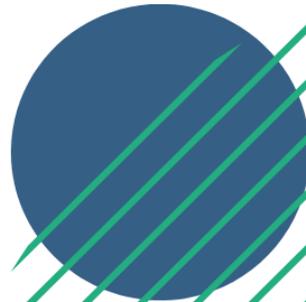




**Children First**  
Alliance

# 2021-2022 PRE-BUDGET SUBMISSION





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## About the Alliance

The ACT Children First Alliance (the Alliance) is a network of longstanding for purpose providers of children’s service in the Australian Capital Territory (ACT), including early learning centres (ELCs), family day care, preschool and outside school hours care.

There is a significant body of research that demonstrates the importance of Early Childhood Education and Care (ECEC) on a child’s social, emotional, educational and economic wellbeing across the lifespan. Despite this, more than one in five ACT children were developmentally vulnerable when entering school. The Alliance was established to develop and communicate a shared vision for ECEC in the ACT and to ensure that all children have access to ECEC.

The eight community ECEC providers that make up this Alliance operate 42 ELCs. Together these ELCs provide over 3,400 places to children. The Alliance has eight Founding Members:

- Anglicare NSW South, NSW West & ACT
- Capital Region Community Services
- Communities@Work
- Community Services #1
- Goodstart Early Learning ACT
- Woden Community Service
- YMCA Canberra
- YWCA Canberra



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## Investing in early childhood education and care is investing in Canberra's future

The early years are critical for children because during these years children experience the most rapid period of growth and change across the human lifespan.<sup>1</sup>

Quality Early education and care (ECEC) develops lifelong skills, resilience and well-being that can immunise against future disadvantage and harm. Greater exposure to quality ECEC enhances the employment and economic prospects of children when they become adults. As the aging population doubles as a percentage of population over the next 40 years and the income producing workforce reduces, the economic importance of greater investment in education in the early years cannot be overstated. Put simply, high quality ECEC makes a significant and lasting impact on children throughout their lives, resulting in them being more likely to succeed in education, economically and socially.

As not-for-profit providers of ECEC, Alliance members are proud to partner with the Government in delivering the Universal access to ECEC for three-year-old children program to ensure the long-term aim that all children have access to quality ECEC is realised. Ensuring is sustainable for families and services will ensure that all children across Canberra can experience the benefits of ECEC. The majority of families attending Alliance members services also supports this with 80 per cent supporting the extension of free Government preschool to three-year-old children in the ACT.

This investment in providing access to three-year-old children to ECEC contributes directly to the ACT's Wellbeing Framework, 'Education and life-long learning' domain. This domain focuses on "tracking the quality of access to early childhood education in the years before pre-school".<sup>2</sup>

The increased focus on families accessing ECEC across the country, has once again shown a spotlight on the importance early childhood learning. While this conversation is important, a focus must also be on the ECEC workforce and the need for greater investment.

A strong qualified workforce is essential to delivering quality ECEC. High quality ECEC services have a significant impact on children, throughout their lives. A literature review on determinants of quality in child-care found that, overall, the most influential factors affecting quality, across age groups and service settings, are the education, qualifications, and training of the workforce.<sup>3</sup>

A survey of parents with children attending Alliance members ECEC services found that the majority of parents (84%) saw their child's educator as a trusted source of knowledge about their child's development and wellbeing.

The survey also highlighted that early childhood educators play an essential role in parents attitudes towards their child's early learning centre. The majority of parents identified staff and educators as the best thing about their child's early learning centre. Themes identified in the survey included, the

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<sup>1</sup> Van Leer, B. (2006). *A Guide to General Comment 7: 'Implementing Child Rights in Early Childhood'*. UNICEF: United Nations.

<sup>2</sup> [https://www.act.gov.au/\\_\\_data/assets/pdf\\_file/0004/1498198/ACT-wellbeing-framework.pdf](https://www.act.gov.au/__data/assets/pdf_file/0004/1498198/ACT-wellbeing-framework.pdf)

<sup>3</sup> Huntsman, L. (2008). *Determinants of quality in childcare: A review of the research evidence*. NSW Department of Community Services, Centre for Parenting & Research: Sydney



trust of staff with children, the caring nature of staff, stability of staff in early learning centre and communication.

Early childhood educators are some of the most vital workers in the country. Their valuable contribution to our children lives and our communities needs to be recognised. Investing in our early childhood educators has never been more important. As a community, now is the time to be demonstrating how much we value our educators and the important work they do.

