



Review of the Community Child Care Fund Restricted (CCCFR) grant

Final report

Australian Government Department of Education

June 2024

Acknowledgement of Country

In my culture we bring our children close to the campfire, they learn with us, they listen with us, they are cared for collectively in our community. They are not kept apart; they are not forced to the edges or the back. They are at the centre of a circle that widens to accommodate them. We do that because our systems of support value the role of community.

But it doesn't always work and that's because the systems of community are disrupted, and all communities (Aboriginal and non-Aboriginal) are challenged. A nation of families and communities doing their best within a fluid system of economics, need and vulnerabilities, intersected by multiple layers of government policy and services, that often reminds families of their failings as much as their opportunities.

The early years for our children are times of freedom, connection, learning and love and they require us, as adults, business, community and policy leaders, to see beyond the surface economics, to the deeper economic fabric that recognises the long-term impact of healthy early years systems and the systemic consequence of unhealthy ones.

*In my language (Gathang language for the Worimi nation) we speak of '**Maa-Bularrbu**', which acknowledges that our responsibility as human beings is to the 'next seven again'. It is our responsibility to carry those next seven generations in the way we care for our community, our children, our knowledge and '**Nayiri Barray**' – our country. This curatorial, caring responsibility does not conclude at the borders of country or culture; it is not a story for Indigenous Australia, this responsibility is one that we carry for all of Australia.*

*It is why acknowledging country is such an important task. It connects us to the country we are on and to each other. It reminds us of the responsibilities we have to our past, to our future, to our families and children and to the land that holds our lore for us. I want to acknowledge that this project is for all Australia; **Ngatha Ginyang Nayiri Barray gaba** and acknowledge the elders of this land – past and present; **Ngatha ngarrayn marrun dangaygal**. This land is sacred land, cared for and curated for tens of thousands of years by our people;*

Wanyimbu wanyimbu ganyiy nyiirunba barray – Always will be Aboriginal land.

Professor Deen Sanders OAM
Worimi Man
Deloitte Integrity Lead Partner

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Acronyms

Acronym	Full name
A&R	Assessment and rating
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACCO	Aboriginal or Torres Strait Islander Community Controlled Organisation
ACCS	Additional Child Care Subsidy
ACECQA	Australian Children’s Education and Care Quality Authority
AEDC	Australian Early Development Census
AHSUNC	Aboriginal Head Start in Urban and Northern Communities
AIATSIS	Australian Institute of Aboriginal and Torres Strait Islander Studies
AOD	Alcohol and Other Drugs
BBF	Budget Based Funded
CBDC	Centre Based Day Care
CCCF	Community Child Care Fund
CCCFR	Community Child Care Fund Restricted
CCS	Child Care Subsidy
CCSS	Child Care Subsidy System
CLC	Central Land Council
CLEA	Community Early Learning Australia
CRN	Customer Reference Number
DSS	Department of Social Services
ECCDPP	Early Childhood Care and Development Policy Partnership
ECEC	Early Childhood Education and Care
ECEK	Empowered Communities East Kimberly
ECECRG	Early Childhood Education and Care Reference Group
ECPG	Early Childhood Policy Group
ECPP	Early Childhood Care and Development Policy Partnership
EDTL	Executive Director of Township Leasing
EYLF	Early Years Learning Framework
FAL	Family Assistance Law
HREC	Human Research Ethics Committee
IAS	Indigenous Advancement Strategy
ISP	Inclusion Support Program
MCA	Multi-criteria analysis
MACS	Mobile, Occasional Care, Multifunctional Aboriginal Children’s Services
MTOP	My Time, Our Place
NACCHO	National Aboriginal Community Controlled Health Organisation
NAPLAN	National Assessment Program – Literacy and Numeracy

NDIS	National Disability Insurance Scheme
NFFOCC	Non-Formula Funded Occasional Care
NIAA	National Indigenous Australians Agency
NLC	Northern Land Council
NQF	National Quality Framework
NQS	National Quality Standard
NWC	National Workforce Census
OOP	Out of Pocket
OSHC	Outside School Hours Care
PHAC	Public Health Agency of Canada
PMC	Person with management or control
QIP	Quality Improvement Plan
QSP	Quality Support Program
RPC	Regulatory Practice Committee
SA2	Statistical area level 2
SEIFA	Socio-Economic Indexes for Areas
VACCA	Victorian Aboriginal Child Care Agency
VACCHO	Victorian Aboriginal Community Controlled Health Organisation
YBFS	Year before full-time schooling

A note on language used throughout this report

Throughout this report we have elected to use the terms Aboriginal and Torres Strait Islander rather than First Nations or Indigenous, as Aboriginal and Torres Strait Islander are the terms that the stakeholders consulted largely chose to identify themselves by. There are some cases in the report where Aboriginal is used in isolation without Torres Strait Islander (and vice versa), when referring to observations by relevant peoples or communities or cultures that do not extend to both groups. Where the terms Indigenous or First Nations are used, this is due to an external formal naming convention being observed.

Navigating this report

A navigation guide for report readers is provided below.

Overview – page x

This six-page section is for readers who want to understand the review’s purpose, findings and recommendations at a high level.

Executive summary – page xvi

This 18-page section provides more detailed information on the CCCFR grant, the review’s purpose and its findings and recommendations. It brings together the key messages in the report, providing a deeper understanding of the review than that provided in the Overview.

Review recommendations – page xxxiv

This 11-page section sets out all review recommendations. It provides additional explanatory detail on the recommendations, including how review findings have informed each recommendation.

Part A: Background and context – page 1

Containing Chapters 1-4, this part of the report provides important background information, including details regarding the review scope and approach, the CCCFR grant itself, the review framework and the review’s underpinning evidence base.

Part B: Review findings and recommendations – page 63

Containing Chapters 5-10, this part of the report sets out evidence that supports review findings and recommendations, thematically organised by the four review domains: (1) objectives and intent, (2) policy and funding design, (3) administration, governance and compliance, and (4) resourcing and financial sustainability. It provides advice on future grant design and considerations for implementing the recommendations.

Part C: Appendices and supplementary information– page 182

This part of the report sets out supplementary information to Parts A and B, for readers who would like to understand various aspects in more detail.

Overview

Review purpose and intent

The Australian Government Department of Education (the Department) commissioned a review of the Community Child Care Fund Restricted (CCCFR) Non-Competitive grant funding arrangements.

The purpose of the review was to:

- determine how well the grant is meeting its stated goals, which are to improve early childhood development outcomes for vulnerable and disadvantaged children; and increase workforce participation by vulnerable and disadvantaged families.
- determine how the grant contributes to the government’s broader reforms to improve the child care system, to support affordability of and access to child care. Additionally, focusing on vulnerable and disadvantaged children to ensure they benefit from these reforms.
- determine the future of the grant and if the initial objectives of the grant can be realised or improved.
- determine if the CCCFR services captured under the grant would benefit from a different funding model, and what this might be.
- examine aspects of the existing grant to determine if the operation of some elements of the grant can be improved and/or regulatory burden decreased.
- determine if the grant aligns with additional government policy such as the National Agreement on Closing the Gap.
- determine if the focus on workforce participation of parents and caregivers is both effective and appropriate in driving engagement and developmental outcomes for vulnerable and disadvantaged children.¹

Consultation with Aboriginal and Torres Strait Islander communities where CCCFR services operate was an important component of the review, in line with the requirement in the review’s Statement of Work to examine how much the CCCFR grant and supporting processes and practices embed cultural safety in service delivery (in alignment with the National Agreement on Closing the Gap).

Deloitte Access Economics, together with the support of Aboriginal and Torres Strait Islander organisations SNAICC and Murawin, was appointed to conduct the review over a period from May 2023 through to February 2024. While SNAICC and Murawin significantly contributed to the process of this review, it is important to note that this report was prepared by Deloitte Access Economics.

The review backdrop

The Australian Government has committed to charting a course for universal early childhood education and care (ECEC) – a system that satisfies conditions of inclusivity, accessibility, affordability and availability.²

In this context, services funded under the CCCFR grant play a vital role. While currently representing just 149 of the more than 14,000 approved child care services in Australia, they are an incredibly important part of the service provision landscape and of endeavours to achieve universal access to high quality ECEC.

Most operate in remote communities where barriers to provision are among the nation’s highest and the benefits to overcoming these barriers among the nation’s greatest. They are communities experiencing vulnerability and disadvantage of the highest order. Over half of CCCFR services are located in remote areas of Australia (57 per cent), with most of these services in very remote

¹ The detailed Statement of Work for the review is provided at Appendix B.

² Australian Government Productivity Commission, A path to universal early education and care: Draft report (November 2023), <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf>

areas (44 per cent). Just under half of CCCFR services identify as an Aboriginal or Torres Strait Islander service (48 per cent).³ Of the services that do not identify as Aboriginal and Torres Strait Islander, there are at least a further 19 and possibly as many as 25 services for which Aboriginal or Torres Strait Islander children represent more than 50 per cent of enrolments. Put another way, Aboriginal and Torres Strait Islander enrolments comprise the majority of enrolments for between a quarter and a third of the services that do not identify as Aboriginal and Torres Strait Islander.

Most CCCFR services are located in areas of higher than average unemployment and where more children are at developmental risk⁴ – with half of all CCCFR services located in areas experiencing some of the greatest levels of disadvantage in Australia, as indicated by the top decile of the Socio-Economic Indexes for Areas (SEIFA).⁵

The CCCFR grant was established in 2017 as part of a suite of grants under the Community Child Care Fund (CCCF), which formed part of the Child Care Safety Net in the Jobs for Families Child Care Package.

The CCCFR grant was 'restricted' in that eligibility was based on a CCCFR service's former funding arrangements. Former funding arrangements initially included Budget Based Funded (BBF) services, Non-Formula Funded Occasional Child Care (NFFOCC) and the Indigenous Advancement Strategy (IAS). Nearly all services are centre based day care services (93 per cent), with the remainder classified as outside school hours care services (7 per cent). A small number of centre based day care services also provide mobile services (10 per cent of all CCCFR services).

The CCCFR grant was intended to provide another source of funding to these services, in addition to the CCS and ACCS under the Jobs for Families Child Care Package. It was identified that these services would likely need further funding and other support to remain viable during and beyond the transition period. The funding was designed to taper gradually over a five-year period as more children eligible for CCS and ACCS would enrol and reliance on grant funding was expected to decrease as a result.

Due to the broad funding arrangements through which CCCFR services were supported prior to being incorporated into the CCCFR grant, there is significant diversity among them. In addition to the large number of centre-based child care CCCFR services operating in remote Aboriginal and Torres Strait Islander communities, there are also smaller numbers of CCCFR services responding to additional community needs including: mobile CCCFR services targeting families in rural communities, CCCFR services providing child care to support refugee and migrant families in urban settings, CCCFR services providing child care to enable young mothers to complete school, CCCFR services providing child care to enable families to receive treatment for their health and wellbeing, and outside school hours care CCCFR services.

In addition to the breadth of service delivery models and community circumstances, there are differences in the organising structures of the providers. Providers include councils, Aboriginal Community Controlled Organisations, large and small non-profits, some of which are ECEC-specific, some of which have broader community remits.

While these CCCFR services by and large share a common thread in that they are used by families experiencing vulnerability and disadvantage, the economic, social and financial barriers to delivering education and child care within these settings vary widely.

Charting a course for the future of these services is a multifaceted challenge, not least due to these situational differences. Compounding this complexity is the policy and funding ecosystem that the CCCFR grant is both reliant on and responsive to.

³ Based on data from the 2022/2023 Compliance and Operations Reports completed by CCCFR services.

⁴ Chart 2.11 in Chapter 2 shows the distribution of CCCFR locations by unemployment and proportion of children vulnerable on two or more Australian Early Development Census (AEDC) domains.

⁵ 50 per cent of services are located in SEIFA Decile 1, which is the lowest 10 per cent of areas on the SEIFA.

At the time of this review a number of concurrent sector-level reviews were underway that have the potential to materially impact the broader policy and funding environment, including the Productivity Commission inquiry into ECEC, the ACCC inquiry into the market supply of child care services, the DSS Early Years Strategy, the Inclusion Support Program review, and a research project commissioned by the Early Childhood Care and Development Policy Partnership on funding model options for ACCOs that deliver ECEC.

As this review was being finalised, the Productivity Commission (PC) also released its review of progress on the National Agreement on Closing the Gap and found governments have largely not fulfilled their obligations.⁶ The PC makes four recommendations to government to drive progress: share power; recognise and support Indigenous Data Sovereignty; fundamentally rethink mainstream government systems and culture; and implement stronger accountability.

The case for change: findings overview

A central truth of the CCCFR service ecosystem is that each organisation has evolved in response to the unique needs of its community. The nature, structure, problem-solving focus, and financial capacity of the service are all shaped by various determinants, including the child community, parent community, service community, employment community, as well as demographic and social factors.

CCCFR services are not only influenced by current circumstances; they are also intricately shaped by the rich context, history, and aspirations of each community. In many instances, the gap to be closed in these communities is anchored in history. Consequently, CCCFR services vary greatly in their key areas of focus.

The myriad of forces stemming from diverse contexts complicate the quest for metrics of comparison regarding policy and funding alignment for CCCFR grant administrators. They are tasked with navigating not only varying jurisdictional responsibilities but also juggling community priorities and divergent policy focuses within and across governments.

When the CCCFR grant administrators assumed responsibility for these CCCFR services in 2017, they inherited the legacy of the CCCFR services' previous funding arrangements, including expectations of how they would and should be supported. They also took on responsibility for addressing needs that had been unmet by the previous funding arrangements, including significant infrastructure limitations.

This transition encompassed grappling with the challenges and barriers faced by many of these CCCFR services, a task made more complex by the significant numbers situated in remote and regional areas; a national shortage of qualified early childhood educators; a scarcity of tradespeople and the high cost associated with infrastructure and equipment updates and repairs; limitations in the accessibility and usability of other intersecting government services (including health and wellbeing, family and income supports).

The Department naturally sought to align the CCCFR grant with its overarching policy responsibility for early years programming. In this way, the intention to support CCCFR services to deliver early education and care was relatively straightforward. However, the Department also understood that community level barriers to child care participation would exist for families experiencing vulnerability and disadvantage and thus built in a provision within the grant agreements for funds to be used for this purpose. In identifying and seeking to address these community level barriers to child care participation, the direct alignment to early years programming is less clear cut.

In hearing from CCCFR services, this review has learned that service providers and communities often have broader, although in some cases narrower and more urgent, needs and aspirations for

⁶ Australian Government Productivity Commission, Review of the National Agreement on Closing the Gap, Study Report Volume 1 (January 2024), <https://www.pc.gov.au/inquiries/completed/closing-the-gap-review/report/closing-the-gap-review-report.pdf>

early years programming than is reflected in the policy responsibilities of the Department.⁷ The question of whether CCCFR services and communities should modify their aspirations for early years programming to meet funding criteria, whether the Department should revise their policy responsibilities to match community needs and aspirations, or whether a broader, coordinated response is required is, appropriately, a decision for Government.

Through the course of this review, service providers, educators, families, communities, and departmental staff have all identified opportunities for improvement regarding what functions and activities the grant funds, how much it funds, how the funds are administered and the supports that accompany them. The consistency of these views across stakeholder groups has varied.

This review aimed to comprehensively assess opportunities for improvement, and identify areas where gaps have arisen. It unearthed instances where gaps resulted from simple errors of information being miscommunicated or misunderstood, to a lack of cohesion and planning between the grant design and objectives and the grant architecture. The identified issues ranged from systematic barriers within the market, to systematic barriers embedded through intersecting government services and the loss of key personnel. As explored earlier, a more fundamental misalignment also surfaced concerning how some service providers and communities perceive the purpose and delivery of early years programs, compared to what is reflected in the policy responsibilities of the Department (and, in this case, the CCCFR grant).

This review found evidence that the CCCFR grant is, at least in part, meeting its two stated goals. While it was found that most CCCFR services are supporting children and families facing vulnerability and disadvantage, the design of the grant itself does not make specific provisions for addressing vulnerability and disadvantage.

There are many instances where the grant is helping to facilitate workforce participation, but this review determined that the focus on this purpose was, at best, distracting, and at worst, counteractive to driving engagement and developmental outcomes for children experiencing vulnerability and disadvantage.

The CCCFR grant was designed with an aspiration that CCCFR services could transition to a mainstream funding environment. This review concluded that, for a range of reasons, only a small number of CCCFR services would be financially sustainable under the present mainstream options of CCS plus ACCS and parental fees alone.

