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Prior to 1972, long day care was provided by a mix of philanthropic and private organisations, having evolved separately to preschools (which were not considered to meet the needs of working mothers because of their shorter days).

This created the '*care*' and '*education*' split that continues in many forms to this day.

A brief history of Commonwealth government involvement in ECEC in Australia

The purpose of this short paper is to provide a brief overview of the Commonwealth government's roles and responsibilities in early childhood education and care (ECEC), focussing on the last fifty years in preschool and long day care.

It is not an exhaustive account of all actions or policy changes, but attempts to paint a broad picture of how the Commonwealth's role and involvement have changed over time. It considers the Commonwealth's role in five thematic areas-affordability and funding; provision planning and access; workforce support; quality and regulation; and preschool programs. It also briefly considers some targeted arrangements for Aboriginal and Torres Strait Islander children, and concludes with some overall observations on changes over the period examined. It does not consider State and Territory or local government roles or policies except where directly relevant.

The reason for the focus on the last fifty years is two-fold—it better reflects recent experiences and understandings of the role of government, but also pragmatically, the Commonwealth had a very limited role in ECEC before this period. Until 1972, long day care in Australia received no financial assistance from the Commonwealth (except for some funding provided to Gowrie centres as demonstration services) and as is discussed below, preschool was the domain of the States and Territories until even later. Prior to 1972, long day care was provided by a mix of philanthropic and private organisations, having evolved separately to preschools (which were not considered to meet the needs of working mothers because of their shorter

days). This created the 'care' and 'education' split that continues in many forms to this day. The States and Territories regulated ECEC services under their own regulatory systems. In 1972, as part of broader societal changes around the role of women in society and the workforce, the Commonwealth passed the *Child Care Act* and took the lead on child care policy.¹

¹ For the sake of clarity and consistency with program and other official titles, the term 'child care' is used to describe the centre-based ECEC service that can be funded by the Commonwealth government and is not a preschool program, even if ECEC (or a similar term) is more apposite.

a brief history of *Commonwealth government involu in early childhood education and care* in Australia Affordability and funding

Affordability and funding

The Commonwealth has consistently focussed on supporting parents' workforce participation, through a regularly-changing mix of financial supports to make ECEC more affordable—at times means and/or activitytested, and at times not. For most of the period, funding has been open to both for-profit and not-for-profit services, and demand driven.

Since the beginning of the Commonwealth's role in ECEC in 1972, its primary focus and the predominant driver of its funding approach has been on the affordability of ECEC and its support for parents', particularly women's, workforce participation.² Benefits (or potential benefits) for children have been acknowledged to varying degrees over the years but have generally not been the primary driver of Commonwealth government involvement in the sector. Initially, the Commonwealth provided block funding to notfor-profit centre-based services (including government operated services) providing care to children of sick and working parents. The funding was based on 75% of the Award wages of the staff required to meet pre-determined ratios, and additional fee relief funding was provided to support affordability for low- and middle-income families. In 1974, Commonwealth funding was expanded to other provider types including family day care (an emerging service form at the time), fee relief funding was extended to all families, and a small funding allocation made to preschools.

In the early 1980s, as part of the Accord agreed between the Commonwealth government and the Australian Council of Trade Unions, more standardised fee relief in the form of the Childcare Assistance Scheme was introduced, with the level dependent on the family's income and number of children.

In 1986, the funding approach changed, with funding linked to enrolments rather than wage costs. Fee relief based on family income was extended, and caps on fees put in place.

² Policy reasons aside, there are strong fiscal incentives for this—as workforce participation increases, additional tax revenues flow to the Commonwealth through increased income tax (directly from increased incomes from increased work) and corporate tax (indirectly, as greater workforce participation grows the economy).

In 1991, for-profit services were able to access the Childcare Assistance Scheme for the first time, as the Commonwealth aimed to stimulate private investment and provide assistance to families utilising private ECEC services. The National Childcare Accreditation Council was also established at this time (discussed below).

These two changes—enrolment (or demand) driven funding and allowing both for-profit and not-for-profit services to access the system—mark a significant shift in government's approach to ECEC that continues to define the system to this day.

