



Brotherhood  
of St Laurence

Working for an Australia free of poverty

# BSL submission to the Productivity Commission Inquiry into Early Childhood Education and Care

May 2023

## Summary

Significant social and economic advantages are gained by investing in the early years. Yet our current early childhood development system is inaccessible, confusing and unaffordable, particularly for those who need it most. A major shift is needed in current public policy and funding decisions that impact on children in the early years, by placing children and their families at the centre and investing in joined-up approaches across policy platforms that maximise positive outcomes for children and their families.

We at BSL believe that Australia is at a critical point to transform the early childhood education and care (ECEC) sector and early years system more broadly. To realise this potential, we offer the following recommendations for the Productivity Commission to consider in its inquiry, drawing on our practice, policy and research insights:

1. Commit to a nation-wide guarantee for every child
2. Create a national framework for home-based learning from birth to build parents' capacity to be their child's first teacher and expand parent capabilities through timely informal and formal supports
3. Provide universal, affordable, high-quality services and ensure the mainstream system caters for all children. This includes actions to:
  - a. Promote inclusion within mainstream settings for children with developmental delay or disability, to provide effective early intervention, reduce overreliance on individualised NDIS supports and improve child outcomes
  - b. Make the service system easier to navigate and provide targeted additional supports for those who need them
  - c. Remove the Activity Test for the Child Care Subsidy and improve access to the Additional Child Care Subsidy
4. Invest in place-based early childhood services that harness community capabilities, ensure participation is inclusive, and respond to the aspirations of children and families

5. Support parental workforce participation by investing in accessible and affordable child care, reducing high effective marginal tax rates, and creating flexible job opportunities that accommodate care
6. Build a sustainable, high quality and culturally responsive early childhood workforce
7. Further investigate the role of government stewardship and alternative funding models to correct the challenges of the market system.

BSL also recommends a set of principles to inform the development of a more effective and equitable ECEC system, with children and families at the centre of all policy development.

These recommendations draw substantially on [BSL's recent submission to the National Early Years Strategy](#), our 2019 [submission to Victorian Parliament's Inquiry into Early Childhood Engagement of CALD Communities](#), and our 2022 report developed in collaboration with the Health Issues Centre, 'The voices of families: experiences of families with children with developmental delay and/or disability'.

## The Brotherhood of St. Laurence

The Brotherhood of St. Laurence (BSL) is a social justice organisation working alongside people experiencing disadvantage to prevent and alleviate poverty across Australia. 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.

BSL has a long history of empowering children, families and communities to build capability and confidence. This includes creating platforms for early learning, such as HIPPY (Home Interaction Program for Parents and Youngsters), and support for children with developmental delay or disability. Demonstration models developed by BSL work with the principles of access and inclusion, creating interconnected pathways that offer timely information and support to families so children can thrive. BSL is also a founding syndicate partner for Goodstart Early Learning, an active member of the Thrive by Five Network, and a SNAICC National Voice for our Children associate member.

Our recommendations below outline an ambition for a universal, high quality, accessible early years system that meets the needs of every child in Australia. We draw on our practice experience, lived experience and research to articulate what it will take to deliver on this ambition.

## Recommendations

### Recommendation 1: Commit to a nation-wide guarantee for every child

A central pillar of Australia's early years system should be a nation-wide guarantee or entitlement for every child in Australia. BSL supports the [Guarantee for Young Children and Families](#), developed by the Centre for Policy Development and supported by the Thrive by Five partnership. Such a guarantee would be enshrined in legislation and driven by a new Commonwealth and state early childhood body, and every jurisdiction would be required and incentivised to work towards it.

The guarantee would entitle every child in Australia and their family to:

- three days per week free or low-cost quality early education from birth until school, with more days available at minimal cost. This begins as soon as families need it. This means all children will experience the lifelong benefits of quality early education.
- more paid parental leave shared between partners. This will give babies time with their parents in the crucial first year of life, and it will give families the confidence to balance work and home more easily and equally.
- support for children and parents within their community, including up to 25 visits from maternal and child health nurses.