The policies outlined in this Pre-Budget Submission are vital to ensure that the ACT has a strong quality ECEC sector that prepares our children for the future in school and beyond. Two areas have been identified for immediate action:

1. Valuing and recognising early childhood educators by investing in professional development
2. Ensuring sustainability by increasing funding for the Universal access to ECEC to three-year-old children



## Recommendations

### *Value and recognise early childhood educators by investing in professional development*

1. Invest \$800,000 a year for an ACT Early Childhood Educators Professional Development Fund to support the ongoing need for professional development in the ECEC sector.
2. Reinstate Certificate III for Early Childhood Education and Care in the 2021 Skilled Capital List
3. Provide registration under the Teacher Quality Institute (TQI) for ECTs working in ELCs in the ACT

### *Support all children in Canberra to access and engage in early childhood education and care*

4. Fund the universal access to ECEC for three-year-old children program recognising the sector operates on a daily sessional fee, with a daily session fee based on the 2020 ROGS ACT average fee of \$119.00 per session.<sup>4</sup>
5. Include a contract management fee of 15% to recover additional compliance and reporting requirements above the ECEC sector standard compliance reporting.
6. Invest in flexible funding models of transport so children experiencing disadvantage can access their local early learning centre.
7. Support the ACT Regional Community Service Organisations proposal for the investment in a pilot project for the development of family orientated community transport.

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<sup>4</sup> Based on 2021 ROGS data, Table 3A.22, Median weekly cost of 50 hours of Australian Government CCS approved child care services, by selected service types, 2019-20 dollars (a), (b), (c), (d)



## Value and recognise early childhood educators by investing in professional development

A strong qualified workforce is essential to delivering quality Early Childhood Education and Care services. High quality early childhood education and care services make a significant impact on children, throughout their lives.

Access to ongoing professional development is key to ensuring that the Early Childhood Education and Care workforce is supported. This is important to both covering the expenses of the professional development opportunity and backfilling positions so that educators and teachers can be released to access professional development.

Despite the importance of professional development, funding for professional development for ECEC professionals in Australia has lapsed, with no plan for further policy development or support. The Australian Government *Early Childhood Education and Care Workforce Strategy for Australia 2012–2016* expired in 2016 and is only now a new Strategy is being developed.<sup>5</sup> Two Australian Government sources of funding for professional development: the *Professional Support Coordinators (PSC)* and the *Long Day Care Professional Development Program (LDCPDP)* also ceased in 2016 and 2017 respectively.

The ACT Government's *Set up for Success: An Early Childhood Strategy for the ACT*, which includes a key foundation area of 'Valuing educators, values children'. The Strategy includes a range of actions that focus on supporting the ECEC workforce.

The ACT Government provides eight \$25,000 scholarships under the 2021 Early Childhood Degree Scholarship Program. This Program provides eight individuals who are working in the ACT non-government education and care sector financial assistance to gain an approved early childhood degree qualification.<sup>6</sup> However there is no funding available for educators or teachers to access other forms of professional development or leave for study release to access professional development.

Investing in professional development opportunities for early childhood educators across Canberra will demonstrate their value and contribution to the community. Access to ongoing professional development is key to ensuring that early childhood educators are supported

### 1. Early Childhood Educators Professional Development Fund

Professional Development for educators is vital to ensuring that ECEC is high quality and results in outcomes that prepare children for school and beyond. In particular, research has drawn a direct link between the quality of teachers and educators and positive outcomes for children. Professor Edward Melhuish, a world leading expert on ECEC, indicated that an effective and efficient way to improve the quality of ECEC is to provide in-house professional development to educators.<sup>7</sup>

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<sup>5</sup> Australian Government Department of Ageing (2012) Early Years Workforce Strategy, <https://docs.education.gov.au/node/2918>

<sup>6</sup> ACT Education (2020). Website: Early Childhood Degree Scholarship Program, <https://www.education.act.gov.au/early-childhood/information-for-businesses-and-employees/careers-and-training>

<sup>7</sup> Professor Melhuish presentation to ACT Members of The Legislative Assembly, 6 October 2017



During the 2020 ACT Election, the Government announced that “ACT Labor will invest in local educators, supporting more people to get a degree qualification and ensure educators have access to professional development.”<sup>8</sup>

There are currently 356 centre-based ECEC services in the ACT.<sup>9</sup> A grants program for professional development and support for leave for study release should be established by the ACT Government. Funding for professional development opportunities that support children experiencing disadvantage, Aboriginal and Torres Strait Islander children and other marginalised groups should be prioritised. There is also a need for professional development for trauma-informed practice to better support children experiencing trauma or neglect. The program could offer grants up to \$8,000 per annum per centre, reaching at least 100 services per year. This funding will support ECEC’s to access the necessary skills to provide this training to their staff and to backfill positions while staff are accessing this professional development.