In 1994, a further child care rebate was introduced to provide families with additional assistance in meeting the costs of child care. This was not limited to formal child care, so some forms of informal care such as nannies could be supported. It was not means tested. In 1997, operational subsidies for not-for-profits ceased (discussed further below) and support for non-work-related care limited, consistent with recommendations of a broad Economic Planning and Advisory Commission review (a predecessor of the Productivity Commission). In 2000, as part of broader tax system changes (including the introduction of the Goods and Services Tax) and changes to family benefits, the Child Care Benefit (CCB) was introduced, payable to reduce the cost to parents, on a sliding scale relative to income. This provided more financial assistance, and the real cost of care to families fell. It expanded eligibility to families with higher income than previously included, and increased the number of hours of subsidised care for families where parents were not employed to up to 20 hours per week. Families were able to choose to receive the Benefit directly, or have it paid to services and pay reduced fees.

In 2004, an additional Child Care Tax Rebate was introduced to address affordability concerns. It was originally a tax offset on out-of-pocket expenses (to a capped level) and was not means tested. In 2007 it was changed to a cash rebate so families with low or no tax liability could benefit from it, and in 2008 it was increased and renamed (to the Child Care Rebate or CCR). Access to the CCR was made subject to a work, study or training test. The CCB was also increased in 2007. The combination of these changes effectively created a twopart system, with the CCB available to all families (with means testing) and the CCR providing additional support for families that met the work, study or training test.

In 2013, the Commonwealth directed the Productivity Commission to inquire into Childcare and Early Childhood Learning, and its final report was released in 2015, which informed the subsidy system redesign from 2018. This forms the broad basis of the system that is in place today. It features a single Child Care Subsidy (CCS, effectively incorporating both the CCB and CCR), which is both means tested (with subsidies provided on a sliding scale relative to income) and activity tested (to determine the number of hours eligible for the subsidy). In an attempt to limit fee increases, the new system included an hourly fee cap (indexed to CPI) above which no subsidy is payable.

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Affordability and funding

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There are also a number of other additional elements, including an Additional Child Care Subsidy (a CCS top up for some particularly vulnerable families, temporary financial hardship, eligible grandparents, and families transitioning from income support to work), the Community Child Care Fund (to support service viability and new places in some areas with unmet demand), exceptions to the Activity Test (for example, for Aboriginal and Torres Strait Islander families, and four-year-old children to support preschool attendance), and an Inclusion Support Program (currently under review) that provides funding for services to work with specialist agencies to better support children with additional needs. In addition to the eligibility or administrative processes for particular programs leaving gaps, there are also some ineligible families, including some migrant visa categories. But the system has not been static—among other changes, the rate and tapering of CCS has been changed over time (most recently in July this year), and in 2022 a higher subsidy was brought in for families with more than one child under five years of age in ECEC (for the second and any subsequent children). And, as this report was being written, the government had once again directed the Productivity Commission to inquire into the ECEC sector in Australia.

The Commonwealth has also provided an incentive for employer-supported child care. While employer-contributions to employee child care costs would generally be subject to fringe benefits tax (FBT), there have been exemptions since the introduction of FBT for child care provided on an employer's business premises, and for contributions by employers to reserve child care places for their employees. Both exemptions are still in place, but their uptake is limited by apparent complexity as to the definition of business premises, and the requirement that the employer contribute directly to a Commonwealth program to reserve access (rather than make a payment to a provider).

The notable exception to the current funding system's approach was the COVID period in 2020 the Commonwealth introduced a Child Care Relief Package, which saw the CCS system suspended from April to July 2020, replaced with weekly payments to services, who then provided free ECEC to families. When the CCS system resumed, changes to some funding rules were made to accommodate COVID-related disruptions (for example, increasing the number of absences a family was permitted each year).

Looking at the past 50 years, there have been two distinct types of trends in the Commonwealth's involvement in ECEC affordability. First, there are trends that have endured over the period: the move to and reliance on a demand-driven system, with limited other interventions; and the Commonwealth's policy emphasis on affordability to support workforce participation leading to frequent changes to the subsidies' design and level to improve affordability and address rising costs. And second, there are trends where policy settings have moved 'back and forth' over time, such as the use of workforce participation as a condition of subsidy or determinant of level of entitlement, and the balance between means tested and non-means tested support.