Importantly, in addition to the model proposed by the Centre for Policy Development, BSL recommends that the guarantee include an entitlement to have children's basic needs met through investment in adequate social security and family assistance payments, so that all children enjoy the foundation for future wellbeing.

## Recommendation 2: Create a national framework for home-based learning from birth to build parents' capacity to be their child's first teacher and expand parent capabilities through timely informal and formal supports

Parents and the environment at home are central in supporting child development. Families need to have choice and control in finding the most suitable early learning and care arrangements for their children and these need to include learning and care in the home. Home-based learning requires significant investment, equal to the investment directed to formal learning settings.<sup>1</sup> We support the development of a national home learning framework that provides evidence-based pedagogy to assist parents and/or caregivers to promote learning in the home.

Investment in home-based learning is critical for children and families living in remote areas where access to an early learning centre and the broader support system may be limited. A national home learning framework could be delivered from a virtual platform or face to face; and could include funded roles that connect families to services and supports in a timely, coordinated and culturally safe way.

Dr Tim Moore, developmental psychologist at the Murdoch Children's Research Institute, calls for us to re-envision early learning environments to think beyond centres and services, and tackle the environments in which parents are raising children. Supporting home learning and the capacity of parents is central to this shift in focus. So too is outreach to families to ensure that the core care conditions of children are being met, and parents have the capability and confidence to lead the education and development of their children.

### **Case study: HOME INTERACTION PROGRAM FOR PARENTS AND YOUNGSTERS (HIPPY)**

BSL delivers HIPPY in over 100 communities across Australia. HIPPY is a highly effective, evidence-based model for strengthening the home learning environment, particularly for families experiencing disadvantage. Through a longitudinal evaluation<sup>2</sup>, HIPPY has been shown to significantly improve children's literacy, numeracy, and school readiness; increase parents' confidence in parenting and the time spent learning with their child; and provide job training and employment pathways for parents who participate as home tutors.

## Recommendation 3: Provide universal, affordable, high-quality services, and ensure the mainstream system caters for all children

Investment is needed in universal, high-quality early years services and a mainstream system that caters for all children, including those living with disability or developmental delay, children from diverse cultural and faith backgrounds, and children experiencing disadvantage or poverty. This should include bespoke, responsive and timely supports to assist families in reaching the

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<sup>1</sup> S Pascoe & D Brennan, [Lifting our game: report of the Review to Achieve Educational Excellence in Australian Schools through Early Childhood Interventions](#), Department of Education and Training, Melbourne, 2017.

<sup>2</sup> [Summary of the impact of HIPPY on children](#), drawing from Connolly, J & Mallett, S, *Changing children's trajectories: results of the HIPPY Longitudinal Study*, Brotherhood of St. Laurence, Fitzroy, Vic., 2020.

aspirations they hold for children. A progressive universal system within each community would promote the engagement and participation of children and their families.

Universal systems are important because it can be hard for targeted programs to reach every child who needs them: not all children who face disadvantage are living in places of disadvantage. While there are clear pockets of disadvantage around the country, through our work we also observe disadvantage occurring in places that are not classified as disadvantaged communities; we also see disadvantage presenting at various points of a child's development.

**Case study: EARLY YEARS REFERRALS FOR FAMILIES SEEKING ASSISTANCE TO PROMOTE EARLY DEVELOPMENT**

Over the last four years, BSL's disability services have received over 24,000 early childhood referrals, largely in metropolitan Melbourne. In the City of Stonnington alone, which includes the suburbs of Kooyong, Prahran and Malvern with relatively high median incomes, more than 130 families are currently calling out for support and information to support their child's development.

Part of providing a universal system fit for all children is investing in a suite of ECEC models that cater for diversity. It will be important to invest in strengthening the quality of non-institutional ECEC including in family day care settings, especially in areas such as regional and remote communities where there is a lack of formal early learning providers.

