

**FUNDING MODEL OPTIONS
FOR
ACCO INTEGRATED
EARLY YEARS SERVICES
FINAL REPORT**



SNAICC

National Voice for our Children

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ACKNOWLEDGMENTS

SNAICC shows respect by acknowledging the Traditional Custodians of Country throughout Australia and their continuing connections to land, waters and communities. We pay our respects to Aboriginal and Torres Strait Islander cultures and Elders past, present and emerging. We acknowledge and respect their continued connection to Country, care for community and practice of culture for generations uncounted.

The authors specifically acknowledge our appreciation of those Aboriginal and Torres Strait Islander families and families of Aboriginal and Torres Strait Islander children who gave their input and contributed to the development of the funding model options through local consultations and online. Special thanks also to those many stakeholders and services who provided time to give their input and contribution.

ABOUT SNAICC



SNAICC is the national non-government peak body for Aboriginal and Torres Strait Islander children. We work for the fulfilment of the rights of our children, to ensure their safety, development, and well-being.

SNAICC has a dynamic membership of Aboriginal and Torres Strait Islander community-based child care agencies, Multi-functional Aboriginal Children's Services, crèches, long day care child care services, pre-schools, early childhood education services, early childhood support organisations, family support services, foster care agencies, family reunification services, family group homes, services for young people at risk, community groups and voluntary associations, government agencies and individual supporters.

Since 1981, SNAICC has been a passionate national voice representing the interests of Aboriginal and Torres Strait Islander children and families. SNAICC champions the principles of community control and self-determination as the means for sustained improvements for children and families, which has been at the heart of SNAICC's work — whether on child protection and wellbeing or early childhood education and development. Today, SNAICC is the national peak body for Aboriginal and Torres Strait Islander children and the sector supporting these children. Our work comprises policy, advocacy, and sector development. We also work with non-Indigenous services alongside Federal, State and Territory governments to improve how agencies design and deliver supports and services for Aboriginal and Torres Strait Islander children and families.



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A NOTE ON LANGUAGE

INTEGRATED EARLY YEARS SERVICES

The term integrated early years services refers to services that provide childcare, early learning and pre-school services alongside integrated child and family health, wellbeing, development and social supports with a focus on supporting the education and development of children aged 0 to 5. Within the current funding and operating context nationally, the type of ECEC services and the scope of integrated services provided varies significantly between service providers.

ABORIGINAL AND TORRES STRAIT ISLANDER COMMUNITY CONTROLLED ORGANISATIONS

This report uses the definition of Aboriginal and Torres Strait Islander Community Controlled Organisation (ACCO) provided in the National Agreement on Closing the Gap. While ACCOs may look and operate differently depending on the context and needs of the community they operate within, all ACCOs centre on delivering services that strengthen and empower Aboriginal and Torres Strait Islander communities.

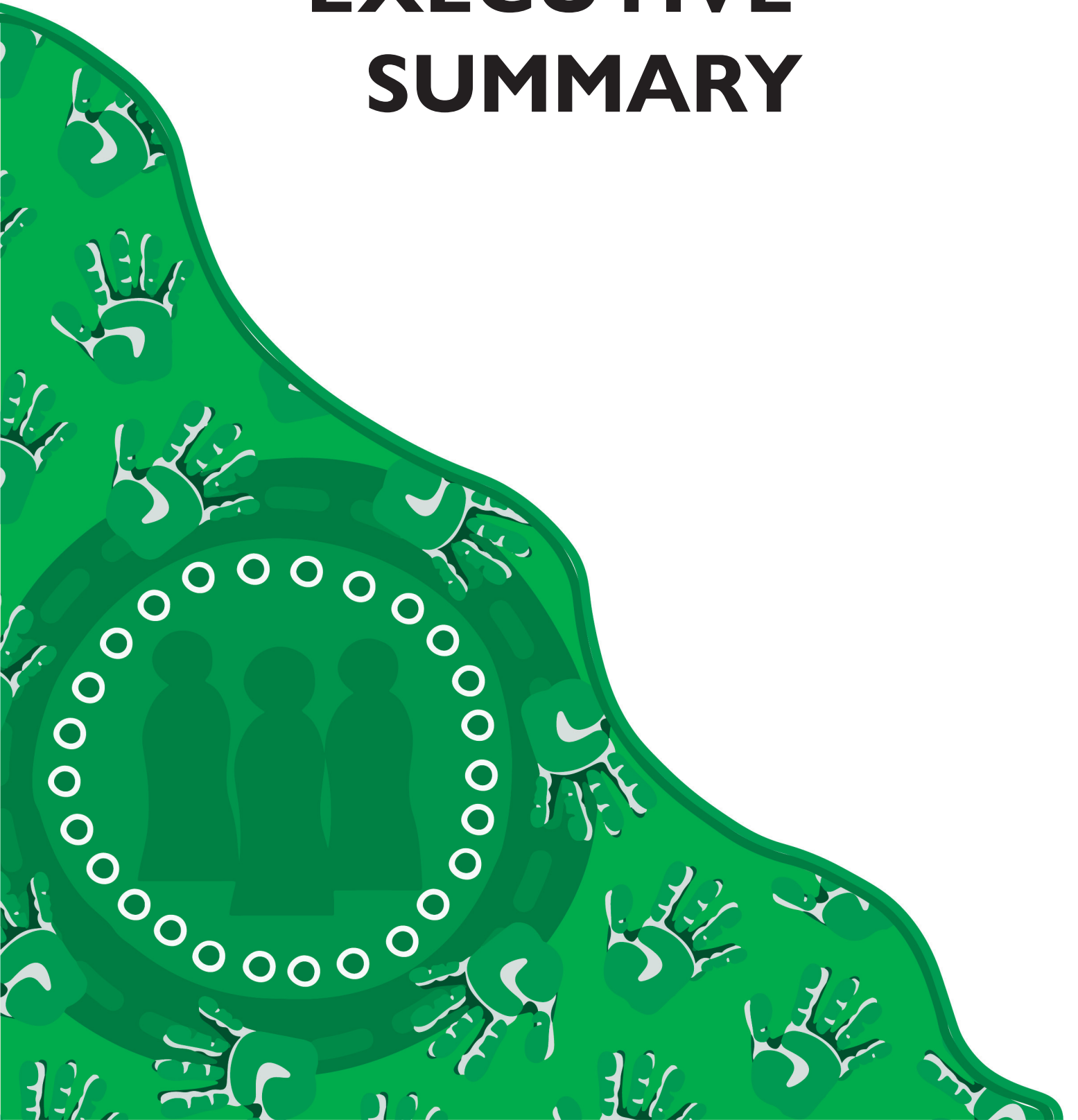
As outlined in Clause 44 of the National Agreement on Closing the Gap, to be considered an ACCO, an organisation must be:

- a. incorporated under relevant legislation and not-for-profit
- b. controlled and operated by Aboriginal and/or Torres Strait Islander people
- c. connected to the community, or communities, in which they deliver the services
- d. governed by a majority Aboriginal and/or Torres Strait Islander governing body.

The agreed elements of a strong community-controlled sector are set out in Clause 45 of the National Agreement on Closing the Gap:

- a. sustained capacity building and investment in ACCOs
- b. dedicated and identified Aboriginal and Torres Strait Islander workforce with wage parity based on workforce modelling commensurate with need
- c. ACCOs which deliver common services are supported by a peak body, governed by a majority Aboriginal and Torres Strait Islander Board, have strong governance and policy development and influencing capacity
- d. ACCOs which deliver common services have a dedicated, reliable and consistent funding model designed to suit the types of services required by communities, responsive to the needs of those receiving the services, and is developed in consultation with the relevant peak body.

EXECUTIVE SUMMARY





Long before terms like ‘integrated hubs’ and ‘one stop shop’ were coined, ACCOs were providing integrated early years services tailored to the needs of children and families in their communities. ACCOs have been the leaders of holistic early childhood supports for decades, and Aboriginal and Torres Strait Islander communities have provided connected and holistic care for our children for millennia.

Two decades ago, SNAICC’s Aboriginal and Torres Strait Islander early years sector leaders created the term “Thrive by five with culture alive” and adopted it as one of SNAICC’s core strategic priorities. This research paper builds on that legacy of early years leadership to explore and propose options for the implementation of a new funding model for Aboriginal and Torres Strait Islander community-controlled integrated early years services designed to ensure our children thrive.

THE STRENGTHS OF OUR ACCOS

The connection and accountability that ACCOs have to community makes them uniquely placed to identify the services and supports that are most needed and will have the greatest impact on a local level. ACCO services go well beyond the mainstream scope of childcare and early education to provide holistic wrap around support for children and extended families. This approach is a response to the gaps in culturally safe services and the need to support community to navigate government and non-Indigenous service systems. Our services support the interface for families with systems including, but not limited to, justice, health, social and community services.

Relationships are central to Aboriginal and Torres Strait Islander cultural frameworks. This research confirms that ACCO early childhood services provide community-centred programs that foster connection with families, culture, Country, and the local Aboriginal and Torres Strait Islander community, including Elders and local community-controlled organisations. The ACCO workforce is reflective of the local Aboriginal and Torres Strait Islander communities in which ACCOs operate, and this plays a critical role in building trust and relationships across the community.



A FOCUS ON EARLY LEARNING AND DEVELOPMENT

The early years are a critical period in a child's development, creating the foundations for lifelong learning and wellbeing. Participation in quality early learning environments positively impacts a child's life outcomes and supports them to realise their full potential. Culture is a critical part of Aboriginal and Torres Strait Islander children's development, identity and self-esteem and strengthens their overall health and wellbeing. For Aboriginal and Torres Strait Islander children and families to experience cultural safety, early years services must be grounded in cultural frameworks that reflect the protocols and practices of local families and communities.

Successive policy failures have resulted in Aboriginal and Torres Strait Islander children experiencing disproportionate disadvantage in relation to development and education outcomes in the early years. The most recent Australian Early Development Census (AEDC) data shows that Aboriginal and Torres Strait Islander children were 2.6 times more likely than non-Indigenous children to be developmentally vulnerable on two or more domains in 2021.

Progress towards Target 4 of the National Agreement on Closing the Gap to increase Aboriginal and Torres Strait Islander children developmentally on track in all five domains of the AEDC to 55% by 2031 has worsened, highlighting the critical need for early childhood policy, practice and funding reform.

METHODOLOGY

This research project used mixed methods to collect data and develop funding model options that enable Aboriginal and Torres Strait Islander children to access high quality, culturally safe early childhood education and support services that meet their developmental and wellbeing needs.

SNAICC subcontracted Deloitte Access Economics to support the economic modelling and financial viability analysis of funding model options. The modelling and analysis consider the underpinning formulae and scalability of different funding models, and relevant variables such as workforce and quality.



The research collected and analysed a broad range of qualitative and quantitative data through an evidence review, led by dandolopartners and Dr Jessa Rogers, interviews with ACCO integrated early years services, an online survey, interviews with government representatives, and financial and administrative data provided by services and governments.

FUNDING CHALLENGES

SNAICC's research has confirmed what ACCO early years services have been saying for decades: current funding approaches are not fit for purpose and are failing Aboriginal and Torres Strait Islander children, families and communities. Current funding approaches:

1. create barriers for Aboriginal and Torres Strait Islander children and families in accessing early childhood education and care and integrated early years services;
2. limit ACCOs' capacity to deliver holistic, child-centred services needed to support Aboriginal and Torres Strait Islander children and families to thrive; and
3. are not successfully improving early development outcomes for Aboriginal and Torres Strait Islander children.

Government representatives and ACCO services consistently highlighted the complexity of the Child Care Subsidy system and described that it creates numerous barriers to engaging and supporting Aboriginal and Torres Strait Islander families resulting in inequitable access.

While ACCO early years services aim to provide outreach and holistic supports that address multiple barriers for families to access learning and development services, funding is more narrowly targeted and siloed, hampering service delivery through high and complex funding management, reporting, resourcing and delivery requirements. In practice, ACCOs are currently embedding culture into every aspect of service delivery from governance and workforce to curriculum and relationship building. However, there is limited, if any, ongoing, sustainable or sufficient funding for cultural curriculum, language, cultural teachers, programs, on Country experiences or cultural advisory groups.



FUNDING REFORM

Current ways of working are leaving Aboriginal and Torres Strait Islander children behind. Patchwork and piecemeal funding results in inequitable access to services, with the children and families most in need most often missing out. The significant, systemic and wide-ranging nature of the challenges associated with current funding approaches highlight the need for large-scale funding reform. A new funding model cannot tinker around the edges of such a dysfunctional system and expect to drive the change needed to improve the lives of Aboriginal and Torres Strait Islander children, families and communities.

A new funding model must support best practice in a way that meets the needs of Aboriginal and Torres Strait Islander children, families, organisations and communities. A future funding environment must enable ACCOs to deliver integrated early years services that embed culture in all aspects of service delivery.

Funding for integrated early years services must allow ACCOs to deliver both core services and flexible offerings that meet the needs of children and families in their communities to enable Aboriginal and Torres Strait Islander children to have the best possible start in life, wherever they live and whatever their life circumstances. There is no one set or preferred structure for ACCO integrated early years services, and a funding model must recognise this and allow the flexibility for ACCOs to deliver services in the way that best meets community need.

FUNDING PRINCIPLES

The research, consultation and analysis conducted as part of this project to date has revealed a set of core funding principles that must be met to ensure that ACCOs are effectively funded to deliver integrated early years services.

To support the best outcomes for Aboriginal and Torres Strait Islander children, families and communities, funding must offer the following five core principles:



- 1. Certainty**, to ensure that services have confidence and assurance that funding commitments are both enduring and commensurate with the full cost of high quality integrated early years services that embed culture in all aspects of service delivery.
 - 2. Control**, such that communities and/or services can flexibly direct funding resources to their highest and best use given the needs of the local community.
 - 3. Reliability**, such that the integrated services and supports that children and families require can be accessed and utilised in a timely and predictable manner.
 - 4. Responsiveness**, such that funding levels recognise and respond to variations in need across and within communities.
 - 5. Administrative simplicity**, such that the costs and administrative burden of accessing and utilising funding are minimised.
- Adjusted CCS Model with supplementary funding - A funding model which utilises an adjusted form of CCS (as recommend by the Productivity Commission) for childcare delivery, supplemented by needs-based block funding for other core services, the internal glue and the flexible funding component.
 - Dedicated ACCO Early Years Service Model – a funding model which exists outside of the CCS architecture, under which needs-based block funding is used for all components of service delivery, including childcare.

Glue refers to the administrative, staffing, training and capital costs required to keep a service operational and to ensure a fully integrated experience is provided for families. This includes funding for leadership and administrative support positions, equipment and technology and maintenance costs.

These options were assessed against the funding principles which identified that only the third option effectively delivered on all five principles.

FUNDING MODEL OPTIONS

Three funding model options were explored as part of this research:

- Supplemented CCS Model – a funding model which utilises CCS (as CCS currently operates) as the primary funding stream for childcare delivery, supplemented by needs-based block funding for other core services, the internal glue and the flexible funding component.



Table 1: Assessment of funding model options

	Key assessment criteria	Option 1 (CCS based)	Option 2 (Adjusted CCS based)	Option 3 (dedicated ACCO Early Years Service Model)
Certainty	Extent to which option: 1. Features ongoing funding commitment 2. Ensures full funding for delivery of quality services 3. Ensures no out of pocket costs for families.	Low	Low	High
Control	Extent to which option features funding which is untied	Medium	Medium	High
Reliability	Extent to which option: 1. Ensures services are available and accessible on an as-needs basis 2. Ensures no eligibility or access thresholds present a barrier to families.	Low	Medium	High
Responsiveness	Extent to which option provides funding through a formula that accounts for differences in need across communities.	Medium	Medium	Medium
Administrative simplicity	Extent to which option: 1. Minimises the number of bodies responsible for funding and its oversight 2. Ensures systems and processes are appropriate and culturally safe 3. Minimises administrative burden on families to access funded services.	Medium	Medium	High



PREFERRED FUNDING MODEL

Based on the analysis of funding model options, a dedicated ACCO Early Years Service Model was identified as the preferred funding model. This option has been explored in further detail and built into a funding model framework. Associated implementation factors and supporting conditions considered as part of the framework.

FUNDING MODEL ARCHITECTURE

Consideration of potential funding mechanisms in light of the overarching vision and the five principles guiding the development of future funding model options gives rise to a proposed model architecture comprised of:

1. Service-level components (recurrent funding):
 - a. Base funding entitlement, designed to support the delivery of:
 - core services; and
 - ‘glue’ to support integrated service delivery;
 - b. Flexible funding for community designated activities; and
 - c. Need-based loadings, such that the base funding and flexible funding respond to remoteness, population size and vulnerability.

2. System-level components:
 - a. Explicit provision for backbone support; and
 - b. A framework to guide future investment in, and support the expansion of, the ACCO sector.

Preferred options are used to develop a bottom-up costing of the funding model, providing an illustrative picture of the per child, per service and total cost of funding ACCO-led integrated early years services under this model.

REVENUE SOURCES AND GOVERNANCE

There are a number of fiscal strategies that could support the realisation of the vision reflected in the proposed new model. In determining the role of different governments – and government agencies – in meeting the revenue requirements of the model, there are a number of factors to consider, including:

1. Current and future fiscal capacity;
2. Policy remit;
3. Existing funding landscape; and
4. National consistency.



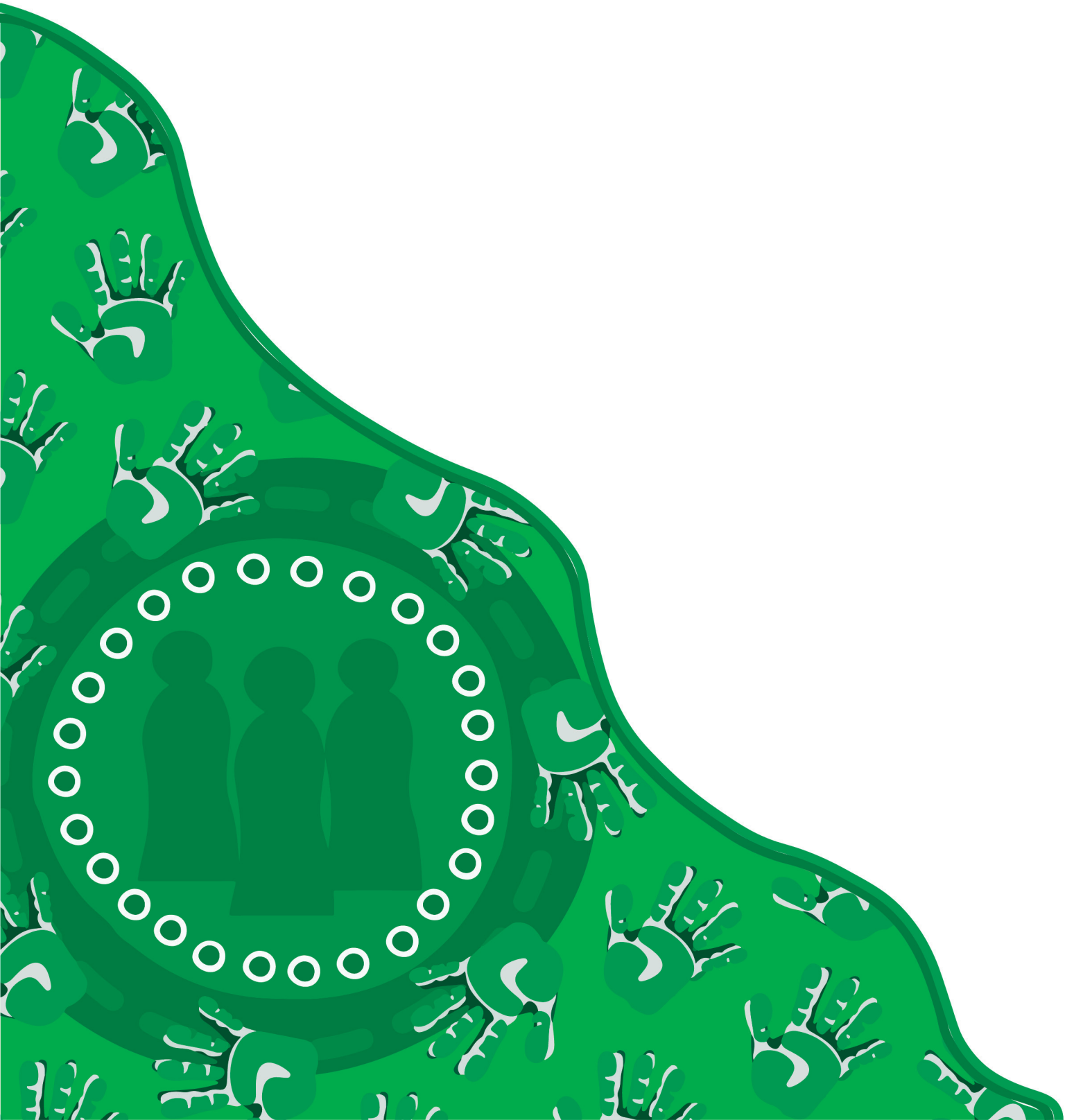
Consideration of these factors point to a co-contribution model between Federal, State and Territory Governments as the option that shows most promise. The Commonwealth funding component for this model would include contributions across a range of portfolios including, but not limited to, the Department of Education, the National Indigenous Australians Agency, the Department of Social Services and the Department of Health. To support the application of a co-contribution model, and the utilisation of a vehicle such as a national agreement as the instrument of its governance, a national policy framework is required. The framework should set out the overarching goals, objectives, guiding principles and standards as well as the basis upon which outcomes will be measured. Any joint funding commitment must be long term and binding.

SUPPORTING CONDITIONS

While the scope of this paper is not to examine the case for a wholesale re-design of the policy environment as it relates to ACCO integrated early years services, interdependencies between funding and other aspects of system design mean there are areas where complementary reform will be required to achieve the goals of a new funding approach. Critical and complementary reforms are required in areas including:

- Accountability for outcomes and the improvement of reporting, data and regulatory processes and requirements.
- Sector governance alignment to the Priority Reforms of the National Agreement on Closing the Gap;
- Service planning to prioritise new service establishment in alignment with need.
- Workforce planning and capability building to address workforce shortages, including for the Aboriginal and Torres Strait Islander workforce specifically.
- Adjustments to mainstream Australian Government child care funding to improve accessibility for children experiencing vulnerability.

RECOMMENDATIONS





Based on the research, options analysis and aligned to the preferred model outlined in the report, SNAICC provides the following recommendations:

Recommendation 1: The Australian Government should commit to leading the design and implementation of a national, systemic and sustainable approach to funding ACCO-led integrated early years services, partnering with states and territories and Aboriginal and Torres Strait Islander people, with a focus on ensuring equitable access and coverage across the country.

Recommendation 2: The new funding model for ACCO-led integrated early years services should incorporate block- and needs-based funding for all components of service delivery as outlined in Funding Model Option 3.

Recommendation 3: The new funding model for ACCO integrated early years services should provide long-term certainty for sustainable service provision alongside flexibility to adjust funding regularly to account for changes in community needs and costs of inflation over time.

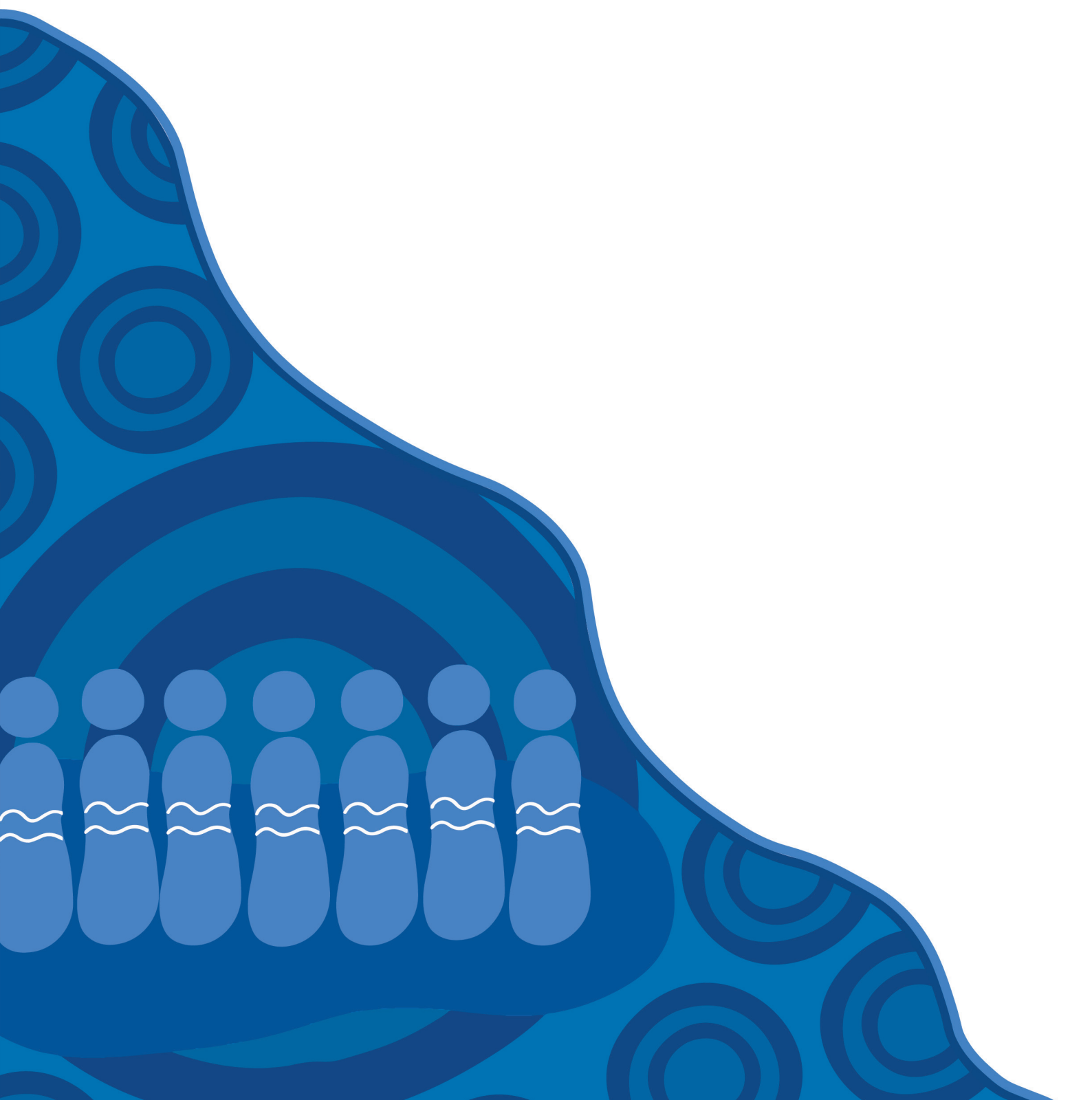
Recommendation 4: The new funding model for ACCO integrated early years services should incorporate dedicated allocations for the base funding entitlement (core services, and glue) and flexible funding (community designated services), and be scaled in alignment with population size, remoteness and vulnerability.

Recommendation 5: The new funding model for ACCO integrated early years services should explicitly and systematically provision for backbone support.

Recommendation 6: The new funding model for ACCO integrated early years services pairs a new approach to recurrent funding with a framework for ongoing infrastructure planning and investment to expand ACCO integrated early years services in response to service coverage gaps.

Recommendation 7: The new funding model for ACCO integrated early years services is funded and delivered through a co-contribution model between Federal, State and Territory governments with clear roles, responsibilities and long-term funding security established through a national policy framework embedded within a national partnership agreement.

INTRODUCTION



SNAICC – National Voice for our Children (SNAICC) has been contracted by the Australian Government Department of Education, on behalf of the Early Childhood Care and Development Policy Partnership (ECCDPP) to deliver a research project on funding model options for Aboriginal and Torres Strait Islander Community Controlled Organisations (ACCOs) delivery of early childhood education and care (ECEC) services, including integrated early years services.

This project was initially designed and proposed by SNAICC in consultation with Aboriginal and Torres Strait Islander early years service providers across the country. It is grounded in decades of leadership from Aboriginal and Torres Strait Islander communities and community-controlled services in the development and provision of quality and holistic early years supports to children and families. It builds on the deep foundation of Aboriginal and Torres Strait Islander cultural child rearing practices that have raised children strong in their cultures and communities for many thousands of years.

The main goal of this project is to enable Aboriginal and Torres Strait Islander children to access high quality, culturally safe ECEC services that meet their developmental and wellbeing needs through needs-based funding model options that support the viable operation of ACCO early years service providers.

This funding model is the first of its kind: built by community, for community.

POLICY CONTEXT

SELF-DETERMINATION

Self-determination describes the right of Aboriginal and Torres Strait Islander peoples to autonomy and self-governance.¹

The Australian Government has taken important steps towards recognising the rights of Aboriginal and Torres Strait Islander peoples to self-determination in matters relating to children. Safe and Supported: the National Framework for Protecting Australia's Children 2021-2031 commits to progressive systems transformation that has Aboriginal and Torres Strait Islander self-determination at its centre and defines self-determination as:

1. SNAICC 2022, 'The Family Matters Report 2022: Measuring trends to turn the tide on the over-representation of Aboriginal and Torres Strait Islander children in out-of-home care'. Retrieved from: <https://www.familymatters.org.au/wp-content/uploads/2022/11/20221123-Family-Matters-Report-2022-1.pdf>, pg. 90.

a collective right of Aboriginal and Torres Strait Islander peoples to determine and control their own destiny. It is a right of Aboriginal and Torres Strait Islander peoples to exercise autonomy in their own affairs and to maintain and strengthen distinct political, legal, economic, social and cultural institutions.²

For too long, governments have decided what works and what doesn't for Aboriginal and Torres Strait Islander people and communities without delivering meaningful and tangible positive change for our children and families. Enacting self-determination is critical to designing and implementing effective policies that achieve better outcomes for Aboriginal and Torres Strait Islander children.

SNAICC advocates for the full enactment of self-determination in all legislation, policies, and strategies. This project has been undertaken with self-determination embedded as a core principle throughout its methodology, consultation and financial modelling.

2. Department of Social Services 2021, 'Safe and Supported: the National Framework for Protecting Australia's Children 2021-2031 (the National Framework)'. Retrieved from: https://www.dss.gov.au/sites/default/files/documents/12_2021/dess5016-national-framework-protecting-childrenaccessible.pdf, pg. 51.

ABORIGINAL AND TORRES STRAIT ISLANDER CHILDREN'S RIGHTS

Aboriginal and Torres Strait Islander children and young people have a distinct set of rights. Aboriginal and Torres Strait Islander children's rights include those owed to all children as well as their unique rights as Indigenous Peoples. These rights are drawn from international human rights frameworks.

The rights of all children are set out in the United Nations Convention on the Rights of the Child (UNCRC) and are specific to children, their contexts, and needs. The UNCRC contains 54 articles and is based on four core principles:

1. Non-discrimination;
2. Devotion to the best interests of the child;
3. The right to life, survival and development; and
4. Respect for the views of the child.³

3. UNICEF 2019, 'Four principles of the Convention on the Rights of the Child'. Retrieved from: <https://www.unicef.org/armenia/en/stories/four-principles-convention-rights-child>

The articles within the UNCRC include the right to a standard of living that is sufficient to meet their physical and mental needs and the right to education that meets their developmental needs. The UNCRC also contains articles that are especially important to Aboriginal and Torres Strait Islander children such as the right to enjoy their culture, and to learn and use the language and customs of their Indigenous Nations. Aboriginal and Torres Strait Islander children also have rights under the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The articles under UNDRIP include rights to lands, to maintain language and culture and participate in decision making.

The United Nations Committee on the Rights of the Child (the Committee) has provided important guidance on how the UNCRC must be implemented to protect the rights of Indigenous children. This guidance reaffirms that the active protection of Indigenous children's rights requires dedicated attention and the application of special measures. In its General Comment 11, the guidance of the Committee included that:

1. Special measures should be taken through legislation and policy in consultation with Indigenous communities to protect the rights of Indigenous children;
2. Legislation should apply the principle of non-discrimination to protect Indigenous children against discrimination;
3. Special measures should be applied to ensure Indigenous children “have access to culturally appropriate services in the areas of health, nutrition, education, recreation and sports, social services, housing, sanitation and juvenile justice”;
4. The best interests of the child is a collective and individual right, and its application to Indigenous children requires consideration of collective cultural rights;
5. The best interests of an Indigenous child should be determined through the participation of the child's Indigenous community;
6. Special strategies should be used to ensure the participation of Indigenous children in matters affecting them, including ensuring rights to representation and culturally appropriate interpretation; and
7. Government should “ensure effective measures are implemented to safeguard the integrity of Indigenous families and communities by assisting them in their child-rearing responsibilities”.

The Committee also provided guidance on special measures necessary to ensure Indigenous children's rights are protected in areas such as health and education.⁴

Aboriginal and Torres Strait Islander children have a right to education without discrimination. Education under the UNCRC includes both access to education and the content of education which goes beyond formal schooling to encompass a broad range of life experiences and learning processes.

Internationally the right to education is interpreted as beginning at birth and closely linked to a child's right to life and maximum development. Sufficient public investment in services, infrastructure and overall resources for early childhood has been highlighted as important by the Committee. However, in 2019 the Committee expressed its concern that efforts made to close the gap for Aboriginal and Torres Strait Islander children remained insufficient and urged Australia:

“To invest more in improving education at the early childhood, primary and secondary levels, paying close attention to children living in remote areas, Aboriginal and Torres Strait Islander children, children with disabilities, children in marginalized and disadvantaged situations, children in alternate care and children from refugee and migrant backgrounds.”

Australia's seventh period report to the Committee is scheduled to be submitted in 2025. At present, Australia's investment in services, infrastructure and resourcing for ECEC, particularly in regional and remote Indigenous communities, does not meet the Committee's expectations, UNCRC obligations, or address the concerns raised during Australia's last reporting period.

4. United Nations Committee on the Rights of the Child 2009, 'Indigenous children and their rights under the convention', no. 11. Retrieved from: https://www2.ohchr.org/english/bodies/crc/docs/gc.11_indigenous_new.pdf

NATIONAL AGREEMENT ON CLOSING THE GAP

In July 2020, the Australian Government, all State and Territory governments, and the Coalition of Peaks signed the National Agreement on Closing the Gap (National Agreement). The National Agreement seeks to overcome the entrenched inequalities faced by Aboriginal and Torres Strait Islander people, pushing for equality in life outcomes for all Australians.

PRIORITY REFORM AREAS

The National Agreement is built around four Priority Reforms to change the way governments work with Aboriginal and Torres Strait Islander communities, organisations, and people across the country:

1. Formal partnerships and shared decision-making;
2. Building the community-controlled sector;
3. Transforming government organisations;
4. Shared access to data and information at a regional level.⁵

5. Australian Government, 'Closing the Gap Priority Reforms'. Retrieved from: <https://www.closingthegap.gov.au/national-agreement/priority-reforms>

The Priority Reforms are based on what Aboriginal and Torres Strait Islander people have been saying for a long time is needed to improve the lives of our people, and have been committed to by all Australian, State and Territory governments. They must inform all government action including legislation, policy, and practice, whether these actions are targeted for Aboriginal and Torres Strait Islander peoples or impact them as part of the general population.

