

February 2024

# RESPONSE TO THE PRODUCTIVITY COMMISSION DRAFT REPORT

## "A path to universal Early Childhood Education and Care"

SUBMITTED BY THE CONSORTIUM CONSISTING OF:



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## ACKNOWLEDGEMENT

The consortium acknowledges and pays our respects to Aboriginal and Torres Strait Islander peoples, including Elders past, present and emerging. Celebrating the contribution and connection of these peoples to the lands, seas and communities in which the consortium members work. The consortium is committed to understanding and engaging with Aboriginal and Torres Strait Islander history, living culture and traditions, and to contributing to Australia's reconciliation journey.

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# INTRODUCTION

The consortium welcomes this opportunity to respond to the comprehensive draft report, "A path to universal early childhood education and care". This response provides constructive feedback on the findings and recommendations presented in the draft report. It aims to contribute solutions for further consideration in addressing the challenges and opportunities in providing a path to universal early childhood education and care (ECEC) in Australia. The consortium anticipates the release of the final report in June 2024, expecting it to offer comprehensive insights and recommendations for the transition to a universal system of ECEC. This universal system is envisioned to facilitate workforce participation and value the significance of ECEC within the broader education framework, emphasising positive outcomes for all children.

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# THE CONSORTIUM

This response to the draft report is presented on behalf of a consortium of nine not-for-profit (NFP) entities dedicated to offering diverse services to children and families across Western Australia. Collectively, these organisations provide a broad spectrum of support services, encompassing prevention and early intervention initiatives, out-of-home care, in-home care, disability assistance, and mental health programs. Comprising prominent ECEC providers in the state, this consortium has collaborated for several years, uniting efforts to champion the well-being of all children and families.

The following seven education and care providers are members of the consortium:

- CHILD Australia
- Goodstart Early Learning
- MercyCare
- Ngala
- Regional Early Education and Development
- The Y WA
- Wanslea

The remaining members of the consortium include Carewest and the Western Australian Council of Social Service (WACOSS). Carewest functions as the Western Australian arm of the Australian Community Children's Services National peak body, advocating for NFP services in Western Australia. WACOSS is the peak body for the community services sector, which provides support and advocacy to improve the lives of vulnerable and disadvantaged children, young people and families.

Collectively, these organisations hold substantial expertise and experience in matters concerning the ECEC and are dedicated to enhancing the well-being of all children and families.

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# RESPONSE TO THE DRAFT REPORT

The Productivity Commission’s draft report addresses pivotal issues in the ECEC sector. It precisely outlines the impact of the sector on providers, children, families, and workforce participation. The findings and recommendations encompass critical aspects of the ECEC sector—availability, affordability, inclusivity, and flexibility—findings supported by this consortium. The report acknowledges the time and challenges in implementing a universal system. This response underscores the significance of exploring financially sustainable funding models, designing a new model to meet community needs and advocating for prioritising at-risk and vulnerable children.

## Affordability Recommendations

A country as wealthy as Australia must guarantee affordable access to quality ECEC for all children and families by implementing sustainable and flexible funding systems while prioritising high-quality ECEC across Australia.

- **Give all children an entitlement up to 30 hours or 3 days a week of subsidised care without activity requirement**

While acknowledging the step forward reflected in this recommendation, the consortium maintains that children’s access to ECEC services should be deemed a fundamental right, regardless of their parents’ activity levels. The proposed modifications to the activity requirement are simply tinkering around the edges. Elimination of the activity test would enable more children, particularly those from single-parent families, ATSI families, Culturally and Linguistically Diverse (CALD) families, and low-income families, to access ECEC services without restrictions. Hence, the consortium advocates for the removal of the Activity Test for all families as per Option 4.

Rather than pursuing modifications to the Child Care Subsidy (CCS) system, the consortium calls for a more transformative approach to tackle the fragmented system. This includes recommending that Treasury undertake an economic analysis to assess the feasibility and implications of transitioning to a Universal system. Treasury can evaluate such a transition’s long-term economic impacts, cost-effectiveness, and distributional effects. This analysis should consider various factors, including but not limited to cost-benefit analysis, revenue and funding mechanisms, labour market impacts, and social equity and inclusion. This approach may offer a more comprehensive and equitable solution to the current system’s myriad of challenges.

- **Lift subsidy to 100% of hourly rate cap if annual family income up to \$80K**

The consortium supports this recommendation as it aligns with our previous advocacy efforts. In April 2023, the consortium responded to the [Early Years Strategy discussion paper](#), where we advocated for fully subsidised places for families experiencing vulnerability or disadvantage.

The consortium recommends reviewing the hourly cap rate, advocating for an increase that accurately reflects the actual cost of service delivery and is tied to indexation.

The financial modelling in the draft report on this recommendation suggests the total hours of formal ECEC used are estimated to rise by about 12%, with about two-thirds of the increase attributed to families who were not previously using ECEC. This is poised to substantially affect the quantity of available spaces, their locations, staffing, and other related factors. Thoughtful planning will be imperative to address and accommodate this change effectively.

