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Social Ventures Australia response to the Productivity Commission draft report into Early Childhood Education and Care

Social Ventures Australia (SVA) welcomes the Productivity Commission draft report (the Report) on this inquiry into Early Childhood Education and Care (ECEC) and the opportunity to make comment at this stage.

We applaud the Productivity Commission's commitment to ensuring all children have an entitlement to ECEC, and the supporting recommendations to improve access and participation to ECEC to children and families who face additional disadvantage. This focus is critical to create the conditions for all children's formative development and must continue to form the central anchor for the Government in adopting these recommendations and the partners and communities who participate in their implementation.

Our perspective is informed by our own focus on three drivers of better outcomes for children experiencing vulnerabilities: 1) access to and participation in the right *combination* (or 'stacking') of high quality supports, 2) *integration* of services and 3) *mobilisation* of evidence of what works to improve practice.

Building from our [previous submission](#), in this response we share insights and evidence from our work in service of the Productivity Commission's goal of improving access and beneficial outcomes to children experiencing disadvantage. We have focussed on the need to:

- 1. Prioritise and accelerate action to improve equity in the system**
- 2. Increase investment in and support for integrated child and family services**
- 3. Increase support for not-for-profits to deliver ECEC**
- 4. Governance and stewardship**
- 5. Professional development for the ECEC workforce**

We are pleased to note the Commission's consideration of SVA's previous submission on the barriers to ECEC participation and the benefits of Integrated Child and Family service models in delivering a joined-up combination of supports to reduce these barriers for children and families. SVA has continued to advance our work on integrated models and has included further information in this response for the Commission's consideration.

We also make reference to other relevant releases since our previous submission, where they relate to the above points, including the [ACCC Childcare Inquiry](#) and the NDIS review: ['Working together to deliver the NDIS'](#) final reports.

Social Ventures Australia Limited

About Social Ventures Australia

SVA is a not-for-profit organisation with the mission to alleviate disadvantage, towards an Australia where all people and communities thrive. SVA has built a body of work focussing on better social outcomes and alleviating disadvantage toward an Australia where all people and communities thrive.

SVA recognises that the best chance to change lifelong outcomes for children is to change what happens in early childhood. To improve outcomes for children who face disadvantage, we envision:

- all children receive the **combination** of high-quality, evidence-informed early childhood supports they need to thrive,
- those supports are delivered through service models that are culturally appropriate, tailored to individual needs and connected, including through service **integration**, and
- that data and evidence are **mobilised** to support delivery of high-quality programs, continuous improvement and measurement of outcomes.

SVA has supported a number of initiatives designed to support better outcomes for young children and particularly for children experiencing disadvantage. Our expertise relevant to this inquiry spans consultancy, research, strategic planning, advocacy and support directly to early childhood, education, Aboriginal and Torres Strait Islander and not-for-profit organisations. We do this by putting research and evidence in the hands of service providers and educators and advocating for what we know works to change system for better social outcomes.

Key initiatives include: [Nurture Together](#), [Restacking the Odds](#), [SNAICC Early Years Support](#), [Evidence for Learning](#), [The Connection](#), membership of the [Goodstart Syndicate](#), [Partners in Recovery](#) and [Paying What it Takes](#). Further details are outlined in our [previous submission](#) to this inquiry.

1. Prioritise and accelerate action to improve equity in the system

In this section we highlight opportunities in the draft Report where the Commission could strengthen findings and recommendations to ensure children who experience disadvantage benefit from ECEC.

SVA welcomes the Commission's acknowledgement that children who are likely to benefit most from ECEC experience poorer availability, access and attendance (*finding 2.2*). We are pleased to see draft recommendations aimed at better utilising ECEC as an instrument to redress inequitable outcomes for children, including through improving access, affordability and quality.

We welcome the Commission's vision for a universal entitlement ECEC for all children, recognising both the substantial and sustained benefits of early education and every child's right to enjoy these benefits.

The Commission outlines a suite of reforms needed to reach the proposed universal entitlement of 30 hours ECEC for all children. Given the scale of effort required, there is a risk that the 'easier' issues are resolved first (e.g. supply is increased for children who already receive sufficient support) while the action on more meaningful reforms (e.g. increased participation by children who experience disadvantage) is slower to progress.

