



Brotherhood
of St Laurence

Working for an Australia free of poverty

Early childhood education and care

Submission to the Productivity Commission in
response to the draft report

Brotherhood of St. Laurence

February 2024

The Brotherhood of St. Laurence (BSL) is a social justice organisation working towards an Australia free of poverty. Our purpose is to advance a fair Australia through our leadership on policy reform, our partnerships with communities, and the quality of our services. Our approach is informed directly by people experiencing disadvantage and uses evidence drawn from our research, together with insights from our programs and services, to develop practical solutions that work.

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Summary of recommendations

Access

- The Brotherhood of St. Laurence (BSL) fully supports a universal entitlement to 30 hours or three days of Early Childhood Education and Care (ECEC) per week at low or no cost.
- BSL recommends using proportionate universalism as a guide to connect the ECEC reform agenda with the broader early childhood development system to best meet the needs of all children and families.
- BSL recommends national investment in and coordination of system navigator roles, with arrangements agreed through a National Partnership Agreement (NPA), and contracted delivery by locally based ECEC services, not-for-profit community organisations, local councils and/or Aboriginal Community Controlled Organisations (ACCOs) that builds on existing supports.

Availability

- BSL recommends that the final report include a recommendation for a substantial wage increase similar to the one delivered to the aged care workforce, as a necessary condition for sustainable supply of ECEC.
- BSL recommends that the Productivity Commission investigate options and a way forward for growing employment-based training opportunities and enabling paid placements to satisfy professional experience requirements for early childhood teaching qualifications.
- BSL supports **Draft recommendation 5.1** to ‘support universal access in persistently thin markets via supply-side funding’. We recommend funding be made available to enable supply-side delivery through not-for-profit organisations, ACCOs and public providers (as most appropriate for communities) to deliver services in these areas.

Inclusion

- BSL supports proposed further work by the Productivity Commission to examine how expansion and reform of the Inclusion Support Program (ISP) can be managed and coordinated to ensure alignment with the NDIS Review.
- BSL recommends that the final report include an explicit recommendation to increase funding for the ISP to a level that can catch up with and meet demand as availability increases, including mechanisms to support its ability to keep pace with costs and maintain sustainability over time, in a manner consistent and aligned with NDIS Review recommendations.
- BSL supports amending the *Disability Standards for Education 2005* (Cth) to include all services within the ECEC sector as outlined in **Draft recommendation 2.2**, noting that additional funding may be needed to support the sector to comply.
- BSL supports **Draft recommendation 3.5** to improve pathways to ECEC qualifications for Aboriginal and Torres Strait Islander people.

- BSL recommends that the Productivity Commission include a recommendation in the final report for the development of a cross-jurisdictional strategy for recruiting and funding bicultural workers in ECEC services, including as educators and system navigators.

Affordability

- BSL supports a 100% subsidy for households with an income of \$80,000 or less for 30 hours or three days of ECEC per week.
- BSL recommends complete removal of the activity test. This could take place in a phased way, starting with families with a low income and those who meet the Australian Government's priority of access criteria, with a clearly articulated plan to achieve full removal of the test over time.

Supporting quality and not-for-profit delivery

- BSL supports measures to enable the expansion of not-for-profit providers in the market including the reinstatement of capital investment funding.
- To drive quality provision in new services, BSL supports **Draft recommendation 8.4** that state and territory regulatory authorities should be required to consider the performance of a provider's existing services when making decisions on an application to approve new services from that provider.

System coordination

- BSL recommends that the Productivity Commission investigate a range of options for a fit-for-purpose NPA and present their various merits and challenges.
- BSL supports the establishment of an ECEC Commission as a key driver of system coordination and accountability. Consideration should be given to an expansion of the Commission's scope to encompass the whole early childhood development system and to facilitate the integration of services, the importance of which has been highlighted in a range of reviews across different systems.
- BSL recommends that the ECEC Commission be responsible for continuing to investigate the most appropriate funding models for the longer-term including exploring further supply-side options.