- **Provide additional support for persistently thin markets**

The consortium agrees with the recommendation to provide additional support for persistently thin markets, reflecting our concerns about the challenges facing regional and remote areas with limited ECEC places available, and the costs often exceed what families can afford. NFP providers are crucial in bridging this gap, as private and corporate providers find limited incentives to operate in these areas. Due to the diverse needs in regional and remote communities, the consortium supports the need for a flexible range of service types to be funded, including NFP, private, corporate, CBC, FDC, mobile services, etc.

Targeted interventions are required to address thin markets, ensuring equitable access to all children. The consortium endorses the provision of grants/subsidies to ensure ECEC providers receive the necessary financial assistance required to develop and improve affordable services in areas of thin markets. It would be pertinent to explore a model similar to the Aged Care Capital Assistance Program (ACCAP) grants that support aged care infrastructure projects such as:

- new builds, extensions and upgrades
- maintenance and efficiency upgrades
- safety and amenity improvements
- construction or upgrade of multi-use spaces
- provision of staff accommodation.

This approach would benefit the ECEC sector where providers may have limited access to capital funding to invest in services. The government could also support and encourage opportunities for public-private partnerships to secure additional funding. Noting that a grant system exists in the Commonwealth for capital assistance to schools administered by the states/territories.

There are a range of other strategies that could be considered in supporting thin markets including:

- Support educators through specialised training in rural and remote communities, professional development, and incentives for relevant qualifications; establish mentorship programs facilitated by experienced early childhood educators; and encourage knowledge sharing and collaboration among educators across different regions. Training for educators must be culturally responsive and include trauma-informed practice.
- Implement community awareness campaigns emphasising the significance of early learning in child development thereby fostering community engagement and support for sustainable early learning programs; encourage collaboration among local businesses, NFP, and educational institutions to establish a supportive network for early learning initiatives; and cultivate partnerships with local community centres or groups to utilise their facilities for early learning activities.

- Offer flexible options to enhance engagement in early learning, incorporating virtual learning technologies in regions with limited service access, developing online resources for home-based education, providing educational workshops on the importance of early learning, encouraging active parental involvement in ECEC program decision-making, implementing flexible scheduling options for working parents, and investigating the feasibility of mobile early learning units to deliver educational resources to underserved areas.
- Engage in local, state, and national policy advocacy to address the specific challenges ECEC providers encounter in thin markets, collaborating with policymakers to streamline regulations and licensing processes and facilitate easier market entry for new providers.
- Research the distinct needs and challenges of thin markets in the sector, utilising data to guide policy decisions and allocate resources effectively for targeted interventions.
- Implement flexible scheduling options to cater to working parents and investigate the feasibility of mobile early learning units capable of delivering educational resources to overlooked areas.

- **Monitor rises in fees and out-of-pocket expenses**

The consortium agrees that monitoring the rises in fees and out-of-pocket expenses is crucial for maintaining integrity within the ECEC sector. Fee monitoring can be a key measure to ensure affordability, accessibility and quality. Advocating for increased transparency regarding revenue and costs, including establishing baselines for items such as food, resources, and staff wages, is essential. This transparency empowers parents to make informed decisions about their child's care and education through available platforms, i.e. MySchool, MyGov, or the Department of Education website. Monitoring and reporting mechanisms would further enhance accountability and go towards fostering a viable ECEC sector.

- **Improve information about Child Care Subsidy (CCS) for families**

The consortium endorses the importance of providing families with clear and comprehensive information on government websites to better understand their eligibility for CCS and empower families to confidently navigate the system. Enhancing the CCS calculator on the Starting Blocks website will ensure families can accurately estimate their CCS. Furthermore, the consortium endorses the initiative of prompting families to regularly update their activity and income level details with Services Australia, ensuring that the CCS calculation remains accurate and reflective of their current circumstances.



# Availability Recommendations

All children must have access to affordable, high-quality early education and care services that are responsive to their needs, fostering their development and learning.

- **FairWork process addressing pay and conditions**

The consortium supports the FairWork process to address pay and conditions across all roles in the ECEC sector. It must be acknowledged that the sector is at the centre of an escalating and unsustainable workforce crisis, and the current award pay and conditions are insufficient to attract and retain the required workforce.

Turnover rates are at an all-time high, recruitment is in disarray, and every time an educator leaves, the impact is felt by numerous children. Excessive workloads are compromising the quality of education and care; understaffing and the misuse of ratios are widespread across the sector.

This situation is simply not sustainable, resulting in the workforce leaving the sector en masse. The Federal Government must commit to prioritising a real and funded workforce reform, including funding a much-needed wage rise for all educators, acknowledging that this sector supports a high-quality early learning system. To ensure that government funding for professional wages in ECEC truly enhances the quality of ECEC as intended, it is crucial to establish strong accountability and transparency measures that ensure the funds are directed to educators.