We note that the Productivity Commission has made recommendations which aim to pace lifting supply with measures that increase demand. The Commission should, in its final report, outline a timeline for key recommendations or highlight milestones that may indicate a readiness to move to the next stage. Measures that can be taken immediately to improve equity in the system should not be delayed simply because it may increase demand – improving participation of children experiencing vulnerability has the greatest human and economic benefit, even if it results in a reallocation of existing resources in the short term while supply increases.

SVA encourages the Commission to make recommendations that:

- a) Prioritise actions to expand ECEC provision for the children and communities currently missing out (such as the 100% subsidy and changes to the activity test) – so that all children are able to access quality, culturally appropriate ECEC in their local community.
- b) Acknowledge the need for additional, rapid effort to achieve a 30-hour entitlement in regional and remote locations and in communities with higher concentrations of disadvantage, in particular given system-wide workforce shortages. This may require additional short-term and targeted funding for services in these locations.
- c) Further address the entrenched, sustained and compounding barriers that prevent children from benefitting from ECEC compared to their more advantaged peers. These barriers are outlined in depth in research undertaken through the Restacking the Odds initiative and include parental disadvantage, complex family needs and difficult enrolment procedures.¹

¹ C Molloy, S Goldfeld, C Harrop, N Perini, 2022, 'Early childhood education: A study of the barriers, facilitators, and strategies to improve participation', [https://www.rch.org.au/uploadedFiles/Main/Content/ccch/images/RSTO-CommBrief-ECEC-Barriers-Faciliators-Strategies-Jan2022\(2\).pdf](https://www.rch.org.au/uploadedFiles/Main/Content/ccch/images/RSTO-CommBrief-ECEC-Barriers-Faciliators-Strategies-Jan2022(2).pdf)

The proposed changes to the activity test and Child Care Subsidy (CCS) are welcome improvements, however do not sufficiently address other persistent limitations to children's participation. Examples of opportunities to strengthen the focus on children who face disadvantage include:

- Remove the activity test completely, so that all children have fair access to ECEC that is not limited by their parents' circumstances. Relaxing, but not removing the activity test (*information request 6.1*) retains a setting where children's entitlement is contingent on parents' activity. This is likely to contribute to a continued pattern of children who could benefit most from additional hours of ECEC receiving fewer hours than their advantaged peers.
- Ensure system navigator support (*information request 7.2*) includes a focus on reaching children and families who have had limited prior access to ECEC and who may need additional support to understand the options available, how to best support their child's involvement in ECEC and to build relationships with services.
- Ensure integrated centres offering wrap around supports (*recommendation 7.1*) are available in communities with high levels of early childhood disadvantage to support informal pathways into ECEC (for example through playgroups, toy libraries etc) and to connect parents to additional supports (for example mental health, alcohol and drug, Centrelink support)
- Identify opportunities to reduce the time and complexity involved in engaging with Centrelink, Services Australia and different ECEC providers to navigate individual entitlements, out of pocket costs, availability of places and administrative tasks (*finding 6.2, recommendations 6.3-6.6*)
- Embed a framework of quality, quantity and participation data indicators at the system, community and service level, to enable a view of ECEC performance. Ongoing measurement is crucial to ensure the system is truly universal and that actions can be targeted to support any cohorts who are missing out or facing additional barriers (*finding 2.2*). In particular, our work on the Restacking the Odds project has identified that a specific focus is needed on data at the service level to support frontline decision making. These lead indicator data are also important for system stewardship and should be considered within the remit of the proposed ECEC Commission. This point is explored in further depth in the submission on behalf of the Restacking the Odds project.
- Recognise under-served or unserved *cohorts* of children live in otherwise well-served markets. The ACCC recommends (ACCC recommendation 7) a market stewardship role to identify under-served and unserved markets or cohorts and to determine the appropriate intervention or set of interventions that would enable supply. The ACCC definition of a well-served (geographic) market risks masking communities where children still face barriers to access for other reasons, for example, services not meeting need for disability supports, cultural safety or other wrap around supports, preference of preschool and centre-based care or places available for different age cohorts.

2. Increase investment in and support for integrated child and family services

In this section we:

- Propose expansion of recommendations 7.1 and 7.2 investment for integrated services
- Propose recommendation to support finding 7.3 - investment for ACCO integrated services

Integrated child and family services enable ECEC integration with the broader early childhood development system. SVA welcomes the Commission's findings and recommendations which emphasise the important role integrated child and family service models play, where they are available, in providing necessary support to children and families experiencing disadvantage and reducing silos between services. We commend the Commission's recognition of the value of an 'integration function' - what we refer to as the 'glue', to enable successful implementation of integrated child and family service models.