Governments recognise that shared decision-making supports self-determination and understanding of and respect for the lived experiences of Aboriginal and Torres Strait Islander people.⁶ The Early Childhood Care and Development Policy Partnership (ECCDPP) was established as part the National Agreement to embed shared decision-making on matters relating to early childhood, care and development.

The establishment of the ECCDPP reflects an effort from government to work in genuine partnership with Aboriginal and Torres Strait Islander people, communities and organisations to create positive change for Aboriginal and Torres Strait Islander children.

6. Joint Council on Closing the Gap 2020, 'National Agreement on Closing the Gap', Clause 32. Retrieved from: <https://www.closingthegap.gov.au/sites/default/files/files/national-agreement-ctg.pdf>, pg. 6.

The ECCDPP is co-chaired by SNAICC, as the national peak body for Aboriginal and Torres Strait Islander children, and the Commonwealth Department of Education and includes government representatives from all jurisdictions and both independent and peaks Aboriginal and Torres Strait Islander representatives.

Aboriginal and Torres Strait Islander community control is also an act of self-determination.⁷ As outlined in SNAICC's *Stronger ACCOs, Stronger Families Report (2022)*, ACCOs both deliver much needed services and play an essential role in advocacy, as employers of Aboriginal and Torres Strait Islander people and are an important mechanism for self-determination through community-control of service delivery.

This project responds specifically to clause 45(d) of the National Agreement:

“Aboriginal and Torres Strait Islander community-controlled organisations which deliver common services have a dedicated, reliable and consistent funding model designed to suit the types of services required by communities, responsive to the needs of those receiving the services, and is developed in consultation with the relevant peak body.”

7. Ibid, Clause 44, pg. 8.

CLOSING THE GAP TARGETS

The objective of the National Agreement is to overcome the entrenched inequality faced by too many Aboriginal and Torres Strait Islander people so that their life outcomes are equal to all Australians. To support this, the National Agreement includes 19 national socio-economic targets across areas that have an impact on life outcomes for Aboriginal and Torres Strait Islander people.

While the early years has an impact across all outcomes, outcomes three and four are specifically relevant to this work:

- Outcome 3 – Children are engaged in high quality, culturally appropriate early childhood education in their early years.
 - Target: By 2025, increase the proportion of Aboriginal and Torres Strait Islander children enrolled in Year Before Full-time Schooling (YBFS) early childhood education to 95%.
- Outcome 4 – Children thrive in their early years.
 - Target: By 2031, increase the proportion of Aboriginal and Torres Strait Islander children assessed as developmentally on track in all five domains for the Australian Early Development Census (AEDC) to 55%.

COMPLEMENTARY NATIONAL STRATEGIES AND FRAMEWORKS

EARLY CHILDHOOD CARE AND DEVELOPMENT SECTOR STRENGTHENING PLAN

The Early Childhood Care and Development Sector Strengthening Plan (ECCD SSP) is a key enabler of Priority Reform 2 of the National Agreement. It was developed in 2021 by dedicated working groups, co-chaired by the Australian Government and SNAICC. The ECCD SSP outlines high level priorities to guide joint national effort and targeted jurisdictional actions to build a strong and sustainable Aboriginal and Torres Strait Islander community-controlled sector.

The project seeks to support the implementation of the ECCD SSP by delivering on Action E1 – Review early childhood education and care program and funding arrangements, including in Implementation Plans, to determine and implement changes needed to support Aboriginal and Torres Strait Islander community-controlled ECEC services.

NATIONAL ABORIGINAL AND TORRES STRAIT ISLANDER EARLY CHILDHOOD STRATEGY

Launched in December 2021, the National Aboriginal and Torres Strait Islander Early Childhood Strategy (Early Childhood Strategy) has five goals that cut across early learning, health, housing, disability, safety, wellbeing, care and development. The Early Childhood Strategy includes strong opportunities for improvements in early childhood wellbeing.⁸

The Early Childhood Strategy is aligned with commitments under the National Agreement and the ECCD SSP and builds on existing Australian Government commitments to support and grow the ACCO sector. Opportunities identified under Goal 4 and 5 of the Early Childhood Strategy include building the role of the ACCOs to provide support for families and communities.⁹

8. National Indigenous Australians Agency 2021, 'National Aboriginal and Torres Strait Islander Early Childhood Strategy'. Retrieved from: <https://www.niaa.gov.au/sites/default/files/publications/niaa-early-years-strategy-5.pdf>.

9. Ibid, pg. 9.

STRONGER ACCOS, STRONGER FAMILIES

SNAICC was engaged by the Commonwealth Department of Social Services (DSS) in 2022 to review DSS funding to ACCOs for child and family services. The purpose of the *Stronger ACCOs, Stronger Families* project was to identify existing knowledge and consult with ACCOs on their strengths, needs, barriers and opportunities for accessing DSS funding and delivering the DSS-funded Family and Children Activity programs.¹⁰

The report identified significant systemic barriers faced by ACCOs in accessing funding for child and family services. Barriers included competitive grant processes that advantage larger non-Indigenous organisations, reporting and administrative burdens that are not supported by core functions funding. These barriers resulted in a fundamental misalignment between how services are funded, and the services communities want and need.

Importantly, ACCOs identified that dedicated, sustainable, flexible, and sufficient funding would enable them to build upon the existing strengths of their sector by increasing the number of ACCOs and delivering services to more Aboriginal and Torres Strait Islander children and families.

10. SNAICC 2022, 'Stronger ACCOs Stronger Families'. Retrieved from: <https://www.snaicc.org.au/wp-content/uploads/2023/05/SNAICC-Stronger-ACCOs-Stronger-Families-report-2022.pdf>.

ONGOING EARLY YEARS INQUIRIES AND REFORMS

ACCC CHILDCARE INQUIRY

In 2022, the Treasurer directed the Australian Competition and Consumer Commission (ACCC) to conduct an inquiry into the market for the supply of childcare services.¹¹ The inquiry is considering matters including:

- Costs and availability of labour.
- The use of land and related costs.
- Finance and administrative costs.
- Regulatory compliance costs.
- The costs of consumables.
- The prices charged since 2018 and how prices have shifted following changes in childcare policy settings.

The ACCC is examining how costs and prices differ by:

- Type of provider and size.
- Type of childcare service.
- Age and characteristics of the child in care.
- Geographic location.
- Level of competition.
- The quality rating of the childcare services provided.¹²

11. Australian Competition and Consumer Commission, 'Childcare Inquiry 2023'. Retrieved from: <https://www.accc.gov.au/inquiries-and-consultations/childcare-inquiry-2023>.

12. Ibid.

The scope of the ACCC inquiry includes factors which impact upon childcare provider viability, quality and profits. The ACCC has released two interim reports that highlighted the important role of ACCOs in delivering childcare services to Aboriginal and Torres Strait Islander children. The ACCC's second interim report in September 2023 also recognised that current childcare market forces are driving supply to more advantaged areas and that market forces alone are “unlikely to ensure equitable educational and or developmental outcomes across all children and households”. The ACCC recommended consideration of “sustaining and expanding supply-side support options for Aboriginal Community Controlled Organisations that provide childcare and additional support services for First Nations children, parents and guardians.”

PRODUCTIVITY COMMISSION INQUIRY INTO ECEC

The Australian Government has requested the Productivity Commission conduct an inquiry into Australia's ECEC system.¹³

The inquiry will make recommendations to support affordable, accessible, equitable and high-quality ECEC that reduces barriers to workforce participation and supports children's learning and development, including options that improve or support outcomes for Aboriginal and Torres Strait Islander children and families.

The Productivity Commission published a draft report in November 2023. The draft report noted:

- Aboriginal and Torres Strait Islander children are under-represented in ECEC services because mainstream providers are not always available and affordable, or they may not offer culturally safe environments.
- ACCOs can struggle to source adequate funding to deliver tailored programs that meet community priorities.
- ACCOs require a sustainable funding model, which recognises their knowledge and expertise to deliver the ECEC priorities of their communities.
- The cultural capability of all ECEC services should be improved through publicly funded professional development for staff and better support for services.¹⁴

13. Australian Government Productivity Commission, 'Draft Report Release'. Retrieved from: <https://www.pc.gov.au/inquiries/current/childhood#draft>.

14 Ibid, pg. 3

EARLY YEARS STRATEGY

The Australian Government is developing a new Early Years Strategy which aims to create a more integrated, holistic approach to the early years and better support the education, wellbeing and development of Australia's children.¹⁵ The Strategy aims to support improved coordination between Australian Government programs, funding and frameworks impacting early childhood development.

NATIONAL VISION FOR ECEC

In 2023, Federal, State and Territory education and early years ministers are developing a national long-term vision to drive future reform of ECEC. The draft national vision recognises:

- Quality ECEC has learning and development benefits for children in the most formative period of their lives. This can be especially significant for children experiencing vulnerability and/or disadvantage.
- An affordable and accessible ECEC system supports parents to work and study, especially women. This in turn supports the Australian economy to grow and prosper.¹⁶

15. Australian Government Department of Social Services, 'Early Years Strategy'. Retrieved from: <https://www.dss.gov.au/families-and-children-programs-services/early-years-strategy>.

16. Australian Government Department of Education, 'National vision for early childhood education and care'. Retrieved from: <https://www.education.gov.au/early-childhood/strategy-and-evaluation/national-vision-early-childhood-education-and-care>.

At the time of writing, the final National Vision for ECEC had not been released.

DRAFT NATIONAL STRATEGY FOR THE CARE AND SUPPORT ECONOMY

The Australian Government is developing a National Strategy for the Care and Support Economy which will set out the Australian Government's vision for a care and support system across aged care, disability support, veterans' care and ECEC sectors. The National Strategy will be supported by an implementation snapshot that tracks progress towards achieving the strategy's objectives of a sustainable and productive care and support economy that delivers quality care with decent jobs.¹⁷

At the time of writing, the National Strategy is being finalised and is expected to be released in early 2024.

17. Australian Government Department of the Prime Minister and Cabinet, 'National Strategy for the Care and Support Economy'. Retrieved from: <https://www.pmc.gov.au/domestic-policy/national-strategy-care-and-support-economy>.

PROJECT CONTEXT

OBJECTIVE

The ultimate goal of this project is to:

1. enable Aboriginal and Torres Strait Islander children to access high quality, culturally safe ECEC services that meet their developmental and wellbeing needs

through

2. needs-based funding model options

that

3. support the viable operation of ACCO early years service providers.

In delivering on the three elements of the core objective, the project aimed to confirm and identify:

- The development and wellbeing needs of Aboriginal and Torres Strait Islander children in the early years, including in relation to culture.
- How ACCOs meet the needs of Aboriginal and Torres Strait Islander children and families through the provision of ECEC and integrated early years services.
- Enablers and barriers experienced by ACCOs in delivering effective ECEC and integrated early years services.

- The strengths and challenges of current funding arrangements for ACCOs delivering ECEC and integrated early years services.
- Core funding and policy elements required to enable ACCOs to effectively provide ECEC and integrated early years services in line with community need.
- A range of funding model options for ACCOs delivering ECEC and integrated early year services.

SCOPE

IN SCOPE

The scope of this project was determined by the ECCDPP and clearly defined and limited to researching and developing funding model options for ACCOs delivering ECEC and integrated early years services. In the interests of maintaining a viable research parameter within the time and resourcing allocated to this project, ACCOs delivering child and family services in other linked sectors, but not delivering ECEC, were not primarily in scope.

While it is acknowledged that ACCOs are only one part of the ECEC and integrated early years system, ACCOs are widely accepted as best placed to provide community-led and culturally safe services to Aboriginal and Torres Strait Islander communities.¹⁸

18. SNAICC, 'Stronger ACCOs Stronger Families'. Retrieved from: <https://www.snaicc.org.au/wp-content/uploads/2023/05/SNAICC-Stronger-ACCOs-Stronger-Families-report-2022.pdf>, pgs. 8-9, 18.

Under the National Agreement, all Australian governments have acknowledged and committed to the need for ACCOs to be at the forefront of service delivery for Aboriginal and Torres Strait Islander communities and to support the development of a strong community-controlled sector.

OUT OF SCOPE

While many Aboriginal and Torres Strait Islander children access ECEC and integrated early years services through non-ACCO services, these elements of the ECEC system were out of scope for this project. This is not to discount the imperative for mainstream services to deliver culturally responsive services, but rather that this is a separate topic that warrants further examination by mainstream service providers and funders in partnership with Aboriginal and Torres Strait Islander people.

Similarly, there are a multitude of policy, funding and operational considerations that impact the broader ECEC and integrated early years system and by extension the ability of Aboriginal and Torres Strait Islander children to access services that meet their developmental and wellbeing needs.

This includes issues such as service affordability, regulatory frameworks, definitions of quality and workforce challenges. These issues sit predominantly outside the scope of this project, however, they have been considered and addressed to the extent that they intersect with the design and implementation of a new funding model for ACCO early years services.

Finally, the funding model options developed through this project will often, but not necessarily, intersect with other funding sources such as the Australian Government's existing 'Child Care Package' funding, the Indigenous Advancement Strategy funding, preschool funding, other early childhood grant arrangements across Federal, State, Territory and local governments and other funding streams such as the Indigenous Australians Health Programme funding. The intersection of these funding sources has been explored to the extent it is relevant in designing the funding model options and developing viable approaches to implementation.

METHODOLOGY

This research project used mixed methods to collect data and develop funding model options that enable Aboriginal and Torres Strait Islander children to access high quality, culturally safe early childhood education and support services that meet their developmental and wellbeing needs.

SNAICC subcontracted Deloitte Access Economics to support the economic modelling and financial viability analysis of funding model options. The modelling and analysis consider the underpinning formulae and scalability of different funding models, and relevant variables such as workforce and quality.

SNAICC and Deloitte Access Economics collected and analysed a range of qualitative and quantitative data through:

1. an evidence review of grey and academic literature;
2. interviews with ACCO ECEC and early years services;
3. an online survey which gathered information from early years services;
4. three national online workshops
5. interviews with Federal, State and Territory government representatives; and
6. financial and administrative data provided by ACCO ECEC and integrated early years services and program funders, including governments.

EVIDENCE REVIEW

In August 2023, SNAICC engaged dandolopartners in collaboration with Dr Jessa Rogers (Queensland University of Technology) to undertake an evidence review of the existing grey and academic literature to identify:

- The key enabling characteristics/qualities of a funding model that facilitates the viability and intended long-term outcomes of integrated community services/programs.
- What these characteristics/qualities imply for the practical design features of a funding model.
- Barriers to integrated community services/programs' viability and capacity to meet their intended long-term outcomes.
- What policy and system design prerequisites need to be met and/or conditions need to be in place to ensure funding arrangements meet their objective/s.

The evidence review was completed in September 2023 and provided a synthesis of the literature unpacking the features of funding models that can effectively respond to the needs of communities for integrated ACCO early childhood programs. The review outlined:

- The rationale for investing in a strong ACCO sector in the early years.
- The principles underpinning ACCO early childhood programs.
- The programs delivered through ACCO early childhood programs.
- How programs delivered by ACCOs are organised.

The findings from the evidence review have been used to inform the findings and recommendations of this project and are referenced throughout this report.

INTERVIEWS WITH ACCO ECEC AND EARLY YEARS SERVICES

During July to October 2023, SNAICC undertook 34 interviews with ACCO ECEC and early years service providers. Interviews included service leaders, finance officers and educators. Service leaders are often the most experienced educators in the service and perform multiple roles including family support workers, project managers, curriculum developers and educators.

Across Queensland, New South Wales, Northern Territory, Victoria, South Australia and Western Australia, SNAICC spoke with service managers that were involved in working with community to shape the service according to the needs in their community and to reflect their extensive experience and expertise in the sector. The interviews aimed to:

- Identify and shape the guiding principles for proposed funding model options.
- Explore the range of community needs that are addressed by ACCO ECEC and integrated services working with families and children.
- Identify the barriers and enablers to provision of high quality, culturally safe ECEC and integrated services for families and children.
- Identify access issues for children and families that are impacted by funding models and resource delivery mechanisms.
- Understand the funding considerations that would support effective service delivery for their communities.

The interviews included questions that sought the service's views on a range of policy and operational issues, outlined at Appendix B. These questions spanned current and future service delivery needs within their community, the principles of integrated early years service delivery, the role of culture in early years services, the strengths and challenges of current policy and funding approaches and specific challenges in relation to workforce and capital infrastructure. During interviews, ACCO early years services were given the opportunity to direct the conversation to topics and issues most relevant to their service and communities.

Most service consultation interviews were conducted face-to-face at the service, with online interviews taking place at the request of services and/or when it was not possible to visit the service.

The information provided through service consultations has been used to inform the findings and recommendations of this project and are referenced throughout the report.

ONLINE SURVEY

SNAICC developed an online data collection tool (survey) to gather similar information from service providers to what was obtained through service consultation interviews. The survey contained the same 46 questions as the interviews. Survey responses were provided anonymously. When completing the survey, respondents were asked to identify if the organisation they were responding on behalf of was an ACCO.

The online survey was opened on 11 September 2023 and closed on 13 October 2023. The online survey was distributed to ACCO ECEC and integrated early years services through SNAICC's Early Years Support and representatives of ACCO ECEC in their networks. The project team also utilised the SNAICC conference held on 5-8 September 2023 to encourage and support services to complete the survey.

The survey was substantively completed by 203 survey respondents, 41 of which were ACCOs.

The information provided through the online survey has been used to inform the findings and recommendations of this project and are referenced throughout the report.

NATIONAL ONLINE WORKSHOPS

SNAICC conducted three national online workshops which aimed to gather high level qualitative data to contextualise the financial and administrative data gathered and to further inform the development of the funding model options.

The first two workshops were held on 26 July 2023 and 27 September 2023 with members of SNAICC's Early Childhood Network. The Early Childhood Network includes approximately 200 representatives from ACCO ECEC and integrated early years services and non-Indigenous ECEC providers that provide services to a high proportion of Aboriginal and Torres Strait Islander children. The workshops were attended by 15 and 14 participants respectively.

The third national online workshop was held on Thursday 5 October 2023 and included attendees from ACCO ECEC and integrated early years services, along with Aboriginal and Torres Strait Islander service and sector leaders and members of the ECCDPP. This workshop was used to review, confirm and build upon the project's preliminary findings and draft recommendations.

The information provided through the national workshops has been predominantly used to shape the strategic direction of the project and to test the robustness of the findings and recommendations.

INTERVIEWS WITH FEDERAL, STATE AND TERRITORY GOVERNMENTS

The project also included interviews with Federal, State and Territory governments which aimed to:

- Understand the current funding approaches across jurisdictions and the program/s funded
- Understand how funding approaches impact on ACCO ECEC and integrated early years services.
- Understand the role of Federal, State and Territory governments in funding ACCO ECEC and integrated early years services.
- Gather government perspectives on potential funding model elements.

SNAICC wrote to the relevant agencies in all jurisdictions to participate in interviews. From August to October 2023, SNAICC conducted interviews with:

- Department of Education (Commonwealth)
- Department of Education (Queensland)
- Department of Communities and Justice (New South Wales)
- Department of Education (New South Wales)
- Department for Education, Children and Young People (Tasmania)
- Department for Education (South Australia)
- Department of Education (Northern Territory)
- Department of Education (Victoria)
- Department of Communities (Western Australia)
- Department of Education (Western Australia), and
- Education Directorate (Australian Capital Territory).

The interviews included 17 questions designed to understand government perspectives and insights into the strengths and challenges of current funding and policy approaches to early years services for Aboriginal and Torres Strait Islander children, with a focus on ACCO service delivery. Questions also focused on gathering qualitative and quantitative data regarding the early years services funded by the agency in question. The questions are outlined in **Appendix B**.

The interviews were attended by both SNAICC and Deloitte Access Economics and the information gathered has been used to inform the findings and recommendations of the project.

FINANCIAL AND ADMINISTRATIVE DATA

During interviews with government representatives and through separate data requests, Deloitte Access Economics gathered financial and administrative data on existing early years programs from Federal, State and Territory governments.

Not all jurisdictions fund ACCO delivery of ECEC and integrated early years services. Of the five jurisdictions that fund ACCO delivery of ECEC and integrated early years services, Deloitte Access Economics received financial and administrative data from four jurisdictions.

During interview consultation with ACCO early years services, SNAICC also requested copies of recent financial reporting. Given the complexity of financial and administrative reporting, few of the operational staff interviewed were able to provide this information. However, SNAICC was able to obtain copies of recent financial reporting from four ACCOs to supplement the information provided by governments.

The financial and administrative data obtained from jurisdictions and individual services were used to benchmark the existing costs of ACCO services against the new proposed ACCO cost model, as well as provide inputs into the cost model where appropriate. Individual line-item costs from the financial reporting data were dually used to benchmark cost inputs for the new proposed ACCO model (e.g. educator staff costs), and as inputs into the cost model where it was deemed as the most reliable cost source (i.e. driver costs). The data obtained from jurisdictions was used to benchmark cost per enrolment for Aboriginal and Torres Strait Islander children attending ACCOs in existing services compared to the new proposed ACCO cost model.

DEVELOPMENT AND WELLBEING NEEDS OF ABORIGINAL AND TORRES STRAIT ISLANDER CHILDREN

The early years are a critical period in a child's development, creating the foundations for lifelong learning and wellbeing.¹⁹ Participation in quality early learning environments positively impacts a child's life outcomes and supports them to realise their full potential.²⁰ Evidence indicates that experiences and environments during early childhood have life-long impacts, affecting educational engagement along with health, social and wellbeing outcomes over their life course.²¹

Early childhood development programs provide opportunities for children to learn and develop within the context of the families and communities in which they grow.²²

19. Campbell, F., Conti, G., Heckman, J., Moon, S. H., Pinto, R., Pungello, E., & Pan, Y. (2014). Early childhood investments substantially boost adult health. *Science*, 343(6178), 1478-1485. <https://doi.org/10.1126/science>

20. Moore, T., Arefadib, N., Deery, A., & West, S. (2017). *The First Thousand Days: An Evidence Paper*. Parkville, Vic.: Centre for Community Child Health, Murdoch Children's Research Institute

21. Heckman J. and Mosso, S. (2014) *The Economics of Human Development and Social Mobility*, Working Paper 19925, DOI 10.3386/w19925.

22. Brennan, D. (2013). *Joining the Dots: Program and Funding Options for Integrated Aboriginal and Torres Strait Islander Children's Services*. Options paper prepared for Secretariat of National Aboriginal and Islander Child Care (SNAICC).

This has an even greater impact for children who have, or are, experiencing disadvantage, positively impacting school achievement, employment and social behaviours.²³ For Aboriginal and Torres Strait Islander children, an emphasis on cultural identity and the involvement of their families and community in ECEC significantly improves their health, learning, development and wellbeing, and is a key component for successful navigation of their early years.²⁴

Early childhood learning and development programs also promote equitable opportunities to learn, meaningfully participate, and develop.²⁵ Equitable opportunities in ECEC are important as research suggests that Aboriginal and Torres Strait Islander children who attend preschool are less likely to be developmentally vulnerable than those who do not.²⁶

Successful engagement of Aboriginal and Torres Strait Islander children in their early years and at preschool facilitates school readiness and a positive transition into primary school.

23. Brennan, D. (2013). *Joining the Dots: Program and funding options for Aboriginal and Torres Strait Islander children's services*. Melbourne, Vic.: SNAICC.

24. Elek, C., Gubhaju, L., Lloyd-Johnsen, C., Eades, S. and Goldfeld, S. (2020) Can early childhood education programs support positive outcomes for indigenous children? A systematic review of international literature. *Educational Research Review* 31, <https://doi.org/10.1016/j.edurev.2020.100363>

25. Cebolla-Boado, H., Radl, J., & Salazar, L. (2016). Preschool education as the great equalizer? A cross-country study into the sources of inequality in reading competence. *Acta Sociologica*, 60(1), 41-60.

26. Biddle, N., & Bath, J. (2013). *CAEPR Indigenous Population Project 2011 Census Papers. Paper 7, Education Part 1: Early childhood education*. Canberra, ACT: CAEPR, Australian National University

School readiness is commonly defined within a Western worldview with the assumption an Aboriginal and Torres Strait Islander child will have the capacity or preparedness to fit in with non-Indigenous school systems.²⁷ This perspective of school readiness often fails to capture the skills and knowledge Aboriginal and Torres Strait Islander children have due to their connection to and learnings of culture in their early years.²⁸

In 2014, SNAICC published a paper outlining the elements needed to effectively support Aboriginal and Torres Strait Islander children in their transition to primary school, and highlighted an ECEC service's view on culture:

“Children being strong in culture is very important...a strong sense of self, being able to communicate with others, feel safe and feel like they belong are all important for a successful positive transition.”²⁹

Enabling Aboriginal and Torres Strait Islander children to learn, grow and participate in ECEC is vital in supporting them to thrive. Investing in the early years is more effective – and less costly – than social interventions later in life.³⁰

ABORIGINAL AND TORRES STRAIT ISLANDER CHILDREN'S CULTURAL WELLBEING

Culture is a critical part of Aboriginal and Torres Strait Islander children's development, identity and self-esteem and strengthens their overall health and wellbeing. Aboriginal and Torres Strait Islander children's cultural identity is core to who they are. Children who are strong in their culture and know that people who are important to them support their culture, are more likely to engage with opportunities that enable them to achieve their life goals.³¹

27. Moyle, K. (2019) Literature Review: Indigenous early childhood education, school readiness and transition programs into primary school. Camberwell, Australia: Australian Council for Educational Research, pg. 19.

28. Ibid, pg. 20.

29. SNAICC 2014, 'The Journey 'To Big School' supporting Aboriginal and Torres Strait Islander children's transition to primary school'. Retrieved from: <https://www.snaicc.org.au/wp-content/uploads/2016/01/03316.pdf>, pg. 46.

30. Campbell, F., Conti, G., Heckman, J., Moon, S. H., Pinto, R., Pungello, E., & Pan, Y. (2014). Early childhood investments substantially boost adult health. *Science*, 343(6178), 1478-1485. <https://doi.org/10.1126/science>

31. SNAICC – National Voice for our Children (2010). Working and walking together: Supporting family relationship services to work with Aboriginal and Torres Strait Islander families and organisations. Melbourne: SNAICC

The significance of culture to Aboriginal and Torres Strait Islander children's wellbeing and development is well documented and confirmed by SNAICC's interviews with ACCOs delivering ECEC. ACCO services describe the importance of teaching Aboriginal and Torres Strait Islander children to be strong Aboriginal and Torres Strait Islander people as their core identity. Teaching them about their core identity encompasses their obligations to Country, community and the continuation of culture. It is critical for Aboriginal and Torres Strait Islander children to have opportunities for cultural education alongside mainstream education, beginning with early years education. The development of a strong cultural identity supports Aboriginal and Torres Strait Islander children in school readiness.

For Aboriginal and Torres Strait Islander children and families to experience cultural safety in early years, education services must be grounded in cultural frameworks which reflect the protocols and practices of local families and communities. There is no centralised approach to the development of cultural frameworks and services must work with the local community to develop the appropriate framework. Services describe that culture is valued by families in ECEC as they feel safe and welcomed when they see their culture represented in the services.

Cultural frameworks in ECEC are reflective of traditional and contemporary issues. To this end, cultural approaches enable a holistic understanding of the needs of Aboriginal and Torres Strait Islander children and families.

Aboriginal and Torres Strait Islander children who are supported to develop their culture and identity during childhood gain a sense of strength, confidence, pride, belonging, peace and security that has the potential to guide and protect them throughout their lives.³² This was confirmed by ACCO survey respondents:

“We know that connection to culture is how children are growing strong in their identities. Children that grow connected to culture are resilient, confident, are autonomous and well placed to begin school.” - ACCO online survey respondent

Culture is frequently described as a robust protective factor for Aboriginal and Torres Strait Islander children. When asked about culture as a protective factor for children, all ACCOs described culture as having a significant role in children developing identity and belonging.

32. SNAICC – National Voice for our Children (2010). Working and walking together: Supporting family relationship services to work with Aboriginal and Torres Strait Islander families and organisations. Melbourne: SNAICC

Mura Kosker Sorority, Thursday Island

Mura Kosker Sorority aims to improve the emotional and physical wellbeing of Torres Strait Islander families, children, and young people. Founded more than 35 years ago, Mura Kosker was started by a group of local Torres Strait Islander women who wanted to support each other and advocate for local women and their families.

"Mura Kosker is funded by the mainstream, but we do not deliver mainstream." Torres Strait Islander culture is very different to mainland Aboriginal culture. On Thursday Island, people live on their ancestral lands, eat from their lands, and continue their cultural practices, but there is still deep trauma. Kindship structures have changed due to colonisation, with some families still practicing cultural connections and other families having more fluid culture. Mura Kosker works with families to understand how to collaborate with them best.

Mura Kosker service delivery is shaped by the geographical location and the extreme isolation of the Torres Strait Islands. Their early years program adopts a family centered, place based approach in line with community need. The communities of the Torres Strait are diverse, and Mura Kosker builds this into their service delivery model. Mura Kosker has people in the Outer Islands who deliver services there and a hub and a bespoke model of service delivery to ensure coverage of the seventeen communities, whilst respecting the distinctiveness of each community.

As transport options are very limited on Thursday Island, Mura Kosker goes out to community to maintain consistent service delivery. At certain times of the year it is cheaper to fly from Thursday Island to Bali or Japan than to get to the outer island. Cost of fuel and privatisation of routes is reflected in prohibitive cost of travel. Using boats and dinghies presents workplace health and safety issues, and insurance is unaffordable. Navigating logistics is a "full time job" (flights, ferries, freight), costly administration and very time-consuming. Mura Kosker has to be very innovative to meet the needs of their community.

For its broader service delivery, Mura Kosker does an assessment for community members as they present or are referred. They are proactive in reaching out as access to the centre on Thursday Island is not always a reality for communities on the outer islands. As part of assessment, Mura Kosker looks at the safety net around the family, their kinship structures, because this is critical to using family-led decision-making processes later, particularly in response to family and domestic violence. Mura Kosker Sorority aims to improve the emotional and physical wellbeing of Aboriginal and Torres Strait Islander families, children, and young people. The early childhood education and care programs are part of an integrated approach and includes play groups and parenting programs.

Almost everyone who works at Mura Kosker Sorority are born and raised in the Torres Strait. They live there and have very strong connections with their people and their communities. Mura Kosker's workforce is reflective of the community. The Board includes six community members from the inner islands and a community representative from each of the four outer island clusters within the Torres Strait.

The current funding model does not cover the real costs of providing culturally strong services but Mura Kosker staff make it work. Economic challenges include the higher cost of living in the Torres Strait Islands, the lack of availability of housing which impacts community and staff, lack of availability of office space and meeting rooms. Mura Kosker would be able to grow its services and impact if funded adequately, however have learnt to work innovatively, coordinating activities and costs across multiple program budgets to provide culturally safe ECEC for their community.

CURRENT EARLY YEARS OUTCOMES

Successive policy failures have resulted in Aboriginal and Torres Strait Islander children experiencing disproportionate disadvantage in relation to development and education outcomes in the early years. The most recent AEDC data from 2021, shows that one in three Aboriginal and Torres Strait Islander children are developmentally vulnerable in one or more domains compared to one in five children overall.³³ Aboriginal and Torres Strait Islander children were also 2.6 times more likely to be developmentally vulnerable on 2 or more domains in 2021.³⁴

The Productivity Commission recently reported Australia is on track to meet Target 3 of the National Agreement, which is to have 95% of Aboriginal and Torres Strait Islander children engaged in early childhood education before 2025.³⁵ However, progress towards Target 4 in increasing development in all five domains of the AEDC to 55% has worsened.³⁶ While Victoria, Queensland, South Australia, Tasmania and the ACT had shown improvement in progressing towards Target 4, no State or Territory is on track to meet this target by 2031.³⁷

Despite evidence and research demonstrating the importance of ECEC in a child's early years, and their right to education without discrimination, Aboriginal and Torres Strait Islander children remain underrepresented. Only 26.5% aged between zero and four accessing ECEC, compared to 40.8% of non-Indigenous children.³⁸ These outcomes indicate that the current ways of working do not serve Aboriginal and Torres Strait Islander children and are leaving them behind. It is important to note that Aboriginal and Torres Strait Islander children and families continue to be subject to success measures that are determined for them and exclude Aboriginal and Torres Strait Islander ways of knowing, doing and being. This often results in a perceived deficit of Aboriginal and Torres Strait Islander children that masks the failure to measure the whole development of the child. There is rarely inclusion of measures of success that are rooted in the cultural frameworks and obligations that Aboriginal and Torres Strait Islander children will have to their community. These include knowledge of Country including cultural heritage (cultural landscapes) and cultural land management structures, kinship structures and relationships, language and cultural governance processes. Aboriginal and Torres Strait Islander people continue to develop these cultural frameworks and knowledge sets and share them with children and young people through disrupted processes alongside the mainstream education system.

33. Australian Early Development Census (AEDC)(2021)

34. Ibid.

35. Australian Government Productivity Commission 2023, Closing the Gap Information Repository 'Socioeconomic outcome area 3'. Retrieved from: <https://www.pc.gov.au/closing-the-gap-data/dashboard/socioeconomic/outcome-area3>.

36. Australian Government Productivity Commission 2023, Closing the Gap Information Repository 'Socioeconomic outcome area 4'. Retrieved from: <https://www.pc.gov.au/closing-the-gap-data/dashboard/socioeconomic/outcome-area4>.

37. Ibid.

38. Australian Government Australian Institute of Family Studies 2022, 'Child Care Package Evaluation: Final Report'. Retrieved from: https://aifs.gov.au/sites/default/files/2022-12/2021_child_care_package_evaluation_final_report.pdf, Table 86, pg. 219.

ROLE OF ACCOS IN THE EARLY YEARS



“We listen to families and respond to their needs. We offer programs that respond to the needs. We are welcoming and approachable to community. We remove barriers to participation. We recognise transience in our community as part of a cultural framework and are responsive. We provide support and referral to other services including transport to appointments.” - Western Australian ACCO

OVERVIEW

The connection and accountability that ACCOs have to community makes them uniquely placed to identify the services and supports that are most needed and will have the greatest impact on a local level. When a need in the community is identified, ACCOs respond to the need by connecting services together to provide wraparound support that prioritises cultural care and connection.³⁹ ACCOs’ knowledge of, and connections to, their communities drive their success in engaging people and delivering services.