While the current funding model is materially contributing to the delivery of ECEC for cohorts of children experiencing vulnerability and disadvantage, it is not doing so in a systemic way. This review identified areas for improvement in service operations and grants administration that have the potential to increase the efficiency of governance and administration, enhance access to CCCFR services, and strengthen quality of assets and community connectivity.

For many services, the CCCFR grant is the difference between staying open or having to close their doors. But a universal ECEC system that satisfies the broader policy ambitions of inclusivity, accessibility, affordability and availability, requires services to be supported and enabled to do much more than that.

A significant portion of the current gap between what the grant supports and the roles CCCFR services are mandated to fulfil in their communities is being filled by alternative funding sources or the decision of staff and educators to volunteer their personal time. However, relying on these factors is unsustainable, and the existing gaps are anticipated to expand.

In some instances, gaps persist despite the inclusion of specific provisions within the grant design intended to address them. They persist partly due to constraints beyond the control of the administrators; and also due to inconsistencies that arise between the grant's design and its execution.

⁷ See section 5.4 in Chapter 5 for further detail about alignment with service, family and community needs and expectations.

In other instances, gaps emerge from a fundamental misalignment between what the CCCFR grant was initially envisioned to support and the present perception of the system by service providers, educators, families and communities.

A widening of the disparity in expectations between policy, funding and the evolving needs of CCCFR services and communities will likely have profound and enduring effects.

The opportunity: recommendations overview

With the current grant arrangements due to expire in June 2025, there is an opportunity to take the findings and recommendations of this review, together with the conclusions from the aforementioned ECEC and Closing the Gap policy reviews, to chart a new course for the CCCFR services.

The opportunity for improvement in the grant structure and funding extends beyond adjusting to current policy and operating circumstance, it represents an opportunity to rectify historical gaps in its execution and to envision a more significant role for these services in the future provision of a universal ECEC for children and families most at risk of being left behind. Furthermore, the proposals earmarked by the Productivity Commission introduce the possibility for greater transformative change.

The areas for improvement proposed by this review include options for strengthening alignment to contemporary government policies and ECEC best practice, reconfiguring the objectives and measures of success, adjustments to the funding model, systematically reviewing funding amounts, addressing barriers to family access, refining the remit of grant support team and internal capacity building, increasing connectivity to professional development and training, addressing barriers to infrastructure upgrades, and enabling greater self-determination within communities aligned to Closing the Gap.

Successfully transitioning the current CCCFR funded services to a new or different funding arrangement and under a future policy environment needs to be done in a thoughtful, nuanced and community-led way, including co-ordination with other areas of government and extensive support and communications at the service, family and community level.

This review makes two sets of recommendations. The first set (1-4) seeks to respond to the potential for change in the wider ECEC policy environment, drawing on the proposals being considered in other reviews and inquiries to explore alternative possible futures for CCCFR services (that is, futures outside of a grant environment). The second set (5-19) responds to the more immediate opportunity to strengthen the operations and impact of the CCCFR grant in the event that its continued operation is deemed necessary.

These two sets of recommendations align to a set of guiding principles that have been identified through the course of the review. These guiding principles lay the groundwork for the current CCCFR grant funded services to satisfy the conditions of inclusivity, accessibility, affordability and availability under a universal ECEC system.

While the recommendations have been carefully constructed in response to both the current operating conditions as well as the contemporary policy landscape, and with a view to what a future policy landscape may entail, it is recognised that this report has been prepared at a point in time and that situational factors will continue to evolve both subject to decisions made by the Department and beyond them. With that in mind, the guiding principles that follow may also provide the foundations for consideration of additional funding, policy and regulatory options, beyond the boundaries of the recommendations of this review.

1. Purposeful: Having clear intentions and objectives and a pre-determined, transparent process to achieve them.
2. Grounded in evidence: Leveraging what has been demonstrated through research and best practice guidance, while being cognisant that evidence most instructive of Indigenous knowledge systems and ways of being and doing has historically been excluded from research practices.

3. Strength-based: Focusing on identifying the knowledge, skills and attributes that individuals and communities hold in order to support achieving their goals and aspirations.
4. Culturally-informed: Recognising that children thrive in culturally safe and enriched spaces, there is a need to work closely with Aboriginal and Torres Strait Islander peoples where CCCFR services operate in their communities. This is not to the exclusion of other cultural needs that may emerge within non-Indigenous communities.
5. Responsive: The capacity for funding to evolve and adapt – and allow CCCFR services to evolve and adapt – in response to different and changing local circumstances.
6. Flexible: The ability for CCCFR services to have an appropriate level of control and discretion over how resources are used to meet the needs of communities.
7. Sustainable: Ensuring the adequacy and certainty of funding, in the face of changing operating context and circumstances such that financial and operating sustainability is supported.
8. Measurable: The judicious collection and appropriate utilisation of data and evidence in ways that support the realisation of policy goals.
9. Responsible: The Australian Government must be able to account for its investment and the impact it is having, while maintaining its commitment to inclusive, accessible, affordable and available education and child care for all Australians.

These principles in action would see a new funding and policy environment characterised by greater clarity around purpose and objectives and a strengthening of connections between funded inputs/activities and best-practices in delivering child development outcomes as evidenced by contemporary research; a shift towards a strength-based approach⁸; greater alignment to the National Agreement on Closing the Gap, while acknowledging and addressing the depths of intergenerational trauma and ongoing experiences of vulnerability and disadvantage amongst Aboriginal and Torres Strait Islander communities; and a recognition of and responsiveness to the unique operating conditions, needs and cultural frameworks of Aboriginal and Torres Strait Islander communities.

These principles in action would provide for funding that gives certainty and assurance while being responsive, culturally-informed, place-based and flexible. They would enable a support structure that ensures CCCFR services can operate sustainably and deliver high quality care, and that recognises that a deliberative deepening of the relationships across the ecosystem of ECEC supports is critical to their collective success.

The principles would embed an approach to ongoing monitoring and evaluation that can identify opportunities for quality improvements and that is underpinned by a robust process through which CCCFR services can be supported to embed these improvements. A performance architecture that supports the maximisation of the social, cultural and economic return to public investment.

The path forward

Throughout the course of this review, CCCFR services, Departmental representatives and other stakeholders shared their experiences of the process of change that was undertaken when the CCCFR grant was introduced in 2017. From these insights, many themes emerged as to what an effective transition process looks like and the risks associated with a poor one – the most critical of which is the risk to outcomes for children. These themes are explored more fully in Chapter 10.

Change must be paced and sequenced appropriately, on a community-by-community basis, and adequate investment of resources and people to support CCCFR services and families through the change process is paramount to its success.

As any process of change is commenced, communities must remain central to decision-making, and their agency must be respected. The consultation and engagement process should not end with the voices in this review.

Deloitte Access Economics

⁸ See Box 5.3 on page 82 for further information on deficit-framing and strength-based approaches.

Executive summary

"In my culture we bring our children close to the campfire, they learn with us, they listen with us, they are cared for collectively in our community. They are not kept apart; they are not forced to the edges or the back. They are at the centre of a circle that widens to accommodate them."

Professor Deen Sanders, Worimi Man and co-lead reviewer

Introduction and overview

The Australian Government is committed to identifying solutions that will chart the course for universal, affordable early childhood education and care.

In this context, services funded under the CCCFR grant play a vital role. While currently representing just 149 of the more than 14,000 approved child care services in Australia, they are an incredibly important part of the service provision landscape and of endeavours to achieve universal access to high quality ECEC. Most operate in communities where barriers to provision are among the nation's highest and the benefits to overcoming these barriers among the nation's greatest. They are communities experiencing vulnerability and disadvantage of the highest order.

The amalgamation of these 149 services under the CCCFR grant represents an attempt to facilitate their transition to the mainstream policy environment – the environment of the National Law and regulations, the National Quality Framework and the Child Care Subsidy. This follows earlier recognition that transition could not reasonably be achieved when the National Quality Framework was first introduced (in 2012).

This review has unearthed stories of CCCFR services that are connected to their communities, striving to do all they can to meet the needs of children and families and who are delivering outcomes for the communities they serve. These services see the CCCFR grant as an instrument that supports development outcomes for children, via its contribution to financial viability, quality improvement and affordability.

When objectives beyond ECEC are considered, the impact and potential of CCCFR services is even greater. Not only are they often considered the only ECEC option for many in the communities they serve, the centres from which these CCCFR services are delivered may be one of the only spaces through which the most critical wellbeing needs of families experiencing disadvantage and vulnerability are able to be met.

To recognise that these CCCFR services are endeavouring to provide holistic support for families and communities is not to detract from the CCCFR grant's purpose and focus on improving child outcomes through ECEC. Rather, it is to acknowledge and respect the diverse and complex roles that CCCFR services assume when taking these cohorts and communities into their care. It is also to acknowledge the need for a sufficiently broad lens when contemplating the future policy and funding settings that best support the endeavours of these CCCFR services and the communities they serve.

The review has revealed the many ways in which the policy environment in which CCCFR services currently operate can be improved if it is to give them the greatest chance of servicing their communities in the way they strive to – and in generating the outcomes that they strive to and that the grant strives to. The scope for improvement derives as much from the grant's origins, as an amalgamation of three somewhat disparate legacy programs, as it does from the current day administration of the grant.

Precisely what form this improvement takes depends very much on the degree to which current policy review processes see the mainstream environment in ECEC modified in ways amenable to the success of CCCFR services. It remains the case that many CCCFR services operate in delivery contexts where the mainstream policy settings as they stand today are not conducive to either the

ongoing financial viability of CCCFR services or the provision of a child care offering that fully responds to community need. Major revisions to the national ECEC policy landscape – such as some of those proposed in the Productivity Commission draft report, as outlined in Box 1.2 on page 6 – would see many if not all CCCFR services appropriately housed outside a standalone grant. However, more modest change would see the continued need for a dedicated programmatic support structure.

Recognising these possible paths for the future, the review finds that there is a set of features which must characterise any future policy environment in which CCCFR services operate if it is to enable them to realise their potential for the communities they serve. These features should guide the path forward under any and all future scenarios.

About the grant

The CCCFR grant is a closed funding grant, introduced in 2018, with the stated intention of supporting a subset of child care services to transition to the 'new' child care system, as part of the Commonwealth's *Child Care Safety Net*. The transition involves CCCFR services achieving (1) compliance with the National Law and Regulations under the National Quality Framework and (2) financial sustainability through the Child Care Subsidy (CCS) and Additional Child Care Subsidy (ACCS).

In addition to supporting CCCFR services with this transition, the stated intended outcomes of the CCCFR grant are to:

- improve early childhood development outcomes for vulnerable and disadvantaged families
- increase workforce participation by vulnerable and disadvantaged families.

The ECEC services provided by the 149 CCCFR grant recipients are predominately delivered through centre-based care; however they include some mobile delivery services. Most of the CCCFR services are targeted at 0-5 years and some provide before and after school care and occasional care. The breadth of geography in which these CCCFR services are delivered crosses remote, regional and metropolitan areas. 31 per cent of CCCFR services supported through the CCCFR grant are located in the Northern Territory and almost 60 per cent of CCCFR services are located in remote areas across Australia.

Nearly half (48 per cent) of CCCFR grant-funded services identify as Aboriginal and Torres Strait Islander managed and/or directed services⁹ and 33 CCCFR services report that they operate as Aboriginal Community Controlled Organisations (ACCOs). Further, some CCCFR services who do not identify as Aboriginal or Torres Strait Islander support enrolments from children who predominantly identify as Aboriginal or Torres Strait Islander, whether in remote or urban settings. Of the services that do not identify as Aboriginal and/or Torres Strait Islander, there are at least further 19 and possibly as many as 25 for which Aboriginal or Torres Strait Islander Children represent more than 50 per cent of enrolments. Put another way, Aboriginal and/or Torres Strait Islander enrolments comprise the majority of enrolments for between a quarter and a third of the services that do not identify as Aboriginal and/or Torres Strait Islander.

There is significant diversity among CCCFR services, in part due to the broad funding arrangements that supported them prior to the CCCFR grant. In addition to the large number of centre-based child care CCCFR services operating in remote Aboriginal and Torres Strait Islander communities, there are also smaller numbers of CCCFR services responding to additional community needs including: mobile CCCFR services targeting families in rural communities, CCCFR services providing child care to support refugee and migrant families in urban settings, CCCFR services providing child care to enable young mothers to complete school, CCCFR services

⁹ This was determined by positive responses to the following questions asked in the CCCFR grant funding 2022/2023 Compliance and Operations Report of services:

Q7 - Does your service identify as an Aboriginal and/or Torres Strait Islander service?

Q8 - Is the provider of this service:

- An Aboriginal Controlled Community Organization (ACCO),
- Registered with the Office of the Registrar of Indigenous Corporations (ORIC),
- A member of SNAICC - National Voice for our Children

providing child care to enable families to receive treatment for their health and wellbeing, and outside school hours care services.

In addition to the breadth of service delivery models and community circumstances, there are differences in the organising structures of the providers. Providers include councils, ACCOs, large and small non-profits, some of which are ECEC-specific, some of which have broader community remits.

While these CCCFR services by and large share a common thread in that they are used by families experiencing vulnerability and disadvantage, the economic, social and financial barriers to delivering education and child care within these settings are, in many cases, vastly different.

Box i: What is an Aboriginal Community Controlled Organisation (ACCO) and what is their significance to this review?

Clause 44 of the National Agreement on Closing the Gap sets the definition of an ACCO.

Clause 44 states that:

Aboriginal and Torres Strait Islander community control is an act of self-determination. Under this Agreement, an Aboriginal and/or Torres Strait Islander Community-Controlled Organisation delivers services, including land and resource management that builds the strength and empowerment of Aboriginal and Torres Strait Islander communities and people and is:

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

The National Agreement on Closing the Gap Priority Reform 2 commits governments to strengthening the ACCO sector. The February 2024 Productivity Commission review found that some government organisations are starting to provide flexibility by introducing longer term contracts; reduce reporting requirements; prioritise funding to ACCOs in procurement, grant or program guidelines; and change how services are designed, contracted, funded delivered and evaluated. However, the review also acknowledged that progress had been slow, and many processes still followed a business-as-usual approach. It found governments still need to: recognise that ACCOs can achieve better results for Aboriginal and Torres Strait Islander people; take steps to strengthen the capability of ACCOs in key sectors; increase the number of services designed and delivered by ACCOs; and provide dedicated, reliable and consistent funding.

In addition to the ACCO-run CCCFR services, there are a number of services operating under the CCCFR grant within Aboriginal and Torres Strait Islander communities that are not ACCOs. Some of these identify as Aboriginal and/or Torres Strait Islander services, without meeting the definition of an ACCO, see Chart 2.7 in section 2.4. These include council-run services and private provider-run services. As part of the wider-consultation with communities that was undertaken as part of this review, some ACCOs who were delivering services other than early education and care (e.g. health or employment services) expressed a desire to work with local councils to explore a potential transition of ownership of the existing CCCFR ECEC services to those ACCOs.

The *Funding Models for ACCO Integrated Early Years Services Final Report (2024)* prepared by SNAICC speaks to the many strengths of 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 [...] 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.

About this review

The Department of Education (the Department) commissioned Deloitte Access Economics, in partnership with SNAICC and Murawin, in early 2023 to undertake a review of the Community Child Care Fund Restricted (CCCFR) grant. While SNAICC and Murawin significantly contributed to the process of this review, it is important to note that this report was prepared by Deloitte Access Economics.

The review considered the extent to which the CCCFR grant has delivered on its intended objectives and how the CCCFR grant can be refined to maximise its potential.

The issues that the review has been tasked with considering and, therefore the findings it reaches, are organised under four domains:

- **Domain 1: Objective and intent.** This domain considers the extent to which the objectives of the CCCFR grant are appropriate in the current policy landscape, and whether they align with the needs and expectations of stakeholders.
- **Domain 2: Policy and funding design.** This domain examines the extent to which the grant design supports the achievement of CCCFR grant objectives and outcomes.
- **Domain 3: Administration, governance and compliance.** This domain analyses how the grant is governed and administered to support the achievement of CCCFR grant objectives and outcomes.
- **Domain 4: Resourcing and financial sustainability.** This domain examines funding adequacy and its responsiveness to current and future need. It also considers the financial sustainability of CCCFR services, leasing arrangements and infrastructure funding.

The review has been informed by an extensive array of both primary and secondary evidence.

Primary evidence was gathered through an expansive stakeholder engagement process from June to October 2023, with all CCCFR services provided with the opportunity to contribute directly to the review. This process included face-to-face and virtual consultations with 43 CCCFR services across Australia, including 20 services in remote or very remote locations and 26 services that identify as an Aboriginal and Torres Strait Islander service; face-to-face consultations with 60 families and communities connected to 22 services across Australia; an online survey of the remaining CCCFR services, with 57 individual responses received; and consultations with 42 stakeholders across government (including the Department), sector, peak and community organisations to understand the grant's history, and its current and potential impact.