SVA has focused on integrated child and family centre models – also referred to as Early Childhood Hubs. These provide access to social and service supports for children and families experiencing disadvantage. Early Childhood Hubs (ECHs) are one of the hub models represented by the National Child and Family Hubs Network. A range of integrated child and family centre models operate across Australia, with different service mixes, funding approaches and target cohorts.

Since our [previous submission](#), progress has been made on a [draft National Early Years Strategy](#) and the [NDIS review final report](#). Both call for far greater integration of the early childhood development system, where all children and families can access a seamless, universal system of supports that meet their needs. ECHs enable a whole-of-child or whole-of-family approach that views ECEC as one critical part of a whole system of supports that aid child health and development.

The combination of supports offered may reduce barriers to ECEC (*information request 7.3*) improve quality (*information request 8.3*) and cultural safety of ECEC services (*information request 2.2*) and support increased participation by children. There is evidence that early childhood hubs can act as a soft entry point into more formal ECEC, working with families to build trust with service providers to identify and overcome barriers to ECEC access².

Integrated early years services can also provide a universal, non-stigmatising environment for the delivery of 'tier 2' supports (proposed to be known as 'Foundational Supports' following the NDIS review³) to children with additional needs. Integrated early years services play an important role in identifying these children and making referrals for specialist services that may be located within the centre or elsewhere in the community. The centres also often provide tier 2 services, facilitating early intervention for children who need it and supporting families with the additional services they may need to be able to best support their child.

² Social Outcomes for The Benevolent Society, 2022, 'Impact Report: Early Years Places in Queensland', <https://www.benevolent.org.au/get-involved/early-years-places-impact-measurement-framework>

³ Commonwealth of Australia, Department of Prime Minister and Cabinet, 2023, 'Working together to deliver the NDIS: Independent review of the National Disability Insurance Scheme: Final Report'

Funding arrangements for integrated child and family service models

To ensure integrated services are available and that they adequately foster connection between ECEC and broader early childhood development services, **we encourage the Commission to make recommendations for funding integrated child and family services.**

Elements of recommendations in the draft report for ECEC funding will support and strengthen funding for integrated services. These include:

- Supply-side grant funding for capital and operating costs in persistently thin markets ([recommendation 5.1](#)) – as these will often be markets with high concentrations of disadvantage, where the community will particularly benefit from an integrated centre.
- Increased inclusion support funding for children with additional needs ([recommendation 2.3](#)) who particularly benefit from easier access to specialist support through an integrated setting
- Modifications to the CCS to improve affordability and access – including changes to the activity test and introduction of a 100% subsidy ([recommendation 6.2](#)) as these should improve the viability of the ECEC component within an integrated centre for communities with high levels of disadvantage.
- The proposed role for the ECEC Commission to be responsible for advising government on the need for integrated early years services ([recommendation 7.1](#)) as a potential mechanism for securing funding commitment for integrated centres from different levels of government.

A dedicated investment stream could provide clarity on what constitutes the core components of an ECH model. In addition to the elements above, dedicated funding is needed to support:

- The operational supports and systems required for integration – including leadership, structures and practices
- Coordinator and system navigator roles ([information request 7.2](#)) to enable families to access a range of social, health, education and economic supports. When situated in an integrated service function, system navigators may be better informed about what is available and better equipped to make warm referrals that suit individual's needs.
- Community and family engagement and outreach
- Provision of suitable infrastructure for co-location of services
- A flexible allocation to enable response to community need.

The report '[Exploring need and funding models for a national approach to integrated child and family centres](#)' further describes each of the critical components (chapter 4), and outlines funding model options (chapter 6) for the Commissions consideration.

A funding model requires contribution from both the Australian and state/territory governments to achieve required scale and consistency. Option C (shown in the figure below) presents one viable option, however, this division of responsibility should be further explored.