Introduction

The Brotherhood of St. Laurence (BSL) focuses on poverty reduction and improving the lives of people experiencing disadvantage and most at risk of missing out on opportunities such as early childhood education and care (ECEC). We therefore welcome key findings in the draft report that recognise:

- the benefits of high-quality ECEC
- that children experiencing disadvantage and vulnerability are most likely to benefit but are less likely to attend
- that ECEC availability and quality tends to be poorer in regional and remote areas and in communities experiencing higher levels of socioeconomic disadvantage
- that ECEC is less affordable for lower-income families creating an access barrier
- the substantial barrier to ECEC access created by system complexity particularly for families with low levels of English proficiency and/or computer literacy.

These findings highlight the need for urgent and concerted efforts to improve the equity of the ECEC system. Our submission outlines our response to draft findings and recommendations in the areas of access, availability, inclusion, affordability, supporting quality and not-for-profit delivery, and system coordination.

Our [first submission](#) to this inquiry highlighted the importance of prioritising the needs of children and keeping their best interests front of mind in systemic redesign and reform considerations. We wish to congratulate the Productivity Commission on centring children in this inquiry and for undertaking to hear directly from children.

BSL agrees that crucial reforms outlined in this report to improve access, affordability, inclusion, flexibility and quality depend on urgently addressing workforce challenges. Overcoming this challenge and implementing reforms in these key areas will pave the way towards a universal, consistently high-quality, accessible early years system that meets the needs of every child in Australia.

Access

BSL fully supports a universal entitlement to 30 hours or three days of ECEC per week at low or no cost (outlined in **Draft finding 5.1** and **Draft recommendation 6.2**).

The draft report notes that ‘Early childhood education and care (ECEC) can support children to flourish during this “window of opportunity”, complementing the role of families and of other early childhood development policies and services’ (p. 97). We agree that to best meet the needs of children in the early years, it is crucial that the ECEC reform agenda is clearly connected to and consistent with the broader early childhood development system. One way that this can be achieved is by combining universal services to help all children and families to flourish with bespoke, additional supports to meet families’ needs and aspirations. BSL recommends using proportionate universalism as a guide to connect the ECEC reform agenda with the broader early childhood development system to best meet the needs of all children and families.

BSL believes that extending eligibility for Additional Child Care Subsidy (Grandparent) to recognise informal kinship care, extending eligibility lengths for Additional Child Care Subsidy and 'allowing families who are already eligible for income support payments or a Health Care Card to be automatically eligible for CCS' (**Information request 6.5**) are a good start towards breaking down barriers to ECEC created by system complexity and would bring significant benefits to these families while boosting equity in the system.

Information request 7.2: System navigator roles in the ECEC sector

The significant barrier to ECEC created by system complexity underlines the importance of system navigator roles in the ECEC sector. While the proposed reforms aim to reduce complexity in the system, our experience as a key provider of ECEC services indicates that navigation issues will remain. The draft report recognises that delivery of these roles is inconsistent across the country.

BSL's [Family Learning Support Program](#) provides a strong example of the elements needed to deliver successful system navigator roles in the ECEC sector (see case study in our [first submission](#), p. 12). One of the program's strengths is its broader focus on early childhood development, supporting families to confidently build successful home learning environments to complement formal learning. BSL recommends national investment in and coordination of system navigator roles, with arrangements agreed through a National Partnership Agreement (NPA), and contracted delivery by locally based ECEC services, not-for-profit community organisations, local councils and/or ACCOs that builds on existing supports and community networks. Trusted organisations with a genuine investment in and connection to their local communities, with the capability to employ and support local people to engage families is a demonstrated success factor.

The NDIS Review has recommended the establishment of NDIS Navigators as a central element of a connected system of support for people with disability, to help individuals and their families navigate the NDIS system as well as mainstream and community services. Given the similarity in the recommended system navigator roles between the disability and early childhood settings, where possible, opportunities should be taken to share lessons and insights, and enable integrated approaches across sectors.