In the context of ECEC and integrated early years services, Aboriginal and Torres Strait Islander families value culturally safe early learning for their children to support their child’s cultural identity, knowledge, and connection, and to foster a strong sense of belonging and identity. ACCO early years services strongly value and embed this culture within their services, providing the holistically focused approach to learning and development required to meet the needs of Aboriginal and Torres Strait Islander children. ACCOs are also uniquely placed to provide high-quality, culturally safe programs consistent with Aboriginal and Torres Strait Islander cultural ways of child rearing, including practices such as storytelling, play-based learning, lifelong learning, and collective education with multiple care givers.⁴⁰

The evidence review conducted by dandolopartners confirmed the significance of ACCOs in providing holistic, integrated, culturally safe, place based and high-quality early childhood care and education and integrated early years services. It found that ACCOs are best positioned to provide the services needed to support Aboriginal and Torres Strait Islander children to meet the developmental milestones and set them up for success in entering the mainstream education system.

39. SNAICC 2022, ‘Stronger ACCOs Stronger Families’. Retrieved from: <https://www.snaicc.org.au/wp-content/uploads/2023/05/SNA-ICC-Stronger-ACCOs-Stronger-Families-report-2022.pdf>, pgs. 28-29.

40. Ashton, A., Hawting, J., Harrison, J. (2011). Growing Up Our Way: Practices matrix. SNAICC



The strengths and benefits of ACCOs have been outlined in key themes below to assist readers who do not operate within Aboriginal and Torres Strait Islander cultural contexts, to understand the distinct and valuable role that ACCOs play in delivering early years services to Aboriginal and Torres Strait Islander children and families. It is important to note that this thematic split does not align with Aboriginal and Torres Strait Islander ways of knowing, being and doing, in which ACCOs' core elements cannot be arbitrarily divided. There is significant overlap between each of the functions, strengths and benefits, and it is critical that the strength of ACCOs, much like the strength of Aboriginal and Torres Strait Islander culture and communities, is considered as a holistic entity, not discrete elements.

ACCOS DELIVER SERVICES BASED ON TRUST AND RELATIONSHIPS

“Our service has meaningful and genuine relationships and obligations to care for children and families.” - South Australian ACCO

The evidence review found that children and families thrive when their unique needs and circumstances are recognised, and the support they receive is built on trust, strong relationships and attention to their unique priorities and aspirations.

Continuity of care supports trusted relationships, and better alignment of services to respond to children and families' needs. This reiterates the importance of strengths-based service delivery to work with and empower children and families as experts on their own lives, and celebrate their unique skills, knowledge and abilities.

Relationships are central to Aboriginal and Torres Strait Islander cultural frameworks. The evidence review confirms that ACCO early childhood services provide community-centred programs that foster connection with families, communities, Country, and the local Aboriginal and Torres Strait Islander community, including Elders and local Indigenous organisations.

The evidence found that ACCO early childhood services build trust through:

- Creating welcoming environments that build a sense of belonging for families.
- Listening to families to build a better understanding of their priorities and aspirations and to identify the potential barriers getting in the way.
- Providing a safe physical space for families to use even if they are not accessing a universal or flexible service offering.
- Engaging in outreach programs to share information about the service and the types of supports on offer to families.

- Ensuring that services are easy to understand and simple to navigate, and there are opportunities for families to engage with ‘Linkers’ or other staff members who can support them to engage with programs and address any barriers getting in the way.
- Partnering with other organisations to create strong links to the community and leverage existing trust structures.
- Creating a space where families can connect with other families and strengthen social networks.

“Bringing community support networks for not just child but for mother so there is a whole community waiting to catch or push the family towards strengths and positive outcomes.” - ACCO online survey respondent

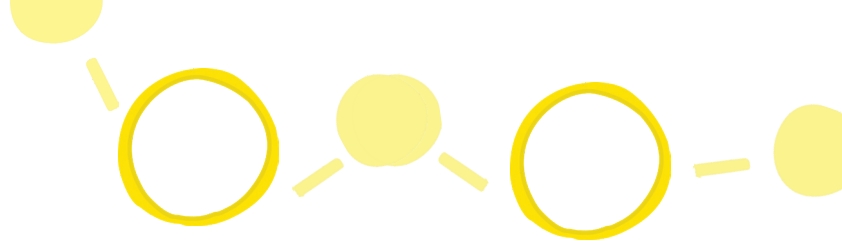
As a result of decades of government intervention in their lives, many Aboriginal and Torres Strait Islander families and parents have a deep distrust of systems that may increase their contact with government, including early years services. Historical and continuing government processes of child removal continue to influence Aboriginal and Torres Strait Islander patterns of engagement with early years education, with the fear of child removal acting as an ongoing barrier.

ACCO staff overcome fear and disengagement by creating safety for families through building relationships based on trust and responsiveness. This is done differently across communities and is tailored to the individual needs of families.

“The COVID-19 pandemic has impacted the confidence of parents to seek out the services they need. Service staff travel out to go to meet families where they feel strengthened and build trusting relationships that grow over time.”
- Queensland ACCO

The ACCO workforce is reflective of the local Aboriginal and Torres Strait Islander community in which it operates, and this plays a critical role in building trust and relationships across the community. ACCO early years services cite their local Aboriginal and Torres Strait Islander workforce as their greatest asset in service delivery. Staff have pre-existing connections and knowledge of community, and lived experience which results in genuine care and empathy for children and families.

Families often describe ACCO staff as an extension of their family frameworks, being Aunty or Nanna to children in the services.



ACCOs describe this as respecting the cultural preferences of families: some families want to work with Aboriginal and Torres Strait Islander staff only. For many Aboriginal and Torres Strait Islander families, engaging with an ACCO early years service is the first experience with the service sector and a workforce that they feel safe with and relate to. This security is essential to the success of service delivery.

ACCOS TAKE A STRENGTHS-BASED, CHILD-CENTRED AND FAMILY-LED APPROACH TO SERVICE DELIVERY

Consultation with ACCO early years services reiterated these findings with almost all interviewees indicating that they use a strengths-based, family-led approach to working with Aboriginal and Torres Strait Islander children and families in their communities. Many services indicated they were frustrated by the deficit approach of mainstream systems.

“Hurdles are met along the way because of the structure and processes within the systems. The ‘deficit’ based model is not in alignment with how our services aspire to support the wellbeing of children and families.” - Western Australian ACCO

These ACCOs implement family-centred approaches to provide personalised responses to meet the needs of families within the communities and contexts in which they live. They support and encourage family-led decision-making, which strengthens families to reconnect with cultural authority through this process and gain the skills to run it in their homes, at their pace.

ACCOs describe their work in empowering families to independently determine what supports they need, and how they will participate in the service. They treat all children and families as unique and design support programs to respond to their needs. These child-centred responses are an intrinsic offering of ACCOs across all jurisdictions. These ACCOs implement family-centred approaches to provide personalised responses to meet the needs of families within the communities and contexts in which they live. They support and encourage family-led decision-making, which strengthens families to reconnect with cultural authority through this process and gain the skills to run it in their homes, at their pace. ACCOs describe their work in empowering families to independently determine what supports they need, and how they will participate in the service. They treat all children and families as unique and design support programs to respond to their needs. These child-centred responses are an intrinsic offering of ACCOs across all jurisdictions.

ACCOS DELIVER PLACE-BASED SERVICES IN LINE WITH COMMUNITY NEED

Due to the complexity of cultural and language diversity, as well as Aboriginal and Torres Strait Islander cultural and community protocols, most communities require a place-based approach to early years service delivery.

Place-based approaches require meaningful collaboration with local communities to create programs that resonate with that community. ACCOs are governed by the Aboriginal and Torres Strait Islander communities they belong to and are best placed to work with communities to deliver programs and services with place-based approaches. This requires a decentralised mindset that enables communities to ensure services are fit for purpose, reflect their needs and aspirations while meeting their systemic requirements.

Place-based approaches mirror Aboriginal and Torres Strait Islander relationships to Country and belonging. ACCOs describe place-based approaches as being program-focused rather than institution-focused and this means services can be delivered flexibly and wherever families feel strengthened. For example, some ACCOs offer mobile services which travel to where families live, reversing the expectation that families need to go to a centralised location to engage with the service. In many communities, children and families would not engage with services if the only option to do so was through centralised models. Mainstream early years services that operate in a market-based or for-profit framework are often bound to a particular space or site for service delivery. This approach is not always culturally safe or appropriate for Aboriginal and Torres Strait Islander children and families, and in some cases, it is not realistic due to the remoteness of the community.

Kummara Limited aims to provide quality and safe childcare to individuals and communities in the Brisbane region.

"We believe that a child's best start to life is with their caring family. Family is more than mum and dad, it also includes those people in a child's life who are there to support, nurture, educate and guide them throughout these early years so that when they are ready they are best placed to take their role as leaders of their community. We aim to help in this process by providing support where necessary, education and connection and working alongside individuals and family members." Kummara care for children by strengthening the whole family so all can achieve their full potential.

Kummara Early Years Service (KEYS) is an early learning centre in Inala, Queensland that enrolls children aged between 2 years and school age. KEYS is run by Kummara Limited, an Indigenous Community Organisation formed in 1999 to provide services to the Indigenous and non-Indigenous community. While KEYS provides early childhood education and care, families enrolled in the service are supported to access a range of other programs and referrals as needed. These include holistic family support from early years education, support and care, family wellbeing programs and support, NDIS programs, parenting programs and community and cultural events. Kummara have in-depth knowledge and networks in both community and government services in the area, to link families to additional support.

"We operate without ego: if families can benefit from a service run by another organisation or wish to engage with other services, Kummara supports families to make that transition."

Kummara works in a flexible and tailored approach with children and families, remarkably different to the market-based approach adopted by many mainstream providers. Kummara empowers the agency and choice of families to determine what supports they need, and how they will participate in the service, treating each family as unique to early years services and family support.

Kummara would support a return to flexible funding models like BBF which trusted ACCO early years services to spend the funding for greatest benefit. Future funding models need to resource services to work together in partnership with brother and sister ACCOs and mainstream organisations.

ACCOS EMBED CULTURE IN ALL ELEMENTS OF THEIR SERVICES

The importance of culture as core to ACCO early years service delivery cannot be overstated. All ACCOs engaged in interviews and the online survey stated that the culture was 'extremely' (65.22%) or 'very' (30.43%) significant to their service and 100% of services interviewed expressed that culture was 'extremely' significant to the success of their service delivery.

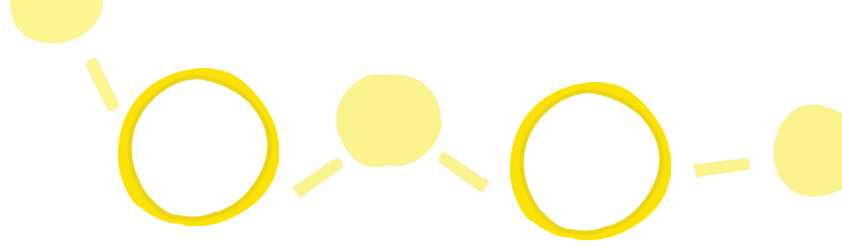
"Cultural practices comes from First Nations 65,000 year Knowledge system. Culture provides the foundation of learning, language, health and connection to country." - ACCO online survey respondent

When asked what programs ACCOs would like to provide in the future, all services interviewed indicated they would like to provide additional cultural programs including Elders groups, language groups and on Country excursions. In the online survey, 60.98% of respondents said they would like to provide cultural programs in the future. This places culture at the centre of service delivery for all services engaged through interviews and the online survey.

"Feedback from families is that they feel safe, they feel welcome, they see their culture represented, due to relationships, they stay. Culture is embedded at all levels, governance, curriculum and pedagogy, ways of knowing, being and doing, visible culture, cultural practices, connections with Country, cultural and family frameworks." - Victorian ACCO

Culture is not an optional extra for Aboriginal and Torres Strait Islander children, families and services: it is at the heart of all that ACCOs do. Embedded culture includes cultural accountability, cultural governance, creating culturally safe spaces and delivering culturally strong curriculum and programs.

In addition, ACCOs are uniquely placed to best understand and respond to needs in Aboriginal and Torres Strait Islander communities due to the deep connection and commitment to their community. ACCOs understand community protocols because they operate within these protocols. For example, in more remote traditional communities who live closely within traditional cultural frameworks, it is against cultural protocols to leave children with strangers. In these communities, playgroups where parents stay with their children while engaging in early learning activities, are essential to supporting children's development and wellbeing in line with cultural protocols.



ACCOs also understand how each individual Aboriginal and Torres Strait Islander child is placed within the kinship and community context. The value of this skill and knowledge set is unique and difficult to replicate within a mainstream context. ACCOs, in both the online survey and interviews, shared that the emphasis services place on culture means families feel welcome at centres and are assured their children grow up strong in their cultural identity, which they need to navigate the mainstream world. These services also highlighted that when service delivery is not embedded in a cultural framework, Aboriginal and Torres Strait Islander families won't engage, and neither will the children.

“The management and control of organisations by Aboriginal people, boards, structures and delivery supports families to take charge of their lives and feel empowered. Self-determination, not government or outsiders telling us what we need and how to run our service.”
- Victorian ACCO

Ongoing colonial approaches to ECEC continue to measure the success of the assimilation of Aboriginal and Torres Strait Islander people and disregard critical cultural processes and elements in children's development.

ACCOs provide a meeting point of both pedagogies, enabling culture education and development while supporting and preparing Aboriginal and Torres Strait Islander children for the mainstream education system.

ACCOS DELIVER A BROAD RANGE OF SERVICES BASED ON COMMUNITY NEED

The role of ACCOs in the early years is much broader than mainstream models of care and education. ACCO early years services are essential to Aboriginal and Torres Strait Islander children and families as they provide holistic support to build solid foundations in education and development. In addition to education focused services, ACCOs provide support for Aboriginal and Torres Strait Islander families to access other essential services and programs and respond to the needs of their communities. When asked to outline the service they currently provide in their communities, ACCO survey respondents listed the following examples:

- Long Day Care
- Early childhood learning programs
- After school care / school holiday programs
- Playgroups
- Visiting health professionals
- Allied health services
- Family and parenting support
- Transition to school programs
- Emergency Relief
- Food security
- Domestic and family violence counselling
- Supported education
- Family wellbeing services
- Older peoples action programs
- Neighbourhood Centre
- Early intervention support
- Kinship and foster care services
- Family-led decision making
- Housing, Centrelink and/or legal assistance
- Elders groups
- Cultural programs
- Community events
- Transport
- Language groups

Survey responses (n=41) illustrated the wide range of services offered by ACCOs. More than 70% of respondents offered family and parenting support, community events, cultural programs and/or transport, more than 50% offered visiting health professionals, early childhood learning programs and allied health services, 41.46% offered playgroups, over 30% offered childcare, housing, Centrelink and/or legal assistance, Elders groups and transition to school, 29.27% offered language groups and 17.07% offered after-school care. Respondents added additional services they offer including learning on Country, language learning, Aboriginal and Torres Strait Islander workforce development, family finding and other out-of-home care supports.

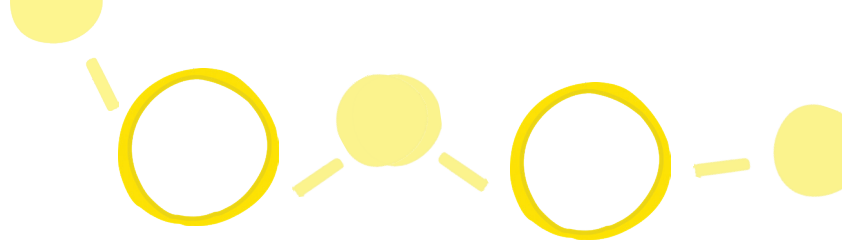
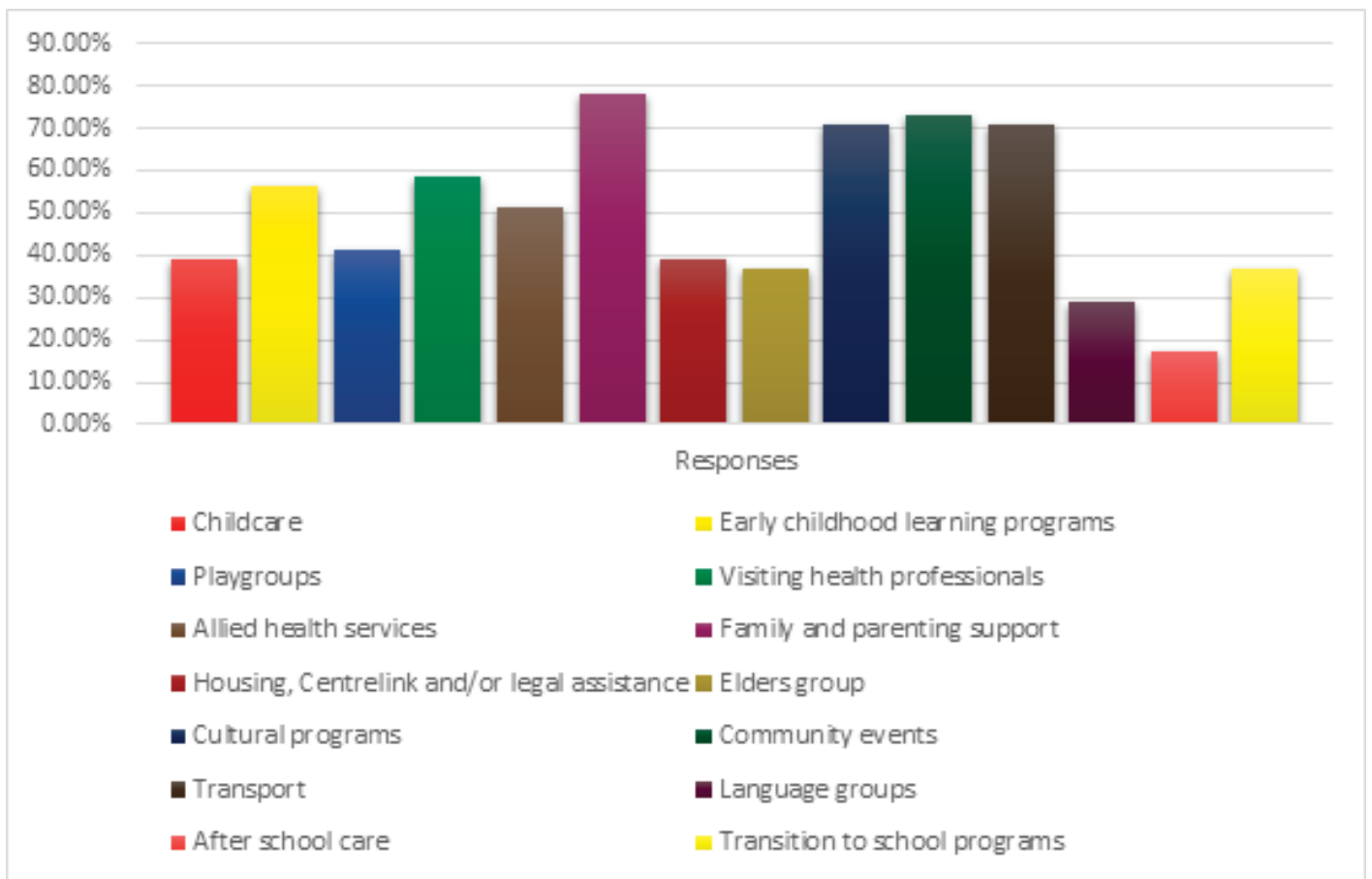
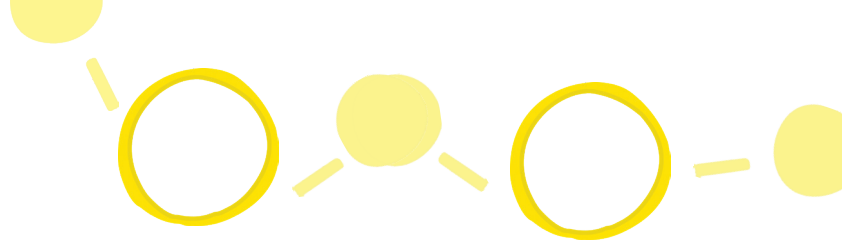


Chart 1: Survey responses reflect the wide range of ACCO services





“Our service wants to build relationships with families as early as possible in the lifespan to ensure children are set up well to thrive. If there are additional needs that can be met effectively by partnering with other services and making warm referrals, then our service will do that.” - Queensland ACCO

“Being a holistic service that supports the entire family not just the attending child. Having the ability to link in external supports where needed, ensuring the kinder is a welcoming space for all community, not just the families that have an enrolled child. It belongs to everyone.” - ACCO online survey respondent

ACCO services also go beyond the mainstream scope of childcare and early education to provide holistic wrap around support for children and extended families. This approach is a cultural response to gaps in culturally safe services and community need of support in navigating government and non-Indigenous service systems. This includes supporting the interface for families with service systems including, but not limited to, justice, health, social and community services.

ACCOs understand that children do not exist in isolation and that their wellbeing is linked to the wellbeing of their family members. ACCOs work to support children and families, understanding the significance of extended family to an Aboriginal and Torres Strait Islander child.

“Transport also needs to be funded – fuel, repairs and maintenance (including rego, insurance, servicing etc.), drivers and bus educators (especially in light of the new ratio requirements for bus services).” - ACCO online survey respondent

ACCOs also prioritise the accessibility of their services, working with the local community to ensure children and families can attend as frequently as they want to. This includes providing bespoke, non-centre-based programs as well as, where possible, organising transport for local families to and from the service. It should be noted that transportation provided by ACCO early years services is most often unfunded, as transport is not a distinct responsibility of any government department and is rarely built into grants for ACCOs.

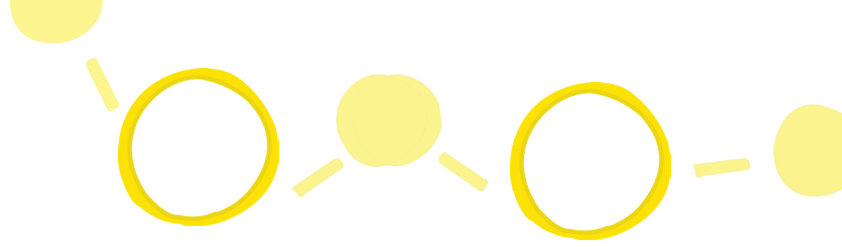
ACCO INTEGRATED EARLY YEARS SERVICES

“Ours is a strengths-based, preventative, and where needed, early intervention service, that aims to provide a specific and targeted holistic education, health and wellbeing program to provide the best opportunities for all children to reach their full human potential.”
- Western Australian ACCO

Long before terms like ‘integrated hubs’ and ‘one stop shop’ were coined, ACCOs were providing integrated early years services tailored to the needs of children and families in their communities. This is not a new concept for Aboriginal and Torres Strait Islander people and communities. Aboriginal and Torres Strait Islander cultural frameworks centre on an understanding of interconnectivity, that everything in Country, community and culture is in relationship to each-other. Underpinning all the barriers for Aboriginal and Torres Strait Islander people in engaging with early years education is the siloed approach to service and program delivery.

Aboriginal and Torres Strait Islander people live within a dominant systems framework that is reductionist in its approach and produces siloed and disconnected service delivery that is very difficult for Aboriginal and Torres Strait Islander people to navigate. This difficulty is heightened when considering the trauma that is prevalent in Aboriginal and Torres Strait Islander communities.

“We need to invest in providing the highest quality multi-disciplinary, integrated early years service that is specific to our community. Central to this is the high-quality education and care of our children and strengths-based support for our families, acknowledging and celebrating them as the key decision makers in their own lives.” - Victorian ACCO



In the context of the early years, ACCOs inherently focus on working across silos to provide holistic, wraparound services that place children and family at the centre. ACCOs understand the complexities Aboriginal and Torres Strait Islander families face in raising children that have the knowledge, skills and confidence to function across mainstream and cultural frameworks and support families through these challenges.

As outlined above, many ACCOs already deliver wraparound early years services within their communities, regardless of whether they are funded to operate in this way. This approach, referred to for the purposes of this report as ACCO integrated early years services, supports children and families to thrive, delivering on multiple policy priorities across all levels of government to empower Aboriginal and Torres Strait Islander communities.⁴¹

“Integrated service is essential to ensure our children thrive and that their developmental needs are met so that they achieve the most in their futures” - ACCO online survey respondent

The evidence review highlighted three core components of ACCO-led integrated early years services, noting that these services:

- Are community-centred, building trust with children, families and their communities.
- Provide universal service offerings.
- Provide flexible services in response to need.

41. Campbell, F., Conti, G., Heckman, J., Moon, S. H., Pinto, R., Pungello, E., & Pan, Y. (2014). Early childhood investments substantially boost adult health. *Science*, 343(6178), 1478-1485. <https://doi.org/10.1126/science>

In addition to three core components, there are six underpinning principles of ACCO integrated early years services as outlined in Figure 1 below.

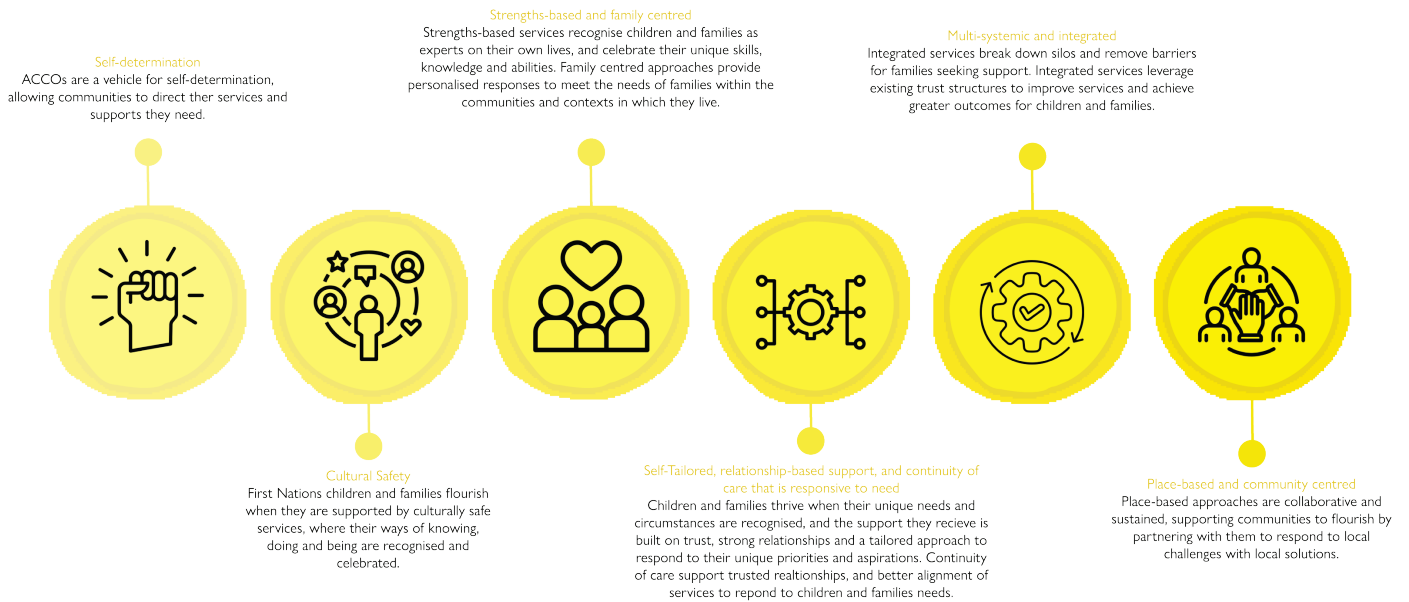


Figure 1 - Underpinning principles of ACCO-led integrated early years services
Source: dandolopartners (2023) Image

- 1. Self-determination** – ACCOs are a vehicle for self-determination, allowing communities to direct the services and supports they need.
- 2. Cultural safety** – Aboriginal and Torres Strait Islander children and families flourish when they are supported by culturally safe services, where their ways of knowing, doing and being are recognised and celebrated.

- 3. Strengths-based and family centred** – Strengths-based services recognise children and families as experts on their own lives, and celebrate their unique skills, knowledge and abilities. Family centred approaches provide personalised responses to meet the needs of families within the communities and contexts in which they live.

4. Tailored, relationship-based support and continuity of care that is responsive to need

– Children and families thrive when their unique needs and circumstances are recognised, and the support they receive is built on trust, strong relationships and a tailored approach to respond to their unique priorities and aspirations. Continuity of care supports trusted relationships, and better alignment of services to respond to children and families’ needs.

5. Multi-systemic and integrated – Integrated services break down silos and remove barriers for families seeking support. Integrated services leverage existing trust to improve services and achieve greater outcomes for children and families.

6. Place-based and community centred – Place-based approaches are collaborative and sustained, supporting communities to flourish by partnering with them to respond to local challenges with local solutions. Place-based approaches bring multiple services to the child and family in one location, rather than the family having to attend multiple locations.

Consultation with government representatives largely mirrored the core components and underpinning principles from the evidence review.

Government representatives also indicated that the underpinning principles of success for a funding approach for ACCO integrated early years services includes: a focus on access, inclusion and flexibility of service provision; sustainable, long-term funding for consistent service provision; and capacity building elements to develop services’ governance and professional development. It was recognised that a successful funding approach would also require government to clearly articulate their responsibilities and obligations under the funding arrangement to ACCOs to ensure a mutual understanding of what government can and cannot provide to ACCOs.

“[ACCOs are an] open welcoming space that community feel that they own, they are welcome to come to anytime, and that they have a voice in. A place that is visibly and spiritually, culturally strong and safe. A one-stop-shop that provides multiple services and programs to the community including health and wellbeing and education. A voice and advocacy for the Aboriginal community that will stand tall and proud for our people, with our people, beside our people. A service that is responsive to community happenings and changing needs.” - ACCO online survey respondent

It is important to note that while ACCO-led integrated early years services provide offerings beyond traditional ECEC, early childhood education is a key entry point for many Aboriginal and Torres Strait Islander children and families into these broader systems and supports.

CURRENT FUNDING LANDSCAPE

Currently, ACCO integrated early years services are predominantly funded through ECEC funding mechanisms. At the Federal level, this occurs primarily through the 'Child Care Package'.

This funding model has two elements:

1. Child Care Subsidy (CCS) – this is the main form of Australian Government financial support to parents as a subsidy for child care costs. It is a means and activity tested form of assistance that is paid directly to ECEC providers, who pass the subsidy on to families in the form of a fee reduction.

2. Child Care Safety Net that is made up of:

- **Additional Child Care Subsidy (ACCS)** – additional fee assistance directed at families and children who may face barriers in accessing affordable child care.
- **Inclusion Support Program (ISP)** – support for services to build their capacity and capability to include children with additional needs in mainstream services.
- **Community Child Care Fund (CCCF)** – grants to child care services to help them address barriers to family participation and to support service sustainability in areas of high unmet demand.
- **Community Child Care Fund – Restricted (CCCFR)** - The grant supports a number of child care services across Australia, mostly in remote areas. Funding also aims to support capacity building and sustainable service operations to increase the participation of Aboriginal and/or Torres Strait Islander children in ECEC.

- **CCCFR Expansion** – The grant supports the expansion of the CCCFR program to fund new high-quality, Aboriginal and Torres Strait Islander-led ECEC services in mainly remote and very remote areas, with low or no supply of CCS-approved ECEC. It also includes expansion of existing CCCFR services to strengthen community engagement and engage families to increase ECEC participation. These sites are, where possible, ACCO-led. The grant supports a number of child care services across Australia, mostly in remote areas. Funding aims to build the capacity of services and support sustained operation to increase the participation of Aboriginal and Torres Strait Islander children in ECEC.

At the Federal level another significant program supporting integrated service delivery is the Connected Beginnings program. This grants program aims to support school readiness of Aboriginal and Torres Strait Islander children aged zero to five. It seeks to achieve this by integrating a diverse range of local support services including maternal and child health, ECEC, family support, preschools and schools, and local government and council support. It is important to note that the backbone services funded through Connected Beginnings support integration of service responses across a community rather than providing direct services and, as a result, they are not included in the count of direct ACCO early years service providers below.

The table below outlines the number of ACCOs providing ECEC and integrated services, the type of service provision, and whether the service is CCS funded.

Type	CSS services	Non-CCS services	Total
Aboriginal Child & Family Centre	11	14	25
Preschool/Kindergarten	0	31	31
Long Day Care	15	0	15
Multifunctional Aboriginal Children's Service	26	0	26
Other/Not specified	8	1	9
Total	60	46	106

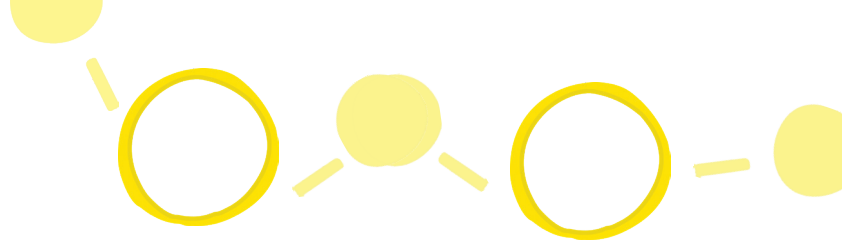
Source: List of ACCOs provided by SNAICC. CCS services identified by matching ABN, name and suburb.

In addition to 'Child Care Package' funding, early years services across Australia are funded by a complex mix of Federal, State and Territory pre-school and kindergarten funding together with other grant programs and short-term funding. SNAICC's research and consultations with both government and ACCO early years services has shown that most ACCO ECEC and integrated early years services receive funding from more than one source.

The complexity of this funding landscape can be better understood by understanding the historic funding arrangements and decisions that have significantly impacted ACCOs, such as the discontinuation of the Budget Based Funding (BBF) program.

From 2003 to 2018, Aboriginal and Torres Strait Islander early childhood programs were primarily funded through the BBF program. The BBF program provided direct operational funding to early education and care services in areas where the market would not normally allow services to operate, particularly in regional and remote communities, and where there were additional needs for culturally appropriate services.⁴²

42. Department of Education, Employment and Workplace Relations (DEEWR). (2013). Quality early childhood education and care for children in regional, remote and Indigenous communities: Review of the Budget Based Funded Program. Discussion Paper. Canberra, ACT: Australian Government.



The BBF program funded 330 services at a total of approximately \$63 million per annum.⁴³ The BBF program ended in 2018 when the Australian Government introduced the 'Child Care Package' (outlined above) that restructured subsidies.

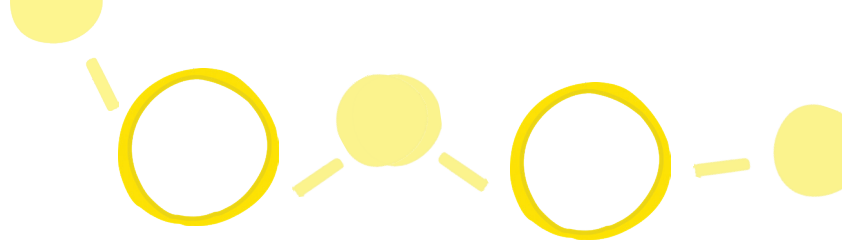
The other major national program to establish and fund integrated ACCO early years services was the national Aboriginal Child and Family Centre (ACFC) program. ACFCs were established across Australia under the National Partnership Agreement for Indigenous Early Childhood Development. Australian Government funding for ACFCs ceased at the expiry of the Agreement in July 2014. A significant number of ACCO services that began under that program continue to operate across the country.

