can see is that certainly the literature for high quality services Deb was saying, does result in better outcomes for children, particularly those who are coming from vulnerable and disadvantaged backgrounds. And it's not just a single dosage, it's intensive participation over a longer period of time and that's given us confidence around the number. But it is a target that we're putting out there and we have acknowledged that the research could be significantly stronger in this place and that's one of our recommendations. To support the academics who are looking at this topic and to provide or encourage government to provide the resources to much better focus in and around these areas.

Assistant Commissioner Will: Thanks Martin. Lisa, can I ask you to say a bit more about our thinking on the Inclusion Support Program, so in particular funding for additional educators and any thoughts on potential for streamlining the system, making it easier to apply and receive funding more rapidly.

Commissioner Gropp: Thanks, Lou. Taking the first one, at the moment the scheme is funded about 130 million a year. And as Deb said, at the moment 1% of children attending are eligible and receive extra support. And also as Deb said, some others at the centre will also benefit from having an extra educator in the service. But we're proposing, we haven't put dollars on it, but we want to.



Another figure is that of children attending about 5% at the moment have a disability. Not all of them would require additional support, but we suspect that many would. And that's not the only criterion for getting that inclusion support. There can be other valid reasons. So we're suggesting more money. We're also suggesting that when educators are there, their hours are linked more closely with that of the needs of the children who are there. And we're also looking at bringing in people with some different skill set. They'd still be educators, qualified educators, but bringing in people with different skills to assist them. We're also looking at streamlining the application process a bit. At the moment it has to be the diagnosis and the approval process can take many months so that children will be completed their year before they may get approval and both the service and the parents are sort of left hanging as to whether they're going to get that support. Sorry, I forgot the last bit, what was the last bit, Lou?

Assistant Commissioner Will: Oh I think you pretty much covered it. So the last bit, the final component was around ways of services receiving funding more rapidly.

Commissioner Gropp: Yeah, well, it goes to that point about more streamlined approvals et cetera. I will raise though, people might be aware that there's an review of the NDIS at the moment, a broad review and we're waiting for that report to come out because there has been discussion about perhaps using ECEC, and relying on that to deliver services to children who might otherwise be in the NDIS. And so we'll be awaiting that with interest. That obviously has implications for the Inclusion Support Program and just how that would be done more broadly. That will be in our final report, how we respond to that report.

Assistant Commissioner Will: Deb.

Associate Commissioner Brennan: Thanks, Lou. So just the only thing I would add is that we're aware that the intent of the Inclusion Support Program goes beyond children with disability as critically important as it is to take the needs of those children and families into account. And it seems that given the pressures on the Inclusion Support Program, there hasn't really been a lot of scope to take those broader inclusion needs into account, which could for example, be around cultural diversity or the particular circumstances of families who are not going to be included just because a service is in their neighbourhood, who need more support to be brought in, so we do have other recommendations that try to go to the broader sense of inclusion in ECEC.

Assistant Commissioner Will: Thanks Lisa, thanks Deb. Can we head back to workforce again. Martin, can I ask you, could you talk a bit more about how you see the workforce challenges facing this sector being addressed alongside measures to increase demand for ECEC and how would you step out the changes, so that bottleneck might be avoided.

Commissioner Stokie: Sure. Thanks, Lou. Well, as we've already said, pay and, perhaps to an extent conditions hopefully are going to be addressed through the current workforce, sorry, the Fair Work Commission processes that are underway. That obviously needs to extend through to all services and that, so there's still quite a bit that needs to go through there. We think there's a range of other things that government can be doing almost immediately or at least working through,



which looks at things like the qualification requirements, trying to get consistency across the universities, particularly for teachers, but also the RTOs around diploma and certificates so that we can recognise prior learning and prior knowledge and have accelerated degrees. So we're not undermining the quality of the degree but we're recognising that people bring skill sets, knowledge and capability. And currently the processes seem to preclude and exclude people's backgrounds in in that sense. And we've heard that very clearly, particularly around Aboriginal cultural backgrounds, et cetera, which is not recognising, not tailored to languages that are suiting, but in fact almost ignore the skills and the capability that they have. So that's one area of registration of the profession itself and being able to be licenced and acknowledged for the professionalism and professional qualifications that they have, potentially also extending to movement across different parts of the sector so that we can have better movement from one area to another, or one jurisdiction to another, and that would actually go to some of the way to encouraging the support across the tiers.