Availability

BSL is cognisant that availability of ECEC is highly dependent on addressing workforce challenges. There are indications that following the increase in aged care wages there has been a decline in aged care vacancies, while child care vacancies have continued to climb.¹

While we agree that recent changes to the *Fair Work Act 2009* (Cth) may contribute to improvements to pay and conditions (**Draft finding 3.1**) this is unlikely to be sufficient. BSL recommends that the final report include a recommendation for a substantial wage increase similar to the one delivered to the aged care workforce, as a necessary condition for sustainable supply of ECEC.

¹ Based on analysis of Jobs and Skills Australia monthly internet vacancy index data by John Cherry, Goodstart Early Learning.

Employment-based training such as traineeships (**Information request 3.2**) and paid placements are important strategies to grow the ECEC workforce. Research shows that employment-based training results in better employment outcomes for students and productivity gains for employers.² Yet in 2022, of the 107,650 people who completed training programs under the Carers and Aides occupational classification (which includes child carers), only 11,268 (10.47%) did so through employment-based training as apprentices or trainees.³

BSL agrees with **Draft finding 3.4** that unpaid professional experience requirements for early childhood teaching qualifications are a barrier. This barrier puts significant pressure on the economic security of many of those who participate and prevents both growth in and upskilling of the ECEC workforce. BSL recommends that the Productivity Commission investigate options and a way forward for growing employment-based training opportunities and enabling paid placements⁴ to satisfy professional experience requirements for early childhood teaching qualifications. Consideration should be given to the structure of existing traineeships, and the development of new forms of employment-based training to build foundational capabilities and maximise workplace exposure, which would strengthen people's foundational skills and enhance mobility for people to enter and progress in a range of related occupations.⁵

Action is needed to address availability gaps created by the marketised ECEC system.⁶ BSL supports **Draft recommendation 5.1** to 'support universal access in persistently thin markets via supply-side funding'. This is consistent with the findings of the ACCC Childcare Inquiry and should be based on a consideration of the evidence and analysis presented in that inquiry, with a definition of thin markets to include both under-served and unserved markets. We recommend that funding be made available to enable supply-side delivery through not-for-profit organisations, ACCOs and public providers (as most appropriate for communities) to deliver services in these areas.

Inclusion

BSL notes the challenges for families in accessing the Inclusion Support Program (ISP) flagged in the draft report. Our research with the University of Melbourne into Tier 2 of the NDIS, which informed the NDIS Review's recommendations around foundational supports, highlighted a significant gap between the *stated* availability of support for people with disability and their experience of trying to access it.⁷ The draft recommendations in the report will go a long way

² Osborne, K, Ackehurst, M, Chan, L & Polvere, A-L 2020, *Work-based education in VET*, National Centre for Vocational Education Research, Adelaide.

³ National Centre for Vocational Education Research (NCVER), VOCSTATS, 'Total VET students and courses', extracted on 8 February 2024.

⁴ A good example of a paid placement opportunity that could be considered is the Victorian Government's [Pre-Service Teacher Placement Grants Program](#).

⁵ This work could be supported by the HumanAbility Jobs and Skills Council.

⁶ Australian Competition & Consumer Commission (ACCC) 2023, *Childcare inquiry: final report*, ACCC, Canberra.

⁷ Olney, S, Mills, A & Fallon, L 2022, *The Tier 2 tipping point: access to support for working-age Australians with disability without individual NDIS funding*, Melbourne Disability Institute, Melbourne.

towards improving the inclusiveness of ECEC services for children with disability or additional needs other than disability through:

- improvements to eligibility requirements for inclusion funding (**Draft recommendation 2.3**)
- improvements to additional educator subsidies (**Draft recommendation 2.4**)
- reduced administrative burden when applying for ISP funds (**Draft recommendation 2.5**)
- improved coordination of inclusion funding between governments (**Draft recommendation 2.6**)
- professional development for the ECEC workforce (**Draft recommendation 3.6**).

The draft report:

- notes ‘there are limited funding options for services seeking to improve inclusion, including of children with disability and those from diverse backgrounds. The most prominent funding mechanism is the Inclusion Support Program’ (p. 46).
- recommends a series of changes to the ISP to address barriers, recognising that this will require greater resourcing for the ISP (pp. 46–47).