- **Reduce barriers to upskilling**

The consortium agrees that the barriers to upskilling of educators must be reduced to ensure all children accessing ECEC services have access to a trained and professional workforce that is focused on providing high-quality educational outcomes for children and supported by a government-funded workforce strategy and professional development program.

To enhance the capabilities and effectiveness of the ECEC workforce, the Federal Government should invest in the sector by establishing a National Workforce Development Council (Council) with diverse representation, including those from different settings, those from ATSI and CALD backgrounds, those with a disability, and sector leaders from each State and Territory. This will be essential to ensure that the Council considers the unique perspectives and needs of various ECEC stakeholders across jurisdictions.

The Council would be responsible for developing and overseeing a comprehensive national professional development framework and practice program, guiding sector-wide professional development activities and fostering career pathways. Urgent attention should be given to providing incentives for training and professional development, including targeted funding for professionals working in disadvantaged, rural, and remote communities and providing funding and support for work placements.

Exploring solutions beyond the ECEC sector can offer valuable insights into addressing barriers to upskilling. For instance, the Construction Training Fund in Western Australia effectively supports the training and development of the building and construction workforce through a unique model. This model imposes a 0.2% levy on all construction work exceeding \$20,000, which is then utilised to fund various training initiatives.

These resources are allocated to support diverse training activities, including apprenticeships, traineeships, and upskilling programs such as short courses. Additionally, the fund extends support for Recognition of Prior Learning (RPL), attainment of higher qualifications, pre-apprenticeship completion, and accommodation assistance. Notably, initiatives like VET scholarships, 'Try a Trade' programs, and the Construction Future Centre further enhance the effectiveness of this approach. Such a model could be adapted and tailored to address the specific needs of the ECEC sector, facilitating comprehensive support for upskilling initiatives within the industry.

- **Support innovative delivery of teaching qualifications**

The consortium agrees that teaching qualifications must be delivered in innovative ways. Many current students are already planning to leave, and those entering the sector need to have a clear understanding of their career trajectory, ensuring they can envision a successful and fulfilling career journey within ECEC. Despite these efforts, it remains unlikely that there will be a significant increase in the number of teachers entering the ECEC sector, particularly when the schooling sector offers better pay and conditions.

Career pathways for all educators must be considered and should demonstrate a seamless progression from Certificate III to a relevant Bachelor's degree and beyond. This pathway should illustrate how educators can transition across different parts of the

- **Improve registration arrangements for early childhood teachers (ECT)**

The consortium supports the improvement of the registration arrangements for ECT. It should be noted that in Western Australia, ECT can already register with the Teacher Registration Board (TRB) and that ACECQA-approved qualifications are recognised by the TRB. This is an important step forward in professional recognition, development opportunities and access to networks of peers and mentors. This should become a nationally consistent practice enabling ease of movement across jurisdictions.

Advocacy for professional registration must extend to the entire sector. To professionalise the ECEC sector, it is crucial to establish a national framework that includes clear standards, competencies, and qualifications for all ECEC roles. This framework should be developed in consultation with sector experts, educators, and stakeholders.

To ensure ongoing professional development and formal registration, it is recommended to implement a national accreditation system similar to the one used for teacher registration. This system would require educators to meet specified qualifications and engage in continuous professional development, including increased on-the-job training, mentoring and supervision of educators to support their career progression. By aligning with a national teacher registration model, the ECEC sector can establish requirements, obligations, and expectations for professional development, ultimately recognising the expertise and dedication of the early childhood workforce.

This national register could also lead to improved child-safeguarding mechanisms should convicted educators move jurisdictions.

- **Lift and support mentoring for new ECTs**

While the consortium supports this recommendation, it needs to go further. This initiative should be extended across the entire sector to ensure the ongoing professional development of all educators, not only ECT. This approach would require all educators to be supported to engage in continuous professional development, mentoring and supervision to support career progression.

To achieve this, consideration could be given to implementing a 'communities of practice' model where educators can rely on a broadening network of professionals who share common concerns and interests. Skilled educators already in the sector should be afforded structured and supported opportunities to transition into roles as mentors, trainers, and supervisors. This approach acknowledges their expertise and offers a meaningful career pathway, contributing to the professional development and sustainability of the workforce. Given the many innovative projects in ECEC and beyond, the consortium recommends engagement with the sector for evidence-based models of best practice.

- **Improve pathways and support for Aboriginal and Torres Strait Islander (ATSI) people to obtain qualifications**

The consortium supports the need to improve pathways and provide support for ATSI people to obtain qualifications to work in the ECEC sector. It has been reported that many individuals face discouragement during their training and fail to complete their Course. Therefore, there is a need for thoughtful strategies to ensure successful completion and entry into employment.