**Recommendation 3a: Promote inclusion within mainstream settings for children with developmental delay or disability, to provide effective early intervention, reduce overreliance on individualised NDIS supports and improve child outcomes**

All children, regardless of delay and/or disability, have the right to participate in an ECEC setting of their family's choice. However, the BSL and Health Issues Centre's 2022 study 'The voices of families: experiences of families with children with developmental delay and/or disability'<sup>3</sup> found that that child care and kindergarten settings are not providing adequate support to meaningfully include children with developmental delay and/or disability in their programs.

Families have reported being turned away from education and care services based on their child's presentation and/or additional needs. Worryingly, some services were not accessing or refusing to apply for funding programs that exist to ensure children with developmental delay, disability and complex medical needs have the same access to education and care settings as their peers.

One family described the challenges of working with a child care centre that was not using funded supports and their different experiences when they found a service that would. The switch in child care services resulted in big improvements, including their child receiving more attention from staff, regularly wearing the specialist equipment and participating more in group activities.

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<sup>3</sup> The voices of families: experiences of families with children with developmental delay and/or disability, Brotherhood of St. Laurence and Health Issues Centre, 2022 (unpublished).

Upskilling educators and child care workers to provide adequate support within natural settings would improve wrap-around support for the child. It should also lessen the need for NDIS funded supports and ensure support is received as early as possible.

Providing paediatric assessments, high quality early interventions and allied health programs through the universal early childhood system would promote child outcomes and result in a more coordinated and accessible system. One parent interviewed by BSL noted:

Imagine if the government ... paid for an extra staff member in the kinder. I and another family with NDIS could almost do this in the kinder setting, instead of contracting with the OT to see our kids individually. Imagine if there was an OT who could help all the kids with the social skills. There is so much more work that could be done to support kids before starting the school, in their natural group setting. And there are other kinder kids who would benefit as well.

Individualised funding has not been working as intended for children and families accessing the NDIS. There has been a lack of investment in mainstream services, which therefore cannot adequately address the needs of children with developmental delay and/or disability, and their families.<sup>4</sup> This has rendered the NDIS a stand-alone source of support for children with developmental delay and/or disability. Additionally, the use of the medical model of disability<sup>5</sup> and the requirement of a diagnosis to access supports has been a barrier for many children and their families to access support and services. The medical model can be too narrow in defining the supports that will be needed to adequately address children's needs and their inclusion in the community.

Early childhood services should have a focus on effective early intervention, to take a preventative and proactive approach to support. This would decrease overreliance on NDIS funded supports and to mitigate risks through a more holistic approach to supporting children and their families. Mainstream settings alongside the NDIS should be driving inclusive childhoods in which children with disability are welcomed by their local communities. This was a key theme emerging from the recent [NDIS Review early childhood workshop](#) with families of children with disability and early childhood representatives.<sup>6</sup>

Key worker approaches, in which families have access to a single worker who connects them to a range of allied health expertise, can enable early childhood educators to access transferable clinical knowledge that they can apply within their education setting. Key workers can support children with additional needs and help establish inclusive and transparent learning plans. BSL is

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<sup>4</sup> Early Childhood Intervention Best Practice Network, [Discussion paper: Early childhood intervention and therapeutic supports for children and young people under age 16](#), Early Childhood Intervention Best Practice Network, 2023.

<sup>5</sup> As defined by *People With Disability Australia*, 'The medical model of disability is all about what a person cannot do and cannot be. The social model sees "disability" is the result of the interaction between people living with impairments and an environment filled with physical, attitudinal, communication and social barriers. It therefore carries the implication that the physical, attitudinal, communication and social environment must change to enable people living with impairments to participate in society on an equal basis with others.' <https://pwd.org.au/resources/models-of-disability>

<sup>6</sup> NDIS Review, [Early childhood workshop, 31 March](#), NDIS Review, 2023.

currently demonstrating this in our Jindi Community Centre partnership with Good Start Early Learning.