Improved accessibility and increased funding are needed to uphold the right of children with disability to participate in mainstream ECEC. BSL notes that the NDIS Review recommended sweeping changes to the way the NDIS and the disability support ecosystem support children and families, both in and out of the NDIS (Recommendation 6).⁸ The Review called for significant investment by governments in foundational supports outside the NDIS for children in the early years (Action 1.12); better screening to pick up developmental concerns as early as possible in mainstream settings (Action 2.13); and support to be delivered in natural settings wherever possible – homes, communities, early childhood settings and schools – giving children and their families every opportunity to lead ordinary lives.⁹ It is expected that these changes will be encompassed in the National Cabinet agreement to fund and commission a range of foundational supports outside the NDIS for all people with disability. Foundational supports will include both ‘general’ supports for all people with disability, and ‘targeted’ supports for people who are not eligible for the NDIS and are most in need of support.¹⁰

BSL supports proposed further work by the Productivity Commission to examine how expansion and reform of the ISP can be managed and coordinated to ensure alignment with the NDIS Review recommendations in relation to early childhood, and the subsequent National Cabinet agreement. There could be potential for joint commissioning between Commonwealth and state and territory governments for services where there is an overlap between ECEC services and foundational supports. Inter-jurisdictional cooperation and coordination can assist in ensuring supports

⁸ Department of the Prime Minister and Cabinet 2023, *Working together to deliver the NDIS - Independent Review into the National Disability Insurance Scheme: final report*, Commonwealth of Australia, Canberra.

⁹ Ibid, p. 41.

¹⁰ Rishworth, A & Shorten, B 2024, *Building a strong ecosystem of disability supports*, media release, 30 January, Minister for Social Services & Minister for the National Disability Insurance Scheme. Viewed 5 February 2024, <<https://ministers.dss.gov.au/media-releases/13711>>.

provided through different service pathways (e.g. ECEC and NDIS) and by different jurisdictions can be aligned to avoid both service gaps and duplication.

As the ISP extends beyond disability there should continue to be a broad mechanism to support inclusion of Aboriginal and Torres Strait Islander children, children from culturally and linguistically diverse backgrounds and children with additional needs in ECEC. This should also include mechanisms to support children with disability or developmental delay as aligned with the implementation of the NDIS Review.

The draft report states that demand for the ISP has been rapidly increasing. We welcome **Draft finding 2.5** that 'increased inclusion support funding will be needed for universal access'. BSL recommends that the final report include an explicit recommendation to increase funding for the ISP to a level that can catch up with and meet demand as availability increases, including mechanisms to support its ability to keep pace with costs and be sustainable over time, in a manner consistent and aligned with NDIS Review recommendations.

BSL supports amending the *Disability Standards for Education 2005* (Cth) to include all services within the ECEC sector as outlined in **Draft recommendation 2.2**, noting that additional funding may be needed to support the sector to comply. This is an important step towards equity for children with disability and building the foundations for lifelong learning. We also view it as important to increase alignment across the education continuum.

BSL also supports **Draft recommendation 3.5** to improve pathways to ECEC qualifications for Aboriginal and Torres Strait Islander people. An increased number of Aboriginal and Torres Strait Islander educators will drive a critically important shift in the cultural safety of ECEC services and the broader sector over time and contribute to the increased engagement of First Nations children and their families.

Information request 2.2: Cultural safety in ECEC services

As highlighted in our [first submission](#), a key factor that effectively promotes the provision of culturally safe ECEC is the presence of bicultural workers. Bicultural workers contribute to cultural safety because shared language, culture and similar experiences create a bridge to shared understanding and empathy. This supports the development of a trusting environment for relationships which supports families to feel safe, heard and respected.¹¹ BSL recommends that the Productivity Commission include a recommendation in the final report for the development of a cross-jurisdictional strategy for recruiting and funding bicultural workers in ECEC services, including as educators and system navigators. This work should be informed by representatives from Aboriginal and Torres Strait Islander and culturally diverse communities.