The Australian Government currently does not provide dedicated funding for the operations of ACFCs, however many ACCOs that commenced under the ACFC program receive funding through the Australian Government Child Care Package, the Indigenous Advancement Strategy and other State, Territory and Federal grant programs.

Examples of State funded programs that provide significant funding to ACCO integrated early years services that emerged from the national ACFC program include the New South Wales Aboriginal Children and Family Centre program, and the Queensland Early Years Places program.

States and territories also fund additional ECEC related services, noting that the extent to which these services are provided through ACCOs varies significantly. For example, in South Australia, Children and Family Centres are supported by the State Government to bring together care, education, health, community development activities and family services for families and their young children. In the Northern Territory, Families as First Teachers delivers quality early learning and parent support programs to young children and their families through place-based programs, while Western Australia funds the Kimberley Schools Project which includes community co-design initiatives that build on and improve existing early years learning and care services and engage families as first teachers.

43. Early Childhood Australia and SNAICC 2019, 'Discussion Paper Ensuring Equality for Aboriginal and Torres Strait Islander Children in the Early Years'. Retrieved from: <https://www.earlychildhoodaustralia.org.au/wp-content/uploads/2019/02/SNAICC-ECA-Discussion-Paper-.pdf>, pg. 9.



In Victoria, Access to Early Learning is an early intervention program that helps 3 year old children from families with complex needs connect to and take part in ECEC programs, and the ACT funds government operated Koori preschools which provide Aboriginal and Torres Strait Islander children aged 3 to 5 years of age with a play based, culturally safe learning program.

Local government offers a range of grant opportunities for short term funding for community members, including the ECEC sector. While the grants are not dedicated ECEC funding, they often provide ECEC services with supplementary funding pending a successful application. For example, the City of Sydney's 'Aboriginal and Torres Strait Islander Collaboration Fund' supports the Aboriginal and Torres Strait Islander community-controlled sector to work on projects that meet the needs and aspirations of Aboriginal and Torres Strait Islander people in the local Eora/Sydney area.

The City of Melbourne's 'Aboriginal Community Grants' program is a similar program targeted at the Aboriginal and Torres Strait Islander community. Brisbane City Council's 'Lord Mayor's Better Suburbs Grants' supports projects responding to local community needs by funding improvements to community facilities, community organisation governance and the purchase of operational equipment.

Other local governments, such as the City of Gold Coast, the Sunshine Coast Council and the City of Morten Bay, provide discretionary or minor grant funding for community organisation projects intended to benefit the local community.

Throughout consultation, many ACCOs indicated they used local government and similar one-off grants as supplementary funding to deliver community events, augment service delivery and respond to the gaps in community need.

As a result of these historic funding arrangements and reforms, there are now several funding streams available for ECEC and integrated early years services. Each funding stream has different aims, objectives, eligibility criteria, compliance obligations and reporting requirements dependent on the funding department and/or jurisdiction.

A non-exhaustive list of funding sources across ACCO ECEC and integrated early years programs is outlined in **Appendix A** to demonstrate the breadth and complexity of current funding arrangements being accessed by ACCOs.

CURRENT FUNDING CHALLENGES

Almost all qualitative and quantitative data gathered throughout this project confirmed that current funding approaches do not meet the needs of ACCOs and, by extension, Aboriginal and Torres Strait Islander children and families. In fact, these approaches create active obstacles to the provision of the high quality, culturally responsive, holistic, wraparound supports and services that are at the heart of ACCO-led integrated early years services. The successes achieved by ACCOs are happening despite the system, not because of it.

Across the literature review, service interviews, government consultation and survey responses, it was identified that current funding approaches:

1. create barriers for Aboriginal and Torres Strait Islander children and families in accessing early childhood education and care and integrated early years services;
2. limit ACCOs' capacity to deliver holistic, child-centred services needed to support Aboriginal and Torres Strait Islander children and families to thrive; and
3. are not successfully improving early development outcomes for Aboriginal and Torres Strait Islander children.

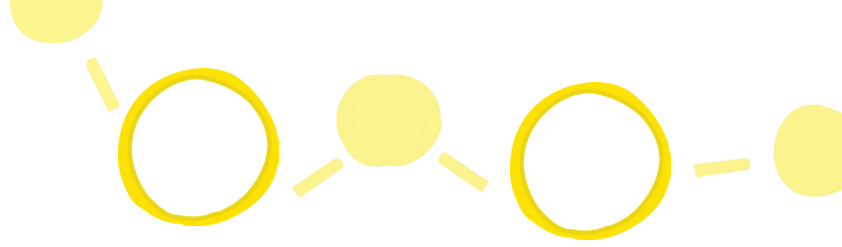
THE CCS CREATES BARRIERS FOR ABORIGINAL AND TORRES STRAIT ISLANDER CHILDREN AND FAMILIES ACCESSING EARLY YEARS SERVICES

“The transition from BBF to Activity Test has caused a decline in enrolments because parents in the community are receiving a limited CCS entitlement.” - South Australian ACCO

CCS FOCUSES ON WORKFORCE PARTICIPATION AND IS OVERLY COMPLEX

ACCO services from all jurisdictions reported significant challenges arising from the transition to the CCS funding model. The perception and the reality of the CCS funding model is that it is primarily or only available for working families. This discourages the participation of the most vulnerable children and families.

Many Aboriginal and Torres Strait Islander families do not meet activity requirements to qualify for more than the minimum 36 hours per fortnight of subsidised care introduced in July 2023. Families with incomes equal to or below the low-income threshold can receive 24 subsidised hours, which First Nations families often accessed prior to the introduction of the 36 hour baseline.



According to Impact Economics, Aboriginal and Torres Strait Islander children are 5 times more likely to access only one day of care as a result of the Activity Test, and many families disengage completely because of the small amount of subsidised care available.⁴⁴ While many families are eligible for the ACCS, requiring a child to be “vulnerable or considered to be at risk of harm, abuse or neglect” is a stigmatising definition that prevents parents from requesting additional support for fear of contact with culturally unsafe statutory child protection systems.

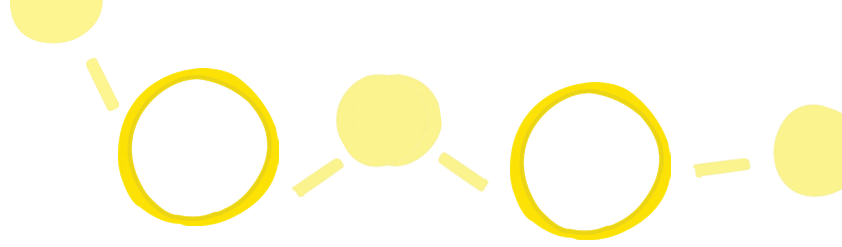
Almost all government representatives and ACCO services interviewed highlighted the complexity of the CCS system and noted that it created various barriers to engaging with ECEC for all families. Government representatives acknowledged that the CCS is a barrier for non-working families and presents significant challenges with respect to registration and equitable access requirements. Administrative requirements and processes to access CCS are grounded in an assumption that all parents are literate, confident in using technology and can access the internet.

ACCO early years services emphasised that this challenge is even greater for Aboriginal and Torres Strait Islander families who experience logistical and financial challenges in applying for subsidies. Parents are often supported by ACCOs to navigate Centrelink, although these services do not receive additional funding to provide this human services support. Fear of incurring debts because of incorrectly reported activity acts as further deterrent, particularly for casual workers with inconsistent hours. ACCO early years services reported being unable to fulfil their service’s enrolment capacity due to families not being eligible for the subsidy that would enable them to afford this care.

“Having a cap of 24 hours per fortnight [pre-July 2023] for most of our children makes it extremely difficult to ensure our children get 600 hours of ECEC while keeping the cost of fees affordable for families and compete with the local department of education preschools. Once our children turn four, we lose a lot of them to the department as there are no CCS restrictions.” - ACCO online survey respondent

“The Centrelink system holds people back from accessing ECEC for their children and from parents being able to return to work or study.” - Victorian ACCO

44. Impact Economics and Policy 2022, ‘Child Care Subsidy Activity Test: Undermining Child Development and Parental Participation’. Retrieved from: <https://www.impacteconomics.com.au/home/education>, pg. 5.



There are flow-on impacts for ACCO early years services that invest substantial resources to support families with Centrelink administration but are not allocated dedicated funding to provide this support. Service staff often support families through the application and ongoing management of CCS including notifying families when debt is incurred. Services report that this impacts educators' time on the floor and requires them to work through allocated breaks and complete unpaid, after-hours work. Many ACCO early years services allow families to continue attending the centre and fund the shortfall from other parts of the service's operational budget.

Many ACCO early years services reported that families in their communities disengage from ECEC due to the Activity Test, associated debt and the overall complexity of the human services system. Government representatives also observed community disengagement from early childhood services for the same reasons. The concern for ACCOs is that this system continues to exclude the most vulnerable children and families from receiving care and support.

CCS ENCOURAGES A FOR-PROFIT MODEL THAT DOES NOT WORK FOR ABORIGINAL AND TORRES STRAIT ISLANDER CHILDREN AND FAMILIES

“The ECEC system needs to be rebuilt to deliver services and programs the way we need to deliver to our children and families. ACCOs can learn from the mistakes of ECEC sector. Privatisation of ECEC led to the sector being for-profit focused, this has impacted on outcomes for children and families.” - Western Australian ACCO

The market-based funding model is ineffective in ensuring early years services reach, and is not tailored to the needs of vulnerable children and families who stand to gain the most from consistent access to early years services. The model also perpetuates childcare deserts in many areas where Aboriginal and Torres Strait Islander children reside. Many ACCOs highlighted that the CCS funding approach forces them to take on a 'for-profit' mindset that is inconsistent with culturally strong and responsive service delivery. For many, this has meant expanding their services to include non-Indigenous children and families which can compromise the feeling of safety and security previously offered to Aboriginal and Torres Strait Islander families who use the service.

Wynbring Jida

Wynbring Jida Child Care Centre was opened in 1986 as the Whyalla Aboriginal Child Care Centre. In 1988 the centre was renamed by a local Aboriginal Elder, Phyllis Croft. The name Wynbring Jida meaning “Whistling Bird” was chosen because it is a reflection of the happy sounds children make when engaged in play, as does the bird. A group of local community Elders came together to start Wynbring Jida to fulfill a community need to find family supports to avoid child protection interventions. Wynbring Jida provides a safe space for families based on an understanding of family dynamics.

Wynbring Jida explained that the Child Care Subsidy (CCS) funding approach makes accessing care harder for their community. “The current model doesn’t understand complexities for the Aboriginal community and is not fit for purpose.”

At Wynbring Jida parents are encouraged to apply for CCS payment through their My Gov account to cover a percentage of the care. “The CCS activity test, the process and the cost is such a challenge for people to go through. Often, the amount given is not enough to access sufficient amounts of care.”

Staff support families to navigate the CCS process, despite not being funded to offer this service. “No money has been provided for supporting families to navigate family support systems. This is currently provided by a staff member also in a receptionist role.” For community members without birth certificates or other documentation they cannot access CCS. “Many of our children living with grandparents in informal care arrangements cannot access Centrelink/CCS.”

Wynbring Jida understands that if families don’t receive CCS they cannot pay the full cost of childcare and sets a reduced fee for a day for families not accessing CCS so children can access the care and support they need. The service operates as a community service rather than a mainstream business model even though this impacts their financial viability.

“We can’t profit from our community. To survive, we have had to move away from Aboriginal families only and include non-Aboriginal families to our centres. We are running at a deficit as we do not want to make a major fee increases because it is already not affordable for families.”

Wynbring Jida cannot work with the same framework for mainstream services as they know it won’t work for Aboriginal and Torres Strait Islander families in their community.

“The current model wants us to basically become a mainstream service, they are pushing us to become being self-sustainable by making money from families. This contradicts our values and pushes out our most vulnerable families.”

CURRENT FUNDING APPROACHES LIMIT ACCOS' ABILITY TO PROVIDE THE SERVICES COMMUNITIES WANT AND NEED

“ACCOs continue to feel as though they are fighting for the bare minimum. The Closing the Gap targets, policies and best practices all advocate for Aboriginal and Torres Strait Islander children to access to quality ECEC as a strategy to meet Closing the Gap targets. Service leaders continue to have to fight to provide services they know is not addressing these targets.” - Northern Territory ACCO

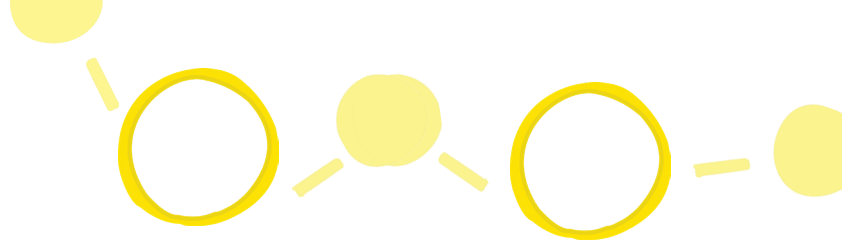
CURRENT FUNDING IS INSUFFICIENT AND DOES NOT REFLECT RISING COSTS OF LIVING

Some ACCO services report that they are “bursting at the seams” and want to expand enrolment placements and the range of integrated services, in response to changing needs in the community.

It is common for ACCO ECEC centres to have long waitlists as Aboriginal and Torres Strait Islander people often prioritise their children attending ACCO centres rather than mainstream services. Some ACCO services reported community members enrolling their child at the service, pre-birth, to ensure they have a place at the centre when they are old enough to attend. In instances where there are additional ECEC options in the community, many Aboriginal and Torres Strait Islander families prefer to wait for an available place at an ACCO rather than attend a nearby mainstream service.

“CPI is not factored into current funding by the Federal Government, and this was also an issue under the BBF model which was stagnant and the amount of funding via BBF didn't keep pace with changes in the economy.” - Torres Strait Islander ACCO

Many ACCOs also raised the fact that they were impacted by rising costs of living and these pressures are also felt by the families and communities they work within. Current funding approaches were criticised for not accounting for these cost increases, and not being appropriately adjusted year-on-year.



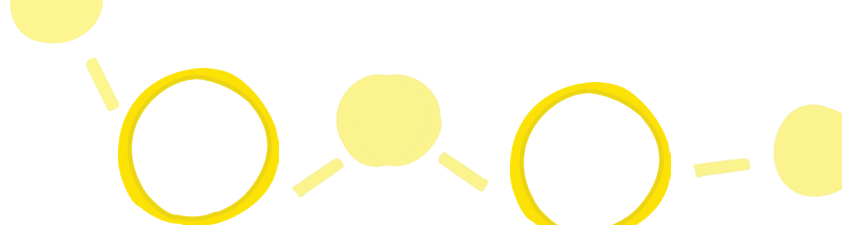
The Aboriginal and Torres Strait Islander early years workforce is being heavily impacted as people are driven away from the sector due to poor wages, and a shortage of casual staff to back-fill in incidents of sickness or leave. This is contributing to further burn out amongst Aboriginal and Torres Strait Islander service leaders and educators. Many services report that due to insufficient resources to upgrade infrastructure, they are unable to meet National Quality Framework (NQF) requirements. In the most severe instances, services are forced to change their service offerings and open to non-Indigenous community members to cover financial gaps, or to reduce enrolments and operating hours to respond to resource gaps.

CURRENT FUNDING IS NOT SUFFICIENTLY FLEXIBLE TO ALLOW ACCOS TO RESPOND TO NEW, EMERGING AND COMPLEX NEEDS

ACCOs are often unfunded or not funded adequately to provide integrated family support services which are seen as critical to their service model. This includes the networking, advocacy and outreach work that is required to link families to allied health and other support services. Services reported that it was difficult to find resources that allowed staff to outreach to external services or support families through referral pathways.

Case management and advocacy is a significant service that ACCOs provide for Aboriginal and Torres Strait Islander children and families and is often undertaken on an ad hoc or additional basis rather than as a funded component of service delivery. This is a complex and specialised skill set which navigates the intersection of government systems and cultural protocols in early years service provision. The task of supporting families can be particularly difficult when children are in the out of home care system and families are navigating complex systems that cross government departments alongside experiencing acute trauma resulting from family challenges and child protection interventions.

Infrastructure upgrades and maintenance were reported as unmet resourcing needs by many ACCOs. Services identify the need for upgrades to grow and increase enrolments to address current waiting lists. Reliable funding is required to pay for renovations and maintenance to meet NQF standards and adapt to changing climate conditions. Some ACCO services reported holding off on renovations or in some instances holding community volunteer working bees to perform essential maintenance tasks.



Some ACCO services have drawn on mutual obligation schemes as a way to fill maintenance and ancillary roles, but also report that these schemes require careful management and can become onerous for service leaders.

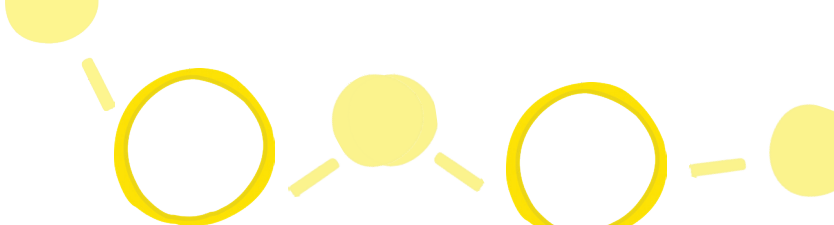
ACCOs consistently identified transport as an unfunded essential service that is a priority for future funding. Transport is critical for families in regional and remote communities to access ECEC and also an important way that services engage and promote participation for children and families. In some ACCOs, educators are driving buses in an unpaid capacity to ensure Aboriginal and Torres Strait Islander children can attend the service.

CURRENT FUNDING DOES NOT ALLOW FOR CULTURE TO BE APPROPRIATELY EMBEDDED IN SERVICE DELIVERY

“The current funding model doesn’t understand complexities for the Aboriginal community and is not fit for purpose. Current model is designed for mainstream long day care and does not enable cultural education or integrated service approaches that services, and community consider integral to ECEC care.” - Victorian ACCO Service

Interviews with ACCO providers substantiated the significance of culture in early years service delivery. Throughout colonisation, Aboriginal and Torres Strait Islander people have been restricted from practicing culture and until very recently, it continued to be unsafe to practice culture. Aboriginal and Torres Strait Islander children need to develop a strong cultural identity as a protective factor to support them to enter the mainstream world. This is a high priority for Aboriginal and Torres Strait Islander families. ACCOs are now providing opportunities for Aboriginal and Torres Strait Islander children to begin their cultural education in the early years. This important work is part of the healing process for Aboriginal and Torres Strait Islander people.

In response to the consultation question, ‘does the current funding model support your service to provide culturally strong services?’, all ACCO services interviewed said no. The survey responses echoed this finding with 23 ACCO respondents clearly stating that current funding does not support culturally strong services, with others describing how current funding covers the cost of standard service delivery but is not enough to support integrated, holistic, and culturally strong services.



“[A funding model] needs to be inclusive of all types of service delivery by First Nations people. Delivering a valid, culturally appropriate practice and services to First Nations children and people needs to meet the cultural authority of Elders and First Nations teaching practitioners. This should be the primary level of compliance for our children. The harmful effects of a western education system imposed on First Nations people which has not engaged with First Nations knowledge systems and our Elders as first teachers has been an attack on our human rights – UNDRIP Article 14 and detrimental to our life outcomes. Investment and support of a First Nations Education system that starts with early years right through to university is a bold reform that needs serious consideration.” - ACCO online survey respondent

In practice, ACCOs are currently embedding culture into every aspect of service delivery from governance and workforce to curriculum and relationship building. However, there is limited, if any, ongoing, sustainable or sufficient funding for cultural curriculum, language, cultural teachers, programs, on Country experiences or cultural advisory groups.

To deliver these programs and ensure culture is embedded in their service delivery, ACCOs are drawing on family and personal relationships, working additional hours and, where there is capacity and opportunity, applying for and managing additional funding streams. ACCO staff are doing this work in addition to their complex work of providing integrated services that are also not adequately funded. This additional workload needs to be valued as a core component of the ACCO service model, and funded appropriately, rather than relying on creative fund management and risking burning out the Aboriginal and Torres Strait Islander early years workforce.

Cultural knowledge and authority is held by a limited group of people in a community and is accumulated through a number of complex methods over a lifetime. Different knowledge holders often hold different pieces of knowledge that are essential to integrating culture in an early years service. Under current funding arrangements there are limited opportunities for services to remunerate these knowledge holders for their time and labour.

ACCOs must compete with private, government and non-government service providers within their community for the time and expertise of knowledge holders, and often these knowledge holders must prioritise working with their local community through ACCO early years services for minimal or no remuneration in line with funding availability.

“We would like to put more money into recruiting and training First Nations Educators and paying for services of Elders to come and incorporate and teach culture to the next generation.” - Victorian ACCO

ACCOs are cobbling together resources to build cultural curriculum to provide early years cultural learning for Aboriginal and Torres Strait Islander children to meet their cultural obligations and prepare them for mainstream education.

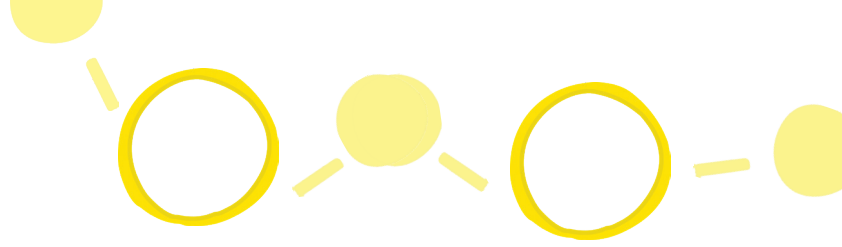
“ACCOs supporting Aboriginal and Torres Strait Islander children to thrive in two worlds with different cultural frameworks. Current funding models’ objectives measure the success of the child to assimilate to dominant cultural frameworks and expectations. ACCOs are doing the work at personal cost to staff and community members.” - Northern Territory ACCO

CURRENT FUNDING DOES NOT ENABLE THE EFFECTIVE PROVISION OF HOLISTIC SERVICES

“Service leaders spread costs across numerous streams of state and federal funding but often draw down on its operations budget to provide the integrated care required by communities and families.” - New South Wales ACCO

While ACCO early years services aim to provide outreach and holistic supports that address multiple barriers for families to access learning and development services, subsidy funding is narrowly targeted to limited educational supports. Even when CCS is supplemented by grants programs such as CCCFR, both the purposes of the grant and the amount of funding rarely reflect the need and true cost of delivering holistic, wraparound services.

Some government representatives noted that some state and territory funding arrangements for integrated services provide a level of certainty in terms of the amount of funding a service will receive, but do not allow for the pooling of funding streams to provide comprehensive programs, nor adequate funding that is based on an assessment of community need and holistic responses required.



Understanding and identifying the needs of community and ensuring services had the flexibility to meet and respond to these needs were discussed as a priority for government representatives when thinking about new funding arrangements.

Grant and program funding is often awarded under strict programmatic guidelines, meaning that funding can only be used for pre-determined activities and under set timeframes. In most cases these guidelines do not cover the type of support that ACCOs know is most useful for children and families in their communities. ACCOs commonly identify that they are doing some of the most impactful work for children and families unfunded because current funding approaches are not built around and do not reflect the full cost of service delivery.

For example, to deliver truly integrated early years services, ACCOs develop relationships and partnerships with other services for the benefit of children and families. This work is required to refer and support families to access services. It also reduces duplication of service delivery. Current funding approaches set out extremely limited non-contact hours for service staff and these budgets do not allow for staff time for networking with community, social and health services, let alone the advocacy and support required to make referrals and support family engagement with these services.

Gaps in funding for transport noted above also contribute to the inability of services to support families, including in accessing external services and appointments.

Some jurisdictions are filling this gap and prioritising funding for holistic service delivery. For example, the Department of Communities and Justice (NSW) funds ACCOs to deliver Aboriginal Child and Family Centres (ACFCs) to provide a mix of culturally safe services and supports responsive to community needs, including ECEC, parent and family support and maternal and child health. The funding provided is for an initial period of four years with the possibility of further extension at the end of the initial term. This approach allows services to receive one 'pot' of consolidated funding to deliver a range of services, minimising the need to cobble together funding from multiple sources.

While this funding approach is an example of good practice, it is not available in all jurisdictions or in all areas. Also, in multiple states, including New South Wales, there are large disparities in funding between ACCOs funded through state-funded integrated early years programs, and those that receive more limited funding to supplement CCS and ACCS funding through the Commonwealth CCCFR program.

PATCHWORK FUNDING CREATES UNCERTAINTY AND INCREASES ADMINISTRATIVE BURDEN FOR ACCOS

Given the insufficient funding offered under CCS, most ACCO early years services draw from multiple funding streams to be able to continue operating within their communities. During consultations, both ACCO services and government representatives highlighted the complexity of navigating these funding streams. Government representatives noted the administrative burden funding arrangements create for ACCOs in addition to their service delivery roles. The siloed and patchworked nature of funding arrangements was commonly acknowledged as a barrier to a truly integrated approach to ECEC service delivery. Services are often required to navigate multiple different reporting and acquittal processes to comply with the requirements of each funding source. These rarely have consistent formats, information requirements or reporting periods.

ACCO services also raised that competitive grant and tender processes disadvantage them by placing them in competition with larger non-Indigenous organisations. These organisations have the advantage of economies of scale that contribute to lower costs of delivery but typically do not provide culturally safe or responsive services.

Smaller ACCOs also have limited resources to dedicate to grant and tender processes, that are often time intensive and require ongoing generation and analysis of data and evidence to secure new or continued funding.

Even the best designed programs offer relatively short-term funding (less than five years) which services noted as constraining them from building relationships and setting up programs based on the underpinning principles that are fundamental to their success.

Yappera Children's Service Co-Operative – Excessive Administrative Burden

Since 1981, Yappera Children's Service Co-Operative Ltd has been providing high quality, culturally grounded holistic health and education programs. Yappera, meaning 'Belonging Place', is a gathering, learning and wellbeing space for Aboriginal children and their parents, carers, families and community in Melbourne. Yappera has a wide variety of programs available to children and their families. "We understand the interconnectedness between health and education. As such, all our programs are designed and underpinned by our holistic approach." Yappera's service is valued by the Aboriginal and Torres Strait Islander community – this is evident from their wait list of over 60 children. In order to provide culturally grounded, high quality early years programs, Yappera relies on complex funding arrangements. Yappera has 15 external funding sources from all levels of government and philanthropic sources in addition to CCS and ACCS.

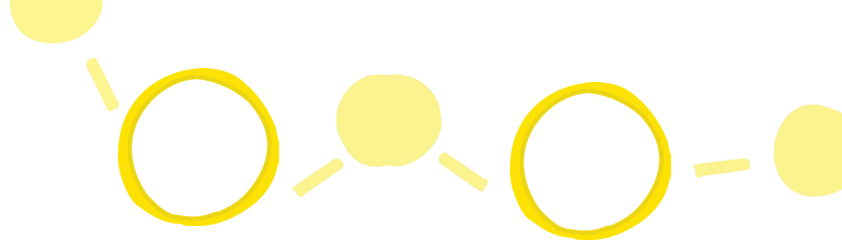
"The current model does not provide enough funds to provide the care that communities, families and children need. CCS is our core source of funding and other sources of funding, including CCCFR, cover some gaps. We apply for one off grants to cover the gaps to employ the staff and offer the programs that are outside the scope of long day care, such as cultural education programs."

Yappera describes the failings of current funding models such as CCCFR as putting enormous pressure on ACCOs to transition service delivery to a for-profit business model. CCCFR also requires that Yappera include all their funding streams in their service profit and loss documentation, including those that have not been funded by the grant itself. For Yappera this process is invasive and undermines self-determination. The additional reporting requirements require additional resources. Grant management and reporting requires on average three hours per week. The additional reporting requirements have further impacts including additional costs for the auditors to acquit individual programs. The service absorbs these costs as funding streams limit core funding for the administrative and management work required. Yappera works across multiple complex dashboards, with different interfaces.

"It's a painful process. There's too much reporting. It's complex, stressful and time consuming. It impacts our ability to deliver programs."

Yappera advocates for the streamlining of reporting and data collection tools with equity to mainstream services in reporting requirements. They would like to see consistency and longevity in funding cycles that can translate to consistent delivery. Yappera would like to see increased flexibilities in budgets that work to support ACCOs to respond to need in community as they present.

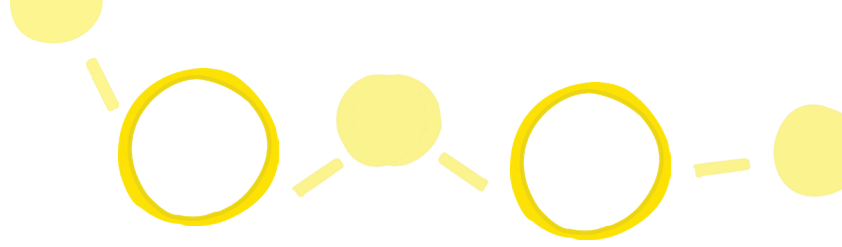
"We would like to see government do some of the background work. They have the resources and authority to work across siloes to streamline processes so that services can reinvest the time and resources in service delivery to children, families and communities."



ACCOs are forced to operate in a mainstream system that does not understand or facilitate the holistic, culturally responsive service delivery that works best for Aboriginal and Torres Strait Islander children and families. Backbone support services provide support to ACCOs in the early years sector with regulatory compliance readiness, transition through accreditation and continuous approval, policy and program development, service leadership capacity building and administrative and financial reporting.

One example of backbone support service is SNAICC Early Years Support. As an act of self-determination and in delivery of Priority Reform 2 – Building the community-controlled sector and the ECCD SSP, in 2021, SNAICC partnered with philanthropic organisations to develop and implement the SNAICC Early Years Support pilot, which was known at the time as THRYVE. The service was piloted in New South Wales, Western Australia and Victoria and SNAICC Early Years Support is currently partly funded by the Commonwealth Department of Education and the National Indigenous Australians Agency.

SNAICC Early Years Support provides direct locally contextualised business, regulatory compliance, and workforce support to the ECEC sector, including designing and developing resources that contribute to regulatory compliance under the national quality framework and cross jurisdictional knowledge sharing to enable further efficiencies to be realised. SNAICC Early Years Support aims to increase access to culturally safe and responsive early learning for families and support their sustainability. It is comprised of bespoke, co-designed state-based models, led by local Aboriginal staff. It provides wraparound mentoring, training, and support for ACCO services, brokers integrated service partnerships, elevates the collective voice of ACCOs and communities at regional, state and national levels, as well as catalyses and enables sector growth. Across New South Wales, Victoria and Western Australia – jurisdictions where SNAICC Early Years Support currently operate – ACCOs highlighted the difference that backbone support makes in their ability to effectively deliver their services.



The first annual evaluation of SNAICC Early Years Support was conducted in 2022 and included a small but significant cohort of stakeholders reflecting the early stage of implementation for the initiative. Participation in the evaluation was highest in NSW which was the first and most established pilot state at the time of the evaluation with 67% of supported services in NSW responding to the survey, and 5 out of 5 services in the NSW interview sample participating. The initial findings were promising, highlighting that services were already experiencing measurable benefits across a significant range of areas from connections with other services, access to funding, workforce training opportunities, service compliance, understanding policy and legislative changes, improving access to data, improving integration of services and building capacity to measure impact.

In particular, evaluation survey respondents indicated:

- 91% strong improvement in connections to other services.
- 82% strongly improved access to funding opportunities.
- 82% at least reasonably improved access to workforce training opportunities.

- 82% at least reasonably improved service compliance with the national quality standards.
- 64% at least reasonably improved understanding of legislation and policy changes.

A second-year evaluation will be completed by early 2024, with a comprehensive final evaluation of the pilot phase of SNAICC Early Years Support to be completed in 2024.

A level of backbone support is also provided through Connected Beginnings backbone organisations in communities where that initiative operates across Australia. Increasing ACCO delivery of backbone services in Connected Beginnings over the past 2 years has provided valuable opportunities for ACCO leadership in early childhood service delivery. It is important to note, however, that the focus of Connected Beginnings backbone teams is different to SNAICC EYS, aiming to facilitate collective impact approaches between organisations at the community level rather than specifically to support individual organisation's business, service and workforce development.

Despite the critical role backbone services play in the community controlled early years sector, current funding does not fund this function fully or in all jurisdictions. The absence of this support has been felt more acutely across multiple jurisdictions since the discontinuation of the Indigenous Professional Support Unit program that previously provided a range of these supports to ACCOs.

CURRENT FUNDING DOES NOT ACCOUNT FOR THE DIVERSE NEEDS OF ABORIGINAL AND TORRES STRAIT ISLANDER CHILDREN AND FAMILIES

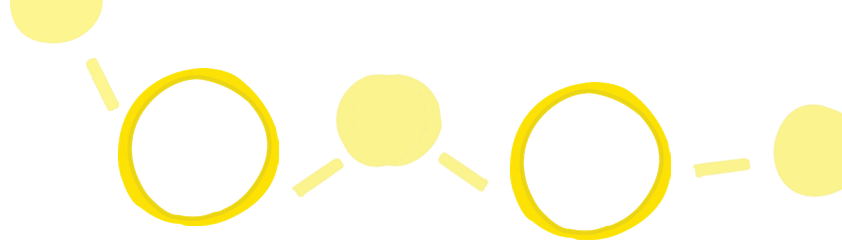
“A key difference between mainstream childcare providers and ACCO ECEC providers is that Aboriginal and Torres Strait Islander children, families and communities have a prevalence of intergenerational and complex trauma and are resourced poorly to address this trauma.” - Western Australian ACCO

ACCOs from all jurisdictions reported caring for and supporting a high number of Aboriginal and Torres Strait Islander children with complex, additional needs spanning areas including disability, complex trauma, mental health and behavioural issues. These ACCOs raised that their services are not appropriately resourced to provide the support needed to enable these children to thrive.

The types of supports needed for children with additional needs includes additional staffing, specialist staff and training, infrastructure upgrades to make buildings accessible, vehicles with wheelchair accessibility and program and logistical adjustments for physical needs.