### **Recommendation 3b: Make the service system easier to navigate and provide targeted additional supports for those who need them**

The current ECEC system is too complex. To be truly inclusive and accessible, we need to both simplify the system, and provide additional assistance to navigate the system for those who need it.

Many families either do not know of the supports available to them or need additional assistance to engage and participate due to the complexity of the system. Without support to overcome language barriers, cultural differences and inexperience with the service system, children and families from disadvantaged backgrounds are more likely to slip through the cracks.

Language is a common barrier. Many services use acronyms or terms that families (and most service providers) struggle to understand. It is even more challenging for recent migrants who are unfamiliar with Australian public services or speak English as a second language. BSL staff frequently find that translated resources are inaccurate and confusing, causing families to disengage.

Restrictive eligibility for services or subsidies is a further constraint. For example, newly arrived families are ineligible for the Child Care Subsidy because of their visa status. Mutual obligations in the social security system create additional access barriers, rather than providing the support families need to improve their economic security.

The system is particularly complex for families with children with disability or developmental delay. A consistent theme expressed by attendees at the NDIS Early Childhood Review Workshop was that ‘families and children should experience seamless and borderless systems ... both within and outside the NDIS’.<sup>7</sup> While some examples of effective collaboration across systems exist, significant improvement could be made to deliver coordinated services and avoid silos and duplication.

When families become aware of their young child’s development delay and disability and begin to seek early childhood services, they are likely to be experiencing increased anxiety and confusion.<sup>8</sup> Typically, families are unfamiliar with relevant service systems and uncertain of their own role. Currently, support for families to access this web of systems is constrained by funding rules and system boundaries. Early childhood programs are delivered across different departments and agencies. This complex structure tends to create silos that may discourage collaboration among organisations and hamper efforts to deliver the best outcomes for children and families.

A simpler system would mean that families would be able to understand and navigate it on their own. However, navigation services should also be available for those who need it. There is strong evidence that navigation services are highly effective. They encourage follow-through on

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<sup>7</sup> NDIS Review, [Early childhood workshop, 31 March](#), NDIS Review, 2023.

<sup>8</sup> Early Childhood Intervention Best Practice Network (ECIBPN), [Discussion paper: Early childhood intervention and therapeutic supports for children and young people under age 16](#), ECIBPN, 2023, p. 11.

referrals, reduce family stress by minimising double handling, and have positive impacts on children facing disadvantage.<sup>9</sup>

In BSL's experience, many early childhood workers struggle with their workload, so doing referrals to other services becomes an 'extra task' instead of being an integral part of the work.

Government could support service navigation by ensuring funding formulas allow time for key workers to connect clients with new services within their core work.

#### **Case study: IMPROVING REFERRAL PATHWAYS IN FAST-GROWING OUTER MELBOURNE SUBURB**

One way to help coordinate services is to hold meetings with providers to discuss the referral pathways that are available. BSL has facilitated several such meetings in collaboration with local councils, to bring together service providers that work in the local area to strengthen relationships between them, exchange information, and build understanding of the sorts of referral pathways that exist.

For example, in March, BSL hosted the Annual Wyndham Children's Service Providers Network alongside Wyndham Council, for 50 attendees from 18 providers. Wyndham is a fast-growing outer suburb of Melbourne with significant diversity, newly arrived groups and higher than average unemployment.

Most attendees said they valued the time to get to know more practical information and details about what other services have to offer so they could communicate this better to families, and they formed professional connections that made referrals easier.

#### **Case study: REFUGEE CHILD OUTREACH**

BSL's demonstration program, Refugee Child Outreach (RCO), is an effective early navigation service that connects with newly arrived refugee families with children aged 0–8 years. The outreach worker supports parents while they learn about different cultural and societal parenting styles in Australia and how they differ from their previous experience and understanding. RCO assists parents to navigate local infrastructure and the local early years service system (often a new concept for these families). The program enables parents to promote their child's development by strengthening connections to local supports and the early years system, as well as addressing settlement challenges including very low incomes.