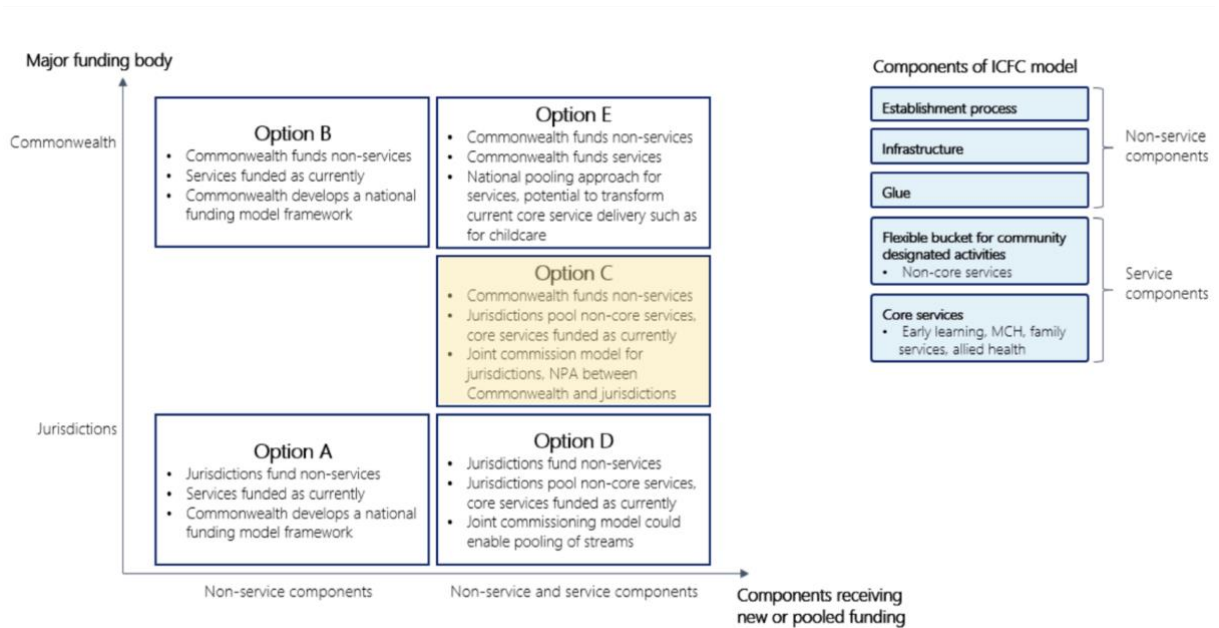


Figure 1 Characterisation of funding options across two frames. Deloitte Access Economics 2023⁴

We also encourage the Commission to clarify that “ensuring integrated services are available where needed” (**recommendation 7.1**) will not always require new services or centres, but will require sustained investment in the integration functions. Effective scaling of integrated service models could be supported by development of a national plan, and an umbrella organisation for early childhood hubs, in addition to the proposed role for an ECEC Commission. These elements are described in the National Child and Family Hubs Network submission to this inquiry.

As highlighted in the draft Report figure 7.1 (p 421) there are other ‘stages’ of integration. Through our work on the Restacking the Odds project, we have partnered with place-based initiatives working to achieve more coordinated and holistic child development systems at a community level. These initiatives are typically at the ‘co-ordination’ stage of integration, supported by a backbone organisation. While there are clear benefits for reducing developmental inequities through achieving a ‘stack’ of services for children and families in a community⁵, practical challenges exist in fostering integration between the services.

Place-based initiative partners report time investment is required to build and maintain relationships with and between services, and this must also be supported by factors to support capacity and motivation for individual service providers, including ECEC providers to engage.⁶ Readiness for providers to share information with other community services and the backbone team is limited where they lack the capacity to do so, are limited by inefficient information systems and reporting

⁴ Deloitte Access Economics, 2023, ‘Exploring need and funding models for a national approach to integrated child and families centres’ https://www.socialventures.com.au/assets/DAE_SVACCCH-Exploring-need-and-funding-for-ICFCs-FINAL-November-2023.pdf

⁵ C Molloy, M O’Connor, S Guo, C Lin, C Harrop, N Perini, S Goldfeld, 2019, ‘Potential of ‘stacking’ early childhood interventions to reduce inequities in learning outcomes’ *Journal Epidemiology and Community Health*, issue 73 <https://jech.bmj.com/content/73/12/1078>

⁶ K Villaneuva, R Beatson, O Hilton, WY Lee, C Macmillian, C Molloy, S Sherker, S Goldfeld, (submitted for publication) ‘Barriers and enablers to data-based decision making in Australian place-based community initiatives: A qualitative study informed by the TDF and COM-B model’

requirements or where there is a lack of protocols to inform services about what information can be safely and appropriately shared. Efforts to improve service integration may be supported by incentives for ECEC service providers including alignment to Quality Standard 6.2: collaborative partnerships and investment in local system navigator or coordinator roles. The Restacking the Odds submission further outlines feedback from place-based initiative partners.

