

A photograph of three young children sitting on a blue slide in a wooden playground. The child on the left is a girl with curly hair wearing a yellow hat and a pink shirt with black patterns. The child in the middle is a boy wearing a grey hat and a grey long-sleeved shirt with a 'SEASIDE STREET' graphic. The child on the right is a girl wearing a red and white patterned hat and a grey long-sleeved shirt with a panda pattern. They are all looking towards the camera. The background shows the wooden structure of the playground and some greenery.

the  
Front  
Project

# Early Childhood Education and Care in Australia

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## Summary

Early Childhood Education and Care (ECEC) in Australia fulfils three critical imperatives:

- contributing to the developmental and educational outcomes of Australian children
- offering opportunities for increased social equity by reducing the impact of disadvantage
- contributing to workforce participation outcomes for Australian parents – in particular, mothers.

Australia has a proud history of excellence in ECEC. Through significant reform over the past 15 years, governments and sector stakeholders have worked together to lift participation and quality, providing universal access to preschool/kindergarten and implementing the landmark National Quality Framework (NQF).

All systems require ongoing revision to ensure they are fit-for-purpose. Revision also helps to identify and achieve desired outcomes for a system within its given context. This is true of the Australian ECEC system.

In 2022, the Australian ECEC system faces many challenges. Access to and participation in quality ECEC is unequal, contributing to widening social inequity where some children experience greater disadvantage. This is reflective of unequal geographic and demographic provision, issues of affordability and family choice in a non-compulsory sector. The ECEC workforce is also experiencing low retention and workforce shortages which are impeding quality and placing stress on the system.

The Australian ECEC system has an opportunity to adapt to meet the emerging challenges highlighted above, to be recognised as a foundational pillar to our society, and to continue to deliver for generations to come.

## Early Childhood Education and Care in Australia

The ECEC system in Australia is comprised of a complex array of actors. The relationship between these actors creates a mixed market which means services are provided by for-profit commercial businesses as well as not-for-profit social impact organisations, family providers, state and territory governments, schools and local councils. Service providers vary in size, from single 'standalone' providers to large, listed companies.

Service providers vary in their approach, hours and settings. ECEC providers broadly include:<sup>1</sup>

- **Sessional kindergartens/preschools** – Qualified early childhood teachers, with the support of early childhood educators, deliver a structured, play-based learning program for children in the year or two before school. The program usually has limited hours (for example, 9am to 3pm or shorter) and occurs during school terms. Preschool programs can be delivered as a standalone service or part of another ECEC service or school.
- **Long day care centres (LDCs)** (or centre-based care) – Qualified early childhood professionals educate and care for children from birth to school age. These services typically operate over extended hours (for example, 7am to 6pm) for five days a week. LDCs can also deliver a kindergarten/preschool program to children in the year or two before school, consistent with sessional kindergartens/preschools.
- **Home based care** – Family Day Care<sup>2</sup> or home-based services where qualified early childhood professionals educate and care for children from birth in the educator's home.

ECEC is not compulsory in Australia and families have a choice in which service to use, if they choose to send their child to an ECEC service at all. The factors which may influence this decision include price,

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<sup>1</sup> There are other services available not discussed in this document. They include Outside School Hours Care (OSHC), usually for school aged children (and therefore not included here). Another service not discussed here is in home care, where staff care for children in remote areas or with complex needs in the child's home. Informal care, which includes family and nannies, is an important part of the ECEC system in practice, although is not regulated or funded in the same ways as other providers.

<sup>2</sup> The National Quality Framework (NQF) notes that 'A family day care service is delivered through the use of two or more educators to provide education and care to children and operates from two or more residences.' In addition, there are some instances in remote areas where family day care is not in the educator's own home.



proximity, flexibility of hours, provider type and cultural fit. Ideally, this ability to choose ensures that the ECEC market is responsive to families' needs and priorities.

In practice, however, markets are highly localised and supply, capacity and waiting lists impact many families' ability to choose. For some Australian localities choice is limited as there are only thin markets, or a complete absence of provision (Hurley, Matthews, Pennicuik, 2022). In other localities, where demand far exceeds supply long waiting lists can force families to accept any available place without affording them a preference.