### **Recommendation 3c: Remove the Activity Test for the Child Care Subsidy and improve access to the Additional Child Care Subsidy**

The Activity Test of the Child Care Subsidy should be removed to guarantee all children access to a minimum of three days per week of subsidised early childhood education and care. The test restricts the number of hours of Child Care Subsidy a family is entitled to, based on the parents' 'recognised activity', such as working, studying or looking for work. While the activity test aims to encourage participation in the workforce, in effect it does the opposite by creating uncertainty for parents in casual employment due to the ongoing risk that they will fail to meet the test and generate overpayment debts. The result is that children – especially those in low-income families – are unable to access early education and care, and live in greater financial insecurity. Recent research by Impact Economics and Policy found the current activity test for the Child Care Subsidy is contributing to at least 126,000 children from the poorest households missing critical early

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<sup>9</sup> Centre for Policy Development, [Starting better: a guarantee for young children and families](#), CPD, 2021.

childhood education and care.<sup>10</sup> Removing the Activity Test is the next step towards achieving universal child care in Australia.

More should also be done to improve awareness and take-up of the Additional Child Care Subsidy. Our experience is that families in need are not accessing this extra support available to meet the cost of child care. Most commonly, this is because families do not know that they are eligible for the Additional Child Care Subsidy. For some families, the system is too complex to navigate. Better communication strategies are needed to ensure that eligible families know about, and can then access, this support.

## Recommendation 4: Invest in place-based early childhood systems that harness community capabilities, ensure participation is inclusive, and respond to the aspirations of children and families

A *universal* response should not mean a *uniform* response. Not every family wants or needs the same support at the same time. Commissioning models need to enable flexible, tailored approaches that reflect the diversity of children, families and communities across Australia.

Local community-based planning processes can play a critical role in the development of interconnected pathways that ensure families access services and local supports in a timely way. Resources that enable long-term planning and local facilitation, such as Communities for Children, improve access to local supports through service mapping, referral pathway development and service models that reflect family aspirations.

Integrated service models, including hubs, are an effective way of enabling joined up approaches between ECEC and other intersecting systems. Integrated Child and Family Centres (ICFCs) have been shown to offer wrap-around supports that are responsive to the needs of children and their families. They provide a range of crucial services: early learning programs, maternal and child health, and other targeted supports. They ensure that families do not need to jump through multiple hoops to access an intervention or advice, and they reduce the harm caused when families need to repeat their story numerous times.

Through BSL's experiences, including our Jindi Child and Family Centre in Melbourne's north-east suburb of Mernda, we have learned that place-based integrated early years programs that are effective tend to have the following features:

- Service design is co-designed around local needs, aspirations and commitment
- Integration occurs at all levels of the model, not just at the point of service delivery – this can include data sharing platforms, shared outcomes frameworks, and joint reflective practice opportunities
- Governance reflects community participation and local leadership.

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<sup>10</sup> Impact Economics and Policy, [Child Care Activity Subsidy Activity Test: undermining child development and parental participation](#), August 2022.

These experiences accord with findings from a recent survey of ICFCs across Australia, conducted by Social Ventures Australia.<sup>11</sup> Social Ventures Australia found that, despite the benefits of ICFCs – especially for families experiencing disadvantage – the current landscape for ICFCs in Australia is patchy, and there are major gaps in coverage. There is no national approach or quality framework, and no overall leadership. A better system would have a national framework to support consistent high-quality outcomes, adequate and sustainable funding responsive to community need, and federal and state partnerships.

#### **Case study: JINDI CHILD AND FAMILY CENTRE**

Early childhood hubs that are built from strong, genuine partnerships between local providers and community can provide children and their families with access to the right services at the right time. Community-informed and community-led design of place-based hub models not only ensure that services reflect the aspirations of families, but also open opportunity for neighbours to engage in early learning and care systems which can prove a significant support to families within the local community.