Affordability

BSL appreciates efforts to address current inequities in the costs of care and the detailed analysis that shows that a universal 90% rate without any further changes to current settings would see most of the increased expenditure flowing to the highest income families, with no benefit for

¹¹ Centre for Multicultural Youth 2011, *Addressing the strengths and complexities of bicultural youth and family work*, CMY, Melbourne.

lower-income families (**Draft finding 6.5**). We support the targeting of affordability improvements to lower-income families who would benefit from them most. Accordingly, BSL supports a 100% subsidy for households with an income of \$80,000 or less for 30 hours or three days of ECEC per week.

BSL supports the recommendation that all families are entitled to access up to 30 hours or three days of subsidised care per week without an activity requirement (**Draft recommendation 6.2**), however, we believe this does not go far enough. While we understand the logic relating to supply constraints, we maintain our position that the activity test must be removed entirely. Children's access to early learning should not be subject to their parent's level of activity. This could take place in a phased way (**Information request 6.1**), starting with families with a low income and those who meet the Australian Government's priority of access criteria, with a clearly articulated plan to achieve full removal of the test over time.

Supporting quality and not-for-profit delivery

The draft report and the ACCC Childcare Inquiry have outlined numerous positive features of not-for-profit service provision including higher quality, lower prices for most service types, higher staff wages, employment of more experienced staff, and higher likelihood of delivery in disadvantaged areas. It is BSL's view that these benefits render not-for-profit providers highly preferable to for-profit providers and fully justify measures to reduce identified barriers to expansion. Accordingly, BSL supports measures to enable the expansion of not-for-profit providers in the market including the reinstatement of capital investment funding. We suggest that the Productivity Commission investigate international experiences of successful not-for-profit expansion, for example, in Ontario.¹²

The evidence outlined in the draft report emphasises the importance of consistently high-quality services for delivering benefits to children. To drive quality provision in new services, BSL supports **Draft recommendation 8.4** that state and territory regulatory authorities should be required to consider the performance of a provider's existing services when making decisions on an application to approve new services from that provider.

System coordination

In our first submission, we advocated for government stewardship and joined-up policy to deliver a consistent national approach for families no matter where they live in Australia. Overlapping and conflicting roles and responsibilities between the Commonwealth, state and territory governments for ECEC result in differing systems between jurisdictions and too many children and families missing out.¹³

We are pleased that the Productivity Commission has capitalised on the opportunity presented by this inquiry to propose that governments play a greater stewardship role. The absence of an

¹² Cleveland, G 2023, *Why the preference for not-for-profit and public child care services?*, blog, 28 March. Viewed 19 February 2024, <<https://childcarepolicy.net/why-the-preference-for-not-for-profit-and-public-child-care-services/>>.

¹³ Centre for Policy Development 2021, *Starting better: a guarantee for young children and families*.

agreement on early childhood is a key issue in this space, as good governance and accountability are key to success. It is crucial that we get the settings right.

National Partnership Agreement

We welcome the Productivity Commission's recommendation for an NPA for ECEC to clarify roles and responsibilities between all governments (**Draft recommendation 9.1**).

However, BSL recommends that the Productivity Commission investigate a range of options to deliver on this intention, and present their various merits and challenges, including:

- the proposed NPA for ECEC
- broadening the new National School Reform Agreement (to be finalised by the end of 2024) to include ECEC, in order to support the learning journey throughout all of childhood
- an NPA for Early Childhood (for example, by expanding the current Preschool Reform Agreement) to cover ECEC and early childhood development, including home learning and support for families.

A new National School Reform Agreement needs to be finalised by the end of 2024, with bilateral agreements with states and territories to follow. The current Preschool Reform Agreement, which started in 2021, expires in June 2026.