Secondary evidence was assembled from a wide range of sources, including from the Department itself. Key sources include: policy and academic literature obtained through desktop research; CCCFR grant-related documents provided by the Department; CCCFR grant data, including financial acquittals and Compliance and Operations Reports over the life of the grant; Child Care Subsidy and ECEC National Workforce Census (NWC) data provided by the Department; Australian Early Development Census (AEDC) data; and data from other relevant public datasets, such as the Australian Bureau of Statistics (ABS).

Deloitte Access Economics, together with SNAICC and Murawin, received ethics approval from the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) Research Ethics Committee to undertake this research (ref: REC-0179). This means the CCCFR review meets the

requirements of the *National Statement on Ethical Conduct in Human Research* (2007) and the *AIATSIS Code of Ethics for Aboriginal and Torres Strait Islander Research* (2020).

Box ii: The current policy landscape

It is important to recognise that a number of reviews and strategic initiatives are being undertaken at the time of the CCCFR grant review:

- Most notably, the Productivity Commission Inquiry into ECEC, which delivered a draft report in November 2023 and is expected to deliver its final report to Government by 30 June 2024.
- The Australian Competition and Consumer Commission (ACCC) inquiry into the market for the supply of child care services, which published its second interim report on 1 October 2023 and delivered its final report on 31 December 2023.
- The Department of Social Services and Department of Education, in collaboration with other Commonwealth agencies, are developing an Early Years Strategy (the Strategy) to shape the Australian Government's long-term vision for the future of Australia's children and their families. The draft Strategy was released for consultation on 7 December 2023.
- Lastly, a number of the CCCFR funded services subject to this review also formed part of the scope of work commissioned by the Early Childhood Care and Development Policy Partnership (ECCPP) and being led by SNAICC to develop funding models options for ACCO ECEC services. A draft of this work was presented in early December 2023 and is expected to be finalised in February 2024.

In addition to the initiatives being undertaken in relation to ECEC, the Productivity Commission released its first review of progress on the National Agreement on Closing the Gap in February 2024. The review found that governments have largely not fulfilled their commitments under the Agreement, to which a set of recommendations were made to drive progress.

While it would be premature for this review to build any assumptions into its recommendations based on the as yet unknowable outcomes of these ECEC inquiries or changes to broader government approaches in response to the recommendations outlined by the Closing the Gap review, it is also critical to acknowledge that significant changes to access and affordability have been earmarked through these reports and that the potential impacts of these, where knowable, should nonetheless be considered at this early point in time.

Thus, this review makes a set of recommendations regarding the CCCFR grant as it stands today. It also puts forward a further set of recommendations that will become appropriate to consider should changes to the wider ECEC policy and program environment be endorsed by the Australian Government.

Review findings

While the evidence base informing this review is a comprehensive one, it is nevertheless variable in the degree to which it allows definitive conclusions to be reached across the review's lines of inquiry.

The review findings are organised under the four review domains.

Domain 1: Objectives and intent

This domain considers the extent to which the objectives of the CCCFR grant are appropriate in the current policy landscape, whether they align with the needs and expectations of stakeholders, and the extent to which these objectives have been met.

The stated objectives of the CCCFR grant are to:

- improve early childhood development outcomes for vulnerable and disadvantaged families
- increase workforce participation by vulnerable and disadvantaged families.

The stated objectives form a critical point of reference for this review as both a basis for determining the extent to which the grant has achieved its stated outcomes and a lens through which to consider the findings of other review domains. However, this review finds inconsistencies between the stated objectives of the CCCFR grant and key stakeholders' interpretations of the grant's intent. This is driven at least in part by the varied historical origins of the CCCFR services currently in receipt of grant funding and reflects a lack of clarity in the intention of the CCCFR grant.

It also reflects a process of reconciling communication about targeted and specific objectives at the inception of the grant (the initial objectives), with the less specific CCCF outcomes (the stated objectives). This means that the stated objectives have generally not been communicated consistently or effectively to CCCFR services, providers, the sector, and communities. Communication has also been hampered by a deficit-based framing, as outlined in section 5.2, which impacts stakeholders' willingness and ability to talk about the objectives directly. In particular, labelling families as "vulnerable and disadvantaged" sat uncomfortably with CCCFR services and families who did not wish to be identified in such a way. While many families may be facing circumstances that give rise to experiences of vulnerability and disadvantage, being labelled "vulnerable and disadvantaged" may can be stigmatising and harmful.¹⁰

In this context, stakeholders identify various other (perceived) intentions, which correspond with historical backgrounds of the CCCFR services, or incorporate assumptions based on broader policy directions. These include enabling the continued delivery of services transitioning from other programs and funding models by providing supply side support, supporting Aboriginal and Torres Strait Islander communities and children, and supporting services in remote and very remote areas. These perceived intentions are likely be closer to the needs and expectations of families and services.

These needs and expectations are primarily centred around child needs. They vary not just between communities, or groups of families, but within communities, and even within families – as with all ECEC services. However, CCCFR services are mostly supporting children with more complex needs than mainstream ECEC services and delivering these supports in more complex circumstances. This can mean that enabling workforce participation is either less relevant, or more critical, depending on the CCCFR service and its community context. Stakeholders considering the grant in its broadest sense generally noted that while it can enable workforce participation, it can be inappropriate to consider this objective as of equal importance to child development outcomes. This is especially the case where children in families not working may face additional challenges to strong developmental outcomes.

The broader ECEC policy landscape is increasingly cognisant of these issues, and changes in the policy direction were often explicitly the reference point for broader stakeholders. These broader stakeholders also referred to a central policy question of *how* these objectives would be achieved as needing to be explicit in the intentions of various programs.

This is particularly the case when considering Aboriginal and Torres Strait Islander children's participation in ECEC. The objective itself was seen as important, but that it should be achieved in a culturally responsive and appropriate way was seen as just as important, if outcomes were to be feasible, successful, or even desirable.

¹⁰Research in the Australian and New Zealand Journal of Public Health finds that "Widespread, indiscriminate use of the term 'vulnerable' is problematic. When used as a term to describe certain individuals or populations in a nondescript and vague manner, the reader 'fills in the blanks' of why a certain individual or group is vulnerable. Being vulnerable could be seen as an intrinsic deficit, inferiority or inability to protect the individual's own best interests. This can in turn reduce both perceived and actual agency of the individual or group, depicting them as 'others' who are powerless and in need of protection. This may also result in further stigmatisation and exclusion of these individuals and groups." Munari SC, Wilson AN, Blow NJ, Homer CSE, Ward JE. Rethinking the use of 'vulnerable'. Aust N Z J Public Health. 2021 Jun;45(3):197-199. doi: 10.1111/1753-6405.13098. Epub 2021 Apr 5. PMID: 33818873; PMCID: PMC9968560.

Against the stated objectives, three categories of outcomes are considered: child care participation; early childhood development; and workforce participation.¹¹ While there is variability across categories, service types and regions, there are, overall, small positive outcome differentials in regions where CCCFR services are present. However, it is not possible to establish whether these outcomes are caused by the presence of CCCFR services nor the extent to which they can be attributed to the CCCFR grant (this is further explored in other domains).

Despite the CCCFR grant being associated with building capacity and increasing participation, enrolment growth has been modest, and average utilisation is generally low. This is the case even though CCCFR services are more affordable than non CCCFR services. While children are attending child care for more hours each year under the CCCFR grant, the average attendance of 320 hours a year falls below benchmarks in other ECEC policies of 600 hours per year.¹² This may contribute to the limited effects of CCCFR services on child development outcomes, given what is known about optimal dosage of child care.¹³ It also does not take into consideration the effects of the transition period from former funding models and programs, which CCCFR services reported caused an initial and steep decline in enrolments and usage (as outlined in Box 5.1 in Chapter 5).

There are similarly modest overall impacts on primary carers' employment rates and number of hours worked, which may reflect some of the concerns about the appropriateness of this objective and its alignment to families' needs.

Review findings on objectives and intent

(Presented in Chapter 5, pages 64 to 93)

Finding 1: While intensity of use by existing families increased, enrolments by Aboriginal and Torres Strait Islander children at CCCFR services grew slower than at other non-CCCFR funded education and child care services receiving CCS in the same region and national benchmarks.

Finding 2: There is evidence to suggest that access to the CCCFR grant has been associated with slower growth in out-of-pocket fees and, for Aboriginal and Torres Strait Islander families, greater affordability.

Finding 3: The evidence on the impact of the CCCFR grant on preschool participation is mixed. While there is evidence that preschool participation in the year before full-time schooling increased faster in some CCCFR regions compared to similar non-CCCFR regions, the trends cannot be attributed to the CCCFR grant.

Finding 4: The evidence on the impact of the CCCFR grant on child developmental outcomes results is mixed. Remote areas, and areas with high Aboriginal and Torres Strait Islander populations saw the most consistent improvements in child developmental outcomes compared to other areas. In contrast, the trends were less consistent in regional and metropolitan areas, and areas with relatively lower concentrations of Aboriginal and Torres Strait Islander children.

Finding 5: Primary carer employment rates and hours worked have increased at a faster rate in CCCFR regions compared to like regions. These improvements are driven by regions in metropolitan and remote Australia.

¹¹ The outcomes analysis draws on CCS and AECD data, as well as other publicly available information from the ABS. On child outcomes, the analysis looks at issues of equitable access and affordability for specific cohorts and communities, as well as patterns of enrolment and attendance. On workforce participation, the analysis looks at impact of ECEC provision and CCCFR funded services.

¹² While there is no consensus on optimal dosage, 600 hours a year, or 15 hours a week for 40 weeks The Australian Government funds 600 hours of preschool a week under the Preschool Reform Agreement.

¹³ Pascoe, Susan and Deborah Brennan, *Lifting Our Game* (December 2017),

<<https://www.education.vic.gov.au/Documents/about/research/LiftingOurGame.PDF>>

Finding 6: Relevant stakeholders have limited understanding of the stated objectives of the CCCFR grant, due to lack of clarity around the grant’s intention. This has affected the ability to communicate the grant’s objectives effectively.

Finding 7: The terms ‘vulnerability and disadvantage’ are not well understood across a range of stakeholders, and there is no consistent definition. The terms are often not used by CCCFR services as they can have a deficit framing that stigmatises individuals, family and whole community.

Finding 8: A shifting policy landscape is creating uncertainty and potential divergences between the objectives and intent of the CCCFR grant and contemporary policy directions.

Finding 9: There is no explicit alignment to Closing the Gap outcomes, targets and priority reforms. The degree of implicit alignment varies.¹⁴

Finding 10: Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.

Finding 11: Service, family and community views towards the stated CCCFR objectives vary, with strong support for the objectives of improving early childhood development outcomes, but more mixed views toward the objective of increasing workforce participation.

Finding 12: There are community, family, and child needs and expectations for many CCCFR services which go beyond mainstream needs of child care. CCCFR services often try to fulfil these needs.

Domain 2: Policy and funding design

This domain examines the extent to which the grant design supports the achievement of CCCFR grant objectives and outcomes.

The CCCFR grant is a restricted, non-competitive grant, introduced on 2nd July 2018, at the inception of the new CCS. Eligibility to apply was determined by the Department, and included all former Budget Based Funded (BBF) services as well as additional services under Non-Formula Funded Occasional Care (NFFOCC) and Indigenous Advancement Strategy (IAS). Services were assessed for eligibility in relation to their ability to achieve greater viability under the new child care system, and their plans to measure long term value for money. Funding amounts were negotiated based on the restricted grant applications submitted by the providers to the Department. These applications were supported by the Department with two transition forums that allowed services to review their service delivery models, formulate their budgets and forecast their grant needs.

This review finds that there is no formal articulation within the grant documentation as to how CCCFR services would achieve the grant’s two stated objectives. Even so, CCCFR services report that the CCCFR grant has provided the means to improve early childhood development outcomes for vulnerable and disadvantaged children, primarily by supporting existing CCCFR services’ viability and enabling continuity of care. As for increasing the workforce participation by vulnerable and disadvantaged families, the assessment was applied in retrospect in response to the common characteristics of CCCFR services deemed under the CCCFR, rather than being a pre-defined criteria to assess eligibility from the outset.

¹⁴ Closing the Gap is explicitly referred to here as a policy specified in the review’s statement of work. It is understood this may reflect 1) the number of CCCFR services operating in Aboriginal and/or Torres Strait Islander communities; 2) the CCCFR expansion’s stated alignment to Closing the Gap; and 3) one of the CCCFR’s intended outcomes to increase Indigenous participation in ECEC.

While the 2017 Guidelines establish a broad set of activities that may be funded under the grant, CCCFR services expressed uncertainty as to the interpretation and application of these Guidelines and levels of familiarity and understanding among CCCFR services were inconsistent.

CCCFR services reported examples of costs that they needed to pay for in order to sustain their operations, that they did not believe were addressable through the current funding Guidelines. CCCFR services report specific challenges with the budgeting processes that had been in place but were subsequently removed by the Department. This suggests that some discrepancies between service needs and funding opportunities may be arising from gaps in communications, rather than being a function of the grant design per se.

In addition to the perceived limitations in how the CCCFR grant can be used, some CCCFR services reflect that the CCCFR grant, which was based on legacy funding and designed as a transition mechanism to the CCS, has not evolved in line with changing family and community needs.

Furthermore, the CCCFR grant was initially intended to cease over time, as services transitioned to being predominantly funded through CCS income. As a result, in the absence of being able to secure a pathway to the CCS since the introduction of the CCCFR grant, CCCFR services report finding it difficult to plan for their future sustainability.

This review identified adjacent programs and grants that seek to achieve the same objectives and/or focus on the same target cohort (broadly), including those funded through the states and territories as well as non-profits such as the Strengthening Early Years program and access to Early Learning. This is reflective of the high degree of overlap that currently exists within the ECEC system nationally.

Review findings on policy and funding design

(Presented in Chapter 6, pages 94 to 108)

Finding 13: The review has not identified a formal articulation of the grant design with respect to (1) recipient eligibility criteria and its rationale and (2) the funding allocation – or grant size determination – methodology. These features appear to be historical artifacts.

Finding 14: Mechanisms through which the CCCFR grant strives to support workforce participation, beyond supporting the financial viability of child care provision and beyond the mechanisms of the CCS, are not identifiable.

Finding 15: There was no program logic or other documented grant design identified during the review which set out the intended relationships between the grant, the activities it is intended to support and the stated objectives.

Finding 16: There are gaps in understanding among CCCFR services (e.g., among Directors of CCCFR services) regarding how and for what purpose the CCCFR grant funding can be spent.

Finding 17: There are multiple instances of intersection and overlap between the purpose and intended objectives of the CCCFR grant and other programs and funding provided by state governments and philanthropic organisations.

Finding 18: There are elements of the current CCCFR grant design that can be improved, by learning from adjacent programs/grants, both locally and internationally.

Finding 19: CCCFR grant funding is not intentionally responsive or adaptive to the current or evolving needs of community; it is largely a function of historical factors.

Finding 20: CCCFR services are seeking greater assurance in continuity of funding and greater flexibility in determining how funding meets the ECEC needs of their community.

Domain 3: Administration, governance and compliance

This domain analyses how the grant is governed and administered to support the achievement of CCCFR grant objectives and outcomes.

While the CCCFR grant as a grant instrument provides financial support to eligible CCCFR services, the Department undertakes a range of day-to-day administration and governance activities to support CCCFR services in meeting their grant obligations, as well as providing resources and supports to ensure CCCFR services are meeting the objectives and intent of the grant.

Within the Department, day-to-day responsibility for administration and governance of the CCCFR grant is undertaken by the CCCFR project team, of which most staff are CCCFR Program Officers. CCCFR Program Officers are responsible for a broad scope of roles and responsibilities in regard to both administration of the CCCFR grant itself, as well as providing ongoing support to and engagement with CCCFR services.

In considering the supports available to CCCFR services, this review finds that there is a gap between the support CCCFR services need and the support they receive. Recognising that CCCFR services can draw on a wide array of support mechanisms – such as the Safety and Quality Training Package offered by ACECQA, business support provided by BDO, as well as other guidance and supports offered by peak bodies such as SNAICC, state and territory governments and regulatory authorities – this review focuses on the mechanism most directly linked to the CCCFR grant, being the Program Officers.