Consultation with the First People’s Disability Network highlighted that services often do not articulate disability support needs until specifically asked about access challenges like the accessibility of transport and pathways. The First People’s Disability Network spoke about the need for services to be accessible, inclusive and have a disability rights understanding. Reference was made to the Disability Sector Strengthening Plan which outlines the structural barriers undermining the rights of First Nations people with disability to access appropriate, responsive services where, when and how they need them throughout the service system, inclusive of early childhood services.⁴⁵

45. First People’s Disability Network Australia, ‘Community Controlled Disability Sector: Disability Sector Strengthening Plan’. Retrieved from: <https://www.closingthegap.gov.au/sites/default/files/2022-08/disability-sector-strengthening-plan.pdf>, pg. 58.



ACCOs spoke at length about the increase of children and families living with acute, complex trauma in addition to intergenerational trauma resulting from colonisation. Trauma was frequently presented as a concern and a challenge for services to address as there are very limited professional development opportunities, programs or culturally appropriate resources available. Those that are come at a high cost and are out of reach for already resource constrained ACCOs. Many services discussed staff burn out was accelerating due to working with high number of children and families experiencing acute and chronic trauma.

“Trauma response – all our programs reflect and respond to the need for healing. Elders guide cultural and language program that underpins everything we do.” -
Western Australian ACCO Service

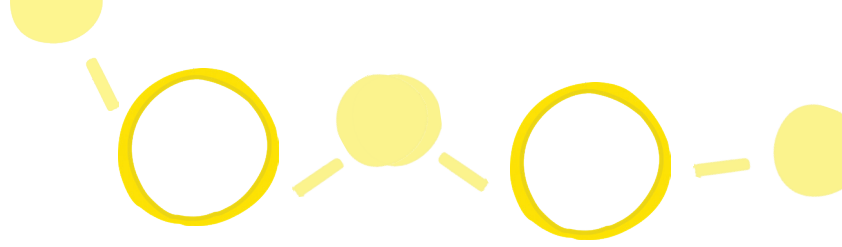
Although ACCO early years services commonly reported high and increasing enrolments of children with complex needs, they also reported that staff do not receive support to ensure centres delivers the best outcomes for these children. ACCOs reported that they would like to provide more targeted support to children with complex needs, but that centres are unable to access inclusion services support. Barriers to providing support to children with additional needs exist for multiple reasons.

In some communities, the required supports are not available or require families to travel out of area. In other instances, children do not meet the criteria, or the funding is too difficult for families and services to access.

In rural and remote areas, families struggle to access National Disability Insurance Scheme (NDIS) packages due to the diagnosis process required. In numerous communities ACCOs reported waiting lists for paediatricians of more than two years. Trauma and post-traumatic stress disorders can present in various physical and psychological symptoms.

“Lots of our children should be under Inclusion Support and NDIS but no one has time to register the children for those funding streams.”
- Western Australian ACCO

An additional challenge that is unique to ACCO service delivery is the high number of Aboriginal and Torres Strait Islander staff living with untreated trauma. This trauma results from the ongoing impacts of colonisation and can be triggered or exacerbated in the course of service delivery. Due to their trusted status within the community, ACCO early years services are often first responders to children and families experiencing trauma and work with families to develop wrap around supports to respond to and heal from trauma.



This is essential work that improves outcomes for Aboriginal and Torres Strait Islander children but is often invisible, not resourced and can have ongoing impacts on the health and wellbeing of Aboriginal and Torres Strait Islander staff.

Current early years funding and service models are also failing to reflect cultural frameworks and Aboriginal and Torres Strait Islander child rearing practices. Current ways of working continue to expect Aboriginal and Torres Strait Islander families and communities to fit into mainstream systems without consideration of cultural ways of being knowing and doing (cultural frameworks) which have been practiced for thousands of years. In Aboriginal and Torres Strait Islander culture, caring for our children has been a shared responsibility of extended family and kinship groups. This collective approach to child rearing ensured high ratios of adults to children supporting children to develop all the skills and knowledge they would need to contribute to their community. In line with this holistic approach to caregiving, numerous adults play a role in the child's development. Funded ratios of adults to children in early years services undermine Aboriginal and Torres Strait Islander cultural approaches to raising children.

ACCOs also raised carer to child ratios as an important element in their trauma response, recognising the higher staffing required to respond to the high prevalence of trauma and resulting support needs of children and families.

The NQF sets out the minimum qualification and educator to child ratio requirements for children's education and care services.⁴⁶ Services commonly identify that these ratios are insufficient to provide a culturally strong and trauma-informed response for the children accessing the service.

Constrained by the lack of resources to address trauma, ACCOs are developing healing responses. Intergenerational trauma of Aboriginal and Torres Strait Islander people includes the loss of language and culture. Culture and language programs are included as part of trauma and healing work. Aboriginal and Torres Strait Islander peoples continue to call for the investment in healing programs that address acute, complex and intergenerational trauma.

46. Australian Children's Education and Care Quality Authority, 'Educator to child ratios'. Retrieved from: <https://www.acecqa.gov.au/nqf/educator-to-child-ratios>

Healing programs require a bespoke, community-led approach and additional investment to be able to be delivered effectively. Healing programs have many outcomes, including improving the social and emotional wellbeing of children and supporting them to develop a strong, positive cultural identity.⁴⁷

CURRENT FUNDING DOES NOT FACILITATE A STRONG LOCAL ABORIGINAL AND TORRES STRAIT ISLANDER WORKFORCE

ACCOs consistently reported that the success of their early years service delivery relies on attracting, retaining and growing a strong, local Aboriginal and Torres Strait Islander workforce. These staff are the backbone of culturally strong, high quality and responsive early years services within their communities.

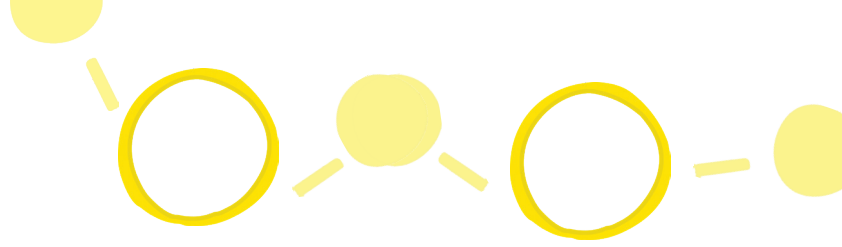
“All educators and other relevant staff are underpaid in our sector. Staff feel overworked and underappreciated in our sector. It feels like there are more and more demands made on our time and resources however the pay rarely increases and when it does it is usually a minimal amount.” - ACCO online survey respondent

There are entrenched workforce challenges facing the early years sector. These are clearly outlined in detail in *Shaping Our Future: A ten-year strategy to ensure a sustainable, high-quality children’s education and care workforce (2022 – 2031)* and the *Early Childhood Care and Development Sector Strengthening Plan*. The challenges include poor pay, demanding conditions, staffing shortages and low professional status.

“Positions are hard to fill in our community, it has taken a long time to fill the team and ensure consistency as many staff left to gain higher paying positions.” - ACCO online survey respondent

In addition to the issues faced by the broader sector, the current funding models create unique challenges for ACCOs in attracting and retaining local Aboriginal and Torres Strait Islander staff. Throughout consultations, ACCO service providers were asked about the impact of current funding on workforce. Both survey respondents and interviewed ACCOs reported that larger non-Indigenous non-government organisations and government service providers have the economies of scale and resources that enable them to pay above award wages and provide conditions and benefits that smaller ACCOs cannot compete with.

47. The Healing Foundation and Emerging Minds 2020, 'Improving the social and emotional wellbeing of Aboriginal and Torres Strait Islander children: Development of resources to support service providers working with Aboriginal and Torres Strait Islander infants, children and families'. Retrieved from: https://healingfoundation.org.au/app/uploads/2020/07/Children_Report_Jun2020_FINAL.pdf, pg. 6.



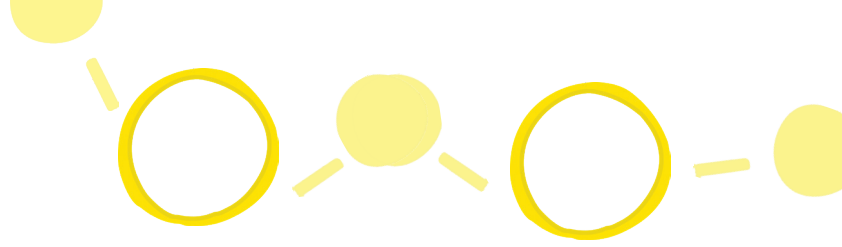
ACCOs reported wanting to invest in their local workforces but not having the time, resources or funding to be able to do so effectively. ACCOs from all jurisdictions reported needing access to Aboriginal and Torres Strait Islander traineeship programs that recognise and value cultural skills and knowledge, to grow the Aboriginal and Torres Strait Islander workforce. Mainstream tertiary education services rarely meet the needs of Aboriginal and Torres Strait Islander people seeking formal ECEC qualifications. In particular, rural and remote services reported difficulties in working with TAFE providers to ensure adequate and appropriate support for trainees to attain certificate qualifications.

“Remote learning for ECEC is key to successfully recruiting. We have had a few instances over ten years operating in the ECEC space where TAFE have come to our remote communities to support ECEC Cert III studies. Would be great if this could be the norm rather than the exception.” - ACCO online survey respondent

Unfortunately, even when ACCOs successfully support Aboriginal and Torres Strait Islander workers through traineeships and to higher levels of accreditation, it is challenging to incentivise people to obtain a teaching qualification.

Many Aboriginal and Torres Strait Islander people are not able to take on the significant HECS-HELP debt to afford to access university study. Many also feel that if they were to pursue tertiary qualifications, they would do so in a field that has higher wages and better conditions. In addition, many Aboriginal and Torres Strait Islander people raise that universities and other education institutions are not culturally safe and do not value or embed Aboriginal and Torres Strait Islander ways of knowing, being and doing.

“An important part of being an Aboriginal service is ensuring that we employ quality Aboriginal or Torres Strait Islander staff. We often employ our staff at the trainee level and then support them to obtain their Cert III and hopefully their diploma. However very few educators then move on to obtain their teaching degree as the wages do not compare with other university-trained positions. Educators are currently exiting the teaching/education sector as they can get better wages, conditions, and less stress in other professions.” - ACCO online survey respondent

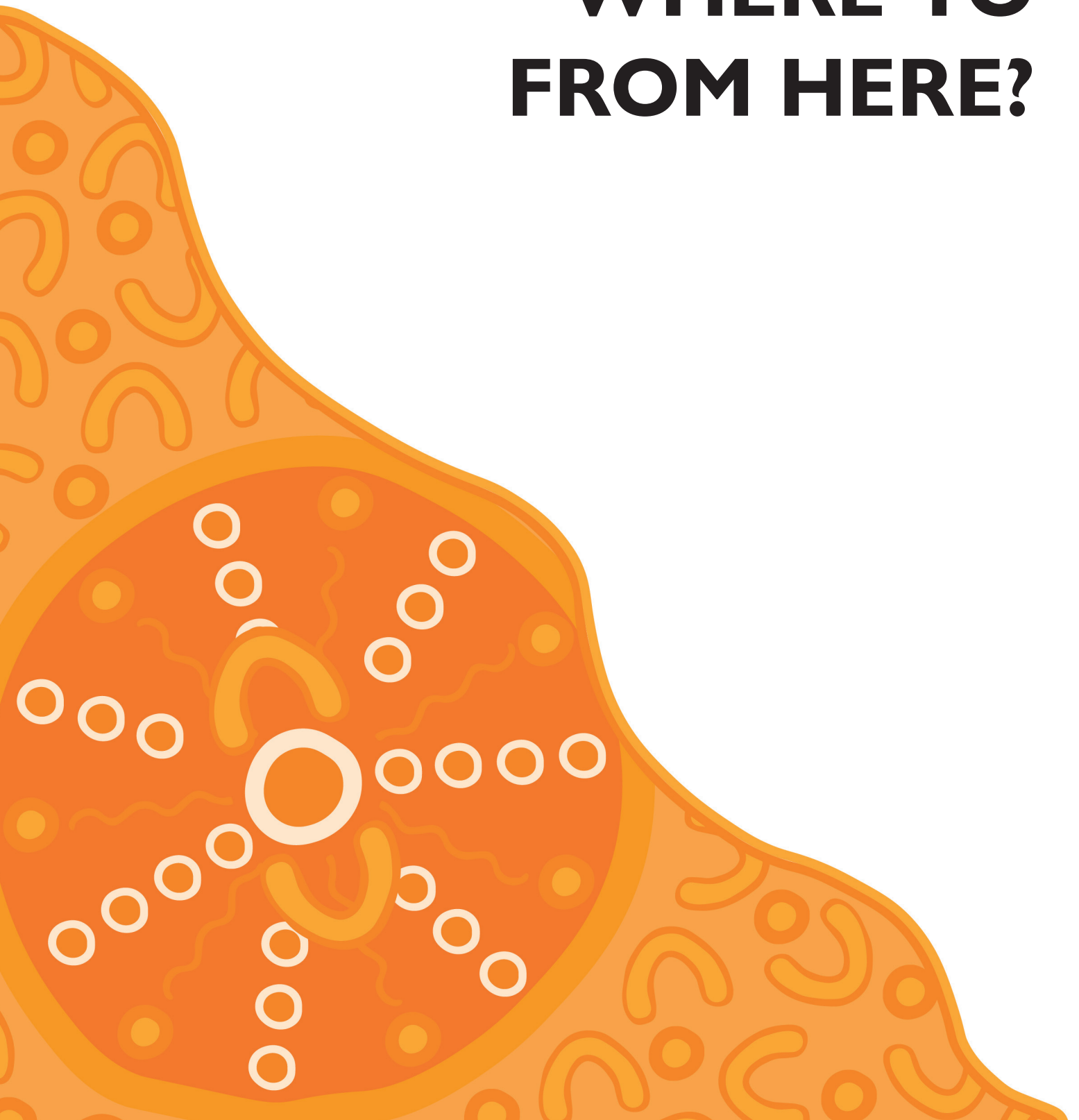




While many of these challenges are broader than what can be addressed through funding approaches for ACCO early years services, ACCO service leaders and staff identified numerous opportunities where additional funding for workforce and professional development would allow them to attract, retain and strengthen their Aboriginal and Torres Strait Islander workforce.

It was suggested that, at a minimum, funding should be provided for:

- A full staffing complement that includes sufficient backfill to allow staff to take leave (including sick leave and cultural leave) as needed without disrupting or compromising service delivery.
- The time and backfill for staff to receive on-the-job mentoring in culturally safe environments.
- Specific training in delivery of trauma-informed care to ensure they can support children with complex needs and work across layers of trauma that sit across the community.
- Professional development and training opportunities in culturally appropriate education and care, including language development.
- Support for travel, accommodation, tools and resources (including IT equipment) for professional development opportunities.
- Creation of networks, communication channels, forums and communities of practice for Aboriginal and Torres Strait Islander early years workers both day-to-day and in relation to professional development.
- Backfill for service delivery that would enable educators and other team members to take time out from their substantive roles to engage in training and professional development.

WHERE TO FROM HERE?





SNAICC's research and consultations have confirmed what ACCO early years services have been saying for decades: current funding approaches are not fit for purpose and are failing Aboriginal and Torres Strait Islander children, families and communities. Changes in funding arrangements, from operational subsidies and block-based funding to enrolment-based funding, have eroded the flexibility of ACCOs to deliver early years services, compromised service viability and reduced the access of Aboriginal and Torres Strait Islander families to early childhood education. In turn, this has negatively impacted on Aboriginal and Torres Strait Islander children's development, and their access to and participation in ECEC services.

Current ways of working are leaving Aboriginal and Torres Strait Islander children behind. Patchwork, piecemeal funding results in inequitable access to services, with the children and families most in need most often missing out. The case for change was recognised recently by the ACCC in its September 2023 Childcare Inquiry Interim Report. The report recognised that current childcare market forces are driving supply to more advantaged areas and that market forces alone are 'unlikely to ensure equitable educational and or developmental outcomes across all children and households.'⁴⁸

48. Australian Competition & Consumer Commission 2023, 'Childcare Inquiry – Interim report September 2023'. Retrieved from: https://www.accc.gov.au/system/files/Childcare%20inquiry%20-%20Interim%20report%20-%20September%202023_0.pdf, pg. 17

The ACCC recommended consideration of 'maintaining and expanding supply-side support options for ACCOs that provide childcare and additional support services for First Nations children, parent and guardians.'⁴⁹ Similarly, the Productivity Commission Inquiry into ECEC draft report highlighted the funding struggles experienced by ACCOs, noting that 'ACCOs require a sustainable funding model, which recognises their knowledges and expertise to deliver the ECEC priorities of their communities'.⁵⁰

To address the ongoing, systemic disadvantage faced by Aboriginal and Torres Strait Islander people, there must be a renewed commitment to investing in the early years through the community-controlled sector. There must be a national, systemic approach to funding led by the Australian Government, partnering with states, territories and Aboriginal and Torres Strait Islander people to ensure that Aboriginal and Torres Strait Islander children and families have equitable access to the supports and services they need to thrive both in childhood and throughout their lives.

49. Ibid, 'Draft Recommendation 5', pg. 34

50. Australian Government Productivity Commission, 'A path to universal early childhood education and care Draft report', pg. 3. Retrieved from: <https://www.pc.gov.au/inquiries/current/childhood/draft>.

This will require a complete transformation of existing funding arrangements in line with the Priority Reform Areas of the National Agreement with a focus on shared decision-making (Priority Reform 1) and building the Aboriginal and Torres Strait Islander community-controlled sector (Priority Reform 2).

A renewed, national, systemic and sustainable approach to funding ACCO-led integrated early years services will ensure that Aboriginal and Torres Strait Islander children and families have equitable access to the holistic, culturally safe, wraparound supports that allow them to thrive both in childhood and throughout their lives.

BUILDING A BETTER FUNDING APPROACH

VISION FOR A NEW FUNDING MODEL

“The funding needs to be both increased and structured differently. The majority of our current income is used to cover the cost of staff wages, which leaves very little money for anything else especially when we are trying to keep the out of pocket expenses for families as low as possible. There is no additional funds to attract or retain quality Aboriginal or Torres Strait Islander educators. Money needs to be allocated to services to cover the costs of delivering an integrated service model – including the cost of providing the additional services and the additional time it takes existing staff and directors to organise and deliver these services.”
- ACCO online survey respondent

“Fund prevention, fund programs to address trauma. Invest in culture, invest in prevention. We can do it better and cheaper than the system. Strength to hold people to community. Resource services to support families in child protection, prevention and healing.” - Victorian ACCO

The significant, systemic and wide-ranging nature of the challenges associated with current funding approaches highlight the need for large-scale funding reform. A new funding model cannot tinker around the edges of such a dysfunctional system and expect to drive the change needed to improve the lives of Aboriginal and Torres Strait Islander children, families and communities.

A new funding model must support best practice in a way that meets the needs of Aboriginal and Torres Strait Islander children, families, organisations and communities. A future funding environment must enable ACCOs to deliver integrated early years services that embed culture in all aspects of service delivery to enable Aboriginal and Torres Strait Islander children to have the best possible start in life, wherever they live and whatever their life circumstances.

Aboriginal and Torres Strait Islander children need to develop the skills required to walk in two worlds, to participate and meet their obligations within both frameworks. Current funding models invest in the development of Aboriginal and Torres Strait Islander children within a mainstream context without valuing the development of strong cultural knowledge and identity.

The intent underpinning a new approach to funding is to explicitly recognise the unique environment in which ACCOs operate, and the significant potential for impact that is held in the opportunity to expand the reach of high quality, culturally centred services for Aboriginal and Torres Strait Islander children and families. In line with Priority Reform Two of the National Agreement, a core objective of a new funding model is to strengthen and expand the ACCO sector. The ACCO sector is also well placed to support mainstream services to integrate service provision and embed culture for Aboriginal and Torres Strait Islander children in their services. To realise this opportunity, the new funding model must:

- Recognise and fund the unique requirements of ACCOs and their operation within the context of the community-controlled sector as a subset of mainstream ECEC services.
- Be conscious of the ways in which the ACCO sector interacts with the broader early childhood system, including the regulatory, quality and funding frameworks.
- The funding model supports a complementary opportunity for Aboriginal children and families and will not preclude mainstream service participation.

- Be conscious of the ways in which the funding interacts with other funding streams through mainstream funding provision or ACCO funding available through other disciplines such as health and community services.
- Fully embed and appropriately fund the six underpinning principles of ACCO integrated early years services as outlined on pages 14-15:
 - Self-determination,
 - Cultural safety,
 - Strengths-based and family centred,
 - Tailored, relationship-based support and continuity of care that is responsive to need,
 - Multi-systemic and integrated,
 - Place-based and community-centred.
- Be centred on an aspiration to grow the ACCO sector, including a framework to expand the opportunity for children and families to access high quality, culturally safe ECEC services.
- To support expansion, there is a desire to transition services with 50% or more Aboriginal or Torres Strait Islander children to ACCO leadership.
- ACCOs will be eligible for support regardless of which services they offer.

FUNDING MODEL DESIGN PRINCIPLES

The research, consultation and analysis conducted as part of this project to date has revealed a set of core funding principles that must be met to ensure that ACCOs are effectively funded to deliver integrated early years services.

To support the best outcomes for Aboriginal and Torres Strait Islander children, families and communities, funding must offer the following five core principles:

- 1. Certainty**, to ensure that services have confidence and assurance that funding commitments are both enduring and commensurate with the full cost of high quality integrated early years services that embed culture in all aspects of service delivery.
- 2. Control**, such that communities and services can flexibly direct funding resources to their highest and best use given the needs of the local community.
- 3. Reliability**, such that the integrated services and supports that children and families require can be accessed and utilised in a timely and predictable manner.
- 4. Responsiveness**, such that funding levels recognise and respond to variations in need across and within communities.

- 5. Administrative simplicity**, such that the costs and administrative burden of accessing and utilising funding are minimised.

While the needs of Aboriginal and Torres Strait Islander children, families and communities are, and will remain, paramount, there are a range of public policy factors that must be considered and reflected in the determination of a preferred future funding approach. These include:

- **Fiscal sustainability**, and the degree to which the funding model supports sound fiscal management by government.
- **Governance**, and the degree to which the operation of the funding model is guided by best practice governance principles.
- **Efficiency**, and the degree to which the funding model optimises the use of the resources upon which it draws
- **Accountability**, and the degree to which the funding model and its supporting governance arrangements hold parties appropriately accountable for the outcomes that the system is seeking to deliver.

These wider public policy considerations are explored alongside the five funding principles in identifying and appraising potential funding approaches.

PRACTICAL IMPLICATIONS OF THE FUNDING PRINCIPLES

The five core funding principles have been translated into practical considerations for any future funding model for ACCO-led integrated early years services. This demonstrates the non-negotiable features that must be included in a future funding model if it is to realise the vision described above.

In providing **certainty**, any future funding model must:

- Assure that the volume of funding reliably and consistently meets the full cost of delivering quality services and supports that embed culture in all aspects and meet each child's needs, irrespective of the service delivery context. By extension, the model must ensure no direct out of pocket costs to families.
- Be underpinned by an ongoing commitment to funding provision.
- Provide funding for both upfront infrastructure costs and the ongoing costs associated with maintaining high quality fit-for-purpose infrastructure.

In providing **control**, any approach to future funding must ensure that funding is:

- Untied and able to be used in accordance with what the service deems to be in the best interests of children, families and their community.

In providing **reliability**, any future funding model must:

- Ensure that the services and supports children and families require are available and accessible on a needs-driven basis.
- Ensure that any eligibility and access thresholds do not present a barrier to children and families accessing services and supports from which they would benefit.

In providing **responsiveness**, any future funding model must:

- Provide funding through a formula that explicitly accounts for differences in need across communities and provides supplementary resourcing where need levels indicate it is required based on the characteristics of the service, communities and families.

In providing **administrative simplicity**, any future funding model must:

- Minimise, to the greatest extent possible, the number of bodies responsible for the provision of funding and its oversight.
- Ensure that the systems and processes through which funding is administered are context appropriate (recognising the unique context in which ACCO-led integrated early years services are often delivered) and culturally safe.
- Minimise administrative burden on families to be able to access funded programs and services.

TYPES OF FUNDING MECHANISMS

There are several broad funding approaches that could conceivably be utilised to embed the practical features outlined above. Options include:

Activity based: This approach relies on the classification and delivery of funding in line with the cost of certain activities. Under this method, funding is directly proportional to the level of activity (e.g. hours of ECEC provision) that providers deliver.

- **Individualised:** This approach is characterised by consumer choice, whereby users receive funding and have the autonomy to select their own service providers.
- **Needs-based:** This approach is typically recurrent resourcing that is targeted towards service providers based on characteristics of demonstrated need as defined by the consumer and provision context.
- **Outcome-based:** This approach allocates funding based, at least partially, on levels of provider performance across set performance metrics.
- **Block-based:** This approach is a method of funding whereby governments fund service providers directly with a lump sum payment (which is invariant with activity, output or outcome levels).

- **Programmatic funding:**
This approach refers to tailored funding made available for targeted investment for specific purposes and needs.

FUNDING MODEL OPTIONS

There are three primary funding model options available to support ACCOs to deliver integrated early years services to Aboriginal and Torres Strait Islander children.

Option 1 – Supplemented CCS Model

This funding model proposes to utilise CCS in its current operational form as the primary funding stream for childcare delivery, with supplemental needs-based block funding provided for additional core service offerings and operational needs.

Option 2 – Adjusted CCS Model with supplementary funding

This funding model utilises an adjusted form of CCS for childcare delivery in line with the recommendation from the Productivity Commission in its Inquiry into ECEC, supplemented by needs-based block funding for additional core service offerings and operational needs.⁵¹

Option 3 – Dedicated ACCO Early Years Service Model

This funding model exists outside of the CCS architecture, and is comprised of needs-based block funding for all components of service delivery, including childcare.

51. Productivity Commission 2023, 'A path to universal early childhood education and care – Draft Report – November 2023'. Retrieved from: <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf>, pgs. 2, 33 and 64

Further detail on each of these three options is provided in the table below.

Table 2: Features of each option (assuming children are Aboriginal or Torres Strait Islander)

	Option 1 (CCS based)	Option 2 (Adjusted CCS based)	Option 3 (Dedicated ACCO Early Years Service Model)
Childcare funding mechanism	CCS (as currently administered in January 2024).	Adjusted CCS (as recommended by the Productivity Commission).	Needs-based block funding mechanism, with a base service-level funding rate that allows for operation of the childcare for five days a week.
Eligibility	Families must successfully apply for CCS to be eligible for funding. CCS eligibility must be sustained (including no more than 42 absences and immunisations).	Families must successfully apply for CCS to be eligible for funding. CCS eligibility must be sustained (including no more than 42 absences and immunisations).	Limited eligibility requirements based on target population and need determined at the community or service level.
Base entitlement	Base entitlement of 36 hours per fortnight, after this the Activity Test must be met.	Base entitlement of 60 hours per fortnight, after this the Activity Test must be met.	Base entitlement of 100 hours per fortnight, no Activity Test required.
Fees and out of pocket costs	Service must charge fee for childcare to attract CCS funding. Childcare gap fee must be paid.	Service must charge fee for childcare to attract CCS funding. No gap fee (up to 60 hours per fortnight) for families earning at or below \$80,000 annually. For families earning above \$80,000 annually, or using more than 60 hours per week, gap fee must be paid.	No fees are charged. Childcare is universally accessible at no cost, regardless of family income.
Non-childcare component	All other service model components as discussed in the following sections (core services excluding childcare, internal glue, flexible funding component, infrastructure and back-bone support) funded through needs-based block funding. The funding mechanism for non-childcare services remains the same across each of the three options.		

OPTIONS ANALYSIS

A high-level assessment of each of these options, in line with the funding model principles, is provided in the table below. Options were rated as follows:

- **High:** the features of the option are strongly aligned with the intent of the principle. (as articulated in the key assessment criteria column)
- **Medium:** the features of the option align with some, but not all, the intentions of the principle.
- **Low:** the features of the option do not align with the intent of the funding model principle.

Table 3 : Assessment of options against funding principles

	Key assessment criteria	Option 1 (CCS based)	Option 2 (Adjusted CCS based)	Option 3 (dedicated ACCO Early Years Service Model)
Certainty	Extent to which option: 1. Features ongoing funding commitment. 2. Ensures full funding for delivery of quality services. 3. Ensures no out of pocket costs for families.	Low	Low	High
Control	Extent to which option features funding which is untied	Medium	Medium	High
Reliability	Extent to which option: 1. Ensures services are available and accessible on an as-needs basis. 2. Ensures no eligibility or access thresholds present a barrier to families.	Low	Medium	High
Responsiveness	Extent to which option provides funding through a formula that accounts for differences in need across communities.	Medium	Medium	Medium
Administrative simplicity	Extent to which option: 1. Minimises the number of bodies responsible for funding and its oversight. 2. Ensures systems and processes are appropriate and culturally safe. 3. Minimises administrative burden on families to access funded services.	Medium	Medium	High

As well as assessing against the funding model principles, the options analysis considered the information and views provided by services and government representatives during consultation.

During consultations, government representatives were asked their views on what types of funding mechanisms would operate to ensure that Aboriginal and Torres Strait Islander children are able to access high quality, culturally responsive ECEC and integrated services through ACCOs. Government representatives highlighted the benefits and challenges of different models. For example, some noted that individualised child-based funding facilitated data collection and visibility of children which enables government to better support services. On the other hand, most identified that block-based funding models were seen to provide funding certainty and give services the capacity to plan, and that funding models should be better aligned to child, family and community needs. It was also noted that block based-funding models can still allow for child level data collection, particularly if centres rather than families had this reporting responsibility.

Overwhelmingly, government representatives noted that the CCS, in its current form, has not delivered on its intended aim of making ECEC services more effective and accessible for Aboriginal and Torres Strait Islander children and families. In this sense, there was close alignment between the reported experiences and perspectives of services and the views of government representatives.

A key theme arising from all consultations was the need for a model that provides increased flexibility for local service provision that is not restrained by narrowly defined deliverables and program requirements. A number of government and community stakeholders highlighted the strengths of the previous BBF model that funded many ACCOs prior to 2018 in providing flexibility through block-funding. At the same time, stakeholders noted the limitations of the BBF program in terms of the amount of funding, which was not based on assessment of community need and did not change over time. Both service providers and governments highlighted that reducing the complexity of administering multiple funding streams to achieve core service objectives, and aligned simplification of regulatory and reporting requirements, should be a feature of future funding approaches.

The options analysis revealed that:

- A funding model that includes CCS does not align with the principle of **'certainty'**.
 - A CCS based model undermines the intent to ensure no out of pocket costs for families.
 - While under Option 2 a greater proportion of families would face no out of pocket costs (those accessing less than 60 hours per fortnight and earning less than \$80,000 annually), fees would still be incurred by some families.
 - CCS introduces a variability in service funding in line with family participation, which can fluctuate over time and in accordance with the ability to pay fees and meet administrative and eligibility requirements. This variability reduces the certainty of ongoing funding provision and the ability for services to fully fund their service model (especially relative to a needs-based block funding arrangement).
- A funding model that includes CCS aligns less well with the principle of **'control'** than a model without this feature.
 - Receipt of CCS is accompanied by an array of conditions and eligibility requirements including charging fees. This model has also proved to be unfit-for-purpose for ACCO services in the past, given the unique delivery environments in which they operate and the integrated nature of service delivery, a challenge that the CCCFR fund was established to help address.
 - A needs-based block funding model would allow for a greater degree of autonomy in funding use than a CCS-based option.
- A funding model that includes CCS aligns less well with the principle of **'reliability'** than a needs-based block funding model.
 - Without a block-funding mechanism to support guaranteed supply, there is a risk that services are unable to viably support childcare delivery for all children and families requiring a service.
 - The way that CCS is administered, attached to families for a particular service and for a pre-approved number of hours per week, runs counter to the intent of a fluid participation environment in which families are able to access services as needed.

- Application for the CCS presents a barrier to children and families accessing services. To a greater extent in Option 1 than Option 2, the Activity Test also presents a barrier to participation.
- All options include features of **‘responsiveness’**, with the CCS models more closely responsive to family participation and Option 3 more responsive to community need.
 - CCS is responsive to family demand and is means tested – providing a degree of responsiveness to need in line with family income level.
 - However, this does not result in the total resourcing per child varying in accordance with need, it merely results in the composition of resourcing varying in accordance with need (income).
 - As CCS does not provide a mechanism for need to be considered outside of family income, there are limitations to its responsiveness. Community need, service need and family and child vulnerabilities outside of income are not explicitly accounted for in Options 1 and 2.
- A needs-based block funding model, while less granular in its family income level responsiveness than the CCS, provides greater scope to adjust service level funding aligned to a broader definition of need and – importantly – provides funding in accordance with need, rather than demand.
- A block-based funding model includes features more aligned with **‘administrative simplicity’** than a CCS based model.
 - Retaining the CCS as a feature of the funding model results in an additional funding stream and oversight body, in comparison to a single block-based funding mechanism.
 - Consultation processes reiterated that a single funding stream, outside of the CCS, would be more context and culturally appropriate for the integrated nature of ACCO service delivery.
 - Application for the CCS presents an administrative burden to families. As noted earlier in the report, government representatives have acknowledged the barrier that the CCS registration process presents for families.

The options analysis demonstrated that only Option 3 – a dedicated ACCO Early Years Service Model – is able to deliver on all five funding principles and meet the needs of ACCOs in delivering integrated early years services to Aboriginal and Torres Strait Islander children. That is, at an overarching level, there is a single preferred model architecture. There is only one model that systematically and comprehensively adheres to the non-negotiable features set out above – a needs-based block funding model across all components of service delivery.

Recommendation 1: The Australian Government should commit to leading the design and implementation of a national, systemic and sustainable approach to funding ACCO-led integrated early years services, partnering with states and territories and Aboriginal and Torres Strait Islander people, with a focus on ensuring equitable access and coverage across the country.

Recommendation 2: The new funding model for ACCO-led integrated early years services should incorporate block-based and needs-based funding for all components of service delivery as outlined in Funding Model Option 3.

Recommendation 3: The new funding model for ACCO integrated early years services should provide long-term certainty for sustainable service provision alongside flexibility to adjust funding regularly to account for changes in community needs and costs of inflation over time as outlined in Funding Model Option 3.

RECOMMENDED FUNDING MODEL ARCHITECTURE

Consideration of the six candidate funding mechanisms noted above in light of the overarching vision and the five principles guiding the development of future funding model options gives rise to a proposed model architecture comprised of:

1. Service-level components (recurrent funding):
 - a. base funding entitlement, designed to support the delivery of core services and glue to support integrated services;

- b. flexible funding for community designated activities;
- c. need-based loadings such that the base funding and flexible funding respond to remoteness, population size and vulnerability.

2. System-level components:
 - a. explicit provision for backbone support;
 - b. a framework to guide future investment in, and support the expansion of, the ACCO sector.

The funding model architecture (Figure 3), as it relates to the service model (Figure 2), is illustrated below.