Broadening the National School Reform Agreement is worth examining for several reasons:

- Outcomes set through the National School Reform Agreement – equity and excellence – are strongly influenced by what happens before a child starts school.¹⁴
- The transition from early years to school must be improved; connecting funding and reform between the two systems can help.
- Considering ECEC and schools together could assist with the harmonisation of arrangements between early childhood and school age education (for example, by addressing workforce challenges through alignment of awards and working conditions between Early Childhood Teachers and Primary School Teachers).
- Non-government school systems are already building early learning centres in schools and potentially already cross-subsidising efforts; separating ECEC and schools funding is putting public schools at a disadvantage. There is substantial evidence, as presented to this inquiry, of the benefits of integrated early years centres including co-location on school sites.
- A unified framework for early childhood and schools funding has the potential to simplify a complex and disjointed funding system and clarify responsibility between Commonwealth and state governments.

It is crucial that an NPA, in whichever form it takes, facilitates stronger alignment between childcare, preschool and school settings; addresses workforce issues; and facilitates smoother transitions for children and families.

¹⁴ For example, one of the [strongest predictors](#) of NAPLAN performance is a child's domain scores on the Australian Early Development Census.

ECEC Commission

BSL strongly supports the establishment of an independent ECEC Commission (**Draft recommendation 9.2**) and its proposed scope, including:

- Monitoring progress and holding system stewards publicly accountable for progressing towards universal access and achieving ECEC objectives as defined in an NPA (**Draft recommendation 9.2**, p. 3, p. 483).
- Supporting and resourcing cross-jurisdictional coordination, including cross-jurisdictional data collection and sharing (**Draft recommendation 9.2**).
- Advising on the need for integrated services in communities (**Draft recommendation 7.1**), including communities that will require block or flexible grant funding for Aboriginal and Torres Strait Islander integrated services (p. 33).
- Examining connections between ECEC and other child and family services to identify ways to address gaps and strengthen the critical 'connection function' played by ECEC services (**Draft recommendation 7.2**, **Draft finding 7.1**).
- Monitoring trends in the availability of ECEC and advising governments on investment priorities and the types of assistance that will be required to enable expanded supply (p. 33).
- Implementing a comprehensive research agenda to guide policy and practice (p. 121).
- Supporting a coordinated approach to workforce planning, including clear objectives and monitoring (p. 36).
- Reviewing regulatory arrangements for services out-of-scope of the National Quality Framework (**Draft recommendation 2.1**).

In addition to the scope flagged throughout the report, we recommend additional functions for the Commission (**Information request 9.2**) that would include:

- Ongoing investigation into the most appropriate funding models for the longer-term including exploring the further expansion of supply-side options, in line with Recommendation 8 from the ACCC's Childcare Inquiry.
- Monitoring workforce inclusion and diversity and providing advice on improvements.
- Supporting the system to maintain a central focus on the best interests of children and facilitating the engagement of children and families in policy design and governance.

Further consideration of future funding models

Delivering on Australia's policy objectives for ECEC in the long-term is likely to require further reform of funding models, or a different mix of funding models. As mentioned above, BSL recommends that a key role for the ECEC Commission is to continue investigating the most appropriate funding models for the longer-term (against agreed outcomes) including exploring the further expansion of supply-side options.

Further, analysis by the ACCC shows an international trend towards greater regulation of childcare fees and supply-side subsidies to support service provision.¹⁵ There is an opportunity to continue drawing on insights from international experience and the various approaches taken to achieving objectives and covering costs and more deeply consider the best options for Australia. Sustainability is an important part of these considerations, as international examples indicate that there is often a widening gap between what government funds and the costs of quality service delivery. Mechanisms such as regular indexation are critical considerations.

Expansion of scope to include early childhood development

We note the Terms of Reference for the Productivity Commission's report are limited to ECEC. However, we recommend consideration of a change so that both the NPA and Commission's scope is broadened to encompass the whole early childhood development system. Early childhood development includes all services and supports provided specifically to young children and families, including ECEC, maternal and child health, paid parental leave and other services that may exist within communities, such as playgroups and First Nations services.¹⁶ This is consistent with findings about the importance of connecting services in the early years from the South Australian Royal Commission, the NDIS Review, and the Expert Panel Review to Inform a Better and Fairer Education System.

¹⁵ ACCC 2023.

¹⁶ As defined in: Centre for Policy Development 2021, p. 5.