I saw earlier there were some questions around the qualifications and what's happening in terms of the delays. What we're observing is that decline that we spoke about is more in the duration it's taking to complete the degree that it is in completions, it's not, we have approximately (and this is just in teachers) we have around 16,000 who are enrolled every year and we have around 2000 who complete. So, that's something, and it takes now around six years to complete. As of previously it was around four to five years. Now, maybe that's a COVID related matter, and so it will resolve itself. Some of it might be specific to the conditions and challenges that are facing the sector that we're hearing repeatedly. I've been fond of saying to our team, which is that people are voting with their feet to come and enrol. We have to do more to keep them and to complete their training and qualifications.

There's things that could happen in the workplace, Lou, which is around mentoring and supporting the educators and teachers in situ, in location. So rather than encourage people to come out which requires backfilling. Complete training in the centres, provide the network and the mentoring services as a professional, as occupation, rather than isolated areas to create the community of educators and teachers.

And so there's a series of things that we're keen to see, which is around obviously pay and conditions, but also in supporting the profession and we think that the combination of those will go a long way to supporting the sector. We're not in the sector, per say, and we are wanting to hear from those who are living and breathing this what is going to have the greatest impact and that's part of our purpose of engaging as part of this draft report. And then in the areas, the recommendations that we have.

Assistant Commissioner Will: Great. Thank you, Martin. Lisa, can I ask you, still a workforce topic, there's been an observation that our recommendations are heavily weighted towards early childhood teachers and a query about our thinking on educator and educator supply. Question of why our focus has been on teachers and whether we'll do some more work around educators.



Commissioner Gropp: Good question because, pre COVID, and we've had a chart up that there was big growth in the number of educators, whereas there was perhaps ECTs was a little bit more constrained in terms of the availability. In COVID though and since COVID we've seen very high vacancy rates both for educators and for teachers. I think we have to do some work to try and figure out is that a structural thing that's going to be permanent if something changed or is it sort of the economy more broadly, in which case the perhaps the pay, the current pay processes might help alleviate that for educators with higher wages. But there could have been some structural shifts as well because we know that there's been some changes to immigration visa policies, for example, which may affect the sector. And so we've raised those in our report and we've, you know, sort of floated perhaps some possible ways forward there. But so, and our training, though, and just more generally, just sort of supporting professional development, et cetera, and also career pathways for educators, we think those sorts of things will make it more attractive for people to enter the sector as educators.

Assistant Commissioner Will: Great.

Commissioner Stokie: Can I maybe add just Lou, which is, it's certainly not the intention of the draft report to focus on one part of the sector. We acknowledge that it's the combination of educators and teachers together delivering the quality service and quality childhood education and care that's going to work. If we have one part of it working and not the other, then we don't have anything working. And so if it's coming across that we've focused predominantly on teachers, I don't think we have, but if it's coming across that way, that's not our intention and it's something we need to look at and we'd love to hear back from the audience.

Assistant Commissioner Will: Thanks, Martin. Can we turn to the ECEC Commission and our thinking there. Deb, could you say a few words about how we think that the ECEC Commission might operate?

Associate Commissioner Brennan: OK. So broadly our thinking there is that one of the things that's missing in the sector is any kind of body that has overall responsibility for strategic direction, in ECEC, for some kind of level of coordination of the raft of initiatives that are currently underway in the sector that you'll be aware of from numerous initiatives that are occurring at state level around preschool in the year before and the year before school and the year before that, but also the early years strategy and others. And we're also, we've become aware and many of you have brought to our attention that there's no body that has overall responsibility for the quality of the system. So yes, quality of services, but not the quality of the system. So particularly because we're drawing attention to issues that might go to planning or gaps in service provision, we think that there does need to be an entity that brings the key parties, the key, government certainly, to the table to think how, to what extent is this a system. Because as many of you have actually pointed out to us, it's not really a system at the moment. There's a raft of, I won't say competing but slightly differently aligned initiatives and goals and objectives for ECEC. We can't really just come in and say 'you all need to snap to and get with this new agenda'. We need to respect the differences in the jurisdictions, and having visited every state and territory and many places in a number of states and territories, we're aware of how deeply held some of the patterns of provision are and the way



we do things here. But we still think that there is, as we move towards, hopefully as governments, depending on what they think of our recommendations, might move towards the idea of a universal entitlement, lifting access, improving affordability and raising quality, that there needs to be a mechanism to bring all that together. So we think that the draft National Cabinet Vision has given us a few clues and ideas about what some of the principles might be, and where we are recommending that there is a new Commission to take on all of those responsibilities, and that the end of the current National Partnership Agreement on preschool reform is the logical time to start thinking of the introduction of a new and potentially broader agreement that could take those issues on board. But I think on this one, my fellow Commissioners may well have things to add, Lou.