Figure 2: Proposed ACCO service model

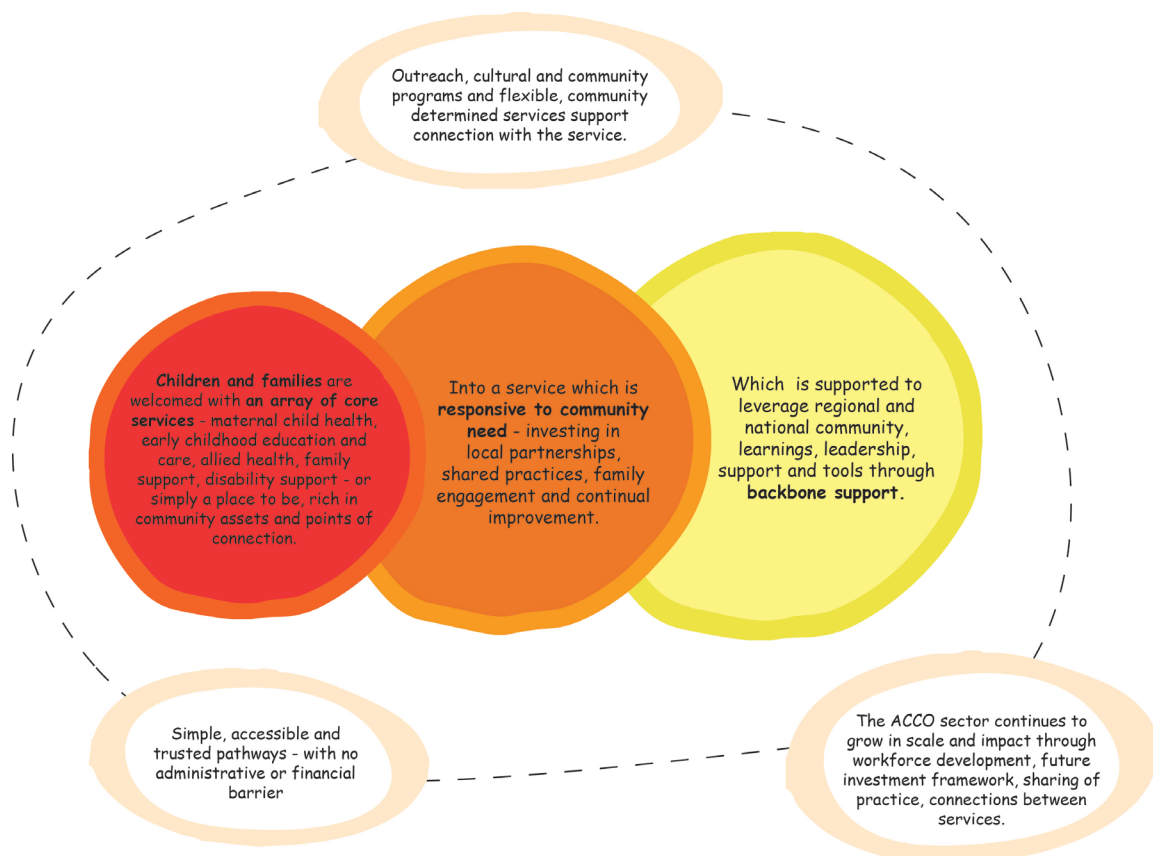
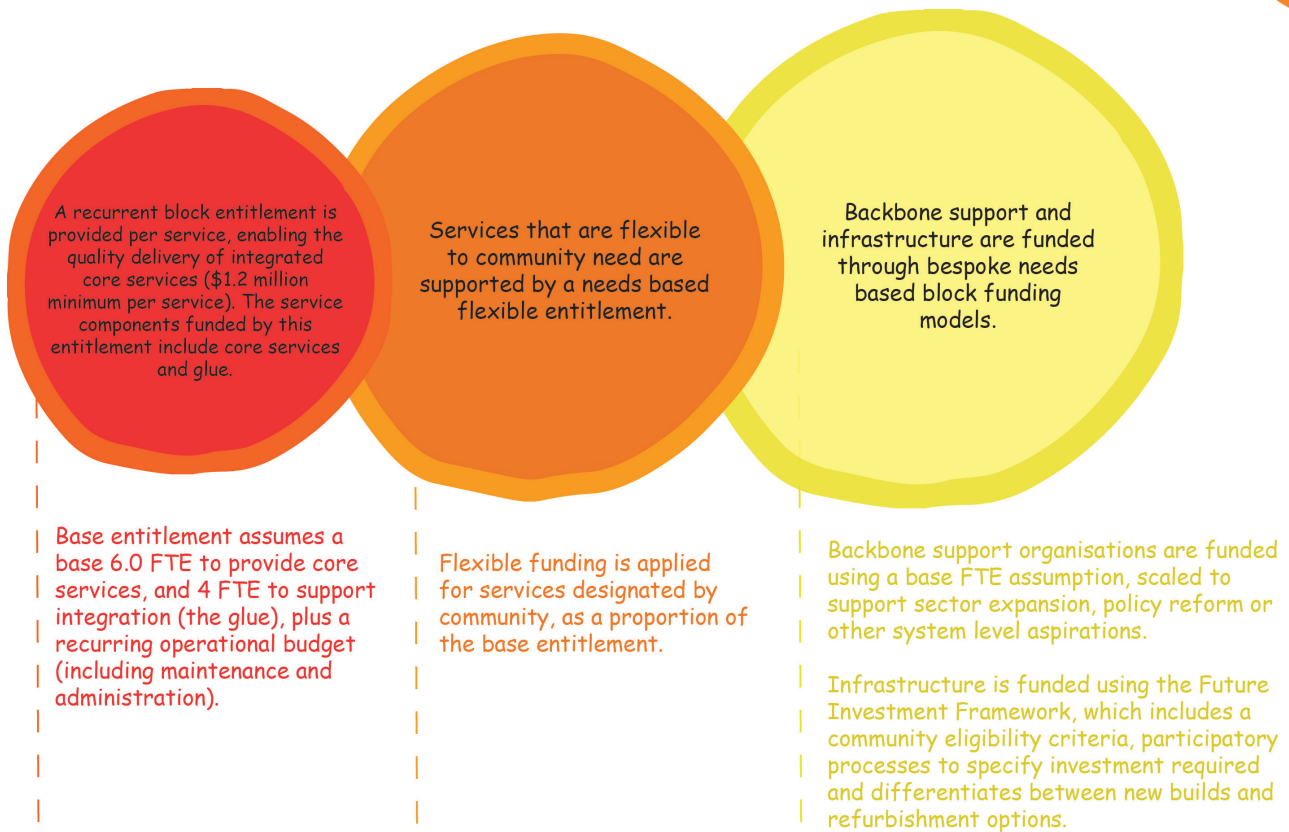


Figure 3: Key components of the proposed funding model



Source: ACCO model estimates are based off Deloitte Access Economics cost modelling using a variety of sources, including but not limited to a range of Federal, State and Territory data and resources.

The proposed model is grounded in certainty and assurance and aims to provide a single funding stream that reduces complexity for families. Through core services, the proposed model provides new funding for services that have existing funding sources including allied health which is often funded through Medicare. For children and families attending ACCOs under the proposed model, other funding sources like NDIS might not be utilised to the same extent if children and families access these services through the ACCO instead.

The practicalities of how this would work exactly would have to be considered in the implementation of the model, such as where a bulk-billed service is accessed. Further, the flexibility inherent in the model would allow any dividends from this model (e.g. potential savings to other funding sources) to be re-invested in other priority areas.

The following sections discuss each component in detail including the types of activities expected to be funded and how the funding allocation would be determined across different communities and contexts. The chapter ends with an indicative estimate of total investment associated with the funding model.

Optionality in the funding model is defined through how different components are measured and funded. Preferred options are used to develop a bottom-up costing of the funding model, providing an illustrative picture of the per child, per service and total cost of funding ACCO-led integrated early years services under this model. In developing a costing for the model, it is necessary to adopt a set of parameters and assumptions regarding what service provision could conceivably look like (e.g. it is necessary to apply a staffing profile for the purposes of determining an appropriate benchmark cost). In interpreting these costings, it is important to recognise that the design principles that the model must embed if it is to realise the future vision for funding necessitate that funding cannot be prescriptive with respect to the operating model, service mix and resource use. In this sense, the analysis presents very much a basis for developing a policy costing, rather than for directing or presupposing the composition of costs at a service level (which, by design, will vary from community to community).

1. Service-level components

Under the proposed new model, every ACCO-led integrated early years service is allocated a base funding entitlement sufficient to meet the core service offering and cover the glue required to support the curation and delivery of these services, as well as a flexible component aligned to the need that community designated activities would seek to respond to.

The entitlement for each service is to be set at a level which enables the funding principles to be realised. Specifically, the entitlement must enable the service to:

- Be open and available five days a week for children and families to access services at no cost or administrative barrier.
- Provide quality and reliable services, spanning both universal and more targeted services in accordance with need.
- Effectively operate within the community and collaborate with other services, through an appropriately resourced glue.
- Be responsive to community needs through a flexible funding allocation.
- Efficiently operate with the broader ACCO and early childhood system through appropriately resourced backbone support.

1a. Base funding entitlement

The base funding entitlement encompasses core services and the glue required to support and facilitate integrated service delivery.

CORE SERVICES

Core services include ECEC, family support services, cultural and community programs, allied health and disability supports and child and maternal health. These are universal offerings that should be available to all Aboriginal and Torres Strait Islander children and families and should be funded accordingly.

A needs-based base funding entitlement would be provided as a recurrent block-based allocation. This entitlement would be sufficient to fully resource both the core service offering including a minimum staffing profile, irrespective of the service location, the size of the population in which the service operates or the number of enrolments it attracts.

The allocation would be determined based on a need-based funding formula, ensuring that, subject to a funding floor, the base entitlement appropriately reflects differences in resourcing requirements arising from (i) population size, (ii) service location (remoteness) and (iii) the characteristics of children and families. Section 1c discusses these need factors in detail.

The base funding entitlement must be specified for a funding floor with respect to each of these aspects of need, such that loadings can then be applied. This funding floor specification is defined in the box below, and the way the base entitlement varies with respect to each of these factors is described in Section 1c below. The costing for the proposed funding model uses Local Government Areas (LGAs) as the geographic boundary that defines a community or catchment. As with other elements of the costing model, LGAs are used indicatively to enable a policy costing, but it is not necessarily recommended that LGAs would be the defined boundary in the implementation of the funding model. An alternative boundary that might be preferable to adopt is Indigenous Area levels (for more detail, see **Appendix C**).

Box 1: Base funding entitlement - funding floor specification

For the purpose of costing the core service delivery component, the following specifications for the funding floor has been assumed:

- services a small community (fewer than 160 Aboriginal and Torres Strait Islander children aged 0-4 years old in the LGA)
- metropolitan
- average or lower vulnerability than the average ACCO service.

For the funding floor of the base funding entitlement, the policy costing assumes 6.0 Full-Time Equivalent (FTEs) staff are required to deliver core services including:

- 4.8 FTEs (3.8 non-teacher educators and 1.0 early childhood teacher) to deliver early childhood services.⁵²
- 0.2 FTEs to deliver maternal child health services.
- 0.2 FTEs to deliver allied health services.
- 0.2 FTEs to deliver family support services.
- 0.2 FTEs to deliver community and cultural programs.
- 0.2 FTEs to deliver disability support services.
- 0.2 FTEs to provide transport support.

⁵² This FTE is sufficient to support services with the typical composition of children by age (33% aged 0-2, 11% aged 2-3, and 55% aged 3-4), and can cover children accessing services for up to five days per week. Differing assumptions on age and access would change the FTE requirements.

Note that all FTE requirements have been rounded up to the nearest day (0.2 FTE) to support resourcing decisions. While the services should be accessible universally, participation across children and families are not expected to be universal. Instead, the resources should support the flexibility to respond to need as it arises. As such, the base funding entitlement would need to be scaled for both population size and vulnerability in line with the method outlined in section 1c.

It is also noted that while the intention is for the base funding entitlement to allow for the delivery of an integrated suite of core services, some ACCOs may only wish to deliver ECEC services. In this case, the base entitlement would be tailored for the individual service circumstances.

GLUE TO SUPPORT INTEGRATED SERVICE DELIVERY

Under the proposed funding approach, services receive recurrent needs-based block funding for glue. Glue refers to the administrative, staffing, training and capital costs required to keep a service operational and to ensure a fully integrated experience is provided for families. This includes funding for leadership and administrative support positions, equipment and technology and maintenance costs.

For the purposes of the policy costing, the minimum allocation for an ACCO service is based on:

- Funding for four FTEs per service, including two directors, a centre manager, and an administrative support staff.
- The Tasmanian Child and Family Learning Centres employ four full time equivalent roles: a centre leader, community inclusion worker, centre assistant and an education officer.
- The 2013 Brennan review of NSW Government Funding for Early Childhood Education recommended the following staffing make-up: a Director of Integrated Services (coordination and partnerships), Director of Early Childhood Education and Care and a Centre Manager, including outreach and family engagement.
- A 2014 evaluation of the NSW Aboriginal Child and Family Centres found that the average centre (across nine centres) had just over three staff in management and administration positions.⁵³

- Operational funding to support non-staff costs:
 - Operational non-staff costs, assumed to equal 25% of staff costs and totalling \$167,260 annually for the base model.⁵⁴
 - Ongoing capital maintenance, assumed to equal 10% of the infrastructure costs and totalling \$194,700 annually for the base model.

Evidence suggests that the staff allocation for the base entitlement of internal glue should respond to the size of a centre, as outreach and administrative activities will logically increase based on the number of children in a community. As such, medium-sized centres are allocated five FTE staff and large centres six glue staff to support larger communities and children enrolled. Vulnerability is considered to be less significant for the cost of providing effective glue.

However, it is expected that additional funding stemming from the need-based overlay for core services or the flexible entitlement can be used for additional integration-based activities if deemed appropriate.

53. Cultural and Indigenous Research Centre Australia (CIRCA), 'Evaluation of NSW Aboriginal Child and Family Centres Final Report December 2014'. Retrieved from: <https://www.circaresearch.com.au/wp-content/uploads/CIRCA-Final-Evaluation-Full-report-Final-for-publication-14-Oct-2015.pdf> pg. 62

54. Non-staff costs are based off the award rate for children's service employee(s) as indicated in the Australian Government Fair Work Ombudsman.

It is important to note that each jurisdiction will have different staffing costs based on the award wages of the State or Territory in which the service operates. Therefore, there is potential that the staffing costs represented in this proposed model may be higher or lower across different jurisdictions. For example, the wages of allied health staff within these centres were taken as the average nursing wage rates across the country. In this instance, both the choice of allied health professional and the corresponding wages will differ by both ACCO service preferences and jurisdiction.

1b. Flexible funding

Supplementary to a base funding entitlement would be the provision of flexible funding for community designated services. Community designated services may include things like crisis support, food hampers, grief and healing supports including practical assistance during Sorry Business, cultural events that bring the community into the centre and other holistic services.

This component would provide a needs-based entitlement to support access to non-core services, ensuring that funding enables the holistic, integrated, needs-based intent of ACCO-led integrated early years services. Flexible funding that is not tied to specific services ensures that ACCOs are able to deliver services that are place-based and tailored to local need.

Consultation also indicated that to best utilise the flexible funding component, services should have the freedom to allocate or share this funding to other local services, supporting community partnerships. For instance, some component of the funding may be allocated to the local Aboriginal Community Controlled Health Organisation (ACCHO) for child health activities.

To ensure that ACCOs can allocate this funding flexibly according to local need, it is proposed that the funding is provided as a flexible allocation, which can be used to procure required services. Individual ACCOs can use backbone support to help identify and coordinate the desired services if they wish. There would be limited governance associated with funding expenditure, in line with the control principle. Instead, accountability is centred on the broader service level outcomes (see discussion on p90).⁵⁵

For the purposes of the policy costing, the flexible entitlement within this model is calculated as 25% of the base funding entitlement.⁵⁶ For the funding floor of the base funding entitlement, this equals to \$209,075 per annum. Just as the base funding entitlement shifts in accordance with need, so does the flexible entitlement. There is an option to further increase the need overlay for this component, as outlined in Box 2.

Box 2: Options for funding flexible entitlement

There are options for how this cash allocation is determined:

- Proportional to the base funding entitlement – flexible funding is expected to cover fewer and less costly services than core services, and as such could be delivered as a share of the core services allocation. This would still ensure that flexible funding is adjusted to population, remoteness and vulnerability through the link to the base entitlement.
- As above, but with an additional need loading based on vulnerability – additional community designated services may be most beneficial in highly disadvantaged areas, and as such require an additional scaling based on vulnerability.

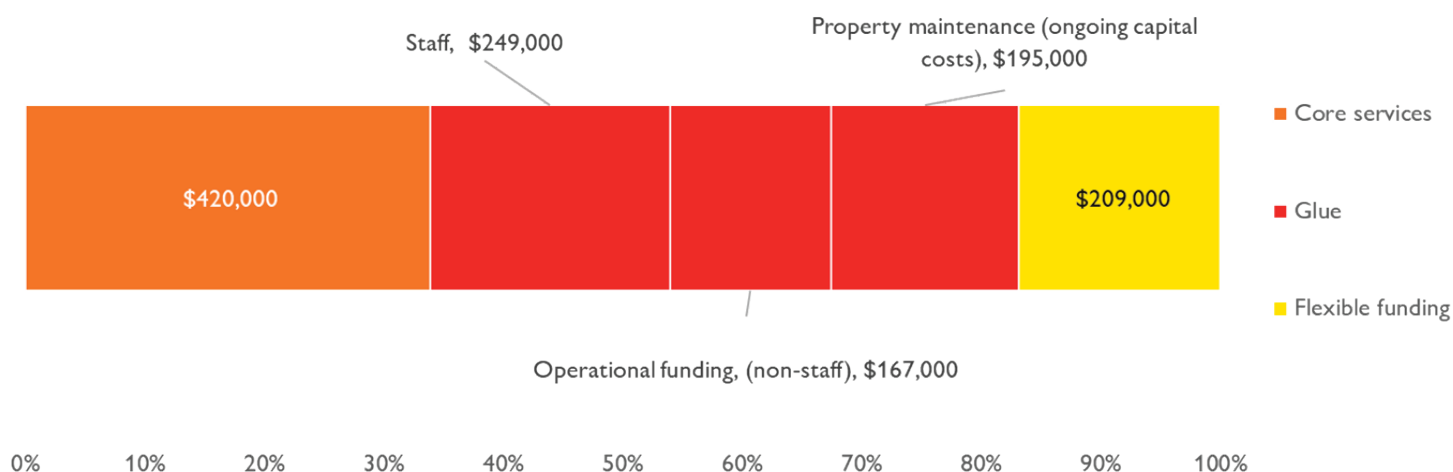
For the purpose of the policy costing presented in this report, the first option has been used with a proportional entitlement relative to the base funding entitlement.

For the funding floor of the base funding entitlement and the flexible funding (metropolitan, small size, low vulnerability), the funding components combine to a total recurrent cost of \$1.2 million per annum. This is displayed in Chart 2 below.

55. The accountability framework employed by Connected Beginnings is a comparison point here, with central outcomes collection to reduce the impact of site data collection.

56. This includes core services staffing, internal glue, and operational non-staff costs. It does not include ongoing capital maintenance.

Chart 2: Base funding entitlement and flexible funding (funding floor)



Source: ACCO model estimates are based off Deloitte Access Economics cost modelling using a variety of sources, including but not limited to a range of federal and state/territory data and resources.

1c. Need loadings

The base entitlement and flexible funding are both designed to respond to the changing needs of children and families. The flexible funding responds to need by being proportional to the base entitlement. As such, this section discusses how the base entitlement responds to need.

To understand how the base entitlement for services is expected to interact with need, qualitative and quantitative analysis of the drivers of cost has been undertaken. This has determined that the key areas which influence the cost of delivering on the vision that this model seeks to deliver are population size, vulnerability and remoteness.

The base funding entitlement is intended to respond to and align with the level of community need, as determined by three key factors:

- 1. Population size** – services operating in larger communities require more funding, across staffing and other components.
- 2. Remoteness** – services operating in regional and remote areas face higher costs than those in urban areas. Regional workforce challenges particularly contribute to higher salaries required to attract workers, while greater transport and materials costs in regional areas add to operational and maintenance costs.

3. Vulnerability – many ACCO services support children and families with complex, additional needs and children and families impacted by trauma. As the intensity of vulnerability within a community increases – that is, as the share of vulnerable children and families increases – additional support levels are required (e.g. higher staff ratios and other core service supports) and, as a result, additional funding is required.

For each factor, it is necessary to determine how it is measured, and how the base funding entitlement will be scaled based on this measure. Table 4 summarises these considerations for each factor. More detail is provided in **Appendix C**.

Table 4: Factors determining need: measurement and scaling approach

	Measurement	Scaling approach
Population	As the intent of the funding model is to ensure the service can be open and available to any child at any time, population is defined here as the target population in a community – the number of Aboriginal and Torres Strait Islander children aged 0 to 4 years.	Based on analysis of data from select existing services, there is currently one child supported by an ACCO-led integrated early years service for every 11 Aboriginal and Torres Strait Islander children aged 0 to 4 years in the community. Educator and teacher staffing levels under core services are expected to grow linearly with population and expected enrolments based on the NQF, while other core services and the internal glue are expected to grow in a non-linear fashion.
Remoteness	The Australian Geographical Standard (ASGS) remoteness structure can be used to define remoteness at a regional level, across major cities, inner regional, outer regional, remote and very remote areas.	A single loading is applied across three remoteness categories, based on Schooling Resource Standard (SRS) location loading for primary schools. Metropolitan areas have no loading, regional areas have a 10% loading and remote areas a 40% loading.
Vulnerability	Different options for measuring vulnerability are provided in Appendix C. For the purposes of costing, a composite vulnerability measure was developed, including: 1) an Indigenous socio-economic disadvantage index, 2) developmental vulnerability for Aboriginal children using AEDC data and 3) birthweight data for Aboriginal children.	Options for scaling vulnerability are provided in Appendix C. The recommended approach is to scale staff ratios across all core services, such that there are lower child to educator ratios compared to the minimum standards. Relatively advantaged areas based on the composite measure have no loading, while relatively disadvantaged areas receive a loading up to 50%.

These three loadings are multiplicative and interact to determine the overall entitlement for a service based on its vulnerability, remoteness and size (see Figure 4).

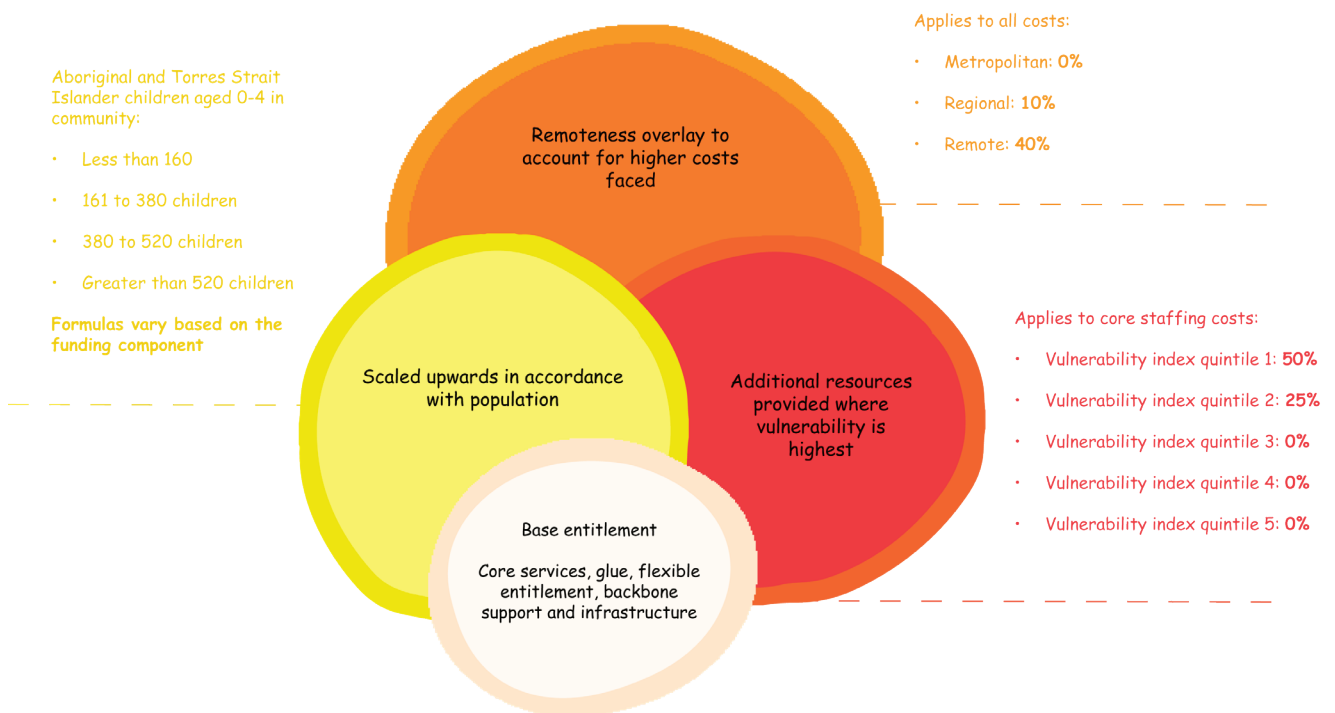


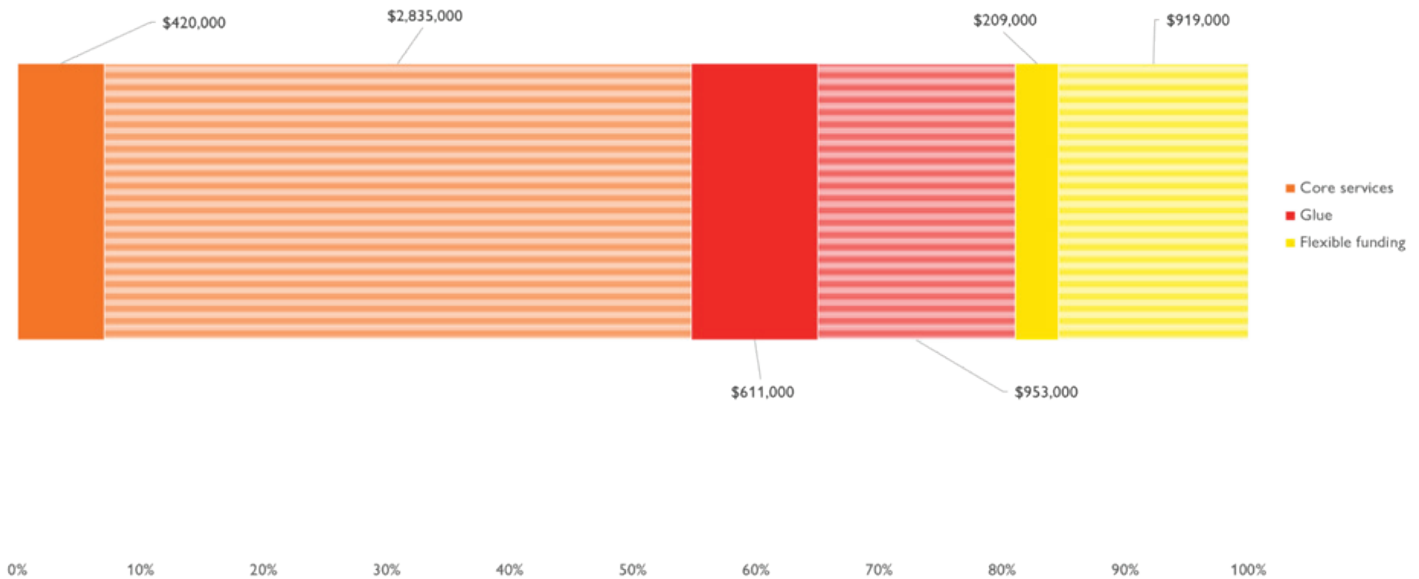
Figure 4: How need interacts with service level funding glue

Total service-level funding

Chart 3 displays the base funding entitlement shown earlier, adding the need overlay by showing the maximum funding allocation when population, vulnerability and remoteness loadings are applied. This shows how a metropolitan ACCO servicing a small community with low vulnerability receives \$1.2 million per annum at a minimum (the funding floor), while a remote ACCO servicing a very large community with high vulnerability receives \$10.6 million per annum.

The chart also reflects how glue funding is relatively fixed, as even small communities need strong integration support, and glue is less responsive to need. In contrast, services funding is more variable, as staffing allocations depend more on need. As such, core services are a much smaller share of total funding under the base model under the funding floor, and a much higher proportion when need loadings are applied.

Chart 3: Need loadings applied to base funding entitlement: base and maximum recurrent funding allocation for a service



Source: ACCO model estimates are based off Deloitte Access Economics cost modelling using a variety of sources, including but not limited to a range of federal and state/territory data and resources.

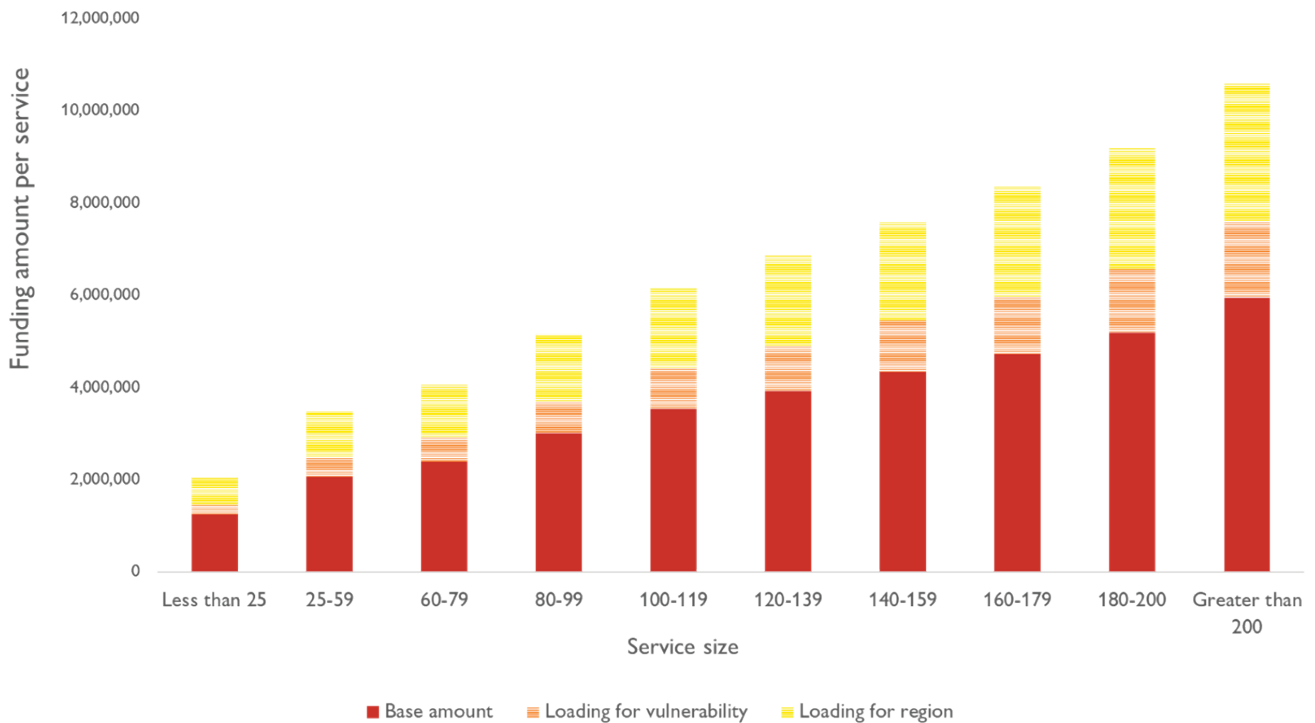
Note: Lines in the bar represents the total range of loading available to a base service.

For the purposes of costing the new proposed ACCO model, four size categories were developed:

- Small – ACCOs with less than 25 enrolments, catering to an Aboriginal and Torres Strait Islander child population size of less than 275.
- Medium – ACCOs with enrolment numbers between 25 to 59, catering to an Aboriginal and Torres Strait Islander child population size of 276 to 650 children.
- Large – ACCOs with enrolments between 60 to 79, catering to an Aboriginal and Torres Strait Islander child population size of 651 to 870.
- Very large – ACCOs with enrolments above 80, catering to Aboriginal and Torres Strait Islander child population size greater than 820 children. There are seven ACCO enrolment categories within very large. These are 80 to 99, 100 to 119, 120 to 139, 140 to 159, 160 to 179, 180 to 200 and greater than 200.

Chart 4 displays the different funding allocations for ACCOs in these different community sizes. The vulnerability loadings (orange) and remoteness loadings (yellow) represent the total range (or maximum loadings) available to services of different sizes.

Chart 4: Need loadings applied to base funding entitlement for services with different characteristics



Source: ACCO model estimates are based off Deloitte Access Economics cost modelling using a variety of sources, including but not limited to a range of federal and state/territory data and resources.

Note: Lines in the bar represents the total range of loading available to services. Service size refers to the number of children supported by a service.

Recommendation 4: The new funding model for ACCO integrated early years services should incorporate dedicated allocations for the base funding entitlement (core services and glue) and flexible funding (community designated services), and be scaled in alignment with population size, remoteness and vulnerability.

2. System-level components

2a. Explicit provision for backbone support

ACCOs operate within a mainstream system that does not strongly recognise, value nor respond to the unique needs and operating context of Aboriginal and Torres Strait Islander communities.

This creates a need for these organisations to 'walk in both worlds' and comply with Western frameworks and requirements in relation to quality, reporting and regulation, that lack alignment with culturally strong and community-led service models.

Additionally, ACCOs typically operate at the local level and do not have access to the level of corporate and organisational development functions and supports that sit within larger national, state-wide or regional service providers. Added to this for ACCOs is the complexity of responding to need in communities experiencing high-levels of trauma and vulnerability, and often the challenges that come with operating in remote environments. All of these factors underpin the critical importance of backbone supports for ACCOs.

There is a need for support from backbone organisations to:

- Support ACCOs to deliver core early years services by providing business and administrative guidance.
- Support services as needed in areas related to policy and procedures, governance, and regulatory compliance.
- Create communities of practice for ACCOs to enable them to share information, learnings and opportunities for collective impact.

- Respond to ACCO needs in workforce development including attraction and retention, qualification pathways, training and professional development.
- Provide opportunities, resources and supports for practice and curriculum development.
- Support ACCOs to grow their service offering, capacity or coverage in line with community need.
- Identify opportunities for the establishment of new ACCOs in line with community need.
- Identify opportunities to transition non-ACCO early years services to ACCOs.
- Broker new partnerships for the sector within their relevant jurisdictions.
- Gather qualitative and quantitative data and amplify ACCO voices to inform Federal, State, Territory and local government policy reform and initiatives relevant to the sector.