Recommendation:

1. Invest \$800,000 a year for an ACT Early Childhood Educators Professional Development Fund to support the ongoing need for professional development in the ECEC sector.

## 2. Early Childhood Education and Care included in the 2021 Skilled Capital List

As not-for profit providers of ECEC in the ACT, we rely heavily on Government subsidised opportunities for the purpose of training and professional development of our early childhood educators. In the past this funding has been made available through Skilled Capital and has provided our educators with the opportunity to undertake affordable training and professional development. Affordability is essential given that our sector is one of the lowest paid professions in the country.

*Certificate III in Early Childhood Education and Care* was not included in the *May 2021 Qualification and Skill Sets List*. This is the second year the Cert III in ECEC has not been included. The exclusion of this course from the list will significantly increase the students out of pocket costs to access these courses, which are mandatory minimum required for educators in early learning centres.

It is well documented that the ECEC sector is experiencing a skills shortage. This skills shortage has been acknowledged by ACT Government with both the Certificate III and Diploma in ECEC listed on the *Draft ACT Skills Needs List 2021 for industry consultation*. The purpose of this list is to identify the skills needed within the ACT and inform funding priorities at a qualification level for vocational education and training. The omission of Certificate III in ECEC from the *May 2021 Qualification and Skill Sets List* will only exacerbate the skills shortages in the ECEC sector.

Evidence has shown the most influential factors affecting quality in ECEC across age groups and service settings, are education, qualifications and training of the workforce.<sup>10</sup> The omission of Certificate III in ECEC from the current Skills List goes against the importance placed on the ECEC

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<sup>8</sup> <https://www.actlabor.org.au/blog/act-election-announcements/free-early-learning-for-every-three-year-old-child/>

<sup>9</sup> [https://www.acecqa.gov.au/sites/default/files/2021-02/NQFSnapshot\\_Q4Dec2020\\_0.pdf](https://www.acecqa.gov.au/sites/default/files/2021-02/NQFSnapshot_Q4Dec2020_0.pdf)

<sup>10</sup> Huntsman, L. (2008). *Determinants of quality in childcare: A review of the research evidence*. NSW Department of Community Services, Centre for Parenting & Research: Sydney



workforce within the Government's Strategy. It is crucial that the ACT Government reverse the decision to omit the Certificate III in ECEC from the approved funded list, so we can support those in our community that want a career in early childhood education.

Recommendation:

2. Reinstate Certificate III for Early Childhood Education and Care in the 2021 Skilled Capital List

### 3. Teacher Quality Institute (TQI) for ECTs working in ELCs in the ACT

A NSW Government literature review of *Early Childhood Education Workforce issues in Australian and international contexts* found that early childhood educators earn below the general workforce average and early childhood teachers often have substantially worse pay and conditions compared with primary school teachers.<sup>11</sup> This is particularly the case for Early Childhood Teachers (ECTs) working in an Early Learning Centre (ELCs), as they generally offer lower salaries, longer hours and fewer holidays.<sup>12</sup> There is a mismatch between the pay and conditions available in the sector, and the work skills and qualifications required.

In the ACT there is no requirement for ECTs working in a preschool not attached to a school to be registered under the Teacher Quality Institute (TQI). This means that ECTs working in ELCs in the ACT are unable to be professionally registered. This leaves ECTs working in the ACT at a disadvantage to their New South Wales (NSW) counterparts. In NSW registration is a requirement for ECTs working in an approved centre-based setting to be accredited under the NSW Education Standards Authority.<sup>13</sup>

This lack of registration is an issue for ELCs across the ACT in attracting ECTs, as they are more inclined to work in a school-based setting in the ACT or in an ELC in NSW where registration is required.

The lack of registration will continue to put pressure on ECEC in the ACT with the National Quality Framework (NQF) requirement to have two ECTs for services with more than 60 children by 2020.<sup>14</sup> This is a concern when we know ECTs are choosing to work elsewhere. Registration for ECTs would require support from the Government to ensure ongoing professional development. Providing the opportunity for ECTs working in ELCs to be registered also demonstrates that level of value and respect we place on their work.