A broader workforce strategy should include a plan for an ATSI workforce aimed at increasing ATSI employment in the ECEC sector. The consortium recognises the necessity for a more nuanced approach that extends beyond merely integrating cultural responsiveness into existing education programs. Understanding that this alone may not significantly enhance the enrollment and graduation rates of ATSI educators, the consortium endorses the proposal for applied learning, transitional roles, targeted programs, and initiatives, which include collaborations with specialist training providers.

In WA, Goodstart Early Learning and One Tree have been collaborating with communities through innovative programs that include the secondment of experienced educators to communities. Aboriginal Community Controlled Organisations (ACCO) services offer mentoring and support, or backfill for staff engaging in professional development. They employ senior local women to lead storytelling sessions, a practice that not only acknowledges their cultural knowledge and authority but also plays a pivotal role in building trust and fostering meaningful engagement with the local community.

- **Provide greater support for professional development**

The consortium supports the need for professional development throughout the sector. Implementing a nationwide professional practice program for the ECEC workforce, offering educators access to best practices and evidence-based professional learning resources would significantly bolster the delivery of consistently high-quality practices.

Under the current arrangements, providers or educators must pay a fee for professional development programs; this creates a barrier that hampers widespread participation among educators in undertaking these valuable training modules. Removing financial barriers to access would undoubtedly enhance the overall effectiveness and reach of such professional development opportunities.



- **Improve ECEC workforce strategy**

It is imperative the Government address immediate workforce shortages in a strategy that has real measures and actions in place for the short term. Long-term strategies, including training, upskilling, access to quality free training, mentoring and support, are fantastic long-term strategies. With the likelihood of big quick wins as a result of the report, implementation of fully subsidised care for families under the \$80k threshold will be first off the blocks.

Services across Western Australia and nationally have capped child numbers in response to staffing, and the increased demand pressure will further induce a bottleneck effect.

Immediate measures such as a nationwide Labour Agreement, similar to the Aged Care Sector, will provide some relief in fulfilling immediate workforce shortages with trained and experienced international workers, which also supports the growth of trainees. Access to GRO housing in regional areas may assist in eliminating immediate housing shortages, whilst government-funded, subsidised interest home loans for ECEC Educators would provide a beneficial long-term strategy to attract and retain a workforce to the regions, inclusive of the holistic approach to regional and remote communities and economies.

The consortium agrees that an improved ECEC workforce strategy should be developed; with greater visibility and input from the sector. It must focus on attracting, retaining and upskilling a qualified workforce in the short and long term. By providing appropriate support and recognition to ECEC professionals, the sector can ensure they can continue to provide the highest quality care and support to all children and families, resulting in better outcomes for all. A specific focus on creating a strategy for an ATSI ECEC workforce is imperative.

In rural and remote areas, additional concerns warrant attention, such as the shortage of affordable housing, outdated visa regulations, elevated cost of living, insufficient staffing, considerable distances, high travel costs, and competition from the mining sector, where average wages are notably higher. Addressing workforce shortages and ensuring access to ECEC in these regions necessitates a comprehensive and integrated government strategy that considers all these interconnected issues.

Aside from addressing the immediate workforce shortages with concrete short-term actions and measures, the government must simultaneously implement long-term strategies that include training, upskilling, access to quality free training, mentoring, and ongoing support. It's imperative to adopt a holistic approach that acknowledges the unique challenges of rural and remote areas to develop effective solutions and bridge the gaps in ECEC services within these communities.

In response to staffing shortages, services throughout Western Australia have resorted to capping child numbers. The anticipated introduction of fully subsidised care for families earning below the \$80k threshold could potentially worsen this staffing situation, necessitating careful management. Immediate actions, like adopting a nationwide labour agreement similar to the one for the aged care sector, could offer some relief by addressing workforce shortages with skilled international workers and supporting trainee development.

Additionally, exploring access to government-funded housing in regional areas could alleviate immediate accommodation shortages. Long-term strategies, such as offering subsidised low-interest home loans tailored to the ECEC sector, should also be considered to attract and retain a workforce in regional settings. Such comprehensive measures are vital for sustaining the quality and accessibility of ECEC across the regions.

In an attempt to address the staffing crisis, some Western Australian ECEC services have adopted the Fly-In-Fly-Out model. This model's success depends on staff availability and the provider's ability to offer staff housing. This model often competes directly with mining companies that can provide significantly higher wages and conditions. In Western Australia, Child Australia's Thriving Futures program has proven to be an effective model in regional areas, yet it relies on the goodwill of mining companies for financial support.

## Inclusivity Recommendations

Promoting an inclusive approach to ECEC is imperative and has posed a persistent challenge over the years. Despite the government's commitment to funding various programs to enhance inclusivity, it remains a formidable challenge, and a significant number of children and families continue to experience exclusion.