Aboriginal and Torres Strait Islander-led ECEC and integrated early years services

As acknowledged in the draft report, Aboriginal Community Controlled Organisations (ACCO) deliver ECEC in strong, culturally safe integrated child and family services (*finding 7.3*). The Commission acknowledge the funding challenges faced, however does not outline a recommendation to address these challenges. The ACCC also recommends government commitment to funding ACCO ECEC (ACCC recommendation 7).

SVA supports the submission from SNAICC in their call for a new funding approach for Aboriginal and Torres Strait Islander-led ECEC and integrated early years services.

3. Increase support for not-for-profits to deliver ECEC

In this section we respond to *information request 5.1*: “The Commission is seeking information about possible reasons why not for profit providers have not expanded to meet the growing demand for ECEC. What, if any, barriers and limitations do they face?”, and make suggestions for the Commission’s consideration to address limitations to meet growing demand.

Not-for-profit provision of ECEC may be especially valuable to address early childhood disadvantages and deliver complementary benefits. These benefits have been highlighted across recent inquiries including:

- provision of higher-quality services with more than one-third exceeding the NQS, compared to 13% of for-profit ECEC services (*highlighted in [SVA’s previous submission](#) and supported by the Productivity Commission p477*)
- greater service provision to children with disability and additional needs (*NSW IPART recommendations 10-15, NDIS review recommendation 6*)
- better pay, retention and skills of ECEC workforce through award or above award rates (*ACCC childcare inquiry p25, Productivity Commission p204*)
- increased alignment to integrated service models, for example where not-for-profit organisations deliver other family and child support services⁷ (*supports Productivity Commission [recommendations 7.1 and 7.2](#)*)
- broader organisational goals and values, and delivery of a range of other services provided that align to better child, family and community outcomes (*ACCC childcare inquiry p25*).

SVA and the Centre for Social Impact’s [‘Partners in Recovery’](#) series further details the strong case for government investment in a thriving charitable sector - including the sector’s commitment to public benefit and employment opportunities.⁸ A thriving charity sector is vital for the future productivity and wellbeing of Australia. Government investment in not-for-profit led ECEC has combined benefits of supporting the charitable sector and meeting the development needs of children.

SVA’s work with social purpose organisations supports the Commission’s suggestion that poor access to capital and debt raising is one part of the reason not-for-profits have not expanded in tandem with increasing ECEC demand.

The [‘Partners in Recovery’](#) series and [‘Paying what it takes: Funding indirect costs to create long-term impact’](#) explore the financial health and capacity of charities before and moving out of the pandemic, and the great potential that building a thriving not-for-profit sector would have on social outcomes.

While these projects focus on charity sectors broader than ECEC, the findings below are relevant to this information request:

⁷ Deloitte Access Economics, 2023, Exploring need and funding models for a national approach to integrated child and family centres, https://www.socialventures.com.au/assets/DAE_SVACCCH-Exploring-need-and-funding-for-ICFCs-FINAL-November-2023.pdf

⁸ Social Ventures Australia and the Centre for Social Impact, 2021, Vital support: building resilient charities to support Australia’s wellbeing

- charities have limited operational capital - 30% of charity service providers incurred losses in 2021, with a further 19% making only a small surplus of below 5% revenue. Charity ECEC service providers had less than 3 months of working capital⁹
- charities are unable to raise capital from shareholders and are less able to take out loans¹⁰
- charities are unable to or reluctant to take on debt due to the higher personal risk and vulnerability to directors compared to the for-profit sector¹¹
- charities have insufficient staff resources or funds to procure services to undertake strategic business, financial and legal skills to identify opportunities, locations, review contracts, recruit, train and oversee staff that would be required to consider expansion^{11 above}
- charities are occupied with the day-to-day operation of their services - many are facing increasing demand for social and charitable services and may be unwilling or unable to take time away from core services to consider new provision¹¹. Aligned to this, the Commission found that not-for-profit providers are more likely to invest gains in fair wages and enhancing the quality of the services they already deliver (p322), thus limiting funds to direct to other (e.g. strategic capacity) areas.