Looking at the past 50 years, there have been two distinct types of trends in the Commonwealth's involvement in ECEC affordability

Provision planning and access

The Commonwealth government was more involved in managing and supporting the building of 'places' in ECEC initially, although this involvement has diminished over time, as the funding system has moved to a demand-driven one with market forces largely left to determine and provide adequate supply, as demand steadily grew.

Demand for ECEC has grown consistently over time, and the Commonwealth government has tried several approaches to meeting it. Initially in 1972 there was a stream of capital funding to support new not-forprofit places and a stream of recurrent funding, with Commonwealth funding provided for a set number of places, effectively managing the supply of places. In the 1980s, as part of the Accord, there was an emphasis on creating extra places, and new services (and operational funding) were allocated by the government to areas based on assessed need, but there was an increasing reliance on State, Territory and local governments for capital funding, land and input into planning processes. In 1988 the number of places was expanded, through a cost sharing arrangement with States and Territories, and in 1900 this was expanded again. In the 1990s, fee relief was extended to for-profit services for the first time, as part of an attempt to stimulate private sector investment in the sector and reduce the need for governments' capital investment. This resulted in a significant increase in the number of places, although areas of undersupply remained. Not-for-profit providers still required Commonwealth approval³ to establish new services, however for-profit services could be opened at the discretion of the owner/investor and did not require this separate approval. In 1993 the Commonwealth released the New Growth Strategy, which provided capital funding to not-for-profits and local governments, to create new places or services.

This was effectively ended in 1997, when the government moved to a more market- and demanddriven response—capital subsidies were stopped for not-for-profits, and new not-for-profit places no longer needed Commonwealth approval, ending any role for the Commonwealth in managing the number or distribution of services. A National Planning System for Child Care was briefly introduced, with a limit on the number of new long day care places in 1998 and 1999, but it was not continued.

However, there have been subsequent attempts to encourage growth in underserved areas. For example, in 2001, the Commonwealth introduced incentives for private operators to establish centres in rural areas with unmet demand and no existing service, and some services in rural, remote and urban fringe areas were able to receive a Disadvantaged Areas Subsidy. More recently, in the 2023-24 Budget the Commonwealth allocated \$18m for new services to be established in areas experiencing limited supply. However, this is only capable of supporting a small number of services through targeted investment, and provision of adequate supply of services is generally left to the market to provide. *****

3 In the provision planning and access context, 'approval' refers to government management of supply and access to operational funding and subsidies, rather than regulatory or other approvals.

Workforce support

The Commonwealth has historically played a limited role in the early childhood workforce, effectively leaving responsibility for services (and, to a degree, States and Territories) to both attract new entrants to the early childhood profession and support existing staff with their development. More recently, it has been a party to national workforce strategies.

Although the Commonwealth plays a general role in industrial relations and university and VET-related funding and policies, there has been limited action on early childhood specific interventions. In 1972 the Commonwealth began to set staffing standards and its funding to long day care services was set at 75% of the Award rates. However, in 1986 this was replaced with enrolment-based subsidies, and later fee-based subsidies (discussed above), and the Commonwealth's approach to staffing standards was eventually subsumed into the National Quality Framework (discussed below). The Commonwealth has been a party to two ECEC workforce strategies in recent years. The Standing Council on School Education and Early Childhood (the relevant Ministerial Council) issued the Early Years Workforce Strategy: The Early Childhood Education and Care Workforce Strategy for Australia 2012-2016. The Strategy identified five priority areas—a professional workforce; a growing workforce; a qualified workforce; a responsive workforce; and a collaborative workforce. It sought to drive and coordinate activity in supporting the workforce, including from Commonwealth and State and Territory governments, services providers, peak bodies and professionals. It followed a 2011 Productivity Commission research report on the early childhood development workforce, which considered the broader early childhood workforce (for example, including child and family health nurses) and issues across the profession, including pay, leadership, and professional development. The strategy lapsed at the end of 2016, and was not replaced until Shaping our Future—the National Children's Education and Care Workforce Strategy (2022-2031) was released, when workforce shortfalls were being reported across Australia. It contains six focus areas: professional recognition (including pay and conditions), attraction and retention (including diversity), leadership and capability; wellbeing; qualifications and pathways (including career progression); and data and evidence.