- **Amend the Disability Standards for Education**

The consortium appreciates the intent to include children with disabilities in mainstream services, emphasising the importance of a thoughtful and well-supported approach to avoid any children facing exclusion or poor outcomes. Parents must be confident that their child will receive appropriate ECEC services provided by skilled staff members. Consideration must be given as to whether this involves further upskilling of early childhood educators or specialist support. Recognising the potential challenges this poses, the consortium emphasises that the implementation should be carefully managed, considering the capacity of each service. Proper resourcing and support are paramount, and the consortium proposes exploring the feasibility of a specialist program to assist services in this endeavour. This should be considered in conjunction with the ongoing review of the current Inclusion Support Program (ISP) and the expectation from the National Disability Insurance Scheme (NDIS) for Foundational Supports to be delivered through existing services such as ECEC.

Consideration should be given to incentivising Registered Training Organizations (RTOs) and ECEC providers to deliver or undertake bridging courses for educators. This approach could offer a viable pathway to skilled disability workers in ECEC settings, supplementing the ISP, which has been identified as not keeping pace with the sector's growth.

It is crucial to recognise the collaborative initiatives of organisations such as Ability WA, which bring together key stakeholders to enhance access for children with disabilities. The consortium commends Ability WA for its comprehensive approach, encompassing the identification of service access gaps, journey mapping, and envisioning the future of Early Intervention across the entire spectrum, extending beyond ECEC services. This approach could serve as a valuable national consideration.

- **Amend eligibility requirements for inclusion funding**

The consortium agrees that to ensure easy access to ECEC for all children, the eligibility requirements for the ISP program should be reviewed and amended. The ISP funding should be easily accessible, ensuring all children can access ECEC. Currently, there is a lengthy wait time to access funding, often caused by waiting for a diagnosis or documentation. In WA, there are lengthy waitlists for diagnosis and support, exacerbated by the ongoing skills shortage.

Any amendment to eligibility will need to address educator shortages and skills gaps. Investment in recruitment, retention, and professional learning will be essential to ensure safe and appropriate support for all children.

There should be alignment with the NDIS, making both these programs easier for families to understand and access. Those working in the NDIS ECA program and those working in the ISP program should have sound knowledge of each program to support children's access.

- **Review and amend educator subsidies**

In line with prior advocacy work, the consortium supports the review and amendment of educator subsidies. The amendment should include an immediate increase to the ISP additional educator rate to align with pay for a Certificate III Level 3.2 casual rate, plus superannuation and ongoing indexation. There must also be an immediate removal of the caps and instead match this to the child's enrolment.

Any review must include investment in professional learning; many educators do not have the knowledge or skills required to work inclusively to support children with diverse needs. This lack of skills and knowledge is resulting in children being denied access to ECEC services.

- **Reduce the administrative burden of ISP applications**

The consortium recognises access to ECEC as a fundamental entitlement for every child. Reducing the administrative burden of ISP application by simplifying the application process is essential for ensuring that all children can access ECEC more efficiently. Minimising the administrative burden on services means they can dedicate their time and energy more effectively to delivering high-quality care to children, and the consortium welcomes this.

- **Improve coordination of inclusion funding**

The current ISP aims to give the most vulnerable children a strong start while supporting parents to work, study or train, yet we know that only 1% of children in ECEC services are supported by this funding. The funding allocation has not kept pace with the growth and increased costs, and this has a tangible impact on service delivery. The situation is exacerbated by regional travel requirements, which significantly impact staffing and service hours and incur additional costs related to travel and accommodation.

The consortium advocates for the improved coordination of ISP funding and calls for an increase in funding to address shortcomings. In states like WA, where children split their time between the school sector and ECEC services, a review of the programs is essential to ensure seamless access to necessary support, regardless of where the child receives the service.

This consortium calls for the inclusion of a strong recommendation to better support ATSI children's inclusion in ECEC. The consortium supports the development of a suitably designed and funded Aunties/Grannies program, aiming to bring senior Aboriginal women into ECEC services. This initiative provides a means of recognising cultural knowledge beyond academic qualifications and emphasises the importance of remunerating participants. The government should work closely with the Secretariat of National Aboriginal and Islander Child Care (SNAICC) on these initiatives, ensuring the voice of ATSI people is included.

While improving the cultural safety and competence of mainstream services remains crucial, the consortium agrees that achieving better outcomes and higher participation rates requires strategic support for developing ACCO and culturally secure services. These organisations are uniquely positioned to foster trust within Aboriginal families and enhance participation rates, ultimately contributing to improved education outcomes.

## Flexibility Recommendations

Australia's diverse population and geographical variations underscore the necessity for a flexible and tailored approach that recognises the unique needs of all children and families.

This includes those residing in rural and remote areas, those whose families work non-standard hours, as well as vulnerable and disadvantaged populations.

- **Ensure integrated services in areas available where needed**

The consortium supports this recommendation, the integration of services is crucial for providing comprehensive and accessible support, particularly in areas with identified needs. The goal is to create a holistic, wrap-around service delivery model, with ECEC as the enabler, supporting children and families without unnecessary complexity.