Recommendation:

3. Provide registration under the Teacher Quality Institute (TQI) for ECTs working in ELCs in the ACT

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<sup>11</sup> Ibid

<sup>12</sup> Ibid

<sup>13</sup> Australian Children's Education and Quality Care Accreditation (2018) Early childhood teacher registration and accreditation. Available from: <https://www.acecqa.gov.au/qualifications/early-childhood-teacher-registration-and-accreditation>

<sup>14</sup> ACECQA (2019). Website: Qualifications for centre-based services with children preschool age or under . Retrieved from: <https://www.acecqa.gov.au/qualifications/requirements/children-preschool-age-or-under>



## Support all children in Canberra to access and engage in early childhood education and care

Several international studies have demonstrated the benefits of two years of quality preschool for lifting the outcomes of all children, particularly for children who are developmentally vulnerable.<sup>15 16</sup>

The benefits to accessing ECEC for children experiencing disadvantage are most apparent for children accessing 30 hours of ECEC per week.<sup>17</sup> However, children experiencing disadvantage are often less likely to access ECEC. Currently in the Australian Capital Territory (ACT), more than one in five children start school developmentally vulnerable. This is concerning because children who enter school developmentally vulnerable often fail to catch up, with 10 per cent remaining behind through middle school years.<sup>18</sup> Two years of preschool provides greater benefits for children experiencing disadvantage for whom one year of preschool may not be enough to close the achievement gaps.<sup>19</sup>

### 1. Funding for the Universal access to ECEC to three-year-old children

The original funding for the program at the hourly rate of \$11.18 for a sessional period of 7.5 per day for 40 weeks per year is not sufficient in sustaining the program into the future. It is understood that the funded rate for the program was informed by modelling prepared by Deloitte based on the Report on Government Services (RoGS) 2019 figures for the average cost per hour for children attending ECEC in the ACT and adjusted down on an assumption that the cost for delivery of 0-2 years is higher than 3-year-old preschool.

This rate is below the current Child Care Subsidy (CCS) maximum hourly fee cap for children below school age, that is applied nationally as a 10-hour sessional daily fee. A formula that was recommended by the Productivity Commission and continues to be applied by the Federal Department of Education for all approved CCS providers. Assumption that parents/care givers would apply for CCS to top up hours of care for the 2.5-hour daily gap has not been consistently available.

Lessons from the first 12 months have demonstrated that appropriately funding the program is crucial in ensuring its longevity. The implementation of the program has resulted in additional resource requirements such as:

- Increased compliance activity obligations;
- Workforce planning;
- Increase staff hours off the floor to participate in community of practice and transition processes; and
- Professional development needs for staff.

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<sup>15</sup> Gormley, W, Phillips, D & Gayer, T (2008). Preschool Programs Can Boost School Readiness. *Science*, vol. 320, no. 5884, pp. 1723-4.

<sup>16</sup> Yoshikawa, H, Weiland, C, Brooks-Gunn, J, Burchinal, M, Espinosa, LM, Gormley, WT, Ludwig, J, Magnuson, KA, Phillips, D & J., Z (2013). *Investing in Our Future: The Evidence Base on Preschool Education*, Society for Research in Child Development and Foundation for Child Development.

<sup>17</sup> Fox, S and Geddes, M. (2016). *Preschool - Two Years are Better Than One: Developing a Preschool Program for Australian 3 Year Olds – Evidence, Policy and Implementation*. Mitchell Institute: Melbourne.

<sup>18</sup> Lamb, S, Jackson, J, Walstab, A & Huo, S (2015), Educational opportunity in Australia 2015: Who succeeds and who misses out, Centre for International Research on Education Systems, Victoria University, for the Mitchell Institute, Melbourne: Mitchell Institute.

<sup>19</sup> Fox, S and Geddes, M. (2016). *Preschool - Two Years are Better Than One: Developing a Preschool Program for Australian 3 Year Olds – Evidence, Policy and Implementation*, Mitchell Institute Policy Paper No. 03/2016. Mitchell Institute, Melbourne. Available from: [www.mitchellinstitute.org.au](http://www.mitchellinstitute.org.au)



The Alliance acknowledges that these project requirements are important in ensuring the provision of quality education and care. Over the course of the first 12 months of the program Alliance members have experienced inconsistencies in the advice provided in relation to the administrative requirements. These inconsistencies make it difficult for service providers to determine what additional resources are needed in implementing the program.

Adjusting the current funding model with the latest ROGS data that indicated that the median weekly cost for ECEC in the ACT for 2019-20 was \$595,<sup>20</sup> equating to \$11.91 per hour or \$119 per session (10 hours), would bring the program closer in line with the national funded CCS model. This will allow for services to deliver quality education and care while also having adequate support to undertake the administration requirements, workforce planning, support staff undertake professional development and complete the increased compliance activities.

Funding the program at a daily session mitigates the risk of insufficient providers participating in the program due to diversity in the sectors operational environment. This includes but not limited to size and licence number of a service, location (city/suburb), lease or owner-occupied centres, commercial/community tenancy conditions. The diversity of the not-for-profit sector and assumptions that all services can cover operational expense at the current rate may work in a large peppercorn lease service, however in may not cover operating expenses in a small service with limited places or commercial rental arrangements. Taking three-year-old places off line for this program would likely result in an increase in fees for parent/carer funded places to subsidise the gap.