Commonwealth government investment in supporting the early childhood workforce, for example supporting professional development costs, has been episodic. For example, funding was provided for a Long Day Care Professional Development Program, but this lapsed in 2017 and equivalent support was not provided until the recent 2023-24 Budget announcement of funding for backfill, placements for teaching students and practicum exchange.

Recently, the draft National Care and Support Economy Strategy has indicated the Commonwealth government sees itself playing a stewardship role in ECEC, with a particular focus of the Strategy on the ECEC workforce. This is, at least in part, in response to the significant workforce challenges facing the sector, including many reports of services having to limit enrolments due to staff shortages and regulatory waivers being issued for services unable to meet NQF staffing requirements.

Quality and regulation

Originally the sole province of States and Territories, the Commonwealth established its own regulatory system as it increased its investment and opened its funding to for-profit providers. More recently, Commonwealth, State and Territory governments have worked together on the National Quality Framework, which provides a single, nationally consistent system.

As mentioned earlier, States and Territories originally had regulatory responsibility for all forms of ECEC. However, as the Commonwealth became more involved in child care policy and funding, it began to become more involved in ECEC regulation, initially by imposing conditions on services receiving Commonwealth funding and later through more formal regulatory approaches. It began in 1972, by applying staffing standards for long day care services receiving Commonwealth funding, and a broader accreditation framework was introduced in 1994 for Commonwealth funded services. This aimed to improve the quality and standard of child care, and operated in parallel with State- and Territory-based regulatory regimes, as compliance was a condition of Commonwealth funding. It was overseen by the National Childcare Accreditation Council, and occurred as eligibility for government funding was expanded to include for-profit services. It was one of the first national approaches to quality assurance in the world and marked a significant forward step in Australia's approach to quality in ECEC.

Most significantly, in 2007 COAG agreed to establish the National Quality Agenda, which became the National Quality Framework (NQF), still in place today. The NQF consists of the National Quality Standards (which form the basis of services' assessment and rating), the Australian Children's Education and Care Quality Authority (ACECQA, a national body that oversees and administers aspects of the quality system and replaced the National Childcare Accreditation Council) and the Early Years Learning Framework (which guides curriculum and pedagogy). It is underpinned by a national law that applies across Australia. Significantly, it explicitly sought to bring different types of ECEC together, so all ECEC services (preschools, long day care services, family day care and outside school hours care, and both for-profit and not-for-profit providers)⁴ operate under a single, nationally-consistent regulatory system.

The NQF is one of the first of its kind in the world and is highly regarded internationally. It is also a key driver of quality improvement and the professionalisation of the sector and its workforce. States and Territories continue to be responsible for enforcing the regulations (e.g. conducting assessments and ratings) and work cooperatively on any changes to the regulatory system. Originally, the Commonwealth contributed funds towards the operation of the NQF under a dedicated National Partnership Agreement on the National Quality Agenda For Early Childhood Education and Care (NPA NQA ECEC), recognising that States and Territories were regulating services that the Commonwealth had previously overseen (and were the primary funders of), and States and Territories contributed towards the cost of ACECQA. The NPA NQA ECEC lapsed at the end of 2018 and the Commonwealth government's funding contribution to regulatory activity was not renewed. The Commonwealth continues as the sole funder of ACECQA, although States and Territories retain the right to nominate board members and retain responsibility for carrying out regulatory activity (such as the assessment and rating of services) for all services within their jurisdiction, including Commonwealth funded services.

⁴ There are small number of exceptions to the NQF's coverage—some school-based preschools and a small cohort of other services (e.g. Occasional care and mobile services) are outside the NQF and regulated under state-specific regulatory regimes.

Preschool programs

After early involvement that ended in the 1980s, the Commonwealth's support for preschool reemerged earlier this century, with joint Commonwealth and State and Territory effort to increase participation that has shown strong results.

The term 'preschool program' is generally used to refer to an early childhood education program led by a bachelor-qualified teacher, distinct from broader early childhood education which can, amongst other things, be led by educators with different qualification levels.⁵ Preschool was historically viewed as the responsibility of States and Territories, linked to their responsibility for school education in Australia. The Commonwealth government briefly provided funding to preschools in the 1970s—initially directly to preschools (in the 1973-74 Budget), and then as block grants to States and Territories (from 1976) until funding for preschools ceased entirely in 1985.