Recurrent funding should be provided for backbone support across ACCO-led integrated early years services in line with the needs of the sector. It is important that backbone supports for ACCOs are grounded in Aboriginal and Torres Strait Islander ways of knowing, being and doing and delivered by community-controlled peak bodies or backbone organisations.

While there are various ways in which the backbone organisation could manifest, the best cost estimate at this point in time is the budgeting that has been undertaken to support the SNAICC Early Years Support program transitioning to a national operation.

The activities proposed under this model are in line with the evidence pertaining to effective backbone support – including community-based workforce development, supporting the expansion of the ACCO sector, governance support, data, funding and compliance support. The cost estimate also includes dedicated resources to support the continual improvement of backbone support, including evaluation and professional development.

The estimated cost of a national backbone organisation supporting the current suite of ACCO services, and an expansion of the ACCO sector is approximately \$14-16 million annually. This cost estimate is based on SNAICC being funded as the national backbone organisation and its ability to continue and build on existing relationships and knowledge held by the backbone organisation with the ACCO sector. The establishment of a new backbone organisation would require additional resources.

Recommendation 5: The new funding model for ACCO integrated early years services should explicitly and systematically provision for backbone support.

2b. A framework to guide future infrastructure investment

A future funding model for ACCO-led integrated early years services must also plan and provide for capital investment and service development to address extensive coverage gaps in the existing ACCO service network. To achieve this, it is proposed that an investment framework sit alongside the recurrent funding model to guide future investment in service establishment and development.

The framework would provide a basis for:

- Identifying communities that are candidates for new services (eligibility criteria). This would be based on both the size and need level of the population (particularly the size of the Aboriginal and Torres Strait Islander population) and the scale and characteristics of existing provision.
- Advancing a process of engagement with candidate communities to determine whether additional investment in early years services is warranted and wanted.
- Subject to the above, advancing a process of partnership in design with these communities to determine the specification of new investment (e.g. whether infrastructure is required for buildings, and/or resources and equipment).

Previous Deloitte Access Economics modelling on integrated child and family centres provides an indication of the infrastructure cost associated with establishing a new service.⁵⁷ These estimates are indicative construction and design/planning costs developed by an infrastructure firm, based on assumptions including that the building site is owned by the providing organisation or a partner (and as such, land acquisition costs are excluded).

This report further assumes that services requiring ‘upgrades’ would only require 75% the capital investment cost as ‘new’ services, while ‘existing’ services would not require a capital investment. Assessing and accounting for any upgrades that may be required for existing services is beyond the scope of this report, but should be given consideration in implementing the model. Upgrades in the context of this report and for the purposes of modelling refer to any facility where the infrastructure does not meet regulatory requirements and/or requires expansion. These figures are indicative, with any building requiring upgrades to varying degrees.

In addition to the infrastructure investment, it is assumed that new services will also incur other once off costs including:

- A once off establishment of services cost, equalling to 80% of annual core services and internal glue staffing costs, and/or
- A once off design and planning cost, equalling to 10% of the infrastructure investment costs.

The once off costs associated with a new metropolitan centre of different sizes and infrastructure requirements are given in Table 5. For regional and remote services, the remoteness loadings would be applied to the investment costs, reflecting that evidence finds infrastructure is more costly in these areas – driven by both labour and material costs.

⁵⁷ Deloitte Access Economics, for Social Ventures Australia (2023) <https://www.deloitte.com/au/en/services/economics/perspectives/exploring-need-funding-models-national-approach-integrated-child-family-centres.html>

Table 5: Once off investment costs for 'base' service across services sizes (metropolitan service, average vulnerability)

Infrastructure costs (\$m)				
New	\$1.9	\$2.9	\$2.9	\$3.1
Upgrade	\$1.5	\$2.2	\$2.2	\$2.3
Existing	-	-	-	-
Establishment costs (\$m)				
All	\$0.5	\$0.9	\$1.1	\$2.1
Design and planning (\$m)				
New	\$0.2	\$0.3	\$0.3	\$0.3
Upgrade	\$0.1	\$0.2	\$0.2	\$0.2
Existing	-	-	-	-

Source: ACCO model estimates are based off Deloitte Access Economics cost modelling using a variety of sources, including but not limited to a range of federal, state and territory data and resources.

Note: Infrastructure costs relate to construction only. Land acquisition costs would be additional.

*Note that there are seven funding steps within very large providers. Results are presented based on the average of the seven funding steps.

ESTIMATED TOTAL INVESTMENT

The estimated total investment for ACCO-led integrated early years services is dependent on multiple factors, including the rate of expansion, community need, the desired location of services and community vulnerability. Table 6 below shows the one off and recurrent costs for example services with differing characteristics, based on the funding specifications outlined in the previous section.

Table 6: Estimated investment for example ACCO-led integrated early years services (\$ millions)

	Example service 1	Example service 2	Example service 3
Region	Remote	Regional	Metropolitan
Community size	Small	Medium	Large
Build	New	Uplift	Existing
Vulnerability	High level of vulnerability (quintile 1)	Average level vulnerability (quintile 3)	Low level of vulnerability (quintile 5)
Once off cost (\$m)	\$5.8	\$6.1	\$3.5
Recurrent cost (\$m)	\$2.0	\$2.5	\$2.4

Source: ACCO model estimates are based off Deloitte Access Economics cost modelling using a variety of sources, including but not limited to a range of federal and state/territory data and resources.

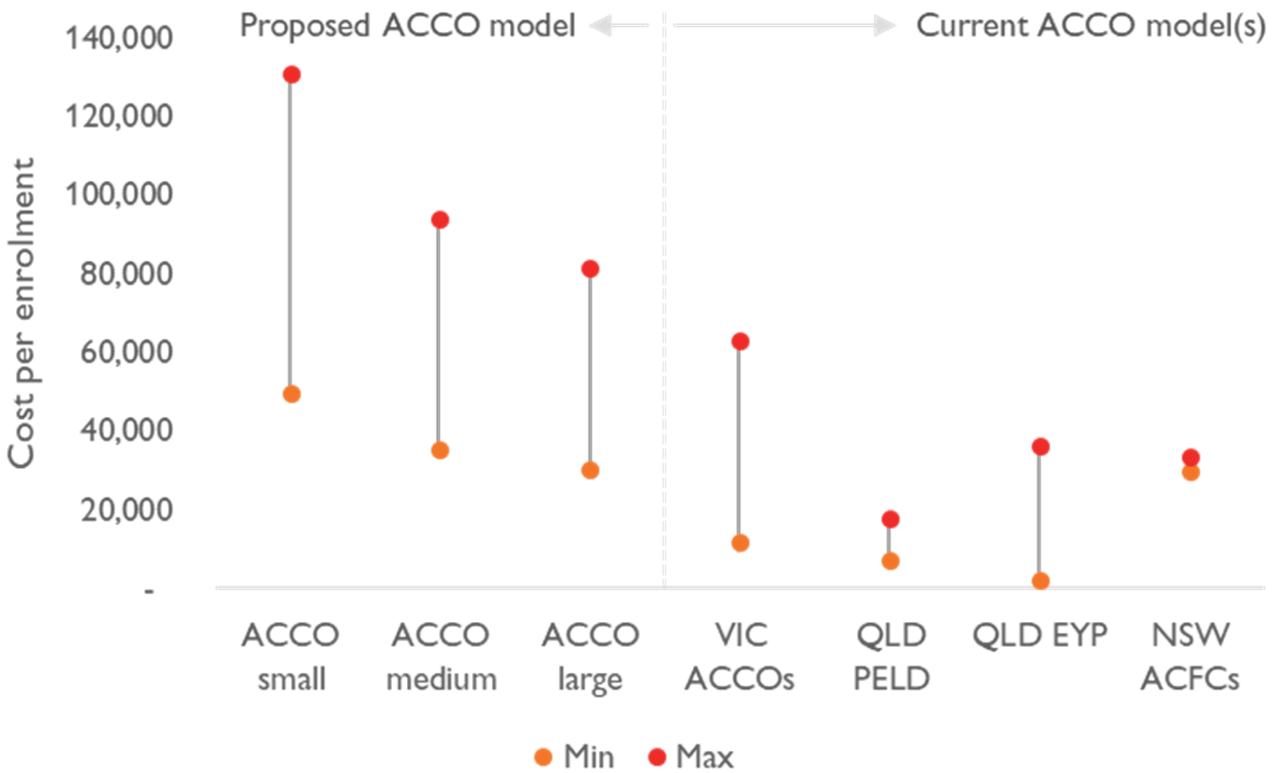
There are currently 4,000 Aboriginal and Torres Strait Islander children enrolled across 100 existing ACCO services, representing one child enrolled for every 11 Aboriginal and Torres Strait Islander child aged 0-4 years old.

Based on the proposed funding model above, it is projected that \$240 million in recurrent funding per annum is required to support these 4,000 children in accessing services for up to five days per week (with services also holding capacity to service greater numbers of children). While additional investment is required to meet these costs, there are likely to be cost savings in other programs given these children are already accessing early childhood care and education.

A benchmarking exercise was undertaken to compare costs in the proposed funding model with alternative funding models for ACCO integrated early years services. Detail is provided on this in **Appendix C**.

One finding from this exercise was that children in VIC ACCOs, Queensland Early Years Places (QLD EYP), Queensland Family Support (QLD PELD) and NSW ACFCs are typically funded between approximately \$2,088 to \$51,346 per child. This compares to an average of \$30,149 - \$81,204 per enrolment under the proposed costs under the base ACCO model for the sizes represented in Chart 5 below. This suggests that redirecting funding from other programs could partially cover the investment required to support ACCO-led integrated early years services.

Chart 5: Cost per enrolment benchmarking against similar services



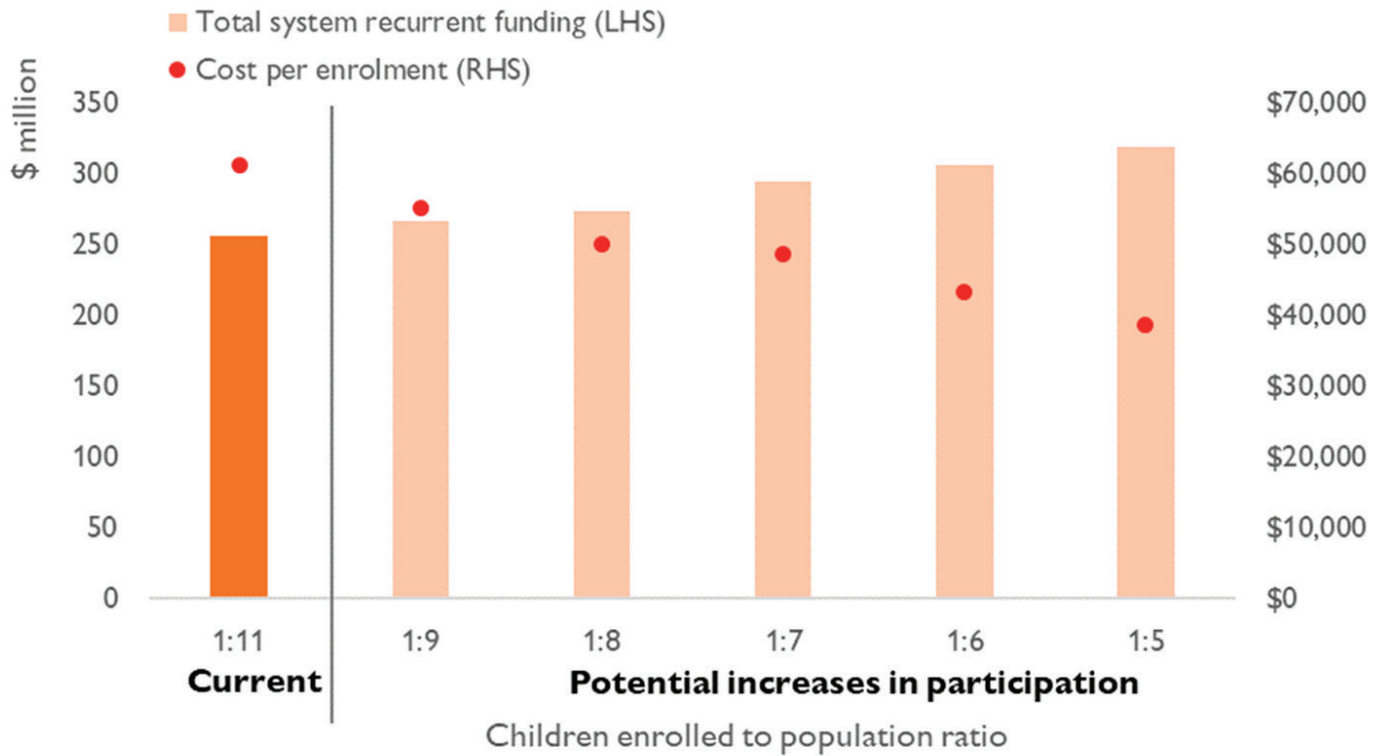
Source: ACCO model estimates are based off Deloitte Access Economics cost modelling using a variety of sources, including but not limited to a range of federal and state/territory data and resources.

Note: Figures are presented in real 2023 dollars. The average NSW funding is representative of funding from the Department of Communities and Justice only and is not representative of all costs invested in NSW ACFCs. Similarly, the average funding for QLD ACCOs represents funding from the Queensland Department of Education only. The average funding for VIC ACCOs excludes child protection funding to enable a more like-for-like comparison.

There is further potential for participation to grow across existing ACCO services, within the limits of their existing license capacities. If one in five children in the community access the services – representing 8,000 children – total investment in recurrent costs is expected to grow to \$300 million.

The costs per child is expected to fall to \$38,000 per enrolment as relatively fixed funding envelopes for services are utilised more efficiently.

Chart 6: Estimated annual recurrent investment under different scenarios



Source: ACCO model estimates are based off Deloitte Access Economics cost modelling using a variety of sources, including but not limited to a range of federal and state/territory data and resources.

Note: Figures are presented in real 2023 dollars. System recurrent investment includes external glue and recurrent costs for services. It does not include once off investment costs associated with infrastructure, establishment, and design and planning.

The above investment is based on delivery by existing ACCO services and does not account for any additional costs associated with transitioning, expanding and or establishing new services. There are over 20 LGAs with over 500 Aboriginal and Torres Strait Islander children aged 0-4 years olds without an existing ACCO service, suggesting there is likely to be a need to invest in new services.

However, given high levels of uncertainty in key parameters that would inform the costings, the total capital investment has not been estimated.

- Once-off capital and establishment costs are projected to differ across services by region, size and type of build required. As shown in Table 5, once-off costs can range from \$2.2 million for the uplift of a small service, to \$5.5 million for a new build of a very large service.
- The size of the required services and the level of participation that should be targeted is also unknown.

To produce cost estimates, further work is required to understand demand for ACCO-led integrated early years services across communities, and the ability and willingness of existing services to convert and expand into ACCO services is required.

Recommendation 6: The new funding model for ACCO integrated early years services pairs a new approach to recurrent funding with a framework for ongoing infrastructure planning and investment to expand ACCO integrated early years services in response to service coverage gaps.

REVENUE SOURCES AND GOVERNANCE

The revenue required to deliver the overarching funding model architecture and components outlined above can be sourced in multiple ways across Federal, State and Territory governments. That is, there are a number of fiscal strategies that could support the realisation of the vision reflected in the proposed new model. In determining the role of different governments – and government agencies – in meeting the revenue requirements of the model, there are a number of factors to consider, including:

1. current and future fiscal capacity;
2. policy remit;
3. existing funding landscape; and
4. national consistency.

CLARIFYING THE ROLE OF FEDERAL, STATE AND TERRITORY GOVERNMENTS

All government representatives interviewed agreed that there is currently a lack of clarity in roles and responsibilities between the Federal, State and Territory counterparts and across government departments when it comes to funding ACCO early years services. Some jurisdictions struggle to navigate the interface between the delivery of universal 3 and 4 year old preschool, which is a State/Territory responsibility and children's entitlements under the Australian Government's CCS program. Most government representatives called for a more streamlined approach to funding that minimises duplication and empowers organisations to flexibly deliver the services needed by children and families in their communities. It is acknowledged that there are a number of processes currently underway that could give rise to a reconsideration of the role of the Federal and State/Territory governments.

There was recognition that improved communication and planning within government would reduce duplication and break down departmental and inter-governmental siloes. It was agreed that the implementation of streamlined processes, jurisdictionally consistent funding timeframes, long-term funding and an alignment of principles and outcomes would enhance ACCO funding arrangements for the benefit of Aboriginal and Torres Strait Islander children and families accessing these services. Ultimately, the resounding feedback was for the proactive provision of and access to ECEC services where the Federal Government's responsibility was to contribute to funding and the responsibility of States/Territories is to allocate funding in line with need.

In consideration of this feedback, and reflecting the broader base of evidence that has informed the recommendations put forward in this paper, three generalised options for revenue sourcing are put forward (see Box 3). These are then assessed against the four factors listed above to determine a preferred option for the future financing of the model.

Box 3: Options for financing the future funding model

While ACCO-led integrated early years services may receive funding from local councils, philanthropists or other sources, the key funding bodies they rely on currently are the Federal Government and the State/Territory governments. As such, the options set out below differ based on the extent of funding contribution from each.

Option 1: Largely or fully Federal Government funded.

Option 2: Co-contribution model between Federal Government and State/Territory governments.

Option 3: Largely or fully State/Territory government funded.

Table 7: Brief assessment of funding body options based on key factors listed above

Key factors	Assessment of options
Fiscal capacity	It is well established that vertical fiscal imbalance is a feature of Australian federal financial relations and that the Federal Government has greater fiscal capacity than State and Territory governments. Option 1 performs most strongly in this regard, followed by Option 2.
Policy remit	<p>At a broad level, the Federal Government's policy remit in the early years covers services eligible for the childcare subsidy, contributions to the funding of preschool (via the Preschool Reform Agreement), and grant programs for Aboriginal and Torres Strait Islander children.</p> <p>State and Territory governments deliver and part-fund preschool and are responsible for the safety and wellbeing of children, including health, safety and educational outcomes, through their role as regulatory authorities.</p> <p>Most other core services in the funding model are currently under the remit of States and Territories, including maternal child health services, while some are supported by the Federal Government such as through the NDIS and Medicare.</p> <p>This demonstrates that both levels of government have policy remits that relate to the delivery of ACCO-led integrated early years services, across the funding and delivery of programs. As such, Option 2 performs favourably against this factor.</p>
Existing funding landscape	<p>Under current policy and funding arrangements as outlined above, one ACCO delivering integrated early years services may be largely funded through Federal Government child care subsidies, while another ACCO may rely almost exclusively on State/Territory funding streams. As discussed throughout this paper, this complex funding environment is not optimal for services or children, and departures from these arrangements in pursuit of the guiding principles outlined in this paper are clearly required. However, significant departures may be disruptive and there are strengths to be retained. For example, Option 1 may undermine the endeavours and outcomes of existing State/Territory-funded Aboriginal child and family centres.</p> <p>Option 2 performs most strongly with respect to providing a necessary shift from the existing funding landscape but providing the option for existing funding models for ACCO-led programs and services to continue to operate in some form.</p>
National consistency	A key issue with current funding arrangements for ACCO-led integrated early services is a lack of national consistency due to multi-layered and complex funding streams. The challenge of achieving national consistency would be increased under Option 3, with the risk that individual State/Territory governments continue to take disparate approaches that vary in the degree to which they align with the principles set out in this paper. Option 1 best supports national consistency through overarching Federal Government's responsibility, and Option 2 allows for improved national consistency with Federal Government's involvement in the funding model.

This assessment of funding options illustrates that Option 1 and Option 2 both provide a reasonable basis for supplying the revenue that the funding model put forward in this paper requires.

By harnessing the system's existing strengths, leveraging its fiscal capacity and providing a stronger basis for national consistency a version of Option 2 shows the most promise. Option 2 also aligns with feedback heard in consultations. With this in mind, outlined below are some considerations for the practical implementation of a variant of Option 2 based on the factors above:

- Given the greater **fiscal capacity** of the Federal Government, additional components of the proposed funding model beyond what is currently funded in some way should be funded by Federal Government. This would include the full extent of integration glue funding, backbone support, and infrastructure.
- To align with existing **policy remits**, the Federal and State/Territory governments could continue to fund programs and services they currently fund, but redirected towards this funding model. For example, the Federal Government would fund childcare for Aboriginal and Torres Strait Islander children who attend ACCO-led integrated early years services through the proposed funding model rather than through the childcare subsidy or the various other grants through which it is supported.

- The Federal Government could act as a significant financial contributor, and the State/Territory governments as a partial financial contributor and the principal administrator of the funds. This would ensure that **existing funding** models like ACFCs can continue to be delivered responsively to community through State/Territory administration, but with more sustainable funding and within a stronger national framework.
- A more clearly defined role for the Federal Government through this model would improve **national consistency** in the services delivered at different ACCO-led integrated early years services across the country.

The success of any variant of Option 2 relies critically on the strength and stability of its governance. Roles and responsibilities must be clear, expectations must be explicit and accountability measures must be strong. It is also imperative that any Federal-State/Territory co-contribution model – that is, any version of Option 2 – is established in a manner that provides the funding certainty that this work demonstrates is critical to the realisation of the future vision.

Any joint funding commitment must be long-term and binding. To reflect the integrated nature of the services being funded, the Federal State/Territory co-contribution component of this funding commitment would necessarily include contributions across a range of portfolios including, but not limited to, the Department of Education, the National Indigenous Australians Agency, the Department of Social Services and the Department of Health.

The chief construct through which aspirations of this nature have been typically advanced is national partnerships (though there are other variants). History suggests that installing the conditions for success in a reliable and enduring fashion is challenging. Whether it is in schooling, early childhood or elsewhere, Federal-State/Territory co-contribution models have been challenged in their ability to provide funding recipients with certainty and stability and to meet the principles of good governance. As a pertinent example, the 2008 National Partnership Agreement on Indigenous Early Childhood Development funded the infrastructure of 38 ACFCs, but when the partnership ended, the state and territories took over operational costs or centres had significantly reduced operational budgets and capacity.

There are lessons to be heeded and improvements to be made if a funding and governance architecture is to be established in a way that realises the vision set out in this paper. To support the application of a Federal-State/Territory co-contribution model, and the utilisation of a vehicle such as a national partnership as the instrument of its governance, a national policy framework is required. The framework should set out the overarching goals, objectives, guiding principles and standards as well as the basis upon which outcomes will be measured.

Recommendation 7: The new funding model for ACCO integrated early years services is funded and delivered through a co-contribution model between Federal, State and Territory governments with clear roles, responsibilities and long-term funding security established through a national policy framework embedded within a national partnership agreement.

SUPPORTING CONDITIONS FOR A NEW MODEL

While the scope of this paper is not to examine the case for a wholesale re-design of the policy environment as it relates to ACCO integrated early years services, interdependencies between funding and other aspects of system design mean there are areas where complementary reform will be required to achieve the goals of a new funding approach.

ACCOUNTABILITY

ACCOs are first and foremost accountable to their communities. In the Stronger ACCOs, Stronger Families report, ACCOs described their relationships with community as one of accountability and care. Participants described how being an ACCO and having staff and leadership teams that are a part of the community means that every part of the organisation is a part of and accountable to community. This sense of deep accountability to community informs service delivery and operational decision making for ACCOs.⁵⁸



58. SNAICC 2022, 'Stronger ACCOs Stronger Families'. Retrieved from: <https://www.snaicc.org.au/wp-content/uploads/2023/05/SNAICC-Stronger-ACCOs-Stronger-Families-report-2022.pdf>.

This cultural and community accountability is at the heart of ACCO decision-making, including service delivery and funding expenditure.

Under any funding arrangement, community accountability must be embedded in any accountability or outcomes framework. Historically this has rarely occurred. In 2020, the Productivity Commission developed the Indigenous Evaluation Strategy through a report looking at current evaluation approaches and developing new ways forward. The report contains concerns about current approaches to monitoring and evaluation being more focused on accountability than outcomes and that these approaches rarely, if ever, include engagement with Aboriginal and Torres Strait Islander people.⁵⁹

As outlined in SNAICC's Stronger ACCOs, Stronger Families report, current approaches emphasise accountability of service providers to government for the use of public funds, which has pushed the burden of administration, and risk on to ACCOs at the cost of wrap-around family-centred service delivery.⁶⁰

59. Productivity Commission, Indigenous Evaluation Strategy: Background Paper 2020: Canberra
60 Silburn, K., et al. Is Funder Reporting Undermining Service Delivery? Compliance reporting requirements of Aboriginal Community Controlled Health Organisations in Victoria, 2016; 1-40]. Available from: https://www.lowitja.org.au/content/Document/Lowitja-Publishing/LOW004_Compliance-Report.pdf.



A new approach that recognises the impact of burdensome vertical accountability on limiting self-determination and service delivery and the need for relational accountability between governments, ACCOs and communities is needed.⁶¹ That is not to say that community accountability precludes accountability mechanisms that provide assurances to funders that funding is delivering what it strives to. As a starting point, it is proposed that accountability for funding recipients be based on the outcomes they deliver rather than the activities they undertake or outputs they produce.

The process for developing an accountability framework, including defining and measuring outcomes, should be done through shared decision-making in alignment with Priority Reform 1 of the National Agreement. This could include convening a representative group of sector leaders, stakeholder and participants to design an outcomes framework aligned to a context-specific theory of change. A point of reference for this exercise could be the framework adopted for Restacking the Odds. Critical considerations must include Indigenous Data Sovereignty principles and Aboriginal and Torres Strait Islander self-determination in terms of what constitutes a desired outcome, and the optimal role of backbone support organisations.

It is also crucial to consider the outcomes to which ACCOs can reasonably be held accountable when considering the broader policy and social impacts on child and family outcomes that sit outside their direct control. An outcomes-based accountability framework could be supported by consistent standards of quality in service delivery, reflected in an Aboriginal and Torres Strait Islander led and designed quality framework with parallels to the existing National Quality Framework for Early Childhood Education and Care. While the existing framework reflects many valuable principles and elements of quality in service delivery for all early years services, it also presents many weaknesses in the effective support and regulation of quality for ACCOs, including that:

- It is not designed by Aboriginal and Torres Strait Islander people and as a result does not embed Aboriginal and Torres Strait Islander culture and concepts of quality in early years service delivery.
- It is not designed to encompass the provision of holistic integrated early years support services that ACCOs aim to provide and that the proposed funding model would support.

61. SNAICC 2022, 'Stronger ACCOs Stronger Families'. Retrieved from: <https://www.snaicc.org.au/wp-content/uploads/2023/05/SNA-ICC-Stronger-ACCOs-Stronger-Families-report-2022.pdf>.

- It is not designed with appropriate flexibility to recognise variations and challenges in the operating environment for services operating in remote contexts, and services responding to the needs of communities experiencing trauma and vulnerability.

The development of an Aboriginal and Torres Strait Islander led quality framework would provide opportunities for the collective leadership of ACCO services, peaks and backbone organisations to set and implement more appropriate and higher standards of quality in service delivery than current mainstream quality and regulatory frameworks recognise and assess. An Aboriginal and Torres Strait Islander led quality system would enable backbones to work dynamically and flexibly with services to identify and support responses to quality improvement challenges and work continuously towards excellence in service delivery for Aboriginal and Torres Strait Islander children.

GOVERNANCE

The discussion of implementation considerations above outlines the critical role of governance within the strategic policy context – especially if the financing model is one where both the Federal and States/Territories contribute revenue towards the new model. Strong governance must be a central feature of a national policy framework if it is to support the realisation of the vision laid out in this paper.

At the layer between the funding bodies and the ultimate beneficiary of the funding, there are additional governance considerations that must accompany the introduction of the funding model proposed here. The introduction of a stronger and more systemic backbone support function requires an equally strong model of governance. The roles and responsibilities of service leaders, backbone support organisations, peaks and governments need to be clearly established, documented and embedded if the system is to function successfully and if the very best outcomes for children are to be delivered.

SNAICC's approach in the development of backbone support functions currently being piloted in New South Wales, Victoria and Western Australia, has been to ensure that they are created by, for and of the ACCO sectors they are working alongside to support and grow. These backbone support functions sit in the context of SNAICC's national community-controlled membership based organisational governance, as well as adopting fully participatory jurisdictional based design, establishment and ongoing governance processes in partnership with all jurisdictional ACCOs.

The full national operation of a backbone support function for all ACCO integrated early years services would provide opportunities for enhanced governance in the implementation and administration of the new funding model. Specific elements could include backbone organisation support for:

- Consistent and collective data reporting, storage and use in line with principles of Indigenous Data sovereignty.
 - Collective approaches to the development and implementation of quality frameworks as discussed above.
- Support to ACCOs in service and workforce development and planning to implement enhanced funding through the new model.
 - Support to scope, plan and establish new ACCO service delivery in line with the proposed framework for future infrastructure investment.
 - A consistent national and jurisdictional approach to the implementation of effective peak body support for the ACCO early years sector in line with commitments in the National Agreement on Closing the Gap.

SERVICE PLANNING

While the investment framework outlined above would ensure that new services are prioritised in accordance with community need, it may nevertheless be necessary to consider a service planning exercise as it relates to current provision. This arises from the fact that in committing to a block-based funding approach, funders are committing to underwriting provisions irrespective of whether it is 'efficient' to do so.

Unlike individualised or activity-based approaches, block-based funding has no inbuilt mechanism to direct funding based on demand. The purpose of a service planning exercise would be to ensure that the pattern of service provision is as closely aligned to the pattern of need as possible.

WORKFORCE CAPACITY AND CAPABILITY

There are ongoing challenges in building a strong and sustainable Aboriginal and Torres Strait Islander workforce across the community-controlled sector including in the delivery of integrated early years services. Barriers to workforce development include lack of recognition of cultural knowledge and skills, lack of tailored programs and approaches to support qualification pathways for Aboriginal and Torres Strait Islander workers, lack of cultural safety in vocational training and education programs and institutions, and comparatively low wages for sector workers.

While some action is being taken to tackle macro-level drivers of these workforce challenges, dedicated focus must be given to ACCO-led integrated early years services to ensure they are equipped with a strong workforce foundation and can meet rising community demand for their services. To ensure that ACCO-led integrated early years services can operate effectively, supporting strategies to develop and grow a high-quality workforce, including the growth of the Aboriginal and Torres Strait Islander workforce in early years services, will be essential.

In 2021, it was identified that a higher proportion of Aboriginal and Torres Strait Islander staff held qualifications at the Certificate III or IV level compared with non-Indigenous staff (38.8% compared to 29.6%).⁶² However this did not apply to qualifications at the Diploma or Advanced Diploma level (32.3% compared to 43.3%), or at the bachelors level and above (6.8% compared to 12.5%).⁶³ Targeted strategies are needed which recognise prior learning and take into account cultural knowledge.

In addition, there is a pressing need to remove barriers to entry and completion of tertiary study experienced by Aboriginal and Torres Strait Islander students. This could include restructuring courses so that bridging programs are embedded in the course itself and assessing foundational skills over the course of the degree rather than as prerequisites for course entry.⁶⁴ It could also include targeted courses that have embedded cultural curriculum, mentoring support, and options for learning remotely in community. Services identified that a community-based approach to partnering with education institutions should be explored, and successful attempts at such models do exist and are replicable.

62. Social Research Centre, '2021 ECEC National Workforce Census'. Retrieved from: <https://www.education.gov.au/early-childhood/resources/2021-early-childhood-education-and-care-national-workforce-census-report>, pg. 37.

63. Ibid.

64. Roundtable Outcomes and Recommendations for ECEC Workforce Strategy

ADJUSTMENTS TO MAINSTREAM AUSTRALIAN GOVERNMENT ECEC FUNDING

While not within the primary scope of this review, there are notable adjustments that could be made to the existing childcare funding model that would improve the operating environment for ACCOs delivering childcare services as well as mainstream providers supporting Aboriginal and Torres Strait Islander children. Improvements could be targeted to increase the accessibility of childcare services for children experiencing vulnerability and reduce policy and administrative barriers currently restricting engagement in early education for Aboriginal and Torres Strait Islander children and families.

Policy reforms that SNAICC has detailed and justified in multiple submissions and proposals to government and independent review processes include a higher universal entitlement to childcare for Aboriginal and Torres Strait Islander children or all children and removal of the childcare Activity Test to reorient early education from a parental workforce participation focus to a primary early development focus.

This would assist to remove administrative barriers and punitive disincentives for families, and as a result increase subsidy funding available to ACCO service providers.

Extensive evidence demonstrates that increased access to quality ECEC improves outcomes for children across a range of social and neurological domains. Australia has not kept pace with similar OECD countries in ensuring access to quality ECEC for all children. A shift towards a universal access entitlement that supports all children and families to access the level of ECEC that they need would reduce financial and administrative barriers to access. Although it is difficult to establish the precise number of hours for 'dosage' of ECEC, many countries have 30 hours of free or low cost ECEC per week. A core entitlement of 30 hours, or three days a week offers families the flexibility to access ECEC at the level that meets the child and family's circumstances.

It is important to note that adjustments to the existing subsidy system while providing a level of increased support to ACCO operation would not in any significant way align with the findings of this paper on what is required to effectively fund ACCO integrated early years services.

NEXT STEPS TO FURTHER DEVELOP THE FUNDING MODEL FOR IMPLEMENTATION

The funding model presented in the report demonstrates the intent and core principles of how ACCO-led integrated early years services could be better funded. Nonetheless, the funding model and underlying costings are not presented as finalised mechanisms. To implement the model, more work needs to be done to robustly parameterise key values and assumptions.

In particular, areas of the costing and funding model that require further development for implementation include:

- **Vulnerability index** – the composite vulnerability index developed for the costing provides a reasonable basis for comparing vulnerability across areas for Aboriginal and Torres Strait Islander families and children. As described in **Appendix C**, the index assumes an equal weighting for three measures, uses a simple approach to manage missing data and maps data for Indigenous Areas to LGAs. Further consideration for building this measure from a more evidence-based place would manage these limitations.
- **Non educator and teaching core services staff ratios** – the FTE allocation of non-educator and teacher (e.g. family support service officer and allied health professional) is heavily assumption driven. Further bespoke assessment of the FTE needs of a community is required in determining the appropriate FTE allocation for non-educator and teaching staff within an ACCO integrated early years service.
- **Assessment of service quality** – measures of quality such as the education or experience of staff is not considered as part of this costing analysis. The value corresponding to each staff was determined based on the average award wage (where applicable), or average wage across services where data points were available. Averages were taken for the purposes of this costing model as there is expected variations across the education and experience of staff that a service can hire.
- **Infrastructure costs** – the infrastructure costs presented in this report is an estimate only and may not reflect the true cost of the design and building of the ACCO integrated early years service centres. This is because there is expected variation costs from different builders based on location and materials used.