One example of a place-based model is Jindi Child and Family Centre in Mernda, a growth area north of Melbourne. Jindi is built from a partnership between BSL, Goodstart Early Learning and local government. Community engagement is a key pillar of the model, with deep engagement of the local community which enables the centre to reflect community aspirations and to find solutions to local issues identified by families. Joined up services provided to families respond to their shared goals, including economic participation, connections and supports for families with a child who has a disability, community prevention of family violence and participation in early learning.

### **Recommendation 5: Support parental workforce participation by investing in accessible and affordable child care, reducing high effective marginal tax rates, and creating flexible job opportunities that accommodate care**

The intersections between employment, social security and care policy often act to limit choices and create ‘poverty traps’ for people experiencing disadvantage, especially women. Insecure work, with its uncertain hours and income, can make it hard to balance work and care, budget effectively and access formal child care.<sup>12</sup>

One of the biggest barriers to workforce participation and economic security for parents, especially mothers, is inadequate access to affordable, quality child care. Child care costs and system complexity create barriers to employment, yet working-age people receiving social security payments are expected to attain paid work.

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<sup>11</sup> Social Ventures Australia, [Happy, healthy and thriving: enhancing the impact of our Integrated Child and Family Centres in Australia](#), March 2023.

<sup>12</sup> D Bowman & S Wickramasinghe, [Trampolines not traps: enabling economic security for single mothers and their children](#), Brotherhood of St. Laurence, Fitzroy, Vic., 2020.

For example, Jess<sup>13</sup>, a 34-year-old mother of three who participated in our [Making ends meet study](#), said:

When our son was born we weren't aware of just how expensive day-care would be, so that was – yeah, that was a really big shock. And then hence I've stopped working to stay at home with the children.

Complex interactions between wages, child care costs and subsidies, social security payments and other family assistance payments often result in high effective marginal tax rates (EMTRs) for single parents and second income earners that influence decisions whether to take on work or more hours. The combined effect can also compromise financial security and lead to debt.

The uneven distribution of care is a significant barrier to women's economic security over the life course, with implications for their wellbeing and the wellbeing of those they care for. The hours that child care is available also tend to be inflexible, restricting the types of jobs and hours parents are able to take on. A qualitative study conducted in Western Sydney found that women often 'trade down', taking on jobs based on the care they can access rather than their capabilities.<sup>14</sup>

Parents will be more likely to participate in the workforce if the enabling conditions exist, such as available child care. However, this must be accompanied by decent jobs: jobs that are inclusive, secure and sustainable with the flexibility to accommodate both unpaid care responsibilities and interactions with the formal child care system. Business and employers can reduce barriers to employment for parents by designing decent jobs and should be encouraged, supported and incentivised to do so by government. Child care is a big part of the solution, but should not be considered the whole solution.

## Recommendation 6: Build a sustainable, high quality and culturally responsive early childhood workforce

Investing in the early childhood workforce must be a priority. One of the biggest challenges in delivering universal, high quality early childhood education will be the recruitment and retention of early childhood workers.

Workforce and skill shortages are currently widespread in early childhood education and care settings, and turnover is high. Pay and conditions remain poor in a predominantly female workforce, and career structures are unclear. Current levels of pay do not reflect the importance of early childhood development, the high levels of responsibility that early childhood workers assume, and the value they contribute to society. BSL supports the Thrive by Five campaign's call for a substantial pay increase for all early childhood educators. We also support the focus area in the 2021 [National Children's Education and Care Workforce Strategy](#) to elevate the professional recognition of the ECEC workforce and strengthen career progression.

Retaining and developing the workforce is critical to ensure that staff have the skills and knowledge to support the developmental of all children, including children with additional needs,

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<sup>13</sup> Name has been changed.

<sup>14</sup> R Cooper & E Hill, [What do women want from work post-pandemic? A qualitative study of women in Western Sydney](#), Gender Equality in Working Life Research Initiative, University of Sydney, 2022.

children with experience of trauma and children from diverse cultural and socioeconomic backgrounds. BSL's interviews with families highlighted turnover of the allied health workforce and the shortage of workers as significant barriers to accessing support for children with developmental delay and/or disability.<sup>15</sup> The measures to build and train the early child care workforce announced in the 2023 Federal Budget are a step in the right direction, but do not go far enough.