This approach requires a high level of social participation in both the formulation and monitoring of policy and service provision, with partnerships established across all levels of government and service providers, including NFP, private, and corporate sectors. This wrap-around or hub approach requires both practical and financial support to ensure a holistic and coordinated effort responsive to the needs of children, families and communities, providing the quality and hours of services required by each community.

- **Support connections between ECEC and child and family services**

The consortium supports a unified system that will eliminate barriers and support connections between ECEC and child and family services, allowing children to access services at the point that is most convenient for them. This system should adopt a “no wrong door” approach, meaning that it should be available through universal services like ECEC without any assumptions or judgments made. Services should be designed around the child's needs, with co-located services supporting this approach. Furthermore, records should be shared on an as-needed basis to avoid the need for families to repeat their stories to multiple practitioners.

- **Introduce a higher hour rate cap for non-standard hours**

To support flexible working arrangements and affordable ECEC, the consortium supports the recommendation to introduce a higher hour rate cap for those families that can provide evidence that both parents work non-standard hours. Non-standard hours should be defined as those outside 0600-1830. The hourly rate cap may vary according to service type and should reflect the actual cost of service delivery.

- **Examine planning restrictions related to operating hours**

The consortium supports the recommendation for planning regulations to be reviewed by the appropriate authority so as not to unnecessarily restrict the provision of ECEC during non-standard hours. Our experience in WA shows that some local governments place unnecessary restrictions on family day care operators, restricting them from opening their service. This is often due to a lack of understanding on behalf of local councils and residents.

- **Ensure occasional care is available where needed**

The persistent challenges of access and affordability underscore the necessity for a targeted investment approach, directing resources to create programs and facilities in areas where vulnerable children and families are prevalent. Adopting a flexible model that transcends the outdated market-driven approach is crucial to bridge service delivery gaps and address the specific needs of communities. This model should be designed to effectively address inequities in disadvantaged, rural, and remote communities. The consortium supports occasional care as a viable option for these communities. However, further investigation of implementation in the WA context is required. The Community Child Care Fund (CCCCF) would need the flexibility to be a source of sustainable funding for this approach.

- **Support out of preschool hours ECEC**

This recommendation is complex and will impact each jurisdiction differently depending on their existing arrangements. Positively speaking, supporting out-of-preschool hours ECEC can foster continuous learning opportunities and establish a secure, enriching environment.

While this initiative has the potential to benefit working parents by providing increased flexibility, enabling a more comprehensive return to work with extended hours if necessary. Beyond enhancing flexibility for families, particularly those vulnerable or disadvantaged, it nurtures children's peer relationships and socialisation, reduces inconsistent care and has the potential to facilitate a smoother transition into school. However, this endeavour may entail the potential need for additional staff and heightened staffing costs, posing sustainability challenges given existing staffing concerns.

In Western Australia, parents are encouraged to enrol their children in a school-based service to secure their place for the first year of formal schooling. Preschools operate in schools under the School Education Act outside the National Quality Framework (NQF) and Family Assistance Law, staffed by qualified educators with different conditions and pay rates, necessitating careful consideration of numerous operational considerations. The current model allows for external OSHC services to operate on school sites, providing care to children from 4 - to 12 years of age. This is not without its problems as these are often forced to operate in substandard facilities, and schools regularly change providers in the hope of gaining some additional fees to bolster their school budget. There is also concern about the viability of long day care services if preschool-aged children receive ECEC at the school. Further investigation of implementation in the WA context is required.

The recommendation to amend the Family Assistance Law, allowing dedicated preschools to claim CCS for additional 'non-preschool' hours, is worthy of exploration. However, we caution that it is crucial to consider the operational complexities unique to each jurisdiction.

Furthermore, it's important to acknowledge the potential for this measure to complicate the system further and have unintended impacts on the market – where high-quality preschool programs are already embedded within long day care settings.

An alternative strategy to consider involves offering preschools a more direct pathway to transition into long day care, should it align with the community's needs. Maintaining existing wages and conditions for Early Childhood Teachers (ECTs) is imperative to uphold the quality standards in sessional preschools.

While the recommendation presents avenues to enhance ECEC provision and support working families, navigating the associated complexities thoughtfully is essential, especially within the Western Australian context. Further investigation and consultation are necessary to ensure alignment within each jurisdiction across the country.

- **Improve Regulatory Authorities (RA) performance reporting**

The consortium concurs with the notion that RA in each jurisdiction should enhance their performance reporting. This improvement can encompass a diverse set of key performance indicators, incorporating factors such as resource allocation and expenditure. The key performance indicators should specifically measure the support offered to services in achieving compliance and meeting the National Quality Standard (NQS). This approach ensures a comprehensive focus that goes beyond mere compliance and punitive measures, emphasising the provision of support to enhance the effectiveness of services.