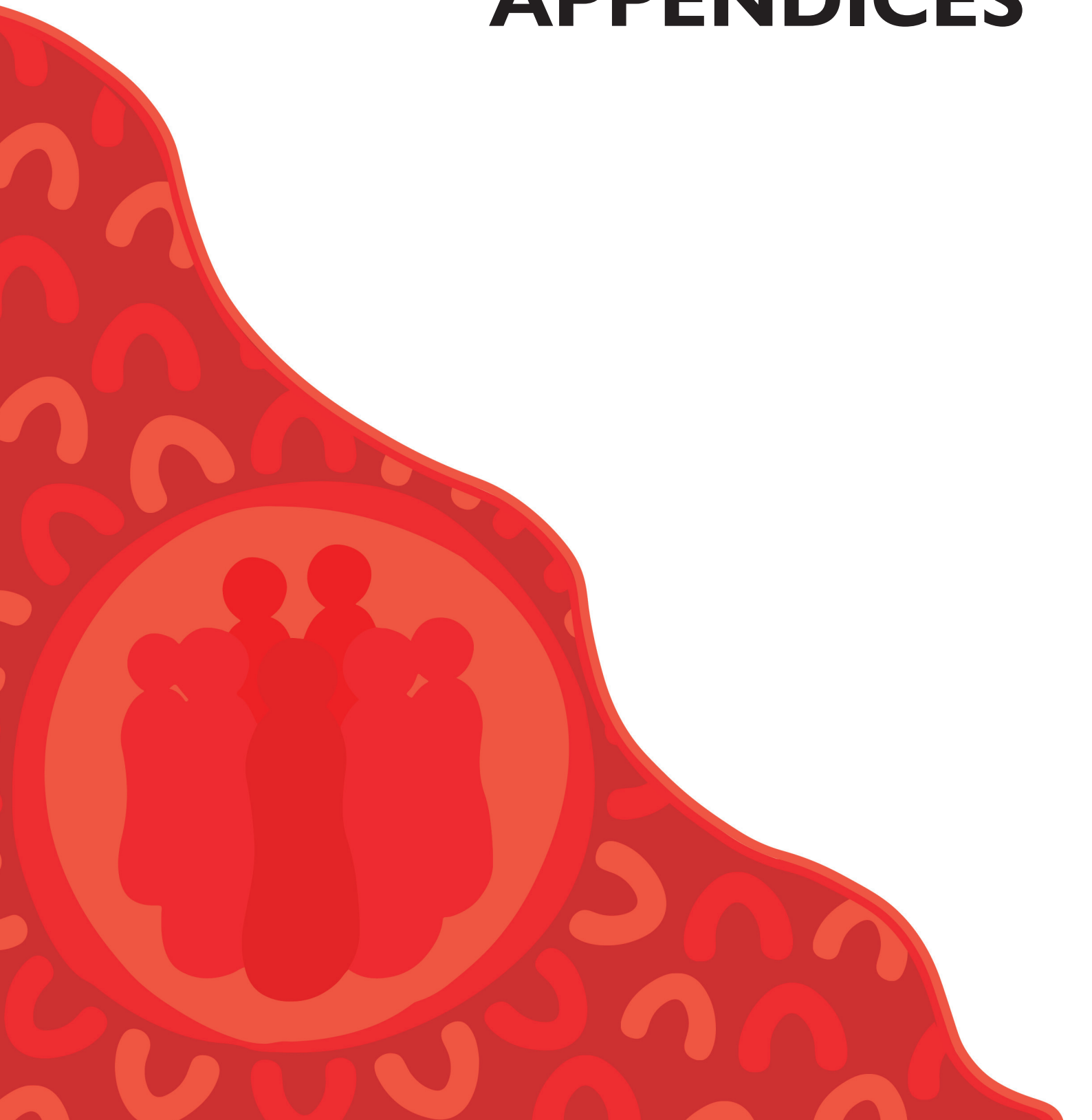
- **Reporting requirements**

– it is important to note that a block funding approach does not preclude child level reporting for core services such as enrolments in preschool and maternal and child health. This data is important for a range of policy and planning purposes and in the case of preschool enrolments is required to be reported by states and territories as a key performance measure. While this report recommends a primarily outcomes-based reporting mechanism, consideration may be needed of any additional reporting requirements that serve important policy and planning needs alongside the objective to limit reporting and administrative burden for services.

- **Interactions with other funding sources**

– the implementation of a dedicated ACCO Early Years Funding Model (Option 3) will replace the funding these organisations receive from the CCS. It is expected that the transition to a dedicated ACCO Early Years Funding Model may also replace or involve repurposing part of some state and territory funding streams such as Queensland Early Years Places and the New South Wales ACFCs. However, the introduction of a dedicated ACCO Early Years Funding is not intended to preclude ACCOs from accessing other Federal, State, Territory or local government funding available for service delivery both within the ECEC and the broader community sectors. The model is funded based on enrolments by children from Aboriginal and Torres Strait Islander backgrounds. However, many ACCO services also provide services to non-Aboriginal and Torres Strait Islander children. Given the required investment could also support these children, further consideration is required on how these children should be funded, and other potential cost savings.

APPENDICES



APPENDIX A – LIST OF FUNDING SOURCES

AUSTRALIAN GOVERNMENT

- **Child Care Subsidy (CCS)** is the main way the Australian Government helps families with child care fees. It is a means and activity tested form of assistance that is paid directly to ECEC providers, who pass the subsidy on to families in the form of a fee reduction.
- **Additional Child Care Subsidy (ACCS)** provides additional assistance with fees to families facing barriers to child care, and will usually cover all of a child's child care fees.
- **Community Child Care Fund (CCCF)** provides a range of grants for child care services. CCCF grants help services address barriers to child care participation. They're particularly for disadvantaged, regional and remote communities, and Aboriginal and Torres Strait Islander communities.
- **Community Child Care Fund – Restricted (CCCFR)** provides a grant to support a number of child care services across Australia, mostly in remote areas. Funding also aims to support capacity building and sustainable service operations to increase the participation of Aboriginal and/or Torres Strait Islander children in ECEC.
- **CCCFR Expansion** is a Closing the Gap measure and expansion of the CCCFR program to fund new high quality and First Nations–run ECEC services in mainly remote and very remote areas, with low or no supply of child care subsidy approved ECEC. It also includes expansion of existing CCCFR services to strengthen community engagement and engage families to increase ECEC participation.
- **Connected Beginnings** is a grants program which aims to support school readiness of Aboriginal and Torres Strait Islander children aged zero to five. It seeks to achieve this by integrating a diverse range of local support services including maternal and child health, ECEC, family support, preschools and schools, and local government and council support.

- **Indigenous Advancement Strategy** funds and delivers a range of programs for Indigenous Australians. Opportunities are available under six programs: jobs, land and economy; children and schooling; safety and wellbeing; culture and capability; remote Australia strategies; and research and evaluation. Indigenous Advancement Strategy Program 1.2 Children and Schooling delivers a range of early childhood development and enabling activities to support Aboriginal and Torres Strait Islander families to engage in quality, culturally appropriate early childhood education. This funding is intended to supplement mainstream Federal support.
- **Preschool Reform Agreement (PRA)** supports the delivery of 15 hours a week or 600 hours a year of a quality preschool program.

NEW SOUTH WALES

- **Mobile Preschool Funding Program** provides funding for the provision of preschool education delivered for the 2 years before school to children enrolled in mobile preschools in regional and remote New South Wales.
- **Childcare and Economic Opportunity Fund** includes the Flexible Initiatives Trial that will provide support for services to offer families access to early childhood education when and where they need it most, including new places in areas of low supply, after-hours care, flexible pickup and drop off times and flexibility in enrolments.
- **Start Strong for Long Day Care** is designed to improve affordability for families and support children's access and participation in at least 600 hours per year of quality preschool. Long day care services and Multifunctional Aboriginal Children's Services receive additional funding to support children aged 4 and above.
- **Start Strong Pathways** is designed to support community based and not for profit services to offer families a pathway into ECEC.
- **Ninganah No More** provides grants to ECEC services to run Aboriginal languages programs.

- **Disability and Inclusion Program** provides funding and support to enable children with disability or additional needs in not-for-profit community preschools to participate in a quality early childhood education program on the same basis as their peers.

QUEENSLAND

- **Kindergarten Funding** includes funding for long day care services and sessional kindergartens.
 - **Kindy uplift program** enables selected kindergarten services to respond to the educational and developmental needs of kindergarten children through programs, resources, supports and professional development.
 - **A Great start to Kindergarten** is a pre-kindergarten transition pilot program.
 - **Disability and inclusion support funding** includes access to resources and equipment, support and funding to assist with inclusion and help children with disability get the most out of their ECEC experiences.
- **Early Years Places** support families with children from birth to age 8. Families can access multiple services or referrals to specialist services including playgroup, early childhood education and care, health services and family and parenting support.
 - **eKindy** is a comprehensive 'at home' kindergarten program for children in the year before Prep who cannot easily access a centre-based program due to distance, medical condition or itinerant family circumstance.

SOUTH AUSTRALIA

- **Children's centres and Children and Family Centres** are supported by the State government to bring together care, education, health, community development activities and family services for families and their young children.
- **Playgroups and play centres** offer parents with babies and toddlers to participate in play-based learning that supports the child's growth and development.
- **Preschool and kindergarten** for children aged 3-5 years who will be starting school within the next year.
- **Occasional Care** generally offered through government preschools and in some child care centres for babies, toddlers and children under school age.
- **Learning Together Communities** support for families to engage in their child's learning through playgroups and parent education courses in department managed communities.
- **Early Childhood Community Innovation grants** partnership with LGAs to provide SA councils with support in the delivery of evidence informed innovation and local and community led programs in response to local needs.

AUSTRALIAN CAPITAL TERRITORY

- **Koori preschools** provide Aboriginal and Torres Strait Islander children aged 3 to 5 years with a play based, culturally safe learning program aligned with the Early Years Learning Framework.
- **Children's Services Program** funding to assist vulnerable families access short term early childhood education and care for their children aged under 5 years.
- **Early Childhood Degree Scholarship Program** provides incentives and reimbursement for individuals to undertake higher level professional development, increasing the number of ACT degree-qualified educators in the ECEC sector.
- **Child and Family Centres** are 'one-stop-shops' staffed by multidisciplinary teams to provide a range of supports to assist parents and children in their early years.
- **Child Development Service** provides early intervention therapy for children aged between 24-36 months with developmental vulnerabilities or delays and offers assessment, referral, information and linkages for children 0 to 6 where there are concerns with their development.

NORTHERN TERRITORY

- **Families as First Teachers** delivers quality early learning and parent support programs to young children and their families through place-based programs to build parents' capacity to give their children the best start in life.
- **Long day care upgrade grant** annual grant provides assistance for building and group upgrades for regulated community based and not for profit services delivering long day care and three year old kindergarten.
- **Early childhood services subsidy** is paid directly to child care providers to help with the cost of providing a service and to reduce the cost of child care for parents.
- **Child and Family Centres** provides a range of services including child care and connection to services in community.

VICTORIA

- **Koorie Kids Shine** promotes the participation of Aboriginal and Torres Strait Islander children aged 3 or 4 years in kindergarten.
- **Access to Early Learning (AEL)** is an early intervention program that helps 3 year old children from families with complex needs connect to and take part in ECEC programs.
- **Kindergarten funding** provides funding for kindergarten service providers to deliver 3 and 4 year old kindergarten programs.
- **School Readiness Funding** supports 3 and 4 year old children in all early childhood education and care services delivering state-funded kindergarten programs in Victoria including long day care.
- **Building Blocks Grants – Capacity Building** provides funding for projects that create additional kindergarten places for 3 and 4 year old children by building new or expanding existing infrastructure.
- **Provisionally registered teacher (PRT) grants program** provides funding to support early career early childhood teachers to reach full registration with the Victorian Institute of Teaching.

- **Bush Kinder grants program** provides funded kindergarten services with funding to establish or enhance a bush kinder program for children to play and learn outdoors.
- **Parent support services funding** provides funding for services to deliver a parent support program for parents and carers who have children aged 0 to 18 years with a disability or developmental delay.
- **Early Start Kindergarten** provides funding for Aboriginal children to participate in 15 hours of kindergarten at no cost.
- **Free Kinder** provides funding to cover the cost of parent fees for up to 15 hours of kindergarten.
- **Bubup balak wayipungang** is a program that supports better outcomes for Koorie children from birth to transition to school by supporting Koorie children and families to access and be involved in their local kindergartens, promoting inclusion and cultural safety in kindergartens, and supporting kindergarten services and programs to include Aboriginal perspectives in their practice and curriculum.
- **Balert Gerrbik** provides funding to ACCOs to deliver evidence-based parenting support to Koorie families to provide a strong foundation for their children's early learning and development through high-quality, culturally safe, evidence-based parenting support.

WESTERN AUSTRALIA

- **Better Beginnings family literacy program** partners with public libraries, local governments, health professionals and schools to support parents as their child's first teacher.
- **Kimberley Schools Project** includes community co-design initiatives that build on and improve existing early years learning and care services and engage families as first teachers.

TASMANIA

- **Child and Family Learning Centres** are a free purpose-built centre for families with kids aged 5 and under with different programs tailored to their community.
- **Early Childhood Inclusion Service** is a free service for children aged 0 to 4 years who need extra support.
- **Education and Care Grants Program** provides grant funding to contribute towards occasional childcare services, one-off projects which aim to meet the needs of the education and care sector and/or community, and one-off grant funding for organisations to complete upgrades to an education and care/childcare service premises.
- **Working Together** provides access to free, quality early learning for eligible children in their year before starting Kindergarten.

APPENDIX B – CONSULTATION GUIDE AND QUESTIONS

EARLY CHILDHOOD EDUCATION AND CARE ABORIGINAL AND TORRES STRAIT ISLANDER COMMUNITY CONTROLLED ORGANISATION CONSULTATION GUIDE AND QUESTIONS

CONSULTATION GUIDE

Overview

This consultation guide is for use by SNAICC – National Voice for Our Children (SNAICC) in the facilitation of national community consultation looking establishing a commonwealth funding for ACCOs. SNAICC has been engaged by the Department of Education to undertake national consultations with Aboriginal and Torres Strait Islander Community Controlled Organisations (ACCOs) to identify the needs for an ACCO Early Childhood Education and Care funding model.

SNAICC’s work in developing the report will be informed by a comprehensive review of literature and published consultation relevant to the development and funding model options that will meet the operational and growth needs of integrated Early Childhood Education and Care services led by Aboriginal Community Controlled Organisations (ACCO ECECs). This review will support additional overarching research and consultation with ACCO ECECs funded by the Early Childhood Care and Development Policy Partnership (the Partnership) and led by SNAICC. In addition, SNAICC will be requesting financial information from governments and holding targeted interviews/consultation with government representatives to get their views SNAICC and Deloitte will analyse the information to develop recommendations and potential funding model options for government to consider SNAICC will draft a final report and submit this to government.

This research funded under the National Closing the Gap Agreement, is being conducted to develop a new funding model(s) that considers the resource needs and challenges faced by ACCO ECEC including:

1. Strengths of the ACCO sector in delivering Early Childhood Education and Care services;
2. Need to embed cultural safety – and the family engagement and supports this entails;
3. Service location and operating costs – in remote, rural regional and metropolitan areas;
4. The type of services provided: - from playgroups to fully integrated services;
5. Staff recruitment training and retention challenges – including the importance of attracting staff with local cultural knowledge;
6. Complexity of tailoring services to the needs of local communities, where social disadvantage is often widespread and individual children may have complex needs;
7. Need to take into account future growth and development including both staffing and capital works
8. Holistic approach of ACCOs providing ECEC;
9. Service system barriers ACCOs in the child and family sector face, for example, funding.

Through a desk top review and guidance from the Early Childhood Policy Partnership, SNAICC also identified the following themes for consideration in the development of these questions:

- Define principles of an integrated community controlled ECEC funding model.
- Identify the resources needed for funding delivery of ACCO-led integrated early years services.
- Confirm known or identify additional challenges that prevent ACCOs providing quality early learning and integrated family supports to Aboriginal and Torres Strait Islander children across urban, regional, rural and remote locations.
- Identify support required for development of the ACCO-delivered ECEC services and integrated early years services that can be addressed through funding arrangements.
- Explore funding model options that:
 - account for future growth of the ACCO sector,
 - include regional, rural and remote contexts,
 - acknowledge workforce development requirements,
 - take account of implementation considerations for quality and accreditation of ACCO services.

- provide findings and options of funding models and possible mechanisms for integrated early years services run by ACCOs that will support improved early childhood development outcomes for Aboriginal and Torres Strait Islander children.

Use of this Guide

The primary questions address points 1-9 and the theme identified above and sub-prompts for discussion based are on the key issues identified in the desktop review.

QUESTIONS

ABOUT YOUR ORGANISATION AND COMMUNITY

The operational context of the organisation and community

1. Service type
 - ACCO
 - MACs
 - Preschool
 - Long Day Care
2. Service size
 - Licenced capacity C
 - Current enrolments
 - Current attendance
 - Split between Indigenous/non-Indigenous children
3. Number of staff (as FTE), by role and/or qualification
4. Postcode and catchment area (how far do mob travel to use the service)

5. Number of parents / family / community members accessing integrated services through your ECEC
6. Please describe your communities needs and characteristics
7. How these have changed over time and how this relates to the service offering and its story of origin

INTEGRATED ECEC MODELS

The strengths of holistic ACCO community controlled ECEC.

8. What do you consider to be the principles of an integrated community controlled ECEC service delivery model? For example, what other sort of services for your families would you like to see providing outreach at your centre.
9. What do you consider to be the difference between ACCO ECEC and mainstream ECEC service delivery?

SERVICE DELIVERY IN YOUR COMMUNITY

What supports and resources are required to ensure that ACCOs are able to provide the services most needed in their communities

10. Please describe the services that your organisation currently provides to children and families:

- Childcare
- Early childhood learning programs
- Visiting health professionals
- Allied health services
- Family and parenting support
- Housing, Centrelink and/or legal assistance
- Elders group
- Cultural programs
- Community events
- Transport

11. What services would you like to offer in the future?
12. What's one thing about your scope and quality of your services that you are proud of?
13. Please describe the degree to which your service feels it is resourced to meet the community need?

16. What's one thing about your scope and quality of your services that you are proud of?
17. Please describe the degree to which your service feels it is resourced to meet the community need?
18. Does the funding impact on the quality of service you can provide to meet community need? What are some of the barriers or challenges to delivering services effectively?
 - funding
 - workforce
 - accreditation
19. What supports and resources are required to deliver existing services to meet community need?
20. What is needed to fund service leadership; service coordination; community engagement, partnerships with other agencies such as leadership and management training and mentoring, assistance and advocacy for partnerships with other agencies, collective voice to support advocacy on state and national issues?
21. Are there additional needs in your community that aren't being met by existing services and that could not be provided by your organisation with the appropriate resources and supports?
22. If yes, what are funding needs and how would they best be addressed?

CULTURAL SAFETY

23. How significant is culture to your service delivery? How would you describe the role of culture as a protective factor for Aboriginal and Torres Strait Islander children?
24. How significant is cultural safety to your service delivery? How would you describe cultural safety?
25. Please describe the relevance and importance of cultural safety for regulatory compliance?
26. How are cultural programs resourced through your current funding?
27. Are there any other comments you would like to make about ACCO ECEC service delivery?

QUALITY ACCREDITATION

How current accreditations impact service delivery in ACCOs and how this can be improved.

28. Does your organisation face any challenges in gaining or maintaining relevant accreditations? - If yes, what are these and do you have any suggestions for how they can be removed or addressed?
29. How does the accreditation process impact service delivery because it does factor in funding needs?

FUNDING

The current funding environment for ACCOs and how these can be improved to enhance service delivery.

30. Where does the funding for your organisation come from (e.g. Federal, State or Territory, philanthropic, business development)?
- CCS (additional child care subsidy)
 - ACCCS wellbeing funding
 - Other funding streams are in areas of infrastructure upgrades
 - expansion funding
 - crisis funding (covid, floods, fires) etc.
 - language program funding
 - training and development funding
 - parental program funding
31. Please identify how many funding streams you acquit and report to, to implement your ECEC service?
32. Does your service receive sufficient funding for delivery?
33. How often are you reporting, how long does it take, is there duplication between reports?
34. How does this funding work for your service to deliver to the children and community?
35. Where are the gaps or problems with funding?
36. What funding or resourcing do you need to deliver services that current funding doesn't allow?
37. Where are the barriers and challenges to accessing funding?
38. What are the impacts of these funding gaps on service delivery?
39. What changes or supports would facilitate your access to Commonwealth and/or State/Territory funding?
40. What is the term of your current funding?
41. Does this work for your service? what would a more appropriate funding term be for your organisation?
42. If no what are the impacts of this funding term on service delivery?
43. In what ways could funding be improved?
44. What principles/characteristics do you think should inform future funding approaches?
45. What would you do differently, programs or activities you might run, quality improvements they might make if funding wasn't barrier?

WORKFORCE

Workforce challenges and ways for these to be addressed locally and on a macro scale.

46. What are your organisation's current workforce challenges and gaps?
47. What are the biggest workforce challenges for your service?
48. Specialised nature of the service delivery required to respond to multiple and complex child and family needs?

CAPITAL FUNDING NEEDS

49. Are the current capital funding options working for your service?
50. How can they be improved?
51. Please describe the current and future capital works needs of your service?

GOVERNMENT CONSULTATION GUIDE AND QUESTIONS

About the project

SNAICC has been engaged by the Australian Department of Education, on behalf of the Early Childhood Care and Development Policy Partnership (ECCDPP) to undertake a research project on funding model options for Aboriginal and Torres Strait Islander Community Controlled Organisations (ACCO) providers of early childhood education and care (ECEC) and integrated early years services.

The ultimate goal of this research project is to enable Aboriginal and Torres Strait Islander children to access high quality, culturally safe ECEC services that meet their developmental needs by developing options for a needs-based funding model which supports the viable and effective operation of ACCOs providing ECEC and integrated child and family services. The funding model options will be informed by the lived experience of ACCO ECEC providers to ensure that services are appropriately resourced to meet the evolving needs of children and families and their local communities in ways that are culturally safe and contextualised to community need. This funding model will be the first of its kind: built by community, for community.

SNAICC is working with Deloitte Access Economics to undertake the relevant financial analysis and modelling to develop the funding model options.

About the interview

The purpose of the interview with government representatives is to gather the perspectives and insights of Commonwealth, State and Territory governments. These perspectives and insights will include both qualitative and quantitative information gathering where possible.

The interview has been scheduled with nominated contacts in each jurisdiction, however, these nominated contacts are welcome to include additional colleagues in the meeting if that will assist in providing comprehensive, joined up responses to the interview questions.

The interview is scheduled to run for 90 minutes.

Privacy and confidentiality

SNAICC and Deloitte Access Economics will take notes during the interviews. The notes will be stored securely with other project documentation and will not be used for any purpose outside of the project.

The information provided by participants will be used to inform the findings and recommendations in the final report. While there may be direct references to programs, departments or jurisdictions, individual interview participants will not be named in the report.

Through the ECCDPP, all jurisdictions will have an opportunity to review and provide feedback on the draft research report prior to finalisation and public release.

Questions

Interview questions:

1. How do current funding arrangements for Aboriginal and Torres Strait Islander early years services impact their ability to deliver **education** services effectively?
2. How do current funding arrangements for Aboriginal and Torres Strait Islander early years services impact their ability to deliver **integrated early years** services effectively?
3. What do you consider to be the strengths and challenges of current funding approaches?
4. What do you consider to be the underpinning principles of success for a funding approach for ACCO integrated early years services?
5. What do you think should be the role/s of the Federal and States/Territories in funding ACCO early years services? Is this different to how funding currently operates?
6. Do you have any reflections on the Child Care Subsidy Scheme and how this operates alongside your jurisdiction's funding for Aboriginal early years services?
7. What are your views on the role of individual child-based funding as compared to block funded models in meeting child and family needs?
8. Are there other funding approaches that you think warrant consideration?

9. Is there a program or a service in your jurisdiction that represents a useful case study of effective funding and/or barriers to funding in early years service delivery and impact?

Funding and Activity Level Data:

10. Under what funding program/s do you provide funding to ACCOs that deliver integrated early years services?
11. How is eligibility under the program determined?
12. Please describe the model/formula/approach through which funding allocations are determined.
13. If the model/formula/approach has changed over time, please describe what has changed and why.
14. How do funding levels respond to changes in the circumstances of providers in receipt of funding (e.g. increased activity levels)?
15. Is funding provided for both operations and capital? If so, what is the approach to determining capital funding allocations?
16. Has the program been recently reviewed or evaluated and, if so, can the review/evaluation report be provided to support this research?
17. What data collection and reporting currently takes place (e.g. regarding enrolments, activity levels, programs offered by providers, outcomes, performance, financials)?

APPENDIX C – DETAIL ON FUNDING MODEL AND COSTING

NEEDS FUNDING

POPULATION SIZE

Larger services are required to serve communities with a greater number of Aboriginal and Torres Strait Islander children aged 0 to 4 years. Based on analysis of data from select existing services, the modelling assumes that for every 11 Aboriginal and Torres Strait Islander children aged 0 to 4 years in the community one child is supported by an ACCO-led integrated early years service.

As the size of the community and the number of children supported grows, core service staffing is expected to grow correspondingly, albeit not in a fully linear manner. While educator and teacher levels are expected to grow linearly based on the mandatory requirements as set out in the National Quality Framework (NQF), consultation insights and examples from other similar funding models suggest that other core services and the internal glue are expected to grow in a non-linear fashion.

Given the intention of the service is to be accessible and available to community at any time, and open to fluid participation, four broad size categories (with 10 discrete funding steps) have subsequently been created to demonstrate typical funding requirements across communities of different sizes. Practically, services are funded under this model based on their estimated population, not expected or realised enrolments, to enable this fluid participation and reduce the administrative burden on services. Across the size categories, services are funded to the maximum number of children in their community size, to allow walk-ins, but the model would also allow communities with higher than expected enrolments to move into the next size category based on enrolments.

REMOTENESS

For remoteness, a single loading is applied across each remoteness category, for all costs. Remoteness is defined using the Australian Geographical Standard (ASGS) Remoteness Structure, and aggregated into three broad tiers. Table 8 below outlines the tiers and the corresponding loading applied.

The loadings for regional and very remote locations are based off the Schooling Resource Standard (SRS) location loading for primary schools. This estimate is considered an appropriate proxy for loadings in early years services due to the proximity of age between students who attend primary school and early childcare services.

Table 8: Remoteness categorisations

	Metropolitan	Regional	Remote
ASGS categories captured	Major cities of Australia	Inner regional Australia Outer regional Australia	Remote Australia Very remote Australia
Loading	Base – no loading	10%	40%

VULNERABILITY

A defined measure for vulnerability must be nationally available, granular at a community level (in particular for the costing model in this report, data is required at an LGA level), regularly updated such that funding can adjust to changing needs over time, and importantly, recognise vulnerability for Aboriginal and Torres Strait Islander families and children.

ABS Census measures, such as the share of children with need for assistance with core activities, are nationally available at a community level, but only collected every five years. The Socio-Economic Indexes for Areas (SEIFA) are also Census-based and provide a national and granular basis for measuring relative disadvantage, although at more of a family than child level. This may be more appropriate given the holistic nature of ACCO services. However, SEIFA has limitations for measuring disadvantage for Aboriginal and Torres Strait Islanders, including that it largely captures the characteristics of non-Aboriginal and Torres Strait Islander Australians due to the relative size of Aboriginal and Torres Strait Islander populations, and has an upward bias to areas with a high Aboriginal and Torres Strait Islander population, as this is one of the variables included in SEIFA.

A more promising candidate is the Australian Early Development Census (AEDC). It is collected nationally every three years at a community level. In the latest 2021 release, 20,646 (6.8%) of the children with data collected were Aboriginal and Torres Strait Islander children. A limitation is that AEDC measures vulnerability when children start school, so does not capture vulnerability for children before they attend an early years service. In contrast, birth weight data has also been identified in consultation as a useful source that would enable earlier identification of needs at a child level.

Torrens University Australia produces the 'Aboriginal and Torres Strait Islander Social Health Atlas of Australia' dataset, which captures many economic and social indicators for Aboriginal and Torres Strait Islanders at an Indigenous Area level, one of the ABS' geographic boundaries.⁶⁵

65. https://phidu.torrens.edu.au/current/data/atsi-sha/notes/phidu_atsi_data_sources_notes.pdf

For the purpose of providing cost estimates within this report, a composite vulnerability index was established using this dataset. Three data sources were identified as important vulnerability indicators for creating a vulnerability index related to the intent of ACCO-led integrated early years services:

1. Indigenous Relative Socioeconomic Outcomes Index (2016) - the Centre for Aboriginal Economic Policy Research (CAEPR) created this Indigenous-specific socioeconomic index, serving a function similar to SEIFA above. It includes nine measures related to outcomes such as employment, education, income and housing. This is aligned with the intent of ACCOs to be community focussed, with services available for children and parents, and also reflects literature that family functioning, as captured by factors like education and employment, is a significant predictor of child wellbeing. It is expected that this measure will be updated to reflect the 2021 Census.

- 2. AEDC – Proportion of Aboriginal children developmentally vulnerable on two or more domains (2021)** - this AEDC measure is well recognised in the early years policy space as a good indication of early childhood development.
- 3. Proportion of low birthweight babies born to Aboriginal mothers (2017 to 2019)** - this measure ensures that the index captures vulnerability for young children well before starting school.

Each of the three measures were equally weighted in the composite index, noting that a reasonable amount of missing data for the second two indicators necessitated the need to rely on the Indigenous Relative Socioeconomic Outcomes Index more heavily for some locations. Data provided at the Indigenous Area level was mapped to LGAs such that each LGA is associated with the index score from the most highly populated Indigenous Area within the LGA. Approaches for recognising vulnerability in the funding model (the scaling approach) are outlined in Box 4.

Box 4: Options for scaling base entitlement for vulnerability

Using a defined measure of vulnerability (e.g. SEIFA), there are different options for adjusting the base entitlement using a vulnerability loading:

1. Scaling staff ratios across all services.
2. Scaling staff ratios for specific activities and supports that are designed to support children and families with complex needs (in particular, allied health and family support services).
3. Providing an additional allocation to be spent flexibly on evidence-based interventions within core services.

The proposal put forward here adopts approach one, with base staffing ratios scaled across all core services, including educators, health services, cultural programs and disability supports. Funding for glue is not scaled based on population vulnerability.

Given that the base staffing ratios account for a degree of vulnerability, only communities with an above average level of vulnerability will receive the loading. Analysis of existing ACCO services suggests that they are typically located in regions in quintile 3 based on the composite vulnerability index. Therefore, the model proposes that:

- Services located in relatively more advantaged regions (vulnerability index quintiles 3-5) do not receive a vulnerability loading.
- Services in regions that are relatively more disadvantaged will receive a loading for core services staffing, up to 50%. Vulnerability index quintile 1 is associated with a loading of 50%, while vulnerability index quintile 2 is associated with a loading of 25%.

TOTAL RECURRENT FUNDING ALLOCATION DETAIL

Table 9 below provides an overview of the recurrent cost estimates across different services sizes.

Table 9: Recurrent cost estimates for 'base' service across services sizes (metropolitan service, average vulnerability)

	Small (base entitlement)	Medium	Large	Very large[^]
Community size[~]	Fewer than 160 children	161 – 380 children	380 – 520 children	Greater than 520 children
Children supported by service	Fewer than 25 children	25 – 59 children	60 – 79 children	Greater than 80 children
Total recurrent FTEs	10.0	17.0	20.4	39.2
Core services	6.0	12.0	15.4	33.2
Internal glue	4.0	6.0	6.0	8.0
Total recurrent costs per year (\$m)[*]	\$1.2	\$2.1	\$2.3	\$4.4
Staff costs (core + internal glue)	\$0.7	\$1.1	\$1.3	\$2.6
Operational non-staff	\$0.2	\$0.3	\$0.3	\$0.7
Ongoing capital	\$0.2	\$0.3	\$0.3	\$0.3
Flexible bucket	\$0.2	\$0.4	\$0.4	\$0.8
Average recurrent cost per child supported (\$)	\$49,600	\$35,000	\$30,100	\$27,400

Source: ACCO model estimates are based off Deloitte Access Economics cost modelling using a variety of sources, including but not limited to a range of federal and state/territory data and resources.

^{*}Note that sum of individual components may not equal to the total due to rounding. [^]Note that there are seven funding steps within very large providers. Results are presented based on the average of the seven funding steps. [~] Defined based on number of Aboriginal and Torres Strait Islander children aged 0 to 4 years in a LGA.

BENCHMARKING ANALYSIS

A benchmarking exercise was undertaken to understand how the proposed funding model compares against existing ACCO integrated early years models. This was used to test the assumptions of the costing model, to the extent comparisons could be made to alternative models (given differences in models including services offered and geographic context).

To achieve this, multiple data sources were analysed and compared. This includes the responses to the ACCO services survey conducted by SNAICC, and financial and costing data of ACCO services from various states and territories.

The SNAICC survey provided data on the number and types of services provided by ACCOs. State and territory data varied in format and detail, with some sources providing total funding and enrolments per ACCO, and others including more detailed splits for example by funding streams or services.

Costing and services data were compared to the proposed dedicated ACCO funding model. Some limitations of the exercise included that:

- No two funding models are alike, nor any two ACCOs (even within one funding model). The proposed model was intentionally developed as a new model that differs from existing models to achieve the objectives outlined in this report. These two factors meant that it was not possible to conduct a like-for-like comparison between the proposed model and other models.
- Available data sources also varied considerably in the data points and amount of detail provided. For instance, some data sources did not capture the full cost of delivering ACCO integrated early years services and included only funding streams from single government sources, while most ACCOs draw on multiple data sources including across multiple government departments and other sources.

The benchmarking process provided a number of key takeaways:

- There is significant variability in the cost per service and cost per enrolment both across and within existing funding models. This is reflected in the large range in cost estimates under the proposal funding model.
- Even accounting for this variability, the proposed new ACCO funding model will provide more funding – at both the per enrolment and per service level – than the majority of current models, and in some cases significantly more so.
- Under existing models that fund ACCO integrated early services, most of the services included in the proposed model are available to each ACCO. However, most ACCOs do not offer all of the services. For example, in the survey conducted for this report, over half of ACCO services indicated that they offer five or less services from a list of 14 services. In contrast, the costing for the proposed funding model assumes each ACCO offers at least seven services (the core services, plus any additional services provided under the flexible funding).
- The difference in services offered under the proposed model and other existing models is a contributor to the proposed funding model on average being more costly than existing models, on a per service and per enrolment basis.
- Ultimately, the benchmarking exercise serves to validate that the per service and per enrolment funding levels within the cost modelling, while higher than current state funding models, do draw from and largely align with existing funding levels for a range of services within current models, to the extent to which this reflects the cost-of-service delivery.