### Preschool and childcare

In 2020, 84.7 per cent of children were enrolled in a preschool program in the year before school, referred to as four-year-old kindergarten (Productivity Commission 2022). The high preschool participation rate reflects sector-wide efforts to improve access to and participation in quality preschool programs. This follows the 2009 National Partnership Agreement on Early Childhood Education and subsequent intergovernmental agreements on universal access.<sup>3, 4</sup> Through the Preschool Reform Funding Agreement,<sup>5</sup> children are guaranteed access to 15 free hours a week of quality preschool in the year before school.

The preschool delivery profile varies across states and territories. In some states, long day care centres are crucial to delivering preschool services, with New South Wales and Queensland LDCs accounting for 80 per cent and 74 per cent of preschool program providers respectively.<sup>6</sup> In contrast, dedicated preschools make up the highest proportion of providers in Tasmania (62 per cent), Western Australia (56 per cent), and the Northern Territory (54 per cent) (ABS 2021). This can be attributed to historic differences in state provision and funding of preschool, such as allowing Australian Government funding for preschool to be allocated to LDCs, or not (Productivity Commission 2014). In 2022, both New South Wales and Victoria announced a phased increase to the number of hours for children accessing preschool in the year before school from 15 hours to 30 hours.

In 2021, just under half of all children aged 0–5 years (47.2 per cent) attended Australian Government Child Care Subsidy (CCS) approved childcare services (SCRGSP 2022). Many families who do not utilise government-subsidised childcare services are likely to rely upon informal childcare instead. This may include parental care (including paid parental leave), support from extended family, nannies or au pairs.<sup>7</sup>

Within ECEC participation trends, clear disparities exist across socioeconomic and geographical contexts. Children from regional and rural areas and from low socioeconomic status families are less likely to access preschool or childcare services or both (Hurley et al. 2022). This has developmental and wellbeing implications for these children, entrenching existing disadvantage and simultaneously affecting female workforce participation.

### Three-year-old kindergarten

Several states and territories have expanded kindergarten provision to younger age groups, following research that demonstrates the benefits of an additional year of preschool (Fox et al. 2016). New South Wales was the first to offer subsidised three-year-old preschool places, and the Australian Capital Territory and Victoria have committed to universal three-year-old kindergarten, with the rollout already

<sup>3</sup> There is no guaranteed access to ECEC for most families until the year before formal schooling (YBFS). In the YBFS, universal access to 15 free hours a week of preschool is guaranteed under the UANP. Before the YBFS and outside of the 15 hours of preschool, it is families' responsibility to source ECEC.

<sup>4</sup> A clear participation goal of 95 per cent, including 95 per cent of Indigenous and disadvantaged families, has explicitly set a shared vision for the sector. There is no general participation goal for ECEC as a whole.

<sup>5</sup> Prior to 2022 this was the National Partnership on Universal Access to Early Childhood Education Agreement.

<sup>6</sup> Statistics for Victoria are not available.

<sup>7</sup> This considerable amount of labour is largely unregulated, and does not receive financial support at any government level. Typically, financial support to families is from the Commonwealth Government through the CCS. The CCS itself is administered as a subsidy through approved service providers. If families are unable to source appropriate and approved ECEC, they are not able to access this financial support.

underway in Victoria. Other states are trialling programs, pilots and undertaking feasibility research, such as the KindyLinQ program in Queensland, the WT3 initiative in Tasmania, a Royal Commission in South Australia, and a targeted trial in the Northern Territory. Most programs mirror the 15 hours a week commitment guaranteed for children in the year before school provided through the Preschool Reform Funding Agreement

## Funding and governance arrangements

The Australian Government has traditionally been responsible for subsidising childcare fees for families, while states and territories have typically focused on funding kindergarten/preschool programs.

The Australian Government subsidises childcare through the Child Care Subsidy (CCS). This is paid directly to providers and allows them to offer families reduced fees for childcare. Vulnerable and disadvantaged families receive financial assistance through service subsidies administered by providers, which effectively creates a demand driven funding system. These are grouped under the Child Care Package and include:

- additional CCS, which provides extra help with fees to families facing barriers to ECEC
- the Community Child Care Fund, which helps services address barriers to participation (with a focus on disadvantaged, regional, remote and Indigenous communities)
- the Inclusion Support Program, which helps services care for children with additional needs.

Some grants and programs provide funding to service providers operating in thin markets or serving particular demographics. However, most providers must operate close to capacity to be sustainable.

Prior to the 2009 National Partnership Agreement on Early Childhood Education,<sup>8</sup> the provision of kindergarten/preschool in Australia was the responsibility of state and territory governments. Through the National Partnership and the current Preschool Reform Funding Agreement, the Australian Government provides funding for preschool to state and territory governments, who work with local councils and other preschool providers to ensure provision and access.