Feedback from CCCFR services highlights the strong knowledge of grant guidelines and financial obligations held by Program Officers. However, Program Officers report having to provide advice and/or referrals for areas of support where their knowledge is limited, such as guidance around infrastructure and asset management which requires specialised expertise. In addition, many CCCFR services felt that this gap in support they experience has been accentuated by the remote working arrangements of Program Officers – namely, the lack of ‘in person’ visits created challenges when it came to building productive relationships and identifying additional avenues for support, particularly as they relate to asset and infrastructure needs.

While CCCFR services must submit annual financial, Compliance and Operations Reports, this review suggests that reporting and evaluation elements in relation to Compliance and Operations Reports can be improved to enable more targeted interventions to support quality uplift. This is indicated by the variable quality of documentation received, and the lack of clear outcomes attributable to unsatisfactory documentation.

However, the review acknowledges that the Department has adopted a responsive, risk-based approach to ensuring service compliance, ensuring that risks to children’s health and safety are addressed, while also supporting CCCFR services through adopting a non-punitive approach to ongoing reporting and limiting unnecessary administrative burdens which may place CCCFR services at risk of closure.

In considering expected barriers to meeting the Family Assistance Law (FAL) and the National Law and Regulations (NQF), consultations indicated clear challenges in relation to current infrastructure and assets, ongoing workforce shortages and service-specific issues in relation to the fitness and propriety of Persons with Management and Control (PMC) or Approved Providers. This review also indicated that current professional development and training is not adequately targeted towards PMCs and/or those at the Approved Provider level. Analysis also indicated two structural barriers which may impact CCCFR services, noting that many grant recipients are in geographically isolated areas and provide education and care to Aboriginal and Torres Strait Islander communities. In addition, there are 54 CCCFR services across five states that are currently deemed “out of scope” of the NQF due to legislative definitions, in particular several ACCOs and mobile preschools.

Assessment of CCCFR services’ compliance with obligations under the Minister’s Rules, in particular evidence around delivering an educational program, has identified a lack of detail around the prescribed documentation that CCCFR services are required to provide to the Department, thus impacting meaningful analysis and reporting due to variable documentation.

Review findings on administration, governance and compliance

(Presented in Chapter 7, pages 109 to 136)

Finding 21: CCCFR Program Officers are the primary point of contact and support for most CCCFR services, both for the grant and broader areas of service governance, quality, and business support outside the scope of the grant.

Finding 22: A lack of clarity around roles and responsibilities has meant that Program Officers are undertaking tasks beyond traditional grants administration roles, with limited or no additional training to support CCCFR services with broader queries in relation to operations, such as infrastructure and asset maintenance.

Finding 23: To remain sustainable, CCCFR services require specialist support that is outside of the scope of roles and responsibilities of the Program Officers and is not systematically provided to CCCFR services through other government or non-government bodies.

Finding 24: Changes to the Department's governance model over time has impacted the ability of Program Officers to visit CCCFR services in person, which both CCCFR services and Program Officers cite as a limitation to providing effective support.

Finding 25: Despite annual reporting obligations for CCCFR services under the grant, there is limited evidence to indicate that these materials are being used to inform ongoing access to grant funding and broader quality uplift.

Finding 26: The Department adopts a responsive, risk-based approach to monitoring and reporting with CCCFR services, supporting CCCFR services to meet their compliance obligations in a non-punitive manner, while still undertaking enforcement actions where significant risks to children's health and safety have been identified.

Finding 27: CCCFR services have highlighted challenges in meeting provider obligations under the Family Assistance Law (FAL), in particular around approved provider and person with management or control (PMC) obligations, collecting gap fees, exceeding allowable absences and broader challenges around collecting CCS information from families.

Finding 28: Some CCCFR services are expected to face significant barriers to meeting the National Law and Regulations, in particular around meeting workforce and infrastructure requirements.

Finding 29: While there is mixed evidence within current research, CCCFR services may face broader, systemic barriers to achieving the National Quality Standard (NQS) and broader requirements under the National Law and Regulations (NQF).

Finding 30: Analysis of Compliance and Operations Reports indicates varying capability and capacity across CCCFR services to prepare planning and governance documentation in line with the Minister's Rules.

Finding 31: Broader workforce challenges have impacted several rural and remote CCCFR services' ability to meet obligations under the Minister's Rules, specifically around ensuring effective supervision and meeting First Aid obligations.

Finding 32: While the Minister's Rules (section 49(9) of the FAL) prescribes obligations for CCCFR services not regulated under the NQF, certain obligations are subjective and open to interpretation, in particular criteria for the delivery of "high quality child care".

Finding 33: A lack of prescribed criteria for service documentation for the Compliance and Operations Reports has resulted in significantly varying documents submitted by CCCFR services, especially in relation to evidence of an educational program.

Finding 34: While the grant enables a range of professional development and training, and ongoing business supports for CCCFR services, it is unclear whether these efforts are targeted towards those within leadership and/or management positions, such as PMCs or Approved Providers.

Domain 4: Resourcing and financial sustainability

This domain examines funding adequacy and its responsiveness to current and future need. It also considers the financial sustainability of CCCFR services, leasing arrangements and infrastructure funding.

The revenue that CCCFR services receive from the Australian Government is a function of their reliance on the CCCFR grant itself and subsidy revenue provided under the CCS. The adequacy of this funding in turn rests on the interaction between funding and service delivery costs. Owing to the characteristics of their operating context, the costs that CCCFR services face are considerably higher than average (on a per-unit basis).

Not only that, but they vary considerably between CCCFR services. With funding not varying in accordance with cost drivers, there is wide variation in its adequacy across CCCFR services. Most CCCFR services report that the funding they receive is inadequate and that their financial viability is at risk. Transition to the CCS has in many cases been associated with greater financial viability challenges. This in many cases derives from the barriers CCCFR services and families face in seeking to engage with the systems and processes that govern access to the CCS.

In all cases, the supplementary revenue that the grant provides works to improve financial sustainability. However, with the design of the grant not geared toward responding to variations in cost or need, its capacity to systematically support financial sustainability is limited. It is not intentionally responsive or adaptive to the current or evolving needs of community. Many view funding as limited in its direct support for vulnerability and disadvantage (however defined). In this sense, it is also limited in its ability to systematically and consistently provide CCCFR services with the resources they need to deliver on the stated policy objectives (noting, as this review previously has, that the ambiguity regarding the grant's objectives has implications for a number of its other features, including funding).

The quality and adequacy of infrastructure is an area of widespread concern. It is apparent that there is an extensive need for infrastructure improvements, especially if minimum requirements under the National Law and Regulations are to be met. The current challenges in this regard stem partly from the grant's legacy, with some buildings having been in use for an extended period and many of these re-purposed from other uses. They also stem from barriers to participating in the infrastructure grant process, including those emanating from the process itself, those that reflect a need for greater support and the challenging procurement conditions in which CCCFR services often operate (which can see long delays and limited access to key trades).

The issues relating to current infrastructure also arise because of a number of limitations with the current Department held leasing arrangements. The assessment of Department held leasing arrangements concludes that of the various current arrangements in place, the Management Agreement with the Northern Territory Government co located sites appears to better accommodate the delivery of child care services, clearly outlining obligations of the parties to the agreement and imposing obligations on the Australian Government and/or the operator to maintain building compliance.¹⁵ However, improvements are needed. The Management Agreement

¹⁵ The Australian Government, through various Capital Works Funding Agreements with the Northern Territory, provided funding for the construction of 10 child care facilities on Northern Territory school land. Following this, the Australian Government entered into a Management Agreement with the Northern Territory for the operation

could be enhanced for future arrangements, with individual property schedules detailing matters such as the ownership of improvements, ensuring infrastructure provision to the child care part of the site is adequate, and detailing the explicit obligations of the parties, including annual reporting procedures, timeframes to meet compliance obligations and penalties for non-compliance.

Review findings on resourcing and financial sustainability

(Presented in Chapter 8, pages 137 to 149)

Finding 35: Analysis of the financial adequacy of the resources provided under the CCCFR grant is hampered by the uncertainty that exists in relation to the grant's purpose and intent (see findings 6 and 7).

Finding 36: Notwithstanding finding 35, there would appear only a limited relationship between the funding CCCFR services receive from the Australian Government and cost of meeting the need CCCFR services face, as it manifests from both service and community characteristics.

Finding 37: The financial sustainability of CCCFR services varies considerably. There are drivers on both the revenue and cost side, with the limited responsiveness of funding to costs a key driver of the financial challenges that many CCCFR services confront.

Finding 38: The administration of the CCS and ACCS and the requirements families face in engaging with these funding streams mean that they are both underutilised and, in the case of CCS, increased reliance is associated with greater financial viability challenges.

Finding 39: Few CCCFR services could operate in a financially viable manner if reliant purely on CCS revenue (in its current form).

Finding 40: Of the various leasing arrangements currently in place, the Management Agreement appears to better accommodate the delivery of child care services, clearly outlining obligations of the parties to the agreement and imposing obligations on the Commonwealth and/or the operator to maintain building compliance. However, there are ways the Management Agreement could be strengthened for future arrangements.

Finding 41: Concerns in relation to the quality and adequacy of infrastructure are widespread, with significant improvement required in many cases – especially if minimum requirements under the National Law and Regulations are to be met.

Finding 42: Limited utilisation of the contingency funding to support infrastructure upgrades reflects barriers to CCCFR services' participation in the application process.

Finding 43: Evidence of environmental sustainability considerations being a strong feature of decision making in relation to capital works while present was not widespread.

Review recommendations

The findings set out above give rise to a series of recommendations for the CCCFR grant and the CCCFR services currently in receipt of it. These recommendations describe the changes required to bring the conditions under which CCCFR services operate into alignment with those that this review finds are necessary in order for CCCFR services to meet the needs of the communities they

Operation and maintenance of the child care facilities constructed on the Northern Territory school land subject to the terms set out in the agreement. The Australian Government is obligated under the terms of the Management Agreement to engage a person or organisation to operate and manage the child care service out of the facilities.

seek to serve (in the context of the objectives of the grant). Ultimately, these changes would enhance opportunities and outcomes for children and families.

In seeking to install a set of operating conditions that reflect the guiding principles laid out in this review, the recommendations are organised under two broad headings:

1. **Repositioning CCCFR services within a reformed policy landscape** - recommendations regarding how potential changes to the wider ECEC policy environment could be driven and capitalised on to strengthen and reposition services currently in receipt of a CCCFR grant.
2. **Refining the current CCCFR grant to maximise its potential** - recommendations regarding how the design and administration of the grant should be refined to maximise its potential.

The review recommendations are outlined below, with further detail provided in the *Review recommendations* section at page xxxiv.

Repositioning CCCFR services within a reformed policy landscape

Grant-based operating environments can serve several purposes in a broader policy, system and funding architecture. In this case, the CCCFR grant has served as a mechanism to compensate for the ways in which the wider ECEC policy environment is not currently equipped to accommodate CCCFR services of certain characteristics.

In doing so, it has sought to support and where possible encourage the transition of these CCCFR services to the mainstream policy and funding environment – that is, to a situation where a dedicated grant is no longer required. For a limited number of CCCFR services, this transition would appear possible. But progress has been slow and external factors such as COVID-19 have adversely affected its pace. Moreover, challenges experienced by most CCCFR services in the pursuit of this transition highlight the limitations of current mainstream policy settings in accommodating the circumstances under which many CCCFR services operate. These limitations are demonstrated throughout the findings of this review.

The limitations of current funding and policy settings affect services beyond the 149 receiving the CCCFR grant and are currently or recently have been the subject of a number of reviews and inquiries (see Box 1.2: ACCC and PC ECEC Inquiries).

The recommendations arising from these reviews and inquiries signal potential for the national ECEC policy environment of the future to look very different to what it does today. As a result, there is potential for the sector operating environment to change in ways that mean CCCFR services can operate and thrive outside of a dedicated grant environment in ways they cannot currently. Recommendations regarding the future of the CCCFR grant and the services currently in receipt of it must have regard to this potential. At the same time, they must recognise the uncertainty. As such, recommendations 1-4 seek to provide a basis for navigating the uncertainty given the guiding principles that this review has established – and, where possible, influencing the wider policy discourse in ways that would support services currently in receipt of the CCCFR grant and the communities they serve.

- **Recommendation 1:** CCCFR services should be transitioned away from the CCCFR grant where it can be demonstrated that (i) the conditions required to support them in sustainably delivering high quality ECEC services that meet the needs of communities can be met; or (ii) the service offering falls outside the policy remit of the Department of Education.
- **Recommendation 2:** the potential transition of CCCFR services not currently regulated under the National Quality Framework (NQF) to the NQF should be considered on a case-by-case basis, having regard to the service operating environment, its current capacity to meet requirements under the National Law and Regulations, and an analysis of service-level and systemic barriers to meeting the National Quality Standard (NQS).
- **Recommendation 3:** the transition of CCCFR services to new funding and/or regulatory environments should be pursued with input and participation from individual services and communities and governed by tailored transition plans that carefully determine an appropriate transition path for each service and the supports required to successfully pursue it.

- **Recommendation 4:** there should be further exploration of the opportunities within the Australian early childhood regulatory landscape to support Aboriginal and Torres Strait Islander CCCFR services and families.

Refining the current CCCFR grant to maximise its potential within the current policy environment

In the event that changes arising from the current policy review processes do not see the mainstream policy environment modified in ways that meet the conditions required to transition all CCCFR services away from a grant environment, the CCCFR grant should be strengthened and improved in order to better meet the needs of CCCFR services, children and communities. These changes are set out under recommendations 5-19.

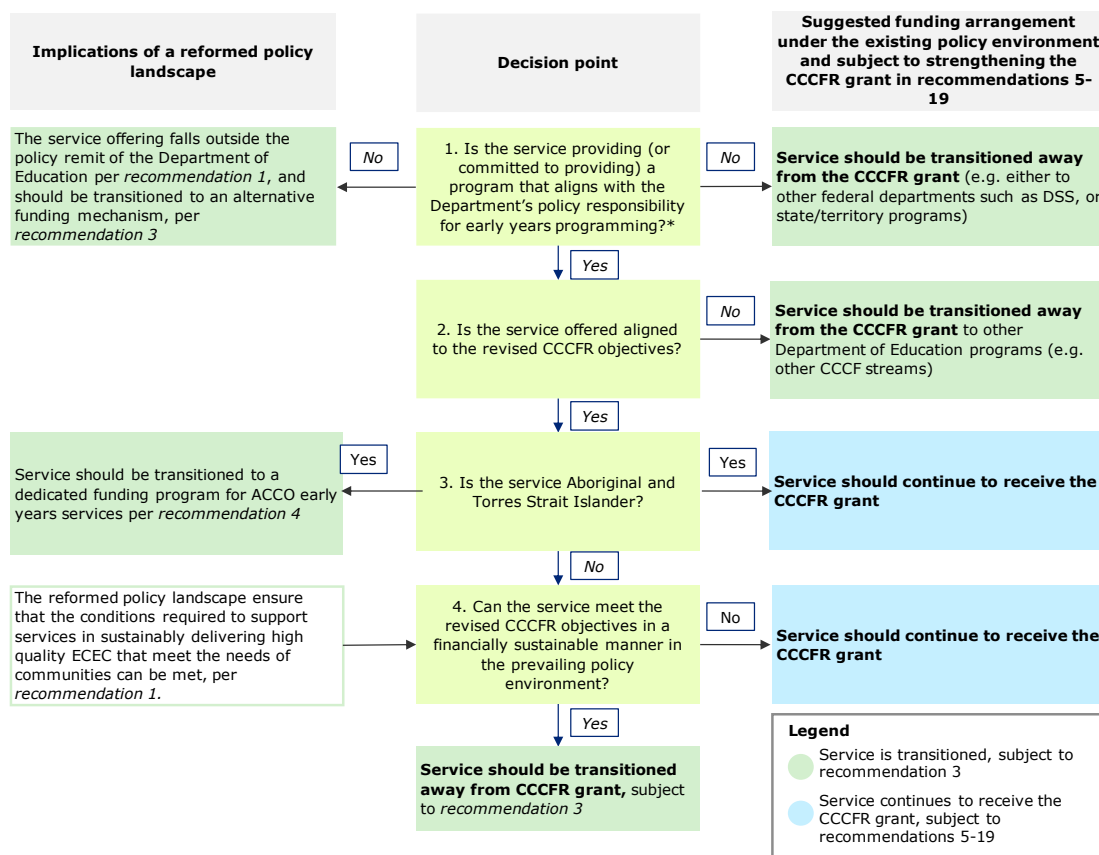
- **Recommendation 5:** The objectives of the CCCFR grant should be revised to align with the priorities of contemporary government policy, including greater alignment to the Closing the Gap priority reforms and targets.
- **Recommendation 6:** The revised objectives should be accessible, easily understood and widely disseminated, including to families and communities.
- **Recommendation 7:** The revised objectives should be utilised as the basis for a program logic that sets out the expected relationships between the inputs and resources of the grant and the intended outcomes leading to the objectives.
- **Recommendation 8:** Grant guidelines should be refined and adjusted based on the revised objectives and the program logic.
- **Recommendation 9:** A data management system should be introduced, covering grant compliance and service performance.
- **Recommendation 10:** Clear and comprehensive reporting metrics and KPIs should be developed and implemented and collected via a suitable data collection platform.
- **Recommendation 11:** All aspects of the grant design should embed a strengths-based approach, including using strengths-based language.
- **Recommendation 12:** Grant funding values should be reviewed and revised in light of the revised objectives and in accordance with the principles of need, responsiveness, flexibility and certainty.
- **Recommendation 13:** The grant design (including the grant value formula and grant guidelines) should ensure that fees are not a barrier to participation and that access to CCCFR services is not contingent on families engaging with systems and processes where there are demonstrated barriers to doing so, including Services Australia.
- **Recommendation 14:** The roles and responsibilities of Program Officers should be refined to prioritise supporting administration and financial obligations under the CCCFR grant.
- **Recommendation 15:** Responsibilities should be assigned and/or targeted roles established to support CCCFR services in relation to specialist issues beyond the remit of Program Officers – such as leasing and asset management and legislative and regulatory advice outside of CCCFR grant obligations.
- **Recommendation 16:** Recognising the unique context of each CCCFR service, additional professional development and training should be arranged to support quality uplift, including delivery across different stakeholders (e.g., sector organisations and peak bodies) and different mediums (e.g., online, in person training, written guidance and tailored intensive supports at service).
- **Recommendation 17:** To enable clearer oversight of asset and infrastructure challenges faced by CCCFR services, in particular those posing a barrier to compliance with the Family Assistance Law (FAL) and/or the National Quality Framework (NQF), a quality audit of current assets and infrastructure should be commissioned and, on the basis of this, an asset management plan developed.
- **Recommendation 18:** Reporting requirements and procedures for annual compliance checks as parts of leasing arrangements should be implemented through the introduction of a robust framework to ensure building/improvement maintenance and compliance are being adhered to by all parties.