- **Ensure Regulatory Authorities are adequately resourced**

In line with our previous advocacy work, the consortium endorses the recommendation to ensure that RA are adequately resourced to support services in meeting the NQS. This entails having well-qualified staff who can effectively support and assess services, emphasising a shift away from punitive measures experienced in some jurisdictions and focusing more on quality improvement.

Transparency regarding the Key Performance Indicators (KPIs) for RA and the allocation of their resources is crucial for accountability and effectiveness. Adequate resourcing will enable RA to fulfil its role in promoting and sustaining high-quality ECEC services, contributing to positive outcomes for children and the overall improvement of the sector.



- **Incentivise quality provision in new ECEC services**

The consortium supports the recommendation to incentivise quality provision in new ECEC services. However, any incentivisation must align with the commitment to promoting quality consistently across all services. It is crucial to address potential challenges, particularly if new services were to receive better resources without resolving the existing lack of planning around new service establishment. The absence of planning for the development of new services has resulted in overservicing in certain areas. This phenomenon is occurring concurrently with workforce shortages that are compelling existing services to impose caps on numbers or close rooms, thereby jeopardising the viability of those services.

The consortium proposes any incentivisation mechanism be based on Quality Improvement Plans, Assessment & Rating outcomes, or a third-party assessment only and cautions against using self-assessment, as it could compromise the incentive's efficacy and integrity. Moreover, the consortium believes this approach should not be limited to "new" services but extended to all services to encourage continuous improvement and shifts in quality improvement.

While incentives can be effective, the consortium also suggests considering corrective actions for providers who do not meet the baseline quality standards. Quality should be perceived as a fundamental aspect and cost of doing business for all providers, making adherence to standards an expectation. Unlike incentives, which may be temporary and subject to removal, embedding quality expectations into the underlying fees ensures ongoing funding and enforcement, contributing to a sustained commitment to excellence in ECEC services.

- **A new review of the National Quality Framework (NQF)**

The consortium supports the recommendation for a new review of the NQF. Despite the initial aim of establishing a nationally consistent quality standard for ECEC services, the NQF has evolved over the past decade with various adjustments, resulting in diverse applications across jurisdictions.

Notably, in Western Australia, school-based programs operate outside the NQF, following a distinct in-house version of the NQS. A thorough review of the NQF is warranted to ensure consistency and effectiveness, focusing on uniform application across jurisdictions and individual assessors while prioritising accuracy, consistency, and efficiency. Given that it has been over a decade since the inception of the NQF, a timely review is essential to address any emerging challenges and enhance the overall effectiveness of the framework.

- **Ensure appropriate quality regulations for services outside the scope of the NQF**

The consortium's advocacy supports all children having access to affordable, high-quality ECEC services that are responsive to their needs and support their development and learning while meeting the needs of their families. Yet it is well known that the quality of services varies, particularly in rural and remote locations where access to services is limited and often out-of-scope of the NQF. It is imperative that this situation is reviewed, that appropriate regulatory and quality standards are developed, and that implementation is supported for these out-of-scope services. As many of these services impact ATSI children, this work should be undertaken in consultation with these services and with SNAICC to ensure that services are culturally appropriate.

- **Improve policy coordination and implementation by forming a national partnership agreement for ECEC**

The consortium endorses the recommendation to improve policy coordination and implementation by establishing a national partnership agreement for ECEC. Such an agreement is essential for fostering a cohesive and coordinated approach to policy development and implementation across the nation and should have a demonstratable link to the Early Years Strategy. A national partnership agreement would enhance collaboration, streamline efforts, and ensure consistency in the delivery of ECEC services, ultimately contributing to the advancement and effectiveness of the entire sector.

In relation to preschool policy, the agreement should provide for a permanent funding arrangement from 2025 (as agreed under the current Preschool Reform Agreement). Governments and providers need certainty to plan and deliver the highest possible quality programs and implement strategies to engage the children who are still missing out.

It should also provide an explicit commitment to 2-year preschool programs for all children, noting that WA is currently examining options to extend preschool to 3 year olds and is one of only 2 jurisdictions in Australia that does not currently provide preschool to 3 year olds. This commitment should be sector-neutral, recognising a majority of children already access 3 year old preschool in centre based care. A priority for the Agreement in the first 3 years should be to ensure that all preschool programs are of an equal, high-quality with parity in pay and conditions for ECTs across settings. Longer-term the Agreement should provide a pathway to free preschool for all children.

- **Establish an ECEC Commission**

The consortium acknowledges the need to consider a singular governing body in the ECEC sector. In principle, establishing a commission holds the potential to drive better outcomes by providing a more concerted and focused effort, thereby reducing redundancy from rolling and overlapping inquiries and reforms. An ECEC Commission must be representative of all key stakeholders across each jurisdiction. This would include representation from marginalised communities, including those from ATSI and CALD backgrounds and those with disabilities, thereby ensuring the Commission is inclusive and considers the diverse needs of children and families. Including sector leaders from each State and Territory in an ECEC Commission is essential for fostering collaborative decision-making processes that consider the intricacies of the sector.