It is also possible the limited growth by not-for-profits into centre-based childcare or to meet growing demand is impeded by relatively lower capacity to scope new or update existing facilities and/or to oversee building development projects. We note, the Commission finds that not-for-profits may have more ready access to ECEC facilities and infrastructure, and the ACCC found that they have lower land costs, for example through peppercorn arrangements. However, it is not clear if adequate facilities that meet contemporary size, safety and access requirements, are available in growth areas or thin markets. The ACCC also found that maintenance costs may be higher for owned and donated sites.

The dominance of, or competition with for-profits to deliver ECEC in profitable markets may also limit expansion capacity of not-for-profits, where they are limited from using profitable services to subsidise higher operational costs in services catering to cohorts with greater need.

SVA has undertaken analysis to understand the nature and extent of support required by not-for-profits to meet growing demand for ECEC. The support required varies per situation, and may encompass:

- limited capability and experience to lead the required development (including design, construction and project management) activities to establish new services
- low risk appetite and conservative boards, with minimal interest or incentive to take on debt to finance growth
- low risk appetite to take on new operating challenges that may impact service quality
- low risk appetite to take on new operating challenges to address workforce shortages, which are already pronounced across existing locations and sites.

⁹ Australian Charities and Not-for-profits Commission, 2023, 'ACNC 2021 Annual Information Statement data', analysis completed by Social Ventures Australia 2023 <https://data.gov.au/dataset/ds-dga-db8def1b-b3ba-4536-98eb-60c99e5495e5/details?q=>

¹⁰ Social Ventures Australia and the Centre for Social Impact, 2021, Vital support: building resilient charities to support Australia's wellbeing

¹¹ Social Ventures Australia and the Centre for Social Impact, 2023, Partners in Recovery: moving beyond the crises?', <https://www.socialventures.com.au/assets/Partners-in-Recovery-Moving-beyond-the-crisis.pdf>

SVA is willing to share further information about our analysis directly with the Commission for further consideration.

Despite these challenges, in some instances comparably small investments may be sufficient to enable not-for-profits to overcome the limitations they face in meeting demand. Over time, childcare fees and subsidies may provide a new revenue stream to support other beneficial activities of the lead organisation. However in other cases, sustained government support is appropriate to support the goal of a universal ECEC system for every child.

The Commission should recommend a suite of mechanisms to support and favour not-for-profit expansion of ECEC in areas where children experiencing disadvantage have poor participation.

The ACCC has found demand-side mechanisms are insufficient to attract services to thin (under-served or unserved) markets and cohorts and recommends government investment in supply-side and price control mechanisms to improve supply¹². As noted in section 1 of this response, within well-served markets children who experience disadvantage continue to face barriers to ECEC participation, so responses must also focus on improving supply to underserved cohorts.

Not-for-profit providers are already over-represented in provision to children with additional needs and in thin markets. If appropriately supported to overcome limitations on expansion, not-for-profit organisations would be well-placed to deliver quality provision in under-served communities and for under-represented cohorts, aligned with their charitable mission.

We encourage the Commission to recommend a suite of measures to support not-for-profit viability and the expansion of not-for-profit provision in under-served communities and for under-represented cohorts. Proposed funding models highlighted in section 2 as supporting the viability of integrated service models, also support not-for-profit provision i.e. supply-side funding in thin markets, increased funding to children with additional needs and improved affordability and access.

Additional levers could include:

- Additional, dedicated supply side funding for not-for-profit providers focused on equity and inclusion, reflecting the higher operating costs, limited ability of parents to pay high fees and inconsistent attendance patterns for cohorts and locations with high concentrations of disadvantage.
- Alternative short-term funding options to support expansion of not-for-profit provision where viability is not assured based on the market, for example in smaller populations.
- Supporting relationships between government or large not-for-profits and medium or small not-for-profits to draw on the strategic planning, capital raising or debt capacity of the more financially secure organisations, freeing up smaller partners to manage ECEC quality delivery in line with for purpose goals and expertise.
- Removing or reducing burdens of facilities access and maintenance for example, providing support to broker suitable facilities, oversee upgrade of existing facilities to meet

¹² ACCC, 2023, Childcare inquiry: final report December 2023
<https://www.accc.gov.au/system/files/ACCC%20Childcare%20Inquiry-final%20report%20December%202023.pdf>

contemporary ECEC standards or fund government (federal, state or local) acquisition and development of facilities where no suitable options exist

- Ensuring expansion is guided by examination and monitoring of demand for service type (e.g. long day care and preschool) and to ensure the needs of families with younger children (i.e. 0-2) are met.
- Exploring options to enable not-for-profit providers to identify and compete to establish services in profitable potential is higher, such as through regulation to prevent expansion to new services by poor-quality providers.