- Recommendation 19:** Any future leasing arrangements should consider the requirements that are additional to securing property use rights and tenure, such as obligations for providing early childhood education and care, and ensure that these obligations are clearly articulated.

Decision framework for individual CCCFR services

Regardless of whether CCCFR services as a collective are positioned within a reformed policy landscape, or continue to receive funding via a grant, individual CCCFR services should be evaluated on a case-by-case basis to determine the most appropriate future funding and policy environment. An interactive Excel dashboard has been provided to the Department to enable the production of a baseline report for each service within a dynamic environment. Per recommendation 3, CCCFR services and communities should be active participants in the process that determines their future. However, the following considerations may serve as a guiding framework for determining the most suitable future for CCCFR services.

Figure i: Decision framework for individual CCCFR services



Source: Deloitte Access Economics (2024)

* For the purposes of the decision framework outlined above, the 'Department's policy responsibility for early years programming' refers to the Department's implied policy remit for delivering and/or financially supporting early childhood education and care (ECEC). References outlined above to the Department's policy responsibility for early years programming should be considered in light of a shifting policy landscape, as explored in Section 5.3.

This decision framework has been accompanied by a dashboard to support the Department in evaluating CCCFR services against the decision points, subject to modification in light of the revision of the CCCFR objectives and policy changes that may impact the ability of CCCFR services to operate in a financially sustainable manner.

Concluding remarks

With the current grant arrangements due to expire in June 2025, there is an opportunity to take the findings and recommendations of this review, together with the conclusions from the

aforementioned ECEC and Closing the Gap policy reviews, to chart a new course for the CCCFR services under the current CCCFR funding arrangement.

The opportunity for improvement in the grant structure and funding extends beyond adjusting to current policy and operating circumstance, it represents an opportunity to rectify historical gaps in its execution and to envision a more significant role for these CCCFR services in the future provision of a universal ECEC for children and families most at risk of being left behind. Furthermore, the proposals earmarked by the Productivity Commission introduce the possibility for greater transformative change.

The areas for improvement include options for strengthening alignment to contemporary government policies and ECEC best practice, reconfiguring the objectives and measures of success, adjustments to the funding model, systematically reviewing funding amounts, addressing barriers to family access, refining the remit of grant support team and internal capacity building, increasing connectivity to professional development and training, addressing barriers to infrastructure upgrades, and enabling greater self-determination within communities aligned to Closing the Gap.

Successfully transitioning the current CCCFR funded services to a new or different funding arrangement and under a future policy environment needs to be done in a sophisticated, nuanced and community-led way, including co-ordination with other areas of government and extensive support and communications at the service, family and community level.

This review makes two sets of recommendations. The first set (1-4) seek to respond to the potential for change in the wider ECEC policy environment, drawing on the proposals being considered in other reviews and enquiries to explore alternative possible futures for CCCFR services. The second set (5-19) respond to the more immediate opportunity to strengthen the operations and impact of the CCCFR grant in the event that the grant's continued operation is deemed necessary.

These two sets of recommendations align to a set of guiding principles that have been identified through the course of the review. These guiding principles lay the groundwork for the current CCCFR grant funded services to satisfy the conditions of inclusivity, accessibility, affordability, and availability under a universal ECEC system.

While the recommendations have been carefully constructed in response to both the current operating conditions as well as the contemporary policy landscape, and with a view to what a future policy landscape may entail, it is also recognised that this report has been prepared at a point in time and that situational factors will continue to evolve both subject to decisions made by the Department and beyond them. With that in mind, these guiding principles may also provide the foundations for consideration of additional funding options, beyond the boundaries of this report.

Any future funding approach should align to nine guiding principles.

1. Purposeful: Having clear intentions and objectives and a pre-determined, transparent process to achieve them.
2. Grounded in evidence: Leveraging what has been demonstrated through research and best practice guidance, while being cognisant that evidence most instructive of Indigenous knowledge systems and ways of being and doing has historically been excluded from research practices.
3. Strength-based: Focusing on identifying the knowledge, skills and attributes that individuals and communities hold in order to support achieving their goals and aspirations.
4. Culturally-informed: Recognising that children thrive in culturally safe and enriched spaces, there is a need to work closely with Aboriginal and Torres Strait Islander peoples where CCCFR services operate in their communities. This is not to the exclusion of other cultural needs that may emerge within non-Indigenous communities.
5. Responsive: The capacity for funding to evolve and adapt – and allow CCCFR services to evolve and adapt – in response to different and changing local circumstances.
6. Flexible: The ability for CCCFR services to have an appropriate level of control and discretion over how resources are used to meet the needs of communities.

7. Sustainable: Ensuring the adequacy and certainty of funding, in the face of changing operating context and circumstances such that financial and operating sustainability is supported.
8. Measurable: The judicious collection and appropriate utilisation of data and evidence in ways that support the realisation of policy goals.
9. Responsible: The Australian Government must be able to account for its investment and the impact it is having, while maintaining its commitment to inclusive, accessible, affordable and available education and child care for all Australians.

These principles in action would see a new funding and policy environment characterised by greater clarity around purpose and objectives and a strengthening of connections between funded inputs/activities and best-practices in delivering child development outcomes as evidenced by contemporary research; a shift away from the current deficit-framing towards a strength-based approach; an alignment to the National Agreement on Closing the Gap, while acknowledging and addressing the depths of intergenerational trauma and ongoing experiences of vulnerability and disadvantage amongst Aboriginal and Torres Strait Islander communities; and a recognition of and responsiveness to the unique operating conditions, needs and cultural frameworks of Aboriginal and Torres Strait Islander communities.

These principles in action would provide for funding that gives certainty and assurance while being responsive, culturally-informed, place-based and flexible. They would enable a support structure that ensures CCCFR services can operate sustainably and deliver high quality care, and that recognises that a deliberative deepening of the relationships across the ecosystem of ECEC supports is critical to their collective success.

The principles would embed an approach to ongoing monitoring and evaluation that can identify opportunities for quality improvements and that which is supported by a robust process through which CCCFR services can be supported to embed these improvements. A performance architecture that supports the maximisation of the social, cultural and economic return to public investment.

The pathway forward: change overview

Throughout the course of this review, CCCFR services, Departmental representatives and other stakeholders shared their experiences of the process of change that was undertaken when the CCCFR grant was introduced in 2017. From these insights, many themes emerged as to what an effective transition process looks like and the risks associated with a poor one – the most critical of which is the risk to outcomes for children.

Change must be paced and sequenced appropriately, on a community-by-community basis, and adequate investment of resources and people to support CCCFR services and families through the change process is paramount to its success.

The preferred path forward for CCCFR services and the grant itself is very much contingent on government responses to recent policy reviews and, as such, the roadmap for implementing the recommendations of this review hinges on decisions about the future of the national ECEC policy landscape. While waiting for this clarity to emerge, there are some immediate steps that can be taken to position CCCFR services and communities for the future. These are steps that should occur irrespective of the prevailing long term policy landscape and will ensure services and communities are appropriately supported in the interim. These steps include: continuing to support services that need additional funding to remain financially operational, so they can continue to support their communities; collecting additional information through the compliance and operations reports, to support decisions about the future destination for individual services; and progressing planning and implementation of recommendations that help services to improve child development outcomes.

As any process of change is commenced, communities must remain central to decision-making, and their agency must be respected. The consultation and engagement process should not end with the voices in this review.

Deloitte Access Economics

Review recommendations

The review findings give rise to a series of recommendations for the CCCFR grant and the services currently in receipt of it. These recommendations describe the changes required to bring the conditions under which CCCFR services operate into alignment with those that this review finds are necessary in order for CCCFR services to meet the needs of the communities they seek to serve (in the context of the objectives of the grant). Ultimately, these changes would enhance opportunities and outcomes for children and families.

In seeking to install a set of operating conditions that reflect the guiding principles laid out in this review, the recommendations are organised under two broad headings:

- **Repositioning CCCFR services within a reformed policy landscape** - recommendations regarding how potential changes to the wider ECEC policy environment could be driven and capitalised on to strengthen and reposition services currently in receipt of a CCCFR grant.
- **Refining the current CCCFR grant to maximise its potential** - recommendations regarding how the design and administration of the grant should be refined to maximise its potential.

Repositioning CCCFR services within a reformed policy landscape

Grant-based operating environments can serve several purposes in a broader policy, system and funding architecture. In this case, the CCCFR grant has served as a mechanism to compensate for the ways in which the wider ECEC policy environment is not currently equipped to sustain CCCFR services of varying characteristics.

In doing so, it has sought to support and where possible encourage the transition of these CCCFR services to the mainstream policy and funding environment – that is, to a situation where a dedicated grant is no longer required. For a limited number of CCCFR services, this transition would appear possible. But progress has been slow and external factors such as COVID-19 have adversely affected its pace. Moreover, challenges experienced by most CCCFR services in the pursuit of this transition highlight the limitations of current mainstream policy settings in accommodating the circumstances under which many CCCFR services operate. These limitations are demonstrated throughout the findings of this review.

The limitations of current funding and policy settings affect services beyond the 149 receiving the CCCFR grant. These limitations are currently or recently have been the subject of a number of reviews and inquiries (see Box 1.2: ACCC and PC ECEC inquiries).

The recommendations arising from these reviews and inquiries signal potential for the national ECEC policy environment of the future to look very different to what it does today. As a result, there is potential for the sector operating environment to change in ways that mean CCCFR services can operate and thrive outside of a dedicated grant environment in ways they cannot currently. Recommendations regarding the future of the CCCFR grant and the services currently in receipt of it must have regard to this potential. At the same time, they must recognise the uncertainty. As such, recommendations 1-4 seek to provide a basis for navigating the uncertainty given the guiding principles that this review has established – and, where possible, influencing the wider policy discourse in ways that would support services currently in receipt of the CCCFR grant and the communities they serve.

Recommendation 1: Services should be transitioned away from the CCCFR grant where it can be demonstrated that (i) the conditions required to support them in sustainably delivering high quality ECEC services that meet the needs of communities can be met; or (ii) the service offering falls outside the policy remit of the Department of Education.

- The guiding principles put forward by this review should serve as a point of reference when considering the requisite conditions.
- Recommendations arising from other processes should be examined with reference to these guiding principles and, to the extent appropriate, Government’s consideration of these recommendations – the Productivity Commission’s especially – should have regard to their potential to facilitate the recommendations put forward here.
- Once the future for the national ECEC policy landscape is clear, the decision framework set out at Figure i should be used as an instrument to guide decision making regarding individual CCCFR services’ futures.

Findings relating to Recommendation 1

- **Finding 8:** A shifting policy landscape is creating uncertainty and potential divergences between the objectives and intent of the CCCFR grant and contemporary policy directions.
- **Finding 19:** The CCCFR grant funding is not intentionally responsive or adaptive to the current or evolving needs of community; it is largely a function of historical factors.
- **Finding 35:** Analysis of the financial adequacy of the resources provided under the CCCFR grant is hampered by the uncertainty that exists in relation to the grant’s purpose and intent (see findings 6 and 7).
- **Finding 36:** Notwithstanding finding 35, there would appear only a limited relationship between the funding CCCFR services receive from the Australian Government and cost of meeting the need CCCFR services face, as it manifests from both service and community characteristics.
- **Finding 37:** The financial sustainability of CCCFR services varies considerably. There are drivers on both the revenue and cost side, with the limited responsiveness of funding to costs a key driver of the financial challenges that many CCCFR services confront.
- **Finding 38:** The administration of the CCS and ACCS and the requirements families face in engaging with these funding streams mean that they are both underutilised and, in the case of CCS, increased reliance is associated with greater financial viability challenges.
- **Finding 39:** Few CCCFR services could operate in a financially viable manner if reliant purely on CCS revenue (in its current form).

This recommendation is also underpinned by considerations in Chapter 10.

Recommendation 2: The potential transition of CCCFR services not currently regulated under the National Quality Framework (NQF) to the NQF should be considered on a case-by-case basis, having regard to the service operating environment, its current capacity to meet requirements under the National Law and Regulations, and an analysis of service-level and systemic barriers to meeting the National Quality Standard (NQS).

- As part of this, the analysis should consider the needs, wants and expectations of local families and community, and whether alternate approaches to regulatory oversight and support may better achieve similar outcomes of high quality ECEC (including those proposed as part of Recommendation 4 of this review).
- The consideration of alternative regulatory approaches should occur in tandem with the consideration of alternative policy and funding environments as part of the wider consideration of the preferred future for each individual services (drawing on the decision framework for individual services, set out at Figure 9.1 in Chapter 9).

Findings relating to Recommendation 2

- **Finding 28:** Some CCCFR services are expected to face significant barriers to meeting the National Law and Regulations, in particular around meeting workforce and infrastructure requirements.
- **Finding 29:** While there is mixed evidence within current research, CCCFR services may face broader, systemic barriers to achieving the National Quality Standard (NQS) and broader requirements under the National Law and Regulations (NQF).

- **Finding 30:** Analysis of Compliance and Operations Reports indicates varying capability and capacity across CCCFR services to prepare planning and governance documentation in line with the Minister's Rules.
- **Finding 31:** Broader workforce challenges have impacted several rural and remote CCCFR services' ability to meet obligations under the Minister's Rules, specifically around ensuring effective supervision and meeting First Aid obligations.

Recommendation 3: The transition of CCCFR services to new funding and/or regulatory environments should be pursued with input and participation from individual services and communities and governed by tailored transition plans that carefully determine an appropriate transition path for each service and the supports required to successfully pursue it.

- CCCFR services and communities should be active participants in the process that determines their future.
- Time should be taken to work with each service to appraise their readiness and transition support needs in order to develop a transition plan specific to their needs, including communicating changes to the families they work with and the communities they operate in.
- This should include specific training and support on any changes to reporting systems and procedures, regulatory changes due to changes conditions of funding, and other training necessary to support CCCFR services to thrive in the new environment.
- If Departmental responsibilities and oversight of a service were to transfer to another agency, any contextual knowledge and case information held by the Department should be provided to the new responsible area to support effective, ongoing case management.