It was not until 2007 that the Commonwealth government again began to support universal access to a preschool program in the year before school (also known as four-year-old preschool). This reflected the greater understanding of the importance of the early childhood period to brain development, and therefore the role and potential of early childhood education in human capital formation and the potential short and long term benefits from high quality ECEC programs. It also recognised the challenge of vertical fiscal imbalance in Australia, with States and Territories reliant on Commonwealth revenue raising powers to fund service delivery.

5 Preschool can be called different things in other States and Territories, including kindergarten or kindy. A preschool program can be offered in a preschool service, or in a long day care service. Preschool services typically operate a shorter span of hours than a long day care service, focus on delivery of a preschool program to three and four year old children, and are not eligible for the Child Care Subsidy. A 2020 review of the National Partnership Agreement found it was considered a major success, with the proportion of children enrolled in a preschool program for the target 600 hours increasing from 12% in 2008 to 96% in 2018, and that it had created a national system, while preserving State and Territory flexibility to meet local need.

In 2008, the Commonwealth and all States and Territory jurisdictions entered into the first National Partnership Agreement on Early Childhood Education, seeking to provide every Australian child with access to 600 hours of a preschool program in the year before they start fulltime school. (This was part of a broader early childhood reform program, including the NPA NQA ECEC and Early Years Workforce Strategy discussed earlier.) Reflecting different histories in different jurisdictions, States and Territories were able to agree their own reform pathways, with different jurisdictions using a combination of sessional preschools (including government/department operated preschools and community preschools), long day care services, and school-based preschools. There were eight Agreements over the period 2009 to 2021, with many being short term agreements or extensions. Early versions of the National Partnership Agreement on Universal Access included Commonwealth funding for reform implementation (not just service delivery), recognising that it would take time and investment to fully deliver universal access.

A 2020 review of the National Partnership Agreement found it was considered a major success, with the proportion of children enrolled in a preschool program for the target 600 hours increasing from 12% in 2008 to 96% in 2018, and that it had created a national system, while preserving State and Territory flexibility to meet local need. It concluded governments should enter into a new agreement (when the then-current Agreement expired), and in 2021 governments entered into a new Preschool Reform Agreement (PRA). The PRA continues support for universal access to preschool in the year before school and commits all jurisdictions to work on improved enrolment and attendance measurement, as well as the development of a new outcomes measure.

Many jurisdictions (including South Australia, through this Royal Commission) are now also working to expand access to preschool for three year old children and make four year old preschool free (rather than subsidised), and some jurisdictions are working to provide access to additional hours of four-year-old preschool. This reflects, again, an ever-improving understanding of child development and the potential of early childhood education to deliver significant benefits to children and the community. Thus far, this expansion and investment to reduce cost to families have been occurring without additional Commonwealth support or involvement.

The evolution of preschool described above has occurred separate to other ECEC entitlements for families or children—it is separate to the Commonwealth's CCS system, although in some cases preschool is delivered through the same long day care services that provide child care. The two aspects of the ECEC system have, in some ways, evolved into separate service systems, with different funding streams and other policy settings, and in many cases different services and providers. a brief history of **Commonwealth government involvement** in early childhood education and care in Australia



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& ACCESS

PROVISION PLANNING

Commonwealth introduces capital grants

for not-for-profits (NFPs). Funding limited

to set places and Cth agreement required

to expand/establish new services.

↓ [1972] → ↓

-⊳-[19**80**S]---⊳-

Investment in new places but shift to

governments for capital funding (and input

into service planning). Commonwealth

Extra 30,000 LDC places announced, cost-

shared with states and territories.

relying on state, territory and local

provides operating subsidies.

-⊳-[1988]--⊳-

-≻--[MID1980s]---≻-

->--[19**90**S]--->-

-⊳--[1990]---⊳-

20,000 additional LDC places announced.

-⊳--[1991]---⊳-

NFP services still have to apply for approval to open a new service, but FPs not subject to a planning process.

-⊳--[1994]---⊳-

New Growth Strategy with *Commonwealth* funding for NFPs/LG to increase places.

-⊳--[1997]---⊳-

Commonwealth ends capital subsidies. *Commonwealth* ends requirement to approve new NFP services, leaves to market.

-⊳--[1994]---⊳-

National Childcare Accreditation Council established for services receiving *Commonwealth* funding.