Each jurisdiction has legislation or an Application Act corresponding to the *Education and Care Services National Law Act (2010)*. Together with the national regulations, they set out legal obligations for providers, services, and educators. They also outline the powers and responsibilities of the state and territory regulatory bodies, which include monitoring services and ensuring compliance with the national law and regulations. Therefore, while enforcement takes place at a state level, the standards against which services are assessed are set nationally. The National Quality Framework (NQF) outlines these standards, and the Australian Children's Education and Care Quality Agency assists governments to implement the NQF.

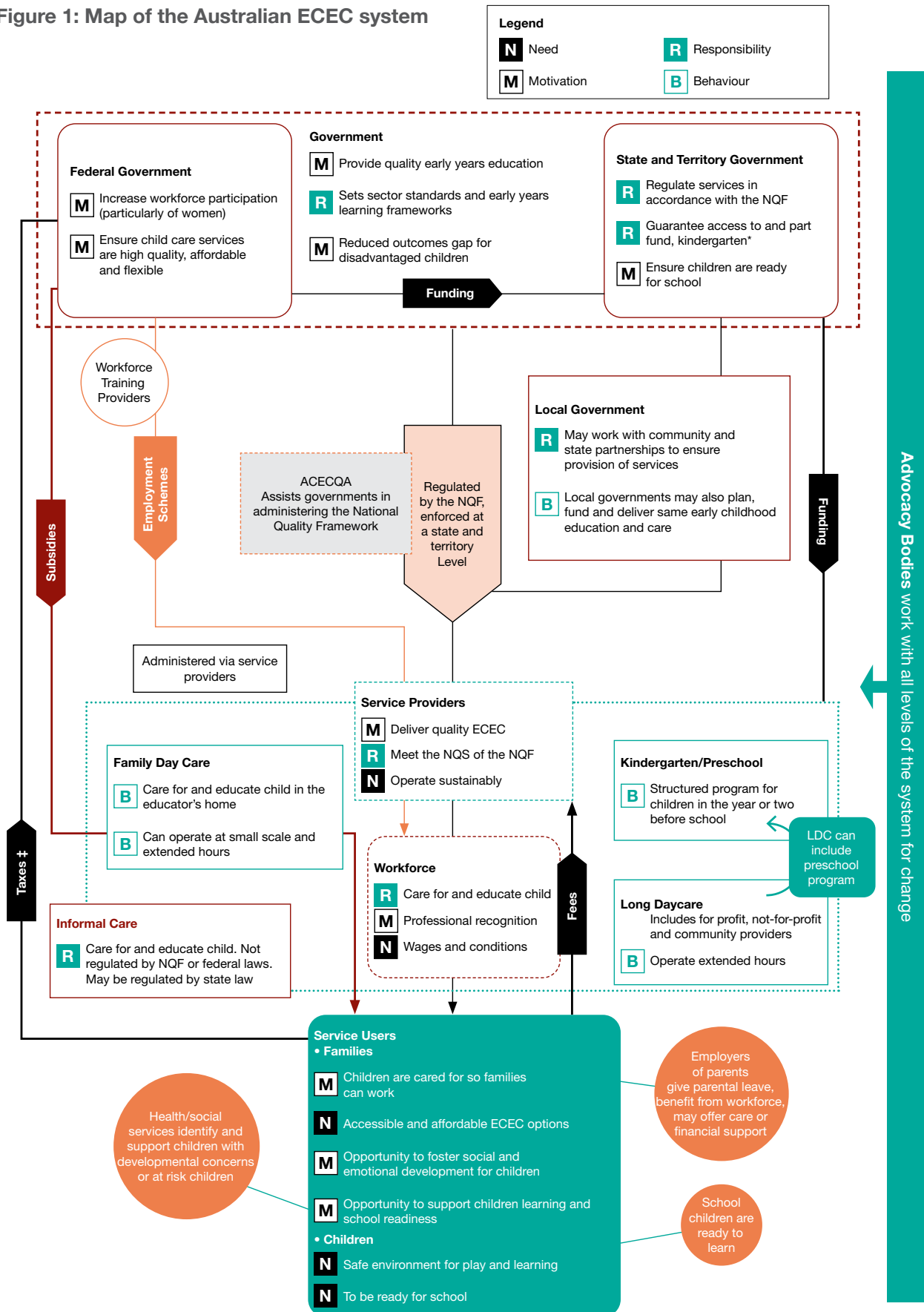
## Regulation and quality

The NQF took effect in 2012. The NQF aims to raise the quality of ECEC in Australia through monitoring service providers. Part of the NQF is the National Quality Standard (NQS) which sets a national benchmark, allowing services to be assessed against seven areas. The NQF aims to ensure children attending ECEC are safe and well, improve developmental outcomes for children, and build trust in the sector. Ratings can help families to make decisions on which services are most appropriate and lift quality through regulation and competition between providers.