This inclusion will empower the Commission to formulate viable and scalable strategies and initiatives that address the diverse needs of the ECEC sector effectively.

There are numerous critical questions regarding the structure, representation across jurisdictions, financial implications, and the overall design of the commission; these necessitate thorough examination and clarity. As part of these considerations, a comprehensive review and clarification of the role of the Australian Children's Education and Care Quality Authority (ACECQA) is warranted. To establish clarity, accountability, and trust among all parties involved, it is also essential to have clearly defined Service Level Agreements (SLAs), outputs, and transparent communication about the additional value the Commission would bring. These elements are essential for ensuring the effectiveness of the Commission.



## Additional Information

- **Low rates of expansion among NFP providers**

NFP providers have historically played a crucial role in the ECEC sector, embodying clear missions to support children and families, particularly those in disadvantaged and vulnerable communities. They often step in to fill critical service gaps where viability is limited and for-profit providers are not interested in establishing services. While operating in these areas aligns with the mission of many NFP providers, it often proves challenging to maintain a viable business model. Many operate below the breakeven point, leading to precarious financial situations.

This shift to a market-driven approach has complicated matters for NFP providers. The current unregulated market grants developers excessive authority, resulting in inequitable access to ECEC services and disregarding the diverse needs of families and communities. Developers wield the power to dictate the location of ECEC services, prioritise their return on investment, and set high sale prices and lease fees without adequate consideration for the needs of children and families. Consequently, some NFP providers with limited bargaining capacity are forced to contend with exorbitant lease fees and operate in areas with limited market potential, making it difficult to break even.

The challenges facing NFP providers in pursuing growth opportunities are multifaceted. Restricted access to capital, stiff competition from organisations with specialised growth acquisition teams, in-house legal counsel, and the complexities of navigating often convoluted and cumbersome governance structures hinder their ability to respond and expand rapidly. Moreover, the alignment of many property developers and builders with approved providers exacerbates these challenges, placing NFP providers at a further disadvantage in this competitive landscape.

It has been consistently demonstrated that NFP providers offer higher-quality ECEC services compared to large corporate and private equity companies. The high quality of NFP ECEC results in beneficial outcomes for children and families. Despite this, Australia's funding model continues to favour large for-profit providers, placing them at an advantage over others. This reliance on a market-driven approach has resulted in the exponential growth of corporate and private equity companies where shareholder profits take precedence, while mission-driven NFP providers have seen a decline.

Data from 2021 indicated that a significant number (74%) of enforcement actions taken against ECEC centres in New South Wales alone over a six-year period involved for-profit providers, with twice as many rated as not meeting NQS compared to larger NFP organisations. It is widely acknowledged that providers not driven by profit are more likely to prioritise quality ECEC. Profit-driven models often necessitate minimising wages, cutting costs, and operating at or below required staff-to-child ratios, potentially compromising the quality of care provided. This disparity underscores the urgent need for policy reforms to ensure that funding mechanisms in the ECEC sector prioritise quality outcomes for children over financial gain. Implementing targeted assistance and financial resources promptly is crucial to ensuring the competitiveness of NFP providers in the ECEC sector.

Dedicated support and funding mechanisms are imperative to ensure the competitiveness of NFP providers and address issues of oversupply and undersupply in different areas. Incentives are essential to enable NFP providers to support areas facing undersupply or low viability effectively. While existing programs like the Community Child Care Fund (CCCF) partially address this need, they remain time-limited and may not provide sustainable solutions for areas where achieving viability is challenging. Without such support, NFP providers face significant challenges in competing with for-profit entities, which prioritise financial gains.

A structured approach to ECEC service development is urgently needed to mitigate the impact of oversupply and undersupply. Drawing inspiration from successful models like aged care planning, a comprehensive strategy could involve determining the number of new places needed, targeting specific locations and vulnerable cohorts, and implementing a competitive process for place allocation. Such an approach could help ensure equitable access to high-quality ECEC services across diverse communities for all children and families.

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## CONCLUSION

In conclusion, the draft report comprehensively examines crucial issues within the sector. It outlines the impact of the sector's evolution on key stakeholders.

The findings and recommendations encapsulate critical aspects such as availability, affordability, inclusivity, and flexibility—issues that resonate with this consortium. The consortium agrees that implementing a universal system will take time, needing a phased approach. There are many challenges to address, and any proposed model must address disparities in disadvantaged, rural, and remote communities, where market failure or insufficient market presence may impact.

This response underscores the importance of exploring financially sustainable funding models, tailoring the new model to meet community needs, and advocating for prioritising at-risk and vulnerable children in the ongoing transformation of the ECEC sector.