QUALITY & REGULATION

|⊲---[1972]---⊳-

State-based regulatory schemes in place.

AFFORDABILITY & FUNDING

√[1972]—►

Commonwealth begins funding long day care, paying 75 per cent of staff Award rates. Funding only for NFPs, and only for children of working or sick parents. Some additional funding for 'fee relief' for low and middle-income families.

√—[1974]—►

Expanded to all children and other providers (e.g. FDC).

-⊳--[1983-⊳-1985]---⊳

Reforms introduced as part of Accord. Standardised fee relief introduced for NFPs. (Varied by parent income and number of children).

-⊳--[1986]---⊳-

Payments made on basis of enrolments, not staff wages.

-⊳--[1990]---⊳-

Eligibility for funding expanded to for-profit services.

-⊳--[1994]---⊳-

Non-means tested cash rebate introduced on top of existing subsidy to provide additional fee relief—Now allowed to be used for informal care, including nannies.

WORKFORCE

|→---[1972]--->-

Commonwealth sets staffing standards. Funding linked to Award rates.

-⊳--[1986]---⊳-

Subsidies moved to be based on enrolments not staff costs.

PRESCHOOL

⊶—[1974]—⊳

Funding provided to preschools (from 1976, as grants to states and territories).

->--[1986]--->-

Preschool funding ends.

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-⊳-[20**00**S]--⊳-[20**10**S]--⊳-

->-[20**20**5]--|->-

PROVISION PLANNING & ACCESS

QUALITY & REGULATION

-⊳--[2007]---⊳-

National Quality Agenda agreed. Leads to National Quality Framework and single regulatory framework for ECEC. *Commonwealth* contributes funding for state regulators. ACECQA established to oversee.

-⊳--[2018]---⊳-

National Quality Agenda Nation Partnership lapses (and with it Cth funding for regulatory system, other than ACECQA).

AFFORDABILITY & FUNDING

-⊳--[2000]---⊳-

Child Care Benefit (CCB, sliding scale relative to income) introduced. Provided more financial assistance and broadened parental eligibility.

-⊳--[2004]---⊳-

Affordability concerns lead to introduction of Child Care Tax Rebate (CCTR) on out of pocket expenses (non-means tested)

-⊳--[2007-⊳-2008]---⊳-

CCTR changed to cash rebate, increased, made subject to an activity test. CCB also increased.

-⊳--[2013-⊳-2015]---⊳-

Productivity Commission inquiry into Childcare and Early Childhood Learning.

---[2018]-----

Child Care Subsidy introduced, combining Benefit and Rebate. Additional subsidy introduced for highly disadvantaged families. Includes means and activity tests. Introduced hourly fee cap on subsidy.

-⊳-[2020]---⊳-

Child care made free April–June due to COVID.

-⊳--[2022]----⊳--

CCS rate increased for second and subsequent children.

-⊳--[2023]---⊳-

Subsidy increased and expanded income eligibility.

WORKFORCE

-⊳--[2008]---⊳-

Staffing requirements subsumed into NQF.

-⊳--[2012-⊳-2016]---⊳-

National Workforce Strategy.

PRESCHOOL

-⊳--[2008]---⊳-

National Partnership on preschool in the year before school established.

-⊳--[2018]---⊳-

Preschool enrolments increase from 12 per cent [in 2008] to 86 per cent [in 2018].

-⊳--[2022-⊳-2032]---⊳-

National Children's Education and Care Workforce Strategy.

-⊳--[2022]--⊳-

New Preschool Reform Agreement commences.

a brief history of *Commonwealth government involvement in early childhood education and care* in Australia

Aboriginal & Torres Strait Islander children

Aboriginal and Torres Strait Islander children

While not seeking to trace the full history of the Commonwealth government's policies in relation to Aboriginal and Torres Strait Islander children, it is useful to consider some elements and recent developments related to ECEC.

ECEC services that specifically cater to Aboriginal and Torres Strait Islander children (or groups that are disproportionately Aboriginal and Torres Strait Islander, such as remote communities) have a long history. They have taken different forms and titles over the years, including Multifunctional Aboriginal Children's Services (MACS). These have, at times, been provided separate or dedicated funding programs but they have often also been subject to the same changes in funding approaches from governmentsfor example, in 1997 operational subsidies for MACS ceased (at the same time as other not-for-profit services were moved from block to enrolment-based funding). A similar funding approach known as 'Budget Based Funding' was later (re-)introduced, but this was ended as part of the 2018 subsidy changes.