4. Governance and stewardship

SVA welcomes the Commission's findings and **recommendations 9.1 and 9.2** for a stewardship model to increase cooperation between federal, state and territory governments supported by an ECEC Commission toward a shared national vision and which improves equity for children.

SVA has worked with Governments to help design and establish institutions, including the Australian Education Research Organisation (AERO) and the National Housing Finance and Investment Corporation (now Housing Australia). We have worked closely with many other regulators including ACECQA and the Australian Charities and Non-Profits Commission, as well as bodies like the former COAG Reform Council. We note the latter's remit to oversee and report on National Partnership Agreements may offer valuable insights to the Commission for these recommendations about what is an is not effective.

While not an expert in design of public institutions, SVA's experience enables some observations about areas for the Commissions exploration in recommending a new ECEC Commission model.

An ECEC Commission within the wider early years ecosystem

A new institution as a market steward requires assessment and understanding of the roles other institutions and players are currently fulfilling in the ecosystem and the extent to which the Commission will compliment/duplicate/incorporate these functions to be successful.

An Early Childhood (rather than ECEC) Commission which encompasses other areas which affect children's development in the early years (for example health, family and community services, school education), may more meaningfully meet children's needs through enabling a holistic oversight on the needs of children who are impacted by fragmentation and poor alignment of other services and systems in addition to ECEC.

Longevity

The Commission should have sufficient longevity (10+ years) and resourcing to effectively support and embed system transformation to a well-functioning universal system that supports all children to thrive. In addition to funding security, establishing the Commission through legislation will also help ensure durability over political cycles and increase the likelihood that the Commission will have confidence to provide independent assessment and recommendations without the risk of political interference. Executive governments and departments have critically important roles to play in policy, funding and regulation – creating a natural tension between a Commission's role and that role of different branches of government can be construed as a health outcome that delivers a better overall system.

Level of independence

The level of independence from governments will influence the extent to which the body can hold governments accountable for commitments, and release findings and reports based on the available evidence. SVA encourages the Productivity Commission to consider options to ensure an ECEC Commission to is guided by an independent, skills-based board and a governance structure reflecting its independence from annual Departmental budget cycles.

If the body also has responsibility for allocating funding (as opposed to making recommendations to Governments who ultimately decide on the funding allocation), then it will need to be both seen to be and demonstrably independent to ensure potential fundees have confidence in its operation and decisions. An often-overlooked element of independence is the extent to which the body is trusted and supported by early childhood practitioners.

Ownership structure

Irrespective of the identified scope and role, the funder or 'owner' of a new body will have profound influence on a new Commission. A body jointly owned by Commonwealth and State Governments will rely on those governments for ongoing funding. This inherently limits its ability to hold them to account, directs attention to servicing the needs of government rather than the sector, and risks creating a chilling effect on any public advocacy. Longer term funding could help mitigate this risk, so too could establishing a Commission through an endowment as an independent non-profit.

Regulatory versus capacity building functions

Including regulatory functions within the institution will change the nature of the relationship between the body and a services sector. It will give the Commission more powers to act directly in relation to influencing the activities of sector participants.

However, if the new Commission has regulatory functions and responsibility for building the capability and continuous improvement within the early childhood system, it may have difficulty engaging the sector in a way which encourages experimentation with new practices and identification of practices which are not successful that can be retired.

Access to data

The Commission notes an ECEC Commission will require access to high-quality data' to execute its functions effectively. Improved data capture and utilisation is required at all levels – at the service, community and system levels. We propose a framework of lead indicators across quality, quantity and participation to support a new Commission and system stewards to achieve the goals of universal ECEC. We outline data needs at each level of ECEC further in our submission on behalf of the Restacking the Odds project. Additionally, quality, quantity and participation domains can be used to monitor other critical services in the early childhood development system, supporting a new Early Childhood Commission to have oversight across the different services and supports children require to thrive in early childhood.