An early childhood workforce that reflects diversity across the community is vital. Local career pathways for community members to develop skills and capabilities as early childhood educators could align with the federal Jobs & Skills Summit recommendations. Investment in career pathways for people with lived experience of the diverse experiences children and their families bring to early childhood settings would be a progressive step to strengthen connections and participation.

Workforce planning in the ECEC sector must include a focus on strengthening the cross-cultural responsiveness of mainstream services, including upskilling front-line staff, ensuring cultural safety, developing culturally responsive plans and practice with communities and actively recruiting bicultural workers. BSL's 2019 [submission to Victorian Parliament's Inquiry into Early Childhood Engagement of CALD Communities](#) elaborates the components required to enable this shift.

To build a high-quality, accessible and inclusive system that connects the universal system with broader early childhood supports requires a funded workforce strategy that builds connections between early years staff and specialist staff, allied health staff or prevention programs in the context of place.

#### **Case study: FAMILY LEARNING SUPPORT PROGRAM**

A demonstration project that has been jointly funded by community donors and state government is BSL's Family Learning Support Program. This program assists families living in Melbourne public housing estates to navigate the early years system by employing local community people who understand the cultural and community experiences of these families. Bi-cultural workers bring skills in speaking first language, understanding cultural ways of being and knowing, and can connect with families in their home or a community setting. In this way, they build bridges for families to access early childhood education. BSL invests in training and skill development for the bi-cultural workers, so they have the option of further study and potential employment with early childhood providers. BSL's place based employment pathway model has been trialled in the Home Interaction Program for Parents and Youngsters, Work and Learning Centres and BSL Youth Employment demonstration projects, generating evidence of the value for employers investing in local people and workforce development strategies that engage local businesses (including not-for-profit and private providers).

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<sup>15</sup> The voices of families: experiences of families with children with developmental delay and/or disability, Brotherhood of St. Laurence and Health Issues Centre, 2022 (unpublished).

## Recommendation 7: Further investigate the role of government stewardship and alternative funding or commissioning models to correct the challenges of the market system

A heavily marketised system of early childhood education and care is not leading to the best outcomes for children, or the economy. The challenges of the market system have been well documented:

- **Consumer choice:** As articulated in the *Lifting our game* report of Victoria's Review to Achieve Educational Excellence in Australian Schools through Early Childhood Interventions<sup>16</sup>, early childhood education and care is heavily marketised, but does not operate in a pure market sense. There is no perfectly informed consumer choice, and often choice can be limited by availability, proximity, cost or personal circumstances.
- **Quality:** There are also quality concerns in the current system<sup>17</sup>. For example, in their 2021 article, Morrissey and Moore<sup>18</sup> illustrate how a dominance of commercial child care property interests and complex and conflicting policy and regulatory structures have led to an increase in the siting of ECEC centres on busy roads with no outdoor space, which effectively lowers their quality.
- **Availability:** Current child care policy settings result in thin markets where there are not enough providers to meet demand, and almost none in some regional areas. Comprehensive analysis by the Mitchell Institute in their 2022 *Deserts and oases report* on child care accessibility found that around nine million Australians, or 35% of the population, live in a 'child care desert' where there are more than three children per child care place. Areas of lower socioeconomic status generally have less access to child care. Part of the reason for this may be that the system encourages providers to go where there is lowest risk and greatest reward, rather than where there is greatest need. The Mitchell Institute found there are more child care places in areas where there are higher fees.
- **Inclusivity:** The current system also doesn't always best serve the needs of children with additional needs, including disability or developmental delay. The *Child Care Package Evaluation completed by the Australian Institute of Family Studies* in 2021 found that although all ECEC services are legally required to comply with the *Disability Discrimination Act*, discriminatory practices were occurring for children with additional needs. The additional resources, staff and support required to ensure an ECEC setting is truly inclusive is not always provided, and BSL has heard instances of families being turned away or made to feel

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<sup>16</sup> S Pascoe & D Brennan, *Lifting our game: report of the Review to Achieve Educational Excellence in Australian Schools through Early Childhood Interventions*, Department of Education and Training, Melbourne, 2017.