The Alliance's *Position Paper: Ensuring sustainability of the universal access to ECEC for three-year-old children program* is at Appendix A. This Position Paper outlines in detail a proposed funding model for the program.

Recommendations:

4. Fund the universal access to ECEC for three-year-old children program recognising the sector operates on a daily sessional fee, with a daily session fee based on the 2020 ROGS ACT average fee of \$119.00 per session.<sup>21</sup>
5. Include a contract management fee of 15% to recover additional compliance and reporting requirements above the ECEC sector standard compliance reporting.

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<sup>20</sup> ROGS (2021) data, Table 3A.22, Median weekly cost of 50 hours of Australian Government CCS approved child care services, by selected service types, 2019-20 dollars (a), (b), (c), (d)

<sup>21</sup> Based on 2021 ROGS data, Table 3A.22, Median weekly cost of 50 hours of Australian Government CCS approved child care services, by selected service types, 2019-20 dollars (a), (b), (c), (d)



## 2. Support families experiencing transport disadvantage to access ECEC

There are several barriers to children and families accessing ECEC, including challenges getting to and from centres, limited access to specialist supports for children with additional needs, complex paperwork and enrolment processes, lack of trust and access and availability.<sup>22</sup>

Early Learning Centres (ELCs) can be best placed to identify early learning or health issues, provide information on strategies to support early learning at home, build supportive relationships with families who aren't engaging with other services and connect families with other support services.<sup>23</sup> Engaging children and families who experience disadvantage in ECEC requires ELCs to be linked in with their communities and with services that can provide additional support.

The Preschool Readiness Program (PRP) in Alice Springs is an example of a program designed to address barriers to participation in preschool for Aboriginal and Torres Strait Islander families. The PRP involved finding and connecting families with health and education providers to enhance the child's wellbeing and participation in preschool.<sup>24</sup> The evaluation of the PRP found that it was effective in increasing the number of children participating in preschool and supported continuing attendance. Key findings from the evaluation found that the PRP was able to offer practical support such as transport and clothing for children as well as long-term, relationship-based support to help sustain ongoing participation with families.<sup>25</sup>

Accessing ECEC has been identified as a barrier to engaging in ECEC. The Regional community organisations across Canberra have identified community transport as an area that needs addressing in order to support families and children experiencing disadvantage. The Education Directorate has also identified this as an area of need based on the feedback from families and ECEC services as part of the three-year-old initiative. Providing flexible and tailored transport options to families experiencing disadvantage so they can get to and from their early learning centre within their community will provide additional support that is needed.

The investment in flexible funding models to allow organisations to tailor transport needs for each family will assist in families and children experiencing disadvantage engage in ECEC across Canberra.

The five ACT Regional Community Service Organisations are reporting an increase in families requiring support for community transport. This support includes assistance in accessing health services, social groups, schools and early childhood education and care (ECEC).

Current eligibility criteria under existing programs provide limited community transport options for suitable for families. Community transport vehicles are also limited in having the correct car seats required for transporting children and the space to transport both the parent/s or carer and the children.

Developing an innovative and flexible community transport option designed to support families would contribute to achieving numerous goals across the ACT Government. Creating family oriented

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<sup>22</sup> O'Connell M, Fox S, Hinz B and Cole H (2016). *Quality Education for All: Fostering creative, entrepreneurial, resilient and capable learners*. Mitchell Institute: Melbourne.

<sup>23</sup> Ibid

<sup>24</sup> Fox, S and Geddes, M. (2016). *Preschool - Two Years are Better Than One: Developing a Preschool Program for Australian 3 Year Olds – Evidence, Policy and Implementation*. Mitchell Institute: Melbourne.

<sup>25</sup> Ibid



community transport contributes to a range of Government strategies, such as the *First 1000 days Strategy*, *Future of Education Strategy*, *A Step Up for Our Kids Out of Home Care Strategy 2015-2020*, and *Set up for Success: An Early Childhood Strategy for the ACT*. Family oriented community transport also supports families currently accessing or trying to access Government funded programs such as Universal Access to ECEC for three-year-old children, services through the Child and Family Centres and Out of Home Care.

The ACT Regional Community Service Organisation has submitted to Government a proposal for a pilot project for the development of family orientated community transport. A pilot project would support families to access a range of services in their community including ECEC.

Recommendation:

6. Invest in flexible funding models of transport so children experiencing disadvantage can access their local early learning centre.
7. Support the ACT Regional Community Service Organisations proposal for the investment in a pilot project for the development of family orientated community transport.