ECEC services are assessed and provided an NQS rating by state and territory regulatory authorities. The Commonwealth provides funding to support this process. These assessments involve a visit to the service and a report issued by the regulatory authority, with an opportunity for the service to provide feedback. The frequency of the assessment varies based on factors such as a past rating, a change in service attributes and specific events that occur at a service.

<sup>8</sup> The initial program which has now transformed into the Preschool Reform Agreement.

Figure 1: Map of the Australian ECEC system



\* In some cases this means state and territory governments provide funds to local councils

† Local councils have diverse approaches to ECEC, meaning this may not be true for all jurisdictions

‡ Service providers and workforce also contribute taxes

## ECEC system challenges and opportunities

The ECEC system is complex and continues to evolve in response to the changing needs of children, families and society. In that context, a range of current system challenges and opportunities have been identified. Many of these challenges have been exacerbated through the COVID-19 pandemic.<sup>9</sup> However, these challenges provide corresponding opportunities. They include:

- **Ensuring equity in access and participation** to achieve high participation rates, particularly in regional and rural areas and for children from areas of disadvantage. These issues are often intersectional and multiplied.<sup>10</sup> Greater participation rates in ECEC, particularly for children and families experiencing disadvantage, are expected to have a large impact on the learning and developmental outcomes of Australian children.
- **Ensuring outcomes for children** which support social and emotional development, alongside their education/readiness for school. Greater access and participation must be paired with high quality ECEC delivery. This is likely to have the greatest impact on educational outcomes for children experiencing disadvantage, particularly those living in areas where quality of delivery is compounded by other identified underlying factors.
- **Managing the ECEC workforce** in a way which addresses shortages, high levels of attrition, difficulties in providing professional development, regional and rural recruitment/training, and builds a diverse, culturally competent workforce.<sup>11</sup> A larger workforce is required to underpin the delivery of ECEC, particularly in regional and rural areas. Lower attrition paired with greater professional development opportunities are expected to improve the quality of delivery.
- **Reducing system complexity** such that navigating the system, including its various forms of support and eligibility requirements, so it is not confusing and confronting for families.<sup>12</sup> This can minimise the number of families becoming disengaged from the ECEC sector.
- **Improving system coherence** to identify opportunities for early intervention. Viewing the system as a cohesive entity will improve alignment with other sectors, such as health and schooling. Poor alignment or pathways between sectors can create barriers for families accessing the services necessary for the development and health of children. More transparent sharing of data may support improved system cohesion and allow different sectors to benefit from a shared understanding.

Given these challenges and opportunities in Australia's ECEC sector, it is relevant, necessary and timely to consider options for reform at a system level.

<sup>9</sup> Other external shocks, alongside the pandemic, are likely to challenge services ability to respond and be resilient to changes. This may include climate-related shocks, such as fires or flooding.

<sup>10</sup> In areas where markets are thin, the system does not always have the ability, capacity, or responsibility to intervene. This can lead to price volatility, impacting family access and provider delivery. The problem is exacerbated by the fact that many providers need to operate close to capacity to be sustainable, and therefore generally have little flexibility in response to demand. Research has found that 35.2 per cent of the population live in neighbourhoods classified as 'childcare deserts' (Hurley, P., Matthews, H., & Pennicuik, S. 2022). Childcare deserts are defined as populated areas with less than one childcare place for every three children.

<sup>11</sup> A 2022 report found that the sector reported over 6,000 vacancies (around double the vacancies for the three years prior to the pandemic), and that over 11 per cent of providers by early 2022 required waivers exempting them from normal staff ratios (Dean, M 2022). The National Children's Education and Care Workforce Strategy (2022–2031) aims to address some of these challenges.

<sup>12</sup> One example is the eligibility of CCS for standalone preschools. Currently, children in standalone preschools are not eligible for CCS, but those in centre-based day care services are. Both families and service providers need high levels of system literacy to understand how this affects their services.

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