Prior to the National Partnership on Universal Access, the Commonwealth government supported Aboriginal and Torres Strait Islander children participating in preschool through the Supplementary Recurrent Assistance for Indigenous Preschool Education. When moving to the National Partnership for Universal Access, the Agreements' performance frameworks have maintained a specific focus on improving Aboriginal and Torres Strait Islander participation, including performance targets in the current Preschool Reform Agreement.

There are several overarching documents outlining the Commonwealth's approach to improve outcomes, including the National Agreement on Closing the Gap (which includes a specific focus on early childhood care and development with targets for preschool enrolment and developmental outcomes). This was followed by the National Aboriginal and Torres Strait Islander Early Childhood Strategy, developed by the Commonwealth (through the National Indigenous Australians Agency) and the Secretariat of National Aboriginal and Islander Child Care (SNAICC), and the establishment of the Early Childhood Care and Development Policy Partnership, co-chaired by the Commonwealth Education Department and SNAICC.

From the middle of this year, the activity test for Aboriginal and Torres Strait Islander children was relaxed, to allow access to additional subsidised hours of participation in ECEC. There are also specific, programmatic approaches—for example, the Connected Beginnings program aims to improve access to ECEC and other early childhood-related supports (such as maternal and child health and local government supports), operating in 34 communities across Australia.

Through these strategies, documents and approaches, it is evident that there is an increasing emphasis on Aboriginal and Torres Strait Islander involvement in policy development and the delivery of ECEC, including through community controlled ECEC services, and through representation in the ECEC workforce.

Conclusion

The Commonwealth's role in ECEC has generally been focussed on supporting affordability and parental workforce participation, with variable other roles and investments. The system continues to largely rely on demand- and market-driven forces to meet needs. The efficacy of this approach is beyond the scope of this paper, but is likely to be considered in other places, including the current Productivity Commission inquiry.

It is also notable what has not been a significant role for the Commonwealth. It has had a limited role in provision planning or otherwise ensuring supply since it stopped supporting and approving not-for-profit places, and it has not undertaken other stewardship functions or activities (for example, using its funding lever to drive quality improvement or consistently supporting adequate workforce supply). This suggests that the Commonwealth has not regarded itself as broadly responsible for the whole ECEC system, despite being the predominant funder of it. The Commonwealth has generally relied on the market to meet community or government needs, with only limited interventions or supports where the market does not do this (and with States and Territories having responsibility for preschool delivery). The Commonwealth's role in system management has broadly reduced over time, although recent investments in workforce and new services, and the government's draft National Care and Support Economy Strategy, indicate that the current government considers it does play a broader, stewardship role in the system.

Emphasis on ECEC's role in child development has increased over time, with a particular focus on quality, regulation and preschool. The increasingly national approach to quality regulation and improvement has also been notable, and is in many ways considered a leading system in the world.

Changes in the Commonwealth government's approach to ECEC have also reflected broader societal changes over time—including gender equality and women's workforce participation, increasing scientific understanding of children's development and the importance of the early years, and trends in public management and marketisation of social services.

Since the early 2000s, there has been particular emphasis on trying to unify ECEC systems and approaches, including through the NQF. However, as this Royal Commission has observed, the split between State and Territory and Commonwealth governments' roles in the ECEC system continues and can create challenges. There is an opportunity for all to revisit their roles and responsibilities in a system of shared stewardship.

While incremental changes have been made over the years (primarily in the areas of national approaches to preschool and regulation), there have also been several attempts at considering more fundamental changes to Commonwealth and State and Territory roles, including a 1995 COAG discussion paper, the 1996 Economic Planning Advisory Commission, the 2014 Reform of the Federation White Paper, and a proposal in 2021 by the NSW Premier for roles and responsibilities in ECEC and disability to be swapped, with the States and Territories taking responsibility for ECEC. These have not led to major changes, but current processes (including this Royal Commission, the National Cabinet vision for ECEC, and the Productivity Commission's Inquiry) may lead to further attempts.

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