Commissioner Gropp: On the ECEC Commission, we also see it having a role in, if you like, curating and overseeing research into collecting data and sharing of data, because that was something that came through in our many consultations. Even now there's a lot of data out there, but probably isn't being well used and shared, and some insights from that and then also data collections into the future into those issues about what works for children would be very important. And also a role possibly in quality, sort of being the repository for quality and oversight.

Associate Commissioner Brennan: Yeah, thanks, Lisa. But I think the issue around data and research is really important and we are envisaging into the future a system that really does learn from itself. And that, where research is an integral part of what we do. We've been really struck by the important questions around children and ECEC to which we couldn't find answers in the literature and we did seek guidance from many people in the sector on some of those questions. So I think that there clearly is a need for more research and for more coordinated research that goes to critical policy questions and hopefully to enhancing the access of researchers and policymakers in different parts of Australia to that wealth of data that is increasingly coming into existence.

Commissioner Stokie: Perhaps I could very briefly, Lou, just build on Deb's last point which, is unbelievably important to what we're putting forward here, which is a system that learns along the way. Our recommendations are phased and staged. We're very keen to avoid the bottlenecks or the increase in demand overnight that can't be settled or the additional pressure on the workforce that can't be solved straight away. The point around the research, it takes time. It takes effort. But if we can set up that process, the ECEC Commission can oversight and support the academics who are working in this space. If they can support governments to make, to give them the information and the insight for hopefully positive and cooperative decision making shared across the territories, the states and the Commonwealth, et cetera, can lead for perhaps pivot points and change in policy as we progress, that will have better insight in two years or five years or 10 years time. We aren't coming with a single answer today. We know that there are things that must be done today, but to set up success in this sector and the children and their families for success actually will take a little bit of time. There is a bit of learning by doing, and learning along the way that needs to happen.



Assistant Commissioner Will: Thank you all. Could we turn to availability. And Lisa, I might ask you to start with this one. Can you talk a bit about the detail of our recommendations relating to availability and reflect on how availability might be reflected, or might be affected by the preschool reform agenda.

Commissioner Gropp: Yeah. Thanks, Lou. I mean, as Deb pointed out, there's clearly issues around access in remote certain regions, et cetera, but even in some urban areas. It's not just in remote areas. And what we're proposing in terms of the subsidy increase for families under \$80,000 a year, we think would result in some supply response from certain markets, but it's not going to fix the persistently thin markets which I referred to before. Also, in some areas there are very complex needs and so the types of service will have to be, if you like, sort of bespoke in those areas: integrated services, for example, and so that calls for a different approach. We're proposing that the CCCF community fund at the moment would need to be expanded to do that. And so that's essentially more money but, and, we also see that the ECEC Commission could play a role here in identifying areas where services would need to be provided. We also see a role for local communities that they play a role here in identifying that they want a service and the sort of service that they would need to meet the needs of the community. And it would be a coming together of those sort of funding schemes and community driven, in a lot of cases. In some cases the communities may not be able to do that, in which case we'd have to have more of a top-down sort of approach to try and deliver a service. Particularly in Aboriginal controlled organisations, and we're awaiting the funding model that they're looking into at the moment, to see what that might look like, but we see a sort of a block-funding approach where they would deliver services according to the needs of their own communities.

The other thing about the Preschool Reform Agreement is that some states are now proposing to build or provide their own preschools. But we think there could be a coming together because you want to have capital, being new facilities being built, that they meet the needs of families, and so they could be a coming together with the Commonwealth funding services, like wrap-around services in those facilities, so that it does meet the needs of families.

Assistant Commissioner Will: Thanks Lisa. Martin, can we turn to the activity test and could you say a bit about our thinking about the activity test and the effect that is having, potentially on children's participation in early childhood education and care, and our view about the importance of an entitlement or our thinking on an entitlement to up to 30 hours or three days for all children.

Commissioner Stokie: I suppose a couple of things. One is there's an underlying fundamental principle in our draft report which is centring or foregrounding the child. And so, if you do that, then you really start to fundamentally question well, what does a parent's activity have to do with the child? It might go to their ability to pay, but at the moment there's almost an a priori question that we would have. Then we've spoken to a number of people. We've had numerous submissions from most of the people who are on this session, and the sort of anecdotal experience that we heard, which was around the almost catch-22 nature of the activity test for those who are outside of the workforce. So in order to access or look for a job they needed to have childcare or early childhood education and care, but they needed the money in order to pay for that; they couldn't get the



money if they didn't have a job, but they couldn't get a job if they didn't have childcare, et cetera, et cetera. It goes right around. So there's a practical element of how effective or challenging that is. There's almost a normalisation or a norm that's sort of pervaded, which is unless you're working, early childhood education and care is not for you. And again, if we're putting the child to the fore, that's not a norm that we wish to promote and continue to support.