## Appendix A: Position Paper: Ensuring sustainability of the universal access to ECEC for three-year-old children program

### Key points

- The Alliance recognises the actions taken in the early years of a child’s life can have lasting impacts throughout their lives.
- Alliance members are proud to partner with the Government in delivering this program to ensure the long-term aim that all children have access to quality ECEC is realised.
- Lessons from the first 12 months have demonstrated that appropriately funding the program is crucial in ensuring its longevity.
- The original funding for the program at the hourly rate of \$11.18 for a hourly period of 7.5 per day for 40 weeks per year is not sufficient in sustaining the program into the future.
- The Alliance welcomes the Government announcement to extend the funding for the program to 48 weeks per year.
- To ensure the sustainability of the program for both families and the ECEC sector the Alliance is proposing to adjust the funding to a daily sessional fee based on the 2020 ROGS ACT average fee of \$119.00 per session.<sup>a</sup>

### Introduction

The Alliance recognises the actions taken in the early years of a child’s life can have lasting impacts throughout their lives. Access to quality early childhood education and care (ECEC) improves outcomes for children, with the impact being greater for children who are experiencing disadvantage.<sup>i</sup> Several international studies have demonstrated the benefits of two years of quality preschool for lifting the outcomes of all children, particularly for children who are developmentally vulnerable.<sup>ii iii</sup>

Extending this program will ensure that all children across Canberra can experience the benefits of ECEC. The majority of families attending Alliance members services also supports this with 80 per cent supporting the extension of free Government preschool to three-year-old children in the ACT.

As not-for-profit providers of ECEC, Alliance members are proud to partner with the Government in delivering this program to ensure the long-term aim that all children have access to quality ECEC is realised. This paper outlines the Alliances position on the sustainability of the universal access to ECEC for three-year-old children. This paper provides an overview of the current environment and outlines the funding position of Alliance members.

### Policy setting

In July 2018, the ACT Government announced that it has “set a goal of 15 hours per week, 600 hours per year of free, universal quality early childhood education for three-year-old children as a key part

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<sup>a</sup> Based on 2021 ROGS data, Table 3A.22, Median weekly cost of 50 hours of Australian Government CCS approved child care services, by selected service types, 2019-20 dollars (a), (b), (c), (d)

of the ACT Early Childhood Strategy.” The announcement included an in-principle commitment that “progressively every three-year-old child in the ACT has access to free, high quality early childhood education.”<sup>iv</sup>

In the 2019-20 ACT Budget, funding was allocated for a new *ACT Early Childhood Strategy*. The Budget papers stated that “The strategy will include a program of transitioning to free universal access for three-year-olds to quality early childhood education and care already foreshadowed by the ACT Government. This initiative will commence in 2020 targeting children experiencing vulnerability in Canberra and all Aboriginal and Torres Strait Islander three-year olds.”<sup>v</sup>

### *Set up for Success: An Early Childhood Strategy for the ACT*

In October 2020, the ACT Government released the *Set up for Success: An Early Childhood Strategy for the ACT* (Early Childhood Strategy). The following are the actions relating to the first phase of the implementation of universal access to ECEC for three-year-old children in the Early Childhood Strategy.

First phase – years one to two	
Targeted access to preschool for three-year-old children for 2020/2021	Ensure access to 15 hours per week of quality education and care for up to 500 three year-olds, prioritising children and families most in need, in services in partnership with public schools
Provide 100 places in the Koori Preschool program for three-year olds from 2020	Provide 15 hours per week of Koori Preschool for 100 three-year-old Aboriginal and Torres Strait Islander children.
Scope universal access to early childhood education for three year-old children	Undertake preparatory work such as modelling, regulatory design and infrastructure enhancement to enable phased delivery of universal access to preschool for three-year olds, within the constraints of the available budget and sector capacity. Plan for the inclusion of parenting programs as part of the partnership to deliver universal access to preschool for three-year-olds.

Note: This paper is not addressing actions relating to Koori Preschool. Any actions addressing the Koori Preschool program need to be implemented in conjunction with Aboriginal and Torres Strait Islander peoples, communities, and services.

### *ACT Election*

The recent ACT Election saw the three major political parties make announcements and commitment to extend universal access to ECEC for three-year-old children. Each commitment is outlined in the table below:

ACT Labor	“Every three year old child in Canberra will have access to one day a week of free early learning by the end of the next term of government.” <sup>vi</sup>
ACT Greens	Accelerating the roll out of 15 hours a week of universal early childhood education for all 3 year olds in the ACT by the 2021 school year  Whilst the current ACT Government has a plan for universal access for 3 year olds, their phase in approach is currently only providing education for a small number of children. We also understand that the formula being used was not the one