Findings relating to Recommendation 3

- **Finding 9:** There is no explicit alignment to Closing the Gap outcomes, targets and priority reforms. The degree of implicit alignment varies.
- **Finding 10:** Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.
- **Finding 11:** Service, family and community views towards the stated CCCFR objectives vary, with strong support for the objectives of improving early childhood development outcomes, but more mixed views toward the objective of increasing workforce participation.
- **Finding 12:** There are community, family, and child needs and expectations for many CCCFR services which go beyond mainstream needs of child care. CCCFR services often try to fulfil these needs.
- **Finding 19:** CCCFR grant funding is not intentionally responsive or adaptive to the current or evolving needs of community; it is largely a function of historical factors.
- **Finding 28:** Some CCCFR services are expected to face significant barriers to meeting the National Law and Regulations, in particular around meeting workforce and infrastructure requirements.
- **Finding 29:** While there is mixed evidence within current research, CCCFR services may face broader, systemic barriers to achieving the National Quality Standard (NQS) and broader requirements under the National Law and Regulations (NQF).
- **Finding 37:** The financial sustainability of CCCFR services varies considerably. There are drivers on both the revenue and cost side, with the limited responsiveness of funding to costs a key driver of the financial challenges that many CCCFR services confront.

This recommendation is also underpinned by considerations in Chapter 0.

Recommendation 4: There should be further exploration of the opportunities within the Australian early childhood regulatory landscape to support Aboriginal and Torres Strait Islander CCCFR services and families.

- In accordance with the views and preferences expressed by Aboriginal and Torres Strait Islander CCCFR services, peak bodies and community members consulted in this review, this exploration may include consideration of:

- an alternate dedicated funding grant for ACCO early years services that is designed in partnership with Aboriginal representatives in alignment with Priority Reforms 1 and 2 of the National Agreement on Closing the Gap, and particularly clause 45(d)
- the development of an Aboriginal and Torres Strait Islander designed and led Learning Framework, distinct from Early Years Learning Framework (EYLF)/My Time, Our Place (MTOPI)
- opportunities to develop an ECEC Quality Framework for Aboriginal and Torres Strait Islander CCCFR services, informed by the aspirations, needs and expectations of Aboriginal and Torres Strait Islander peoples.

Findings relating to Recommendation 4

- **Finding 1:** While intensity of use by existing families increased, enrolments by Aboriginal and Torres Strait Islander children at CCCFR services grew slower than at other non-CCCFR funded education and child care services receiving CCS in the same region and national benchmarks.
- **Finding 2:** There is evidence to suggest that access to the CCCFR grant has been associated with slower growth in out-of-pocket fees and, for Aboriginal and Torres Strait Islander families, greater affordability.
- **Finding 4:** The evidence on the impact of the CCCFR grant on child developmental outcomes results is mixed. Remote areas, and areas with high Aboriginal and Torres Strait Islander populations saw the most consistent improvements in child developmental outcomes compared to other areas. In contrast, the trends were less consistent in regional and metropolitan areas, and areas with relatively lower concentrations of Aboriginal and Torres Strait Islander children.
- **Finding 9:** There is no explicit alignment to Closing the Gap outcomes, targets and priority reforms. The degree of implicit alignment varies.
- **Finding 10:** Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.
- **Finding 19:** CCCFR grant funding is not intentionally responsive or adaptive to the current or evolving needs of community; it is largely a function of historical factors.
- **Finding 29:** While there is mixed evidence within current research, CCCFR services may face broader, systemic barriers to achieving the National Quality Standard (NQS) and broader requirements under the National Law and Regulations (NQF).

Refining the current CCCFR grant to maximise its potential within the current policy environment

In the event that changes arising from the current policy review processes do not see the mainstream policy environment modified in ways that adequately meet the conditions required to transition all CCCFR services away from a grant environment, the CCCFR grant should be strengthened and improved in order to better meet the needs of CCCFR services, children and communities within the objectives of the grant. These changes are set out under recommendations 5-19.

Recommendation 5: The objectives of the CCCFR grant should be revised to align with the priorities of contemporary government policy, including greater alignment to the Closing the Gap priority reforms and targets.

- The revised objectives should:
 - consider prioritising child development outcomes, with workforce participation an additional benefit in appropriate contexts
 - position the grant as an additive and harmonious component of the national ECEC policy landscape

- explicitly consider and, where possible, define cohorts who should be a priority for the grant, including those who may face barriers to participating in mainstream ECEC¹⁶
- support progress on Closing the Gap targets where CCCFR services are being delivered to Aboriginal and Torres Strait Islander children
- align to principles of Closing the Gap priority reforms, including principles of self-determination through shared decision making, building the community-controlled sector and access to data and information
- be defined with sufficient clarity that they can form a point of reference for the other design features of the grant
- be accompanied by written guidance – definitions and explanations – for terms used in the objectives, including the defined cohorts.

Findings relating to Recommendation 5

- **Finding 6:** Relevant stakeholders have limited understanding of the stated objectives of the CCCFR grant, due to lack of clarity around the grant’s intention. This has affected the ability to communicate the grant’s objectives effectively.
- **Finding 7:** The terms ‘vulnerability and disadvantage’ are not well understood across a range of stakeholders, and there is no consistent definition. The terms are often not used by CCCFR services as they can have a deficit framing that stigmatises individuals, family and whole community.
- **Finding 8:** A shifting policy landscape is creating uncertainty and potential divergences between the objectives and intent of the CCCFR grant and contemporary policy directions.
- **Finding 9:** There is no explicit alignment to Closing the Gap outcomes, targets and priority reforms. The degree of implicit alignment varies.
- **Finding 11:** Service, family and community views towards the stated CCCFR objectives vary, with strong support for the objectives of improving early childhood development outcomes, but more mixed views toward the objective of increasing workforce participation.
- **Finding 12:** There are community, family, and child needs and expectations for many CCCFR services which go beyond mainstream needs of child care. CCCFR services often try to fulfil these needs.

Recommendation 6: The revised objectives should be accessible, easily understood and widely disseminated, including to families and communities.

- This should include a detailed communications plan, backed by dedicated funding and designed in partnership with relevant peak bodies, services and community leaders which considers the needs and communication preferences of defined cohorts.

Findings relating to Recommendation 6

- **Finding 6:** Relevant stakeholders have limited understanding of the stated objectives of the CCCFR grant, due to lack of clarity around the grant’s intention. This has affected the ability to communicate the grant’s objectives effectively.
- **Finding 7:** The terms ‘vulnerability and disadvantage’ are not well understood across a range of stakeholders, and there is no consistent definition. The terms are often not used by CCCFR services as they can have a deficit framing that stigmatises individuals, family and whole community.
- **Finding 11:** Service, family and community views towards the stated CCCFR objectives vary, with strong support for the objectives of improving early childhood development outcomes, but more mixed views toward the objective of increasing workforce participation.

This recommendation is also underpinned by considerations in Chapter 0.

¹⁶ Cohorts who may face barriers to participating in mainstream ECEC identified as part of this review include Aboriginal and/or Torres Strait Islander children, children of families experiencing specific vulnerability, disadvantage, and/or trauma, children of families for whom mainstream support such as CCS and ACCS is not available or appropriate and children living in areas without existing or sustained ECEC provision.

Recommendation 7: The revised objectives should be utilised as the basis for a program logic that sets out the expected relationships between the inputs and resources of the grant and the intended outcomes leading to the objectives.

- The program logic should be developed through a co-design process involving Program Officers, relevant peak bodies, and representatives from services/providers.
- The grant needs to have more deliberate and explicit documentation and architecture to support the pursuit of the grant objectives.
- Clear articulation of how the design of the grant is able to meet the objectives set to the defined cohort(s), is key to creating this distinction.
- The design of the CCCFR grant can draw on the logic and set up used in similar grants/programs nationally and abroad.

Findings relating to Recommendation 7

- **Finding 10:** Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.
- **Finding 12:** There are community, family, and child needs and expectations for many CCCFR services which go beyond mainstream needs of child care. CCCFR services often try to fulfil these needs.
- **Finding 15:** There was no program logic or other documented grant design identified during the review, which set out the intended relationships between the grant, the activities it is intended to support and the stated objectives.

Recommendation 8: Grant guidelines should be refined and adjusted based on the revised objectives and the program logic.

- The grant guidelines should be more explicit about supports that CCCFR services can seek from the grant, including examples where appropriate.
- The grant guidelines should consider the contexts in which CCCFR services operate.

Findings relating to Recommendation 8

- **Finding 10:** Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.
- **Finding 12:** There are community, family, and child needs and expectations for many CCCFR services which go beyond mainstream needs of child care. CCCFR services often try to fulfil these needs
- **Finding 14:** Mechanisms through which the CCCFR grant strives to support workforce participation, beyond supporting the financial viability of child care provision and beyond the mechanisms of the CCS, are not identifiable.
- **Finding 16:** There are gaps in understanding among CCCFR services (e.g., among Directors of CCCFR services) regarding how and for what purpose the CCCFR grant funding can be spent.

Recommendation 9: A data management system should be introduced, covering grant compliance and service performance.

- Collection should occur via a proven, easy to use platform that can be accessed and used by CCCFR services in a straightforward and low cost way and which ensure information required for multiple purposes is only required to be reported once.
- The development of this type of data collection architecture requires further consideration as part of the Department's wider data collection strategy.

Findings relating to Recommendation 9

- **Finding 18:** There are elements of the current CCCFR grant design that can be improved, by learning from adjacent programs/grants, both locally and internationally.
- **Finding 19:** CCCFR grant funding is not intentionally responsive or adaptive to the current or evolving needs of community; it is largely a function of historical factors.
- **Finding 25:** Despite annual reporting obligations for CCCFR services under the grant, there is limited evidence to indicate that these materials are being used to inform ongoing access to grant funding and broader quality uplift.

Recommendation 10: Clear and comprehensive reporting metrics and KPIs should be developed and implemented and collected via a suitable data collection platform.

- The metrics and KPIs should be derived from the revised objectives and program logic.
- The metrics and KPIs should be developed in consultation with representatives from CCCFR services/providers and communities, Program Officers and relevant peak bodies.
- These metrics and KPIs should in turn be used to support the ongoing administration of the grant, including to guide decision making in relation to funding and supports and to monitor and drive performance and outcomes.

Findings relating to Recommendation 10

- **Finding 20:** CCCFR services are seeking greater assurance in continuity of funding and greater flexibility in determining how funding meets the ECEC needs of their community.
- **Finding 25:** Despite annual reporting obligations for CCCFR services under the grant, there is limited evidence to indicate that these materials are being used to inform ongoing access to grant funding and broader quality uplift.
- **Finding 30:** Analysis of Compliance and Operations Reports indicates varying capability and capacity across CCCFR services to prepare planning and governance documentation in line with the Minister's Rules.
- **Finding 33:** A lack of prescribed criteria for service documentation for the Compliance and Operations Reports has resulted in significantly varying documents submitted by CCCFR services, especially in relation to evidence of an educational program.

Recommendation 11: All aspects of the grant design should embed a strengths-based approach, including using strengths-based language.

- This includes, but is not limited to, the revised objectives, the grant guidelines, communications about the grant, and KPIs.
- This does not preclude explicitly prioritising communities which may be facing vulnerability and/or disadvantage as beneficiaries of the grant.

Findings relating to Recommendation 11

- **Finding 7:** The terms 'vulnerability and disadvantage' are not well understood across a range of stakeholders, and there is no consistent definition. The terms are often not used by CCCFR services as they can have a deficit framing that stigmatises individuals, family and whole community.

Recommendation 12: Grant funding values should be reviewed and revised in light of the revised objectives and in accordance with the principles of need, responsiveness, flexibility and certainty.

- Grant values should be determined based on a formula that has regard to characteristics that drive variation in cost and characteristics that drive variation in need.

- The ECEC delivery costing tool that accompanies this report provides a basis for determining how grant values should respond to the operating context of services (e.g. their size and location).
- Variations in community-level need should be recognised by layering needs-orientated supplements or loadings onto this operational base.

Findings relating to Recommendation 12

- **Finding 18:** There are elements of the current CCCFR grant design that can be improved, by learning from adjacent programs/grants, both locally and internationally.
- **Finding 35:** Analysis of the financial adequacy of the resources provided under the CCCFR grant is hampered by the uncertainty that exists in relation to the grant's purpose and intent (see findings 6 and 7).
- **Finding 36:** Notwithstanding finding 35, there would appear only a limited relationship between the funding CCCFR services receive from the Australian Government and cost of meeting the need CCCFR services face, as it manifests from both service and community characteristics.
- **Finding 37:** The financial sustainability of CCCFR services varies considerably. There are drivers on both the revenue and cost side, with the limited responsiveness of funding to costs a key driver of the financial challenges that many CCCFR services confront.
- **Finding 38:** The administration of the CCS and ACCS and the requirements families face in engaging with these funding streams mean that they are both underutilised and, in the case of CCS, increased reliance is associated with greater financial viability challenges.

Recommendation 13: The grant design (including the grant value formula and grant guidelines) should ensure that fees are not a barrier to participation and that access to CCCFR services is not contingent on families engaging with systems and processes where there are demonstrated barriers to doing so, including Services Australia.

- For many families, including Aboriginal and Torres Strait Islander families, this may be best achieved via a universal fee-free setting.

Findings relating to Recommendation 13

- **Finding 1:** While intensity of use by existing families increased, enrolments by Aboriginal and Torres Strait Islander children at CCCFR services grew slower than at other non-CCCFR funded education and child care services receiving CCS in the same region and national benchmarks.
- **Finding 2:** There is evidence to suggest that access to the CCCFR grant has been associated with slower growth in out-of-pocket fees and, for Aboriginal and Torres Strait Islander families, greater affordability.
- **Finding 10:** Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.
- **Finding 13:** The review has not identified a formal articulation of the grant design with respect to (1) recipient eligibility criteria and its rationale and (2) the funding allocation – or grant size determination – methodology. These features appear to be very much historical artifacts.
- **Finding 16:** There are gaps in understanding among CCCFR services (e.g., among Directors of CCCFR services) regarding how and for what purpose the CCCFR grant funding can be spent.
- **Finding 38:** The administration of the CCS and ACCS and the requirements families face in engaging with these funding streams mean that they are both underutilised and, in the case of CCS, increased reliance is associated with greater financial viability challenges.

Recommendation 14: The roles and responsibilities of Program Officers should be refined to prioritise supporting administration and financial obligations under the CCCFR grant.

- In revising the roles and responsibilities of Program Officers, regard should be had to the broader system of supports that exists including providers, peaks and backbone organisations.
- As part of this, the Department should consider increasing the amount of face-to-face engagement (e.g., visits to the service) that Program Officers have with CCCFR services to strengthen their capacity to meet the support needs of CCCFR services.

Findings relating to Recommendation 14

- **Finding 21:** CCCFR Program Officers are the primary point of contact and support for most CCCFR services, both for the grant and broader areas of service governance, quality, and business support outside the scope of the grant.
- **Finding 22:** A lack of clarity around roles and responsibilities has meant that Program Officers are undertaking tasks beyond traditional grants administration roles, with limited or no additional training to support CCCFR services with broader queries in relation to operations, such as infrastructure and asset maintenance.
- **Finding 26:** The Department adopts a responsive, risk-based approach to monitoring and reporting with CCCFR services, supporting CCCFR services to meet their compliance obligations in a non-punitive manner, while still undertaking enforcement actions where significant risks to children’s health and safety have been identified.

Recommendation 15: Responsibilities should be assigned and/or targeted roles established to support CCCFR services in relation to specialist issues beyond the remit of Program Officers – such as leasing and asset management and legislative and regulatory advice outside of CCCFR grant obligations.

- To identify these specialist roles, the Department should undertake a stocktake around the frequency and complexity of service queries outside the scope of traditional grants administration.
- When assigning responsibilities, the Department should consider the level of knowledge or prior qualifications required to support CCCFR services.

Findings relating to Recommendation 15

- **Finding 23:** To remain sustainable, CCCFR services require specialist support that is outside of the scope of roles and responsibilities of the Program Officers and is not systematically provided to CCCFR services through other government or non-government bodies.
- **Finding 40:** Of the various leasing arrangements currently in place, the Management Agreement appears to better accommodate the delivery of child care services, clearly outlining obligations of the parties to the agreement and imposing obligations on the Commonwealth and/or the operator to maintain building compliance. However, there are ways the Management Agreement could be strengthened for future arrangements.
- **Finding 41:** Concerns in relation to the quality and adequacy of infrastructure are widespread with in many cases significant improvement required – especially if minimum requirements under the National Law and Regulations are to be met.
- **Finding 42:** Limited utilisation of the contingency funding to support infrastructure upgrades reflects barriers to CCCFR services’ participation in the application process.

Recommendation 16: Recognising the unique context of each CCCFR service, additional professional development and training should be arranged to support quality uplift, including delivery across different stakeholders (e.g., sector organisations and peak bodies) and different mediums (e.g., online, in person training, written guidance and tailored intensive supports at service).