SVA submits that the Productivity Commission should consider including the following functions as part of the design of a new **Early Childhood Commission**:

- Oversee a set of targets in line with the agreed vision, including interim targets each year, which include improvements in equity and child development outcomes. A focus on outcomes should be balanced with ongoing monitoring of lead indicator data that give timely signals on how the system is performing. Restacking the Odds proposes a framework of evidence-based lead indicators, which can drive action at a provider and community level but also support system stewardship (as has also been identified by NSW Independent Pricing and Regulatory Tribunal in its [draft methodology](#) for monitoring the ECEC market).
- Guide early childhood system integration, including across education, health, social and community service functions that substantially impact children's development.

- identify locations where there is a need for services, and which require government funding to effectively meet community need.
- support a flow of information to the local level to support community action including to achieve coordination and integration of early years services and the local solutions required to address gaps in supply or barriers to attendance.
- monitor the net effect of federal and state policy changes i.e. how policy changes in preschool and centre-based day care are operating together to affect demand, participation and children's outcomes.
- make recommendations to improve the operation of the early childhood system that include policy changes and changes to funding streams and subsidies and holding the stewards to account on the principles of equity and inclusion outlined in the national Early Years Strategy and the National Vision for ECEC.
- oversee a research agenda, as proposed in *finding 1.2* directly informed by service providers on they need to improve quality and is one part of a broader ecosystem of evidence from other sources, and noting the principles outlined above of independence from government.
- report publicly on its findings and recommendations at regular intervals both to improve debate and decision making as well as hold governments and other system actor to account for progress towards the vision.

We recommend that the national regulator (ACECQA) remains separate to the new Commission, to ensure confidence that regulation and funding decisions are independent. The new Commission and/or system stewards may provide advice to ACECQA to aid efforts to improve consistency across jurisdictions.

We note the proposal to establish a new Commission from 2025 with a renewed National Partnership Agreement, however children experiencing disadvantage cannot afford to wait. In addition to the list provided in, we proposed that *recommendation 7.1*: 'Ensure integrated services are available where needed' should begin immediately, with a view to future transition to a new Commission.

5. Professional development for the ECEC workforce

In this section we provide suggestions to strengthen *recommendation 3.4 Lift support and mentoring for new early childhood teachers* and *recommendation 3.6: 'Contribute to professional development for the ECEC workforce'*

SVA acknowledges the primacy of need to address the workforce challenges facing the ECEC sector to increase availability and to support a valued, professional workforce able to deliver high-quality education and development settings for children.

SVA's work through [Evidence for Learning](#) highlights the need for and value of ensuring a robust and broad evidence base for supporting professional practice and development for teachers and educators. Use of evidence in the professional learning system for early childhood practitioners can help focus on what works for which children, enabling not only better outcomes for children but more satisfactory work environment.

To support research led by AERO to support early childhood teacher mentoring programs (*recommendation 3.4*), the Commission should also explore rigorous global evidence bases, such as Evidence for Learning's [Early Childhood Education Toolkit](#), and evidence mobilisation models, such as the [Early Years Stronger Practice Hubs](#) delivered in the UK, supported by the Education Endowment Foundation's [Early Years Evidence Store](#).

To ensure effective professional development support (*recommendation 3.6*), the Commission should expand this recommendation to:

- stipulate a role for early childhood teachers and educators to identify professional development topics which best suit their learning needs and the needs of the children they are supporting
- ensure professional development is of high quality and evidence-based (see for example, Evidence for Learning's [Guide to effective professional development in Early Childhood Education](#))
- explore flexible professional learning models which allow for on-site learning, for example short modules that can be incorporated in staff meetings
- include continuous improvement practice approaches in professional learning allowance so that services have paid time to explore service level data, identify issues and develop solutions to increase quality and participation. Continuous improvement practice is a feature of Restacking the Odds, and this component is explored in more detail in the submission on behalf of the Restacking the Odds project.

We also refer the Commission to SNAICCs submission in regard to specific support to grow and acknowledge the expertise of the Aboriginal and Torres Strait Islander ECEC workforce.

We look forward to sharing further information required by the Productivity Commission and welcoming the final report and recommendations.