	<p>recommended by the Productivity Commission, thereby resulting in some centres not even participating in the trial.</p> <p>That is why we will work with providers and use advice from the Productivity Commission to accelerate the roll out of 15 hours a week of universal early childhood education for all 3 year olds in the ACT by the 2021 school year.</p> <p>This will enable more workforce participation for all parents of 3 year olds, which we know will help families, help children and help the local economy.</p>
Canberra Liberals	<p>The Canberra Liberals will work with both government and non-government providers of early childhood education to ensure that every child, regardless of the centre they attend, can have the best possible start in life with free access to early learning education for three years olds. The research clearly shows that investment in early education creates a strong foundation for a child’s development. A Canberra Liberals government will work with the early education sector and the Commonwealth Government over the term to ensure all three-year old’s have access to one day a week free early education.<sup>vii</sup></p>

### *Not-for-profit ECEC providers role in the program*

Since early 2020, Alliance members have been implementing the universal access to three-year old children, with the priority of children experiencing disadvantage. Alliance members recognise the importance of providing two years of preschool, we know that two years of preschool have the greatest impact on child outcomes.<sup>viii</sup>

When the program was originally announced Minister Berry stated “Just as with school education, early childhood education needs to be focused on helping each child to gain a strong start with government funding flowing to the greatest extent to achieving learning and development. For this reason, the government will be shaping the design of this policy around a non-commercial model in the same way we approach school education.”<sup>ix</sup> This highlighting the importance the Government places on the not-for-profit ECEC sector in the ACT.

The Government's decision to shift the risk of service delivery to the not-for-profit sector requires the sector funding model to be sufficient to mitigate the risk in our assurance in the provision of quality early children's educational outcomes.

## Ensuring sustainability in providing ECEC to three-year-old children

Ensuring universal access to ECEC for three-year-old children is sustainable is a priority for the Alliance. After the first year of the program being implemented, the Alliance has identified areas for action to address the program's sustainability. These are outlined below.

### *1. Fund the program to support not-for-profit providers deliver quality ECEC*

The original funding for the program at the hourly rate of \$11.18 for a sessional period of 7.5 per day for 40 weeks per year is not sufficient in sustaining the program into the future. It is understood that the funded rate for the program was informed by modelling prepared by Deloitte based on the Report on Government Services (RoGS) 2019 figures for the average cost per hour for children attending ECEC in the ACT and adjusted down on an assumption that the cost for delivery of 0-2 years is higher than 3-year-old preschool.

This rate is below the current Child Care Subsidy (CCS) maximum hourly fee cap for children below school age, that is applied nationally as a 10-hour sessional daily fee. A formula that was recommended by the Productivity Commission and continues to be applied by the Federal Department of Education for all approved CCS providers. Assumption that parents/care givers would apply for CCS to top up hours of care for the 2.5-hour daily gap has not been consistently available.

Lessons from the first 12 months have demonstrated that appropriately funding the program is crucial in ensuring its longevity. The implementation of the program has resulted in additional resource requirements such as:

- Increased compliance activity obligations;
- Workforce planning;
- Increase staff hours off the floor to participate in community of practice and transition processes; and
- Professional development needs for staff.

The Alliance acknowledges that these project requirements are important in ensuring the provision of quality education and care. Over the course of the first 12 months of the program Alliance members have experienced inconsistencies in the advice provided in relation to the administrative requirements. These inconsistencies make it difficult for service providers to determine what additional resources are needed in implementing the program.

As a result of being part of the program, Alliance members have also participated in professional development opportunities. This is welcomed by members as it is has acknowledged by Government and service providers that supporting educators involved in delivering the program is crucial.

Adjusting the current funding model with the latest ROGS data that indicated that the median weekly cost for ECEC in the ACT for 2019-20 was \$595, <sup>x</sup> equating to \$11.91 per hour or \$119 per session (10 hours), would bring the program closer in line with the national funded CCS model. This will allow for services to deliver quality education and care while also having adequate support to undertake the administration requirements, workforce planning, support staff undertake professional development and complete the increased compliance activities.

Funding the program at a daily session mitigates the risk of insufficient providers participating in the program due to diversity in the sectors operational environment. This includes but not limited to size and licence number of a service, location (city/suburb), lease or owner-occupied centres, commercial/community tenancy conditions. The diversity of the not-for-profit sector and assumptions that all services can cover operational expense at the current rate may work in a large peppercorn lease service, however in may not cover operating expenses in a small service with limited places or commercial rental arrangements. Taking three-year-old places off line for this program would likely result in an increase in fees for parent/carer funded places to subsidise the gap.

The other issue in relation to population growth and future available places is that not-for-profit providers are likely not to operate ECEC in new suburbs or new building developments in established suburbs. The commercial tenders and land available for building new early learning centres (ELC) is prohibitive for the not-for-profit sector to compete with the large commercial operators. There will continue to be a decline of not-for-profit provides operating in ELEC in the ACT.