- Future professional development and training for CCCFR services should include targeted resources and supports for Persons with Management and Control (PMC) and those at Approved Provider-level (such as board members, CEOs, individuals working in council). It should be delivered through a combination of the Department’s in-house resources and external providers.
- To ensure that the professional development and training is culturally informed, delivery to CCCFR services primarily supporting Aboriginal and Torres Strait Islander communities (including ACCOs) should be supported by an Aboriginal and Torres Strait Islander peak in accordance with clause 45(c) of the National Agreement on Closing the Gap.

Findings relating to Recommendation 16

- **Finding 30:** Analysis of Compliance and Operations Reports indicates varying capability and capacity across CCCFR services to prepare planning and governance documentation in line with the Minister’s Rules.
- **Finding 31:** Broader workforce challenges have impacted several rural and remote CCCFR services’ ability to meet obligations under the Minister’s Rules, specifically around ensuring effective supervision and meeting First Aid obligations.
- **Finding 32:** While the Minister’s Rules (section 49(9) of the FAL) prescribes obligations for CCCFR services not regulated under the NQF, certain obligations are subjective and open to interpretation, in particular criteria for the delivery of “high quality child care”.
- **Finding 33:** A lack of prescribed criteria for service documentation for the Compliance and Operations Reports has resulted in significantly varying documents submitted by CCCFR services, especially in relation to evidence of an educational program.
- **Finding 34:** While the grant enables a range of professional development and training, and ongoing business supports for CCCFR services, it is unclear whether these efforts are targeted towards those within leadership and/or management positions, such as PMCs or Approved Providers.

Recommendation 17: To enable clearer oversight of asset and infrastructure challenges faced by CCCFR services, in particular those posing a barrier to compliance with the Family Assistance Law (FAL) and/or the National Quality Framework (NQF), a quality audit of current assets and infrastructure should be commissioned and, on the basis of this, an asset management plan developed.

- The audit of CCCFR service assets and infrastructure should adopt a risk-based approach, identifying and addressing CCCFR services with outstanding infrastructure or asset challenges, followed by the proactive identification and response to infrastructure concerns which may pose risk to the health and safety of children in care.
- This quality audit of service assets and infrastructure could be undertaken in partnership with infrastructure specialists, regulatory and planning experts and/or state and territory regulatory authorities.
- In adopting an ongoing asset management plan, consideration should be made to ways in which patterns of infrastructure or maintenance issues can be monitored in a systematic manner, such as through the annual reporting conditions of the grant. This can support adequate resourcing and planning for infrastructure and maintenance costs.

Findings relating to Recommendation 17

- **Finding 28:** Some CCCFR services are expected to face significant barriers to meeting the National Law and Regulations, in particular around meeting workforce and infrastructure requirements.
- **Finding 41:** Concerns in relation to the quality and adequacy of infrastructure are widespread with in many cases significant improvement required – especially if minimum requirements under the National Law and Regulations are to be met.
- **Finding 42:** Limited utilisation of the contingency funding to support infrastructure upgrades reflects barriers to CCCFR services’ participation in the application process.

Recommendation 18: Reporting requirements and procedures for annual compliance checks as parts of leasing arrangements should be implemented through the introduction of a robust framework to ensure building/improvement maintenance and compliance are being adhered to by all parties.

- It is recommended that reporting requirements and procedures for annual compliance checks be implemented through the introduction of a robust framework to ensure building/improvement maintenance and compliance are being adhered to by the parties.

Findings relating to Recommendation 18

- **Finding 28:** Some CCCFR services are expected to face significant barriers to meeting the National Law and Regulations, in particular around meeting workforce and infrastructure requirements.
- **Finding 40:** Of the various leasing arrangements currently in place, the Management Agreement appears to better accommodate the delivery of child care services, clearly outlining obligations of the parties to the agreement and imposing obligations on the Commonwealth and/or the operator to maintain building compliance. However, there are ways the Management Agreement could be strengthened for future arrangements.
- **Finding 41:** Concerns in relation to the quality and adequacy of infrastructure are widespread, with significant improvement required in many cases – especially if minimum requirements under the National Law and Regulations are to be met.
- **Finding 42:** Limited utilisation of the contingency funding to support infrastructure upgrades reflects barriers to CCCFR services' participation in the application process.

Recommendation 19: Any future leasing arrangements should consider the requirements that are additional to securing property use rights and tenure, such as obligations for providing early childhood education and care, and ensure that these obligations are clearly articulated.

- The Management Agreement arrangement between the Australian and NT Governments for certain properties located in the Northern Territory could be enhanced by individual property schedules which have greater clarity on parties' roles and responsibilities.
- The focus of the agreements should be on access/tenure, delivery of CCCFR services, and ensuring adequate infrastructure for quality child care delivery.

Findings relating to Recommendation 19

- **Finding 40:** Of the various leasing arrangements currently in place, the Management Agreement appears to better accommodate the delivery of child care services, clearly outlining obligations of the parties to the agreement and imposing obligations on the Commonwealth and/or the operator to maintain building compliance. However, there are ways the Management Agreement could be strengthened for future arrangements.

Part A: Background and context

1 Introduction

This chapter provides an overview of the CCCFR review and the scope and structure of this report.

1.1 Review of the Community Child Care Fund Restricted (CCCFR) grant

The Department of Education (the Department) commissioned Deloitte Access Economics, in partnership with SNAICC and Murawin, in early 2023 to undertake a review of the Community Child Care Fund Restricted (CCCFR) grant.

While Deloitte Access Economics maintains overall responsibility for the review, the partnership has been facilitated through Murawin's support in co-designing and executing the stakeholder engagement approach; and SNAICC's support in co-designing and executing the stakeholder engagement approach, and also providing advice as it pertains to grant and policy design with Aboriginal and Torres Strait Islander communities.

The primary purpose of this review is to understand the extent to which the CCCFR grant has delivered on its intended outcomes – in particular, whether and how the CCCFR grant:

- improves early childhood development outcomes for vulnerable and disadvantaged families.
- increases workforce participation by vulnerable and disadvantaged families.¹⁷

The review will also consider how the CCCFR grant can be refined to maximise its potential.

1.1.1 What is the CCCFR grant?

Part of the Commonwealth's *Child Care Safety Net*, the CCCFR grant was established in 2018 and is largely a continuation of previous child care funding arrangements to a subset of services.¹⁸ It is currently administered to 149 services across Australia.¹⁹

The CCCFR grant is a closed funding grant, originally with a stated intent of supporting services to transition to the 'new child care system', including regulatory compliance with the National Law and Regulation under the National Quality Framework and achieving financial sustainability through payments under the Child Care Subsidy (CCS) and Additional Child Care Subsidy (ACCS).

The CCCFR grant is part of the broader Community Child Care Fund (CCCF), which provides a range of grants for child care services to help address barriers to participation. Grants and support available through the CCCF include:

- special circumstances grant – designed to help services stay open when something unexpected happens (such as a natural disaster)
- disadvantaged and vulnerable communities grant – services in disadvantaged and vulnerable communities can apply for this funding when grant rounds are open, to help them stay open and increase child participation
- limited supply grant – available to CCS-approved providers that want to establish new centre-based day care and family day care services in areas experiencing disadvantage in regional and remote Australia and where there are no or limited similar services

¹⁷Commonwealth Department of Education, Community Child Care Fund restricted grant review (2023), <<https://www.education.gov.au/early-childhood/community-child-care-fund/cccf-restricted-grant/community-child-care-fund-restricted-grant-review>>

¹⁸ The majority of CCCFR grant recipients are former Budget Based Funded (BBF) services, former Non-Formula Funded Occasional Care (NFFOCC) services and former Indigenous Advancement Strategy (IAS) funded services.

¹⁹ This figure is as of August 2023, when consultations started.

- restricted grant (Closing the Gap) – for new ECEC services in mainly remote locations, with a focus on increasing participation rates of Aboriginal and Torres Strait Islander children in ECEC
 - this expansion grant encompasses additional funding for over four years to set up 20 new CCCFR services and, where possible, will be delivered by Aboriginal Community Controlled Organisations (ACCOs), in line with the Closing the Gap National Agreement²⁰
- Connected Beginnings – grants are available across Australia to integrate local support services so Aboriginal and Torres Strait Islander children and families can access culturally appropriate support services, with the grant expanding to 50 sites nationally by 2025
- business support – available to CCCFR grant recipients to improve and maintain their financial viability and sustainability.

The scope for this review is limited to the CCCFR grant and does not include earlier programs or other elements of the CCCF, or the CCCFR expansion grant.

1.1.2 Review scope and approach

The scope of the review is outlined in the Department's *Detailed Statement of Work* for the review – set out in Appendix B.

The *Detailed Statement of Work* has directly informed the review framework and research questions, which are set out in Chapter 3.

A CCCFR review Advisory Group was also established, to provide advice on the review's design and methodology, including the consultation process. The Advisory Group convened on a regular basis from July 2023 until January 2024.

Recognising the broad scope of this review, Deloitte Access Economics adopted a multi-faceted approach to this research, encompassing:

- literature and document analysis
- grant and regulatory data analysis
- consultation with a representative sample of CCCFR services, in partnership with SNAICC and Murawin – see Box 1.1
- a comprehensive online survey to remaining CCCFR services
- ongoing consultation and iterative validation of findings with Australian Government stakeholders, including CCCFR Program Officers and key grant staff in the Department, Australian Children's Education and Care Quality Authority (ACECQA) and broader Commonwealth agencies
- opportunities for consultation from broader stakeholders, such as ECEC and Aboriginal and Torres Strait Islander peak bodies, state and territory education departments and regulatory authorities, researchers and academics, and broader advocacy organisations supporting Aboriginal and Torres Strait Islander communities, occasional and regional and remote ECEC.

Box 1.1: Roles of the CCCFR review project partners

Deloitte Access Economics has undertaken more than 100 engagements across Australia in relation to early childhood, including seminal reviews of key policies and sector reforms. Deloitte Access Economics' track record includes managing and delivering large-scale, complex projects involving multiple stakeholder groups, successfully to completion. Deloitte Access Economics is familiar with various operational models, funding and governance arrangements, stakeholder environment and policy priorities within early childhood – having been at the forefront of supporting government decision making in early childhood policy and strategy across Australia.

SNAICC is the national non-governmental peak body for Aboriginal and Torres Strait Islander children. SNAICC works for the fulfilment of the rights of their children, in particular to ensure their safety, development and well-being. SNAICC works in collaboration with Aboriginal and

²⁰Department of Education. CCCF Restricted grant expansion (July 2023), <https://www.education.gov.au/early-childhood/community-child-care-fund-restricted-guide/introduction/cccf-restricted-grant-expansion>

Torres Strait Islander community-controlled organisations, mainstream services, and governments to develop legislation, policies, programs and practices that support safety, development and wellbeing for Aboriginal and Torres Strait Islander children. SNAICC also produces policy and research papers, submissions, resources for services and media releases spanning early childhood development, child safety and wellbeing, and child rights.

Murawin is a certified Supply Nation business. Aboriginal and Torres Strait Islander empowerment is at the centre of Murawin’s purpose, driving their social enterprise business model. Murawin works to innovate change, breaking cycles that perpetuate disadvantage, and create impact amplifying initiatives that contribute to building improved futures for Aboriginal and Torres Strait Islander peoples. Murawin is committed to building the culturally responsible capability of clients to navigate the current complexities of Aboriginal and Torres Strait Islander issues and communities, and effectively grow inclusivity.

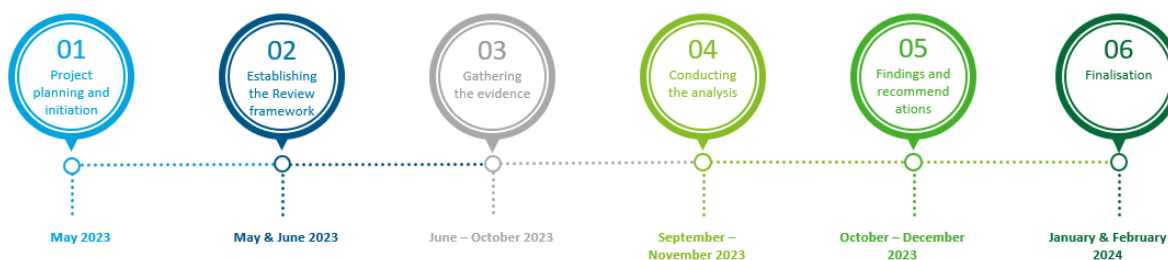
The partnership between Deloitte Access Economics, SNAICC – National Voice for our Children and Murawin has been carefully curated to bring the depth and breadth of capability required for this important work to be undertaken. While Deloitte Access Economics has overall responsibility for the review, SNAICC and Murawin jointly supported the design of the data collection instruments and led the majority of consultations with services and families in communities. SNAICC additionally provided advice and support to Deloitte Access Economics, drawing on secondary data sources and insights to help inform the analysis in this report.

The CCCFR review was conducted over a ten-month period, shown in Figure 1.1.

The review approach has six phases:

- **Project planning and initiation** – laying the operational foundations for the success of the review
- **Establishing the review framework** – laying the policy and analytical foundations for the success of the review
- **Gathering the evidence** – assembling a robust, comprehensive, meaningful evidence base
- **Conducting the analysis** – rigorously analysing the assembled evidence in line with the review framework
- **Findings and recommendations** – building a powerful, authoritative case for change and a meaningful and decisive set of recommendations
- **Finalisation** – ensuring the Department is fully equipped to take forward the review recommendations.

Figure 1.1: Phases of the CCCFR review



Work undertaken to date for the review includes:

- development of a review framework (see Chapter 3)
- provision of detailed data requests to the Department
- initial desktop research, with analysis, findings and further areas for investigation outlined in a summary report to the Department

- the purpose of this desktop research was to provide a foundational understanding of the CCCFR grant across multiple facets, in turn shaping the approach to stakeholder engagement and data collection throughout the review
- development of a costing methodology paper
- development of a stakeholder engagement plan and data collection tools
- gathering primary evidence through stakeholder engagement
- provision of a summary report to the Department on stakeholder insights
- gathering secondary data, including CCS, ECEC National Workforce Census (NWC) and Australian Early Development Census (AEDC) data
- analysis of the entire evidence base, triangulating multiple data points to inform the findings and recommendations
- development of a cost-modelling tool
- development of an environmental scan data dashboard
- development of this report.

1.1.3 Other policy developments and inquiries relevant to the CCCFR review

There are multiple intersections between the CCCFR review and policy movements in the broader ECEC landscape.

A raft of policies and strategies, some of which are in development, will impact the ultimate reform direction for the CCCFR grant. These include:

- a national vision for early childhood education and care, to be considered by National Cabinet in early 2024
 - the vision is intended to provide long-term direction to achieve a quality, accessible, affordable, and equitable ECEC sector²¹
- the Early Years Strategy being developed by the Australian Government
 - the Strategy is intended to help the Commonwealth create a more integrated, holistic approach to the early years and better support the education, wellbeing and development of Australia’s children
 - a draft Early Years Strategy was published on 7 December 2023²²
- the National Children’s Education and Care Workforce Strategy, *Shaping our Future*, published in 2021
 - the Strategy established 21 actions over a time period of ten years to support the development of a high quality and sustainable early childhood workforce
 - focus areas include: professional recognition; attraction and retention; leadership and capability; wellbeing; qualifications and career pathways; and data and evidence.²³

There are two major ECEC inquiries that will significantly shape the future of the CCCFR grant – the Australian Competition and Consumer Commission (ACCC) Child Care Price Inquiry (the ACCC Inquiry) and the Productivity Commission Inquiry into the ECEC sector in Australia (the PC Inquiry). Findings from the ACCC Inquiry will inform and support the PC Inquiry, together with the CCCFR review findings.

An overview of the two inquiries is provided in the box below.

²¹ Department of Education, National Vision for early childhood education and care, National vision for early childhood education and care (February 2024), <https://www.education.gov.au/early-childhood/strategy-and-evaluation/national-vision-early-childhood-education-and-care>

²² Note the final Early Years Strategy had not been released at the time this review was finalised.

²³ Education Services Australia. "Shaping Our Future" A ten-year strategy to ensure a sustainable, high-quality children’s education and care workforce 2022–2031 (2022), <https://www.acecqa.gov.au/sites/default/files/2021-10/ShapingOurFutureChildrensEducationandCareNationalWorkforceStrategy-September2021.pdf>

Box 1.2: ACCC and PC ECEC Inquiries

ACCC Inquiry

The ACCC Inquiry examined and considered 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 these have changed following changes in child care policy settings.