<sup>17</sup> S Pascoe & D Brennan, *Lifting our game: report of the Review to Achieve Educational Excellence in Australian Schools through Early Childhood Interventions*, Department of Education and Training, Melbourne, 2017.

<sup>18</sup> Morrissey, A & Moore, D, 'In whose best interests? Regulating childcare environments in Australia', *Australian Journal of Early Childhood*, vol. 46, no. 4, 2021.

unwelcome.<sup>19</sup> In the current complaints-based system, the onus is on the family to identify and name breaches of the Disability Discrimination Act. This creates a power imbalance and additional strain for families. Improved stewardship of the system would ensure children and families are not being turned away due to additional complexities or safety concerns, including through stronger quality assurance and compliance frameworks, and appropriate training for early childhood educators.

To achieve an essential service based on a universal entitlement, we need to make sure our ECEC system is delivering high quality, accessible services for all children and families. The market failures of the current system mean that too many miss out.

The Productivity Commission has an opportunity through this inquiry to investigate options for the role of government to play a greater stewardship role to correct the challenges currently experienced in the marketised ECEC system. This could include consideration of a broader suite of levers at government's disposal, including alternative funding and commissioning models (beyond a subsidy model), stronger regulation around quality, greater market facilitation in thin markets, greater emphasis on public, not-for-profit, or blended models of provision, workforce stewardship and improved data collection and information sharing.

## Principles

BSL recommends the following principles guide the development of a more effective and equitable early childhood education and care system:

- **Children at the centre of all policy development, service design and delivery.** The voices and interests of children and their families should be central in all areas of public policy that intersect with children aged 0–8 years. This needs to go beyond consultation to include co-design and engagement in implementation, governance and evaluation. Child-centred frameworks would lead service providers to respond to the voice of children and families, rather than expecting families to navigate and fit within complex service systems. This also means that while there are benefits of ECEC both to child development and parents' workforce participation, we need to make sure that we don't let economic rationales outweigh what is in the best interests of children.
- **Funding to enable community-led design informed by lived experience.** ECEC should be underpinned by place-based, flexible and sustainable funding models that enable communities to design local early years systems, providing the right interventions at the right time from before children are born until they start school.
- **An equitable and accessible system, with a lens of diversity and disability.** Mainstream services need to deeply understand and respond to the aspirations and needs of children and families with diverse lived and living experience – for example, those with diverse cultural and faith backgrounds, those living with disability, families experiencing poverty and financial hardship, LGBTIQ+ families, and people with lived or living experience of trauma.

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<sup>19</sup> The voices of families: experiences of families with children with developmental delay and/or disability, Brotherhood of St. Laurence and Health Issues Centre, 2022 (unpublished).

- **Prioritising First Nations children and their families.** This involves ensuring that there are no gaps for First Nations children in early development, nor in First Nations families and communities supporting their children to thrive.
- **Recognition of individual choices, including the value of care.** Not every family wants or needs the same support at the same time. An inclusive early years system should be tailored, flexible and family-focused. For example, the current employment services system pushes people into work and children into formal care. Child care may not be the appropriate choice for some families, so the role of families as caregivers needs to be supported too.
- **Integrated service models should be the rule, not the exception.** Integration at a policy level that enables service integration on the ground is a priority. Too often integrated service models are halted due to lack of alignment and/or decision-making processes being controlled centrally by government rather than shared with local communities.
- **National consistency and coordination between jurisdictions.** Presently, some states are racing ahead, but without a consistent approach. Variable service access, eligibility criteria and reporting requirements across state and federal systems add complexity and make it harder to integrate services. Families should be able to move anywhere in Australia and continue to access support.

**For further information or to discuss this submission, please contact:**

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