## *2. Fund the program so it is sustainable within an early learning centre*

The current program is funded on the basis that is it being delivered in a school setting; however, the program is being delivered within early learning centres (long day care setting). This is challenging for services providers and will become more challenging as more children enter the program. There are already limitations on the not-for-profit sector now, in providing 500 places at a below the CCS rate and current daily sessional fee. As the program becomes universal and projected population growth in the ACT, it is beyond a reasonable expectation that the not-for-profit providers can subsidise the required number of places into the future.

The original funding provisions provide for 40 weeks per year and 7.5 hours per day, with this being expanded to 48 weeks announced in the 2020-21 ACT Budget.<sup>xi</sup> However, Alliance members early learning centres operate on an average of 51 weeks each year and provide education and care as a daily sessional rate at a minimum of 10 hours a day. While ratio requirements are higher for three-year-old children, the qualifications of employees and salary is higher for preschool degree qualified employees. There is no material reduction in costs for 3- to 5-year-old children in an early learning centre.

Given the program is being implemented by not-for-profit ECEC providers in early learning centres, this funding model results in significant funding gaps such as:

- School holiday periods are not funded.
- Services are providing education and care for more than the funded specified hours.
- The additional compliance and reporting requirements are over and above standard reporting requirements.
- The sector operates a fee model that is a daily sessional rate, not a per hour rate.
- The current funding offered by the Education Directorate (ETD) is significantly below market rate and will restrict growth of number of children able to access three-year-old preschool.
- There is no consideration in the funding model to build in innovation in pedagogy and investment in the infrastructure and capital expenditure to maintain quality ECEC facilitates.

Alliance members priority is ensuring that all children have access to quality ECEC. This has resulted in not-for-profit providers providing education and care for children in the program for up to 51 weeks of the year and up to 10 hours per day, despite not being provided the funding to do so.

The funding model does not allow for sustainable employment terms and conditions for employees and does not provide funding to meet employment obligations as required under the *Secure Local Jobs Code* or the *Childrens Services Modern Award*. The sectors main competitor for degree qualified preschool employees is the ETD. A key workforce issue for the sector is not being able to meet the same remuneration and terms and conditions available to preschool teachers in the in the primary school system. Consideration for long term sustainability of the ELEC sector needs to acknowledge and address the issue of equal pay for equal work.

As the program continues to grow and more children participate, it will be become increasingly difficult for not-for-profit providers to subsidise the current funding gaps. Ensuring that the funding model is compatible to an early learning centre setting is crucial for the sustainability of the program.

### *Funding Position*

The below funding model offers value for money for ETD. It is inclusive of the infrastructure, educational resources and workforce development required to deliver quality three-year-old ECEC and most importantly deliver the projected growth in children participating and the not-for-profit sector delivering preschool education. The current funding model must include standard costs built into a contract for fee for service in outsourcing the delivery of three-year-old preschool.

1. Fund the universal access to ECEC for three-year-old children program recognising the sector operates on a daily sessional fee, with a daily session fee based on the 2020 ROGS ACT average fee of \$119.00 per session.<sup>b</sup>
2. Include a contract management fee of 15% to recover additional compliance and reporting requirements above the ECEC sector standard compliance reporting.

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<sup>b</sup> Based on 2021 ROGS data, Table 3A.22, Median weekly cost of 50 hours of Australian Government CCS approved child care services, by selected service types, 2019-20 dollars (a), (b), (c), (d)

## Appendix

The following table outlines the Alliance's funding position based on the option presented in this paper. The figures used to inform these funding options are from the 2021 ROGS report on the median weekly cost of 50 hours of Australian Government CCS approved child care services.<sup>xii</sup>

Number of sessions per child @ 48 weeks per	Annual fee @ \$119 per session per child	15% management fee	Total cost per child per year
96	\$11,424	\$1,713.6	\$13,137.6

## About the Alliance

The ACT Children First Alliance (the Alliance) is a network of longstanding for purpose providers of children's service in the Australian Capital Territory (ACT), including early learning centres (ELCs), family day care, preschool, and outside school hours care. The Alliance was established to develop and communicate a shared vision for ECEC in the ACT and to ensure that all children have access to ECEC. The eight community ECEC providers that make up this Alliance operate 43 ELCs. Together these ELCs provide over 3,400 places to children. The Alliance has nine Founding Members:

- Anglicare NSW South, NSW West & ACT
- Capital Region Community Services
- Communities@Work
- Community Services #1
- Goodstart Early Learning ACT
- Woden Community Service
- YMCA Canberra
- YWCA Canberra

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