We then have our modelling work which focuses in around, as I think Lisa was referring to, it might have been Deb, I apologise, the very large proportion of the additional children who would come or parents who would participate and flow through from a removal of the activity test and the income test is very much from those who are currently outside the system. So we can see from our modelling work that there is a number of children who are not coming and not participating in early childhood because of the current rules. And so our ambition is to, if we're thinking about a universal system, we just don't think you can have a universal system if you exclude through the regulatory constraints a certain number of children and families. So that's really our thinking there.

If you extend that beyond the three days though, well, we haven't recommended at this point that you remove the activity test for the 4th and the 5th day of work, and that might be something that we can hear back from. But at this point foregrounding the child is for three days. Beyond that, as Deb was referring to earlier, is that some parents and families will wish to draw on the services of early childhood education and care for more than that, and there will be a whole range of reasons for that of which work might be some of it. We think that that's fine, but at some point in order to not crowd out and exclude, at least at this point in time, because we can't even provide enough services for the three days now, to then have families who are excluded further than that, we're thinking it's aligned to the three days. Perhaps continued for the other, the 4th and the 5th day. We're open to be hearing as to what that actually means in practise.

Commissioner Gropp: We've actually got an information request on that about what the activity test would look like beyond the three days. That doesn't have to be what's there now.

Commissioner Stokie: And there may be an administrative argument. It's just too complicated and challenging, and the notion around: What if I'm volunteering? What constitutes work? Am I looking for work and how often do I need to update my arrangements? And if my roster goes up or down... So, we can see some arguments, but at the moment part of the combination of these two things are about foregrounding the child, centring the child and aligning that so that we don't have so much demand for services that those that can't currently access would be excluded. Maybe in a period of time, when additional services are available, we can have the additional educators and teachers happy and working in the sector, maybe that gets revisited.

Assistant Commissioner Will: Thank you both. I think we've got time for one more question and I'll come to it in a moment, but I'll just note that we've had over 100 questions and thank attendees very much for those. We've covered some of the areas, not all. We also note that there's a strong interest in outside school hours care and we'll consider that more in our final report. We also note the questions and comments that have come through about our information requests and it's a highly complex policy area. We're really looking forward to further input from participants and we'll



also try over the course of consultations, and through the final report to answer the questions that you've raised today. But the final question Deb, one for you on quality. Can you talk a bit about our recommendations around quality and how they'll help to lift quality within the sector.

Associate Commissioner Brennan: OK, thanks Lou. So, OK. So a couple of things there. We do note that the general trend towards a higher proportion of services than ever before meeting the National Quality Standard and that's a very good thing. We note however that there seems to have been some decline in the proportion that are exceeding the quality standard and we're very keen to hear more from providers and others about that. To what extent is that due to changes in the quality standard itself and to what extent is it due to other factors? But we all are so aware that the objectives that we seek can only be obtained through a quality system. We've noted quite a bit of difference or inconsistency around the jurisdictions in things like how often services get assessed and the period of time in between visits and the extent to which there's an emphasis on support versus other types of measures. We think that there does need to be additional resourcing for the state-based entities that have responsibility for implementing the National Quality Framework and we've made recommendations around that. We've also recommended that where there are expansions of services, the quality record of providers be taken into account in deciding who are the most appropriate entities to build on. I think those are our key messages around quality, but certainly if I've forgotten anything, I'll just emphasise that the focus on quality early education and care is, the whole report is imbued with that and it is absolutely central to what we are proposing in our draft report.

Assistant Commissioner Will: Thank you, Deb. Deb would you like to close?

Associate Commissioner Brennan: Yes. Thank you. I would love to keep discussing these issues, but we do need to draw the session to a close. Thank you so much to all of you who've participated. We hope that many of you will be putting in a submission due on the 14th of February, telling us what you think about the recommendations, the information requests and findings in our draft report. And we will be holding public hearings, just short, I think shortly after the submissions are due in, so we hope to meet many of you in that context as well. But thank you so much for the engagement to date and for the participation in today's webinar. We really appreciate that. Thank you.

Commissioner Gropp: Thank you.

Associate Commissioner Brennan: We'll sign off. Thank you.