It also examined how variation in costs and prices across key characteristics impact child care provider viability, quality and profits.

On 29 January 2024, the ACCC Inquiry published its final report, making findings and recommendations regarding the costs of providing child care services, the nature of competition in child care markets, the profitability and viability of the sector, and price regulation models.²⁴

Key recommendations relevant to the CCCFR review include:

- consideration and consultation on changes to the CCS and existing hourly rate cap mechanism, including removing, relaxing or substantially reconfiguring the current activity test, as it may be acting as a barrier to more vulnerable children accessing care and creating a barrier to workforce entry or return for some families (recommendation 2)
- consideration of maintaining and expanding supply-side support options for ACCOs that provide child care and additional support services for Aboriginal and Torres Strait Islander children, parents and guardians (recommendation 6a)
- consideration of alternative approaches for Aboriginal and Torres Strait Islander households to access the CCS, recognising: (1) the current lack of flexibility in the system to take account of, for example, kinship care arrangements; and (2) the barriers that can exist to stop or inhibit Aboriginal and Torres Strait Islander households engaging with Centrelink or Services Australia, such as practical documentation or evidence barriers and historical and cultural barriers associated with past trauma (recommendation 6b)
- consideration of a market stewardship role, including identifying under-served areas and vulnerable cohorts, along with appropriate intervention whether through demand-side and/or supply-side subsidies and any complementary regulatory measures required (recommendation 7)
- further consideration of the benefits and challenges of supply-side subsidies (particularly as a longer term consideration) coupled with other more direct forms of market intervention, as appropriate (recommendation 8).

PC Inquiry

The PC Inquiry has been asked to make recommendations that will support affordable, accessible, equitable and high-quality ECEC that reduces barriers to workforce participation and supports children's learning and development, including considering a universal 90 per cent child care subsidy rate. In doing so, it will consider options that improve or support:

- affordability of, and access to, quality ECEC services that meet the needs of families and children
- developmental and educational outcomes for Australian children, including preparation for school
- economic growth, including through enabling workforce participation, particularly for women, and contributing to productivity

²⁴ Australian Competition and Consumer Commission. Final report – Childcare inquiry (December 2023) <<https://www.accc.gov.au/inquiries-and-consultations/childcare-inquiry-2023/december-2023-final-report>>

- outcomes for children and families experiencing vulnerability and/or disadvantage, Aboriginal and Torres Strait Islander children and families, and children and families experiencing disability
- the efficiency and effectiveness of government investment in the sector.

On 23 November 2023, the PC Inquiry published a report on its draft findings and recommendations to address the barriers that affect access to ECEC services and support better outcomes for children and families – *A path to universal early childhood education and care*.²⁵

Key recommendations relevant to the CCCFR review include:

- supporting universal access in persistently thin markets via supply-side funding (draft recommendation 5.1)
- modifying the CCS to improve affordability and access (draft recommendation 6.2)
- making information about CCS eligibility easy to find and understand (draft recommendation 6.3)
- prompting families to update their details with Services Australia (draft recommendation 6.5)
- ensuring integrated services are available where needed (draft recommendation 7.1)
- ensuring appropriate quality regulation for services outside the scope of the NQF (draft recommendation 2.1)
- improving policy coordination and implementation through a new National Partnership Agreement for Early Childhood Education and Care (draft recommendation 9.1)
- establishing a stewardship model, underpinned by an ECEC Commission, to address some of the challenges observed in the market, coordinate a more cohesive policy response and steer the sector towards universal access (draft recommendation 9.2).

In addition, two key findings were made in relation to supporting Aboriginal and Torres Strait Islander children and families:

- it is unclear if the NQF adequately promotes cultural safety and capability (draft finding 2.4)
- ACCOs are well placed to provide early years and family services – but face funding challenges (draft finding 7.3).

The final report will be provided to the Australian Government by 30 June 2024.

The reform direction for the CCCFR grant will ultimately depend on (1) findings and recommendations from both inquiries and (2) the extent to which recommendations from the inquiries are accepted and implemented by government.

The uncertainty regarding the broader policy outlook presents challenges to recommending a categorically preferred path for the CCCFR grant. In response, the review has put forward recommendations for two scenarios in Chapter 9:

1. **Repositioning CCCFR services within a reformed policy landscape** - recommendations regarding how potential changes to the wider ECEC policy environment could be driven and capitalised on to strengthen and reposition services currently in receipt of a CCCFR grant.
2. **Refining the current CCCFR grant to maximise its potential** - recommendations regarding how the design and administration of the grant should be refined to maximise its potential.

²⁵ Australian Government Productivity Commission, *A path to universal early education and care: Draft report* (November 2023), <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf>

1.2 Scope and structure of this report

This draft report presents review findings and recommendations, in line with the review framework.

This report is structured as follows:

- **Chapter 2** provides an overview of the CCCFR grant, including its history, objectives, and current operation, together with a profile of CCCFR services
- **Chapter 3** outlines the review framework, establishing the intended scope of research and analysis
- **Chapter 4** sets out the underpinning evidence base for this report, outlining the primary and secondary evidence that has informed review findings and recommendations
- **Chapter 5** presents findings on the objectives and intent of the CCCFR grant
- **Chapter 6** presents findings on the policy and funding design of the CCCFR grant
- **Chapter 7** presents findings on administration, governance and compliance under the CCCFR grant
- **Chapter 8** presents findings on resourcing and financial sustainability under the CCCFR grant
- **Chapter 9** sets out a vision for future grant design, through a set of recommendations drawn from the review findings
- **Chapter 10** outlines considerations for implementing the review recommendations
- **Appendix A** includes the voices of services, families and community as presented in the review's *Emerging stakeholder observations report* (November 2023)
- **Appendix B** sets out the Detailed Statement of Work for the review
- **Appendix C** includes the consultation guide for CCCFR services
- **Appendix D** includes the consultation guide for families and communities
- **Appendix E** includes the consultation guide for Departmental and broader stakeholders
- **Appendix F** includes the online survey of CCCFR services
- **Appendix G** outlines the sampling process for service consultations
- **Appendix H** provides a summary of the approach to multi-criteria analysis used in the administration, governance and compliance review domain
- **Appendix I** includes environmental sustainability guidelines for CCCFR services
- **Appendix J** provides a summary of leasing arrangements under the CCCFR grant
- **Appendix K** sets out the methodology used for the outcomes analysis presented in Chapter 5.

2 Overview of the Community Child Care Fund Restricted (CCCFR) grant

This chapter overviews the CCCFR grant, canvassing its historical development and current configuration. A profile of current CCCFR services is also provided.

2.1 History of the CCCFR grant

The CCCFR grant was established in 2017, with services receiving their first funding in July 2018. The Australian Government allocated up to \$62.5 million per annum in grant funding for services.²⁶ The CCCFR grant was part of a suite of grants under the CCCF, which formed part of the Child Care Safety Net in the Jobs for Families Child Care Package.

The CCCFR grant was designed at a point of transition for the national ECEC funding approach. It was announced as part of the Jobs for Families Child Care Package, which was intended to form a simpler, more affordable, and more accessible child care system.²⁷

An important component of the new system was the introduction of the CCS (see Box 2.1).

The Jobs for Families Child Care Package also included the 'Child Care Safety Net', which includes the ACCS, the Inclusion Support Program and the CCCF. The CCCF was designed to provide grants to child care services to improve access in disadvantaged areas, areas of high demand but low availability, and to improve affordability for low income families in areas where fees are greater than the CCS benchmark.²⁸

Box 2.1: Child Care Subsidy

The Child Care Subsidy

The CCS was introduced in July 2018. The CCS was intended to simplify the system, by replacing two payments, the Child Care Benefit (CCB) and Child Care Rebate (CCR) and streamlining them into one. The CCS is a means-tested subsidy that takes into account family income and the level of work, study, or other approved activity of parents and carers.

²⁶ Australian Government Department of Education and Training, Community Child Care Fund- Restricted non-competitive grant opportunity (for specified services) Guidelines (February 2017), <<https://www.grants.gov.au/Fo/DownloadDocument/e99c0c70-f434-c990-87d3-6ddebfa904f5?docType=Fo&fileName=CCCF%20Restricted%20non-competitive%20grant%20opportunity%20guidelines%20%20311017.pdf&location=s3Restricted>>

²⁷ 'Former Ministers and Parliamentary Secretaries, 'Job for Families Child Care Package Delivers Choice for Families' <<https://formerministers.dss.gov.au/15859/job-for-families-child-care-package-delivers-choice-for-families/>>

²⁸ ParlInfo, Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015 (2015), <<https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22legislation%2Fbillsdgs%2F4511107%22>>

The application process involves communication with Centrelink, which administers the CCS.

The Activity Test

With the introduction of the CCS, an Activity Test was implemented, which assesses the level of work, study, or other approved activities undertaken by parents to determine the level of subsidy they are eligible for. From 10 July 2023, Services Australia implemented recent changes to the Activity Test for Aboriginal and Torres Strait Islander families. Children can now get 36 hours of CCS per fortnight, regardless of their family's circumstances. Subsidised hours beyond the initial 36 per fortnight still require the Activity Test to be met. Families are still required pay an out-of-pocket cost to their child care service depending on their CCS percentage.²⁹ At this juncture, the assessment of whether these recent changes will yield a positive outcome remains pending.

Additional Child Care Subsidy

The Additional Child Care Subsidy is additional funding support on top of the CCS. It is designed to assist families facing particular challenges or circumstances that may impact their ability to access and afford child care. It is paid to providers, who pass it on to families as a fee reduction. The ACCS includes four subsidy categories:

- **Temporary Financial Hardship:** Provides short-term assistance to families experiencing significant financial difficulties, such as sudden unemployment or loss of income. This is paid for a maximum of 13 weeks per event.
- **Transition to Work:** Supports families who are transitioning from income support to work by covering a higher percentage of their child care fees for a limited period. The length of time this is paid depends on whether the parent/carer is studying, looking for work, working or training e.g. it is available for a maximum of 26 weeks for job search activity and 52 weeks for a full time vocational training course.
- **Grandparent:** Assists grandparents who are the primary carers of their grandchildren due to exceptional circumstances. This subsidy does not have a time limit.
- **Child Wellbeing:** Child care providers can determine a risk to safety and wellbeing that doesn't necessarily meet state/territory authority thresholds. This subsidy is available for 6 weeks initially, with services then able to apply for longer periods of up to 13 weeks. Services are able to apply for up to 52 weeks if the child is on a long-term protection order; in formal foster care; or in a formal kinship care arrangement.

Families need to apply for the first three of the Additional Child Care Subsidy categories by providing relevant documentation and information to support their eligibility for the specific category they are applying for. Child care services are responsible for applying for the Child Wellbeing subsidy on behalf of families.

The CCCFR grant was restricted based on services' former funding arrangements. Former funding arrangements initially included Budget Based Funded (BBF) services and Non-Formula Funded Occasional Child Care (NFFOCC). Some former BBF services were transitioned to CCCFR at a later date, having been initially transitioned to the then Department of the Prime Minister and Cabinet (PM&C) through the Indigenous Advancement Strategy (IAS).

The CCCFR grant was intended to provide another source of funding to these services, in addition to the CCS and ACCS under the (then) new child care funding system, together with parent fees paid to the service. It was identified that these services would likely need further funding and other support to remain viable during and beyond the transition period. The funding was designed

²⁹ Australian Government Services Australia, 'Activity Test for Aboriginal and Torres Strait Islander children' (2023), <<https://www.servicesaustralia.gov.au/activity-test-for-child-care-subsidy-for-aboriginal-and-torres-strait-islander-children?context=41186>>

to taper gradually over a five-year period as more children eligible for CCS and ACCS would enrol and reliance on grant funding would decrease as a result.

The CCCFR grant's 'additional funding' was intended to ensure that no service receiving the funding would be financially worse off, and indeed that the CCCFR grant combined with CCS and ACCS may be greater than services' existing funding under the BBF model. This was intended to address concerns that the BBF model was not responsive to service's needs, including that services were not receiving additional funding as more children attended, and that funding was inequitably distributed across services.³⁰

Identification and deeming of services for the CCCFR grant

The CCCFR grant, as a closed, non-competitive grant, was only open to certain services. Services were initially identified from former **BBF** and **NFFOCC** services. The identification process involved four stages:

1. A review by Pricewaterhouse Coopers (PwC) as to whether a service was deemed to be primarily offering child care.
 - PwC transition reports included findings on the service's capacity to transition, including on the operational delivery and financial viability.
2. The PwC findings were circulated for review by Program Officers in the state offices for moderation.
 - The PwC findings included that some services who may have been eligible for CCCFR preferred alternative approaches, including some which preferred to remain under block funding provided by the IAS, rather than transition (see below).
3. Final decisions on which services would be invited to apply for a CCCFR grant were made in National Office Canberra.
 - Services which were not determined to be primarily delivering child care were supported by the Department to transition to funding arrangements with other Commonwealth Departments.
4. Services chose whether to apply for a CCCFR grant.
 - If services did not choose to apply for a CCCFR grant, and were not eligible for block funding under the IAS, there were no alternative funding approaches offered at this time.

Services which transitioned to CCCFR from PM&C

In the first year of the CCCFR grant's operation, 12 additional services were transferred to the CCCFR from Prime Minister and Cabinet, funded through the **IAS**. This was via a second CCCFR grant funding round, and the services were brought in during the last quarter of 2018. These included former BBF services which had preferred to receive funding under the IAS.

Seven of these services were listed under Minister's Rules and five services were regulated under the NQF.

The box below provides an overview of the more recent funding programs from which the CCCFR services were drawn.

³⁰ Internal document provided by Department of Education. (2018). Australian Government, 'Minister Scullion: Backing Early Learning and Care for Disadvantaged Families', Indigenous.gov.au <<https://www.indigenous.gov.au/news-and-media/announcements/minister-scullion-backing-early-learning-and-care-disadvantaged>>. ; SNAICC, Secretariat of National Aboriginal and Islander Child Care SNAICC Submission to the Department of Education, Employment and Workplace Training (DEEWR) Quality Early Childhood Education and Care for Children in Regional, Remote and Indigenous Communities Review of the Budget Based Funding Program (2012) <<https://www.snaicc.org.au/wp-content/uploads/2015/12/02897.pdf>>.

Box 2.2: Former funding models of CCCFR services

Budget Based Funded program

BBF services were funded by the Australian government through a grant-based funding model. It was established in 2003 as part of the Child Care Service's Support program, consolidating a range of child care and early learning services set up in the 1970s.

The program provided operational funding for ECEC services that were in areas not traditionally recognised as viable due to thin markets (i.e., regional, remote and Aboriginal and/or Torres Strait Islander communities). There were a number of BBF services present in urban areas that identified the need for culturally competent services for Aboriginal and Torres Strait Islander children and families. BBF services included Mobile, Occasional Care, Multifunctional Aboriginal Children's Services (MACS), long day care services, mobile services, creches, playgroups, toy libraries, out of school hours care services and vacation care services.

In 2016–17, \$61.8 million in competitive grant funding was allocated to support the delivery of BBF services, two thirds of which were Aboriginal and Torres Strait Islander services.³¹ The funding allocated to each BBF service was based on historical determination and indexed annually. Funding levels did not automatically reflect changing circumstances and generally did not change with shifting community needs or increasing service delivery costs.³²

The BBF program ceased in 2018, as part of the introduction of the Child Care Package.

135 services transitioned from BBF to the CCCFR.

Of the 109 services which did not transition: 65 were transferred to the Department of the Prime Minister and Cabinet;³³ 25 were transferred to the Department of Social Services, 16 closed, and 3 sourced alternative funding.³⁴

Non-Formula Funded Occasional Child Care service

Limited information is publicly available for NFFOCC services. Based on available information, NFFOCC funding was designed to support a specific group of services with the day-to-day ongoing costs of delivering quality and affordable care. The NFFOCC ceased in 2018 along with BBF with the introduction of the Child Care Package.

12 NFFOCC services transitioned to the CCCFR.

Of the 10 NFFOCC services which did not transition: 5 were transferred to the Department of Social Services; 4 closed, and 1 sourced alternative funding.³⁵

Indigenous Advancement Strategy funded service

The IAS is the way the Australian Government funds and delivers a range of programs for Indigenous Australians, including a stream of grant opportunities under the program 'children and schooling'.

The IAS funded service is a previous model of funding that is no longer available to child care services. Noting that the IAS funded service is separate to the Indigenous Advancement Strategy (the Strategy) and was a branch of funding available for child care services under the

³¹ Bray, J., et al., Child Care Package Evaluation: Final Report. (Research Report) (2021), Melbourne: Australian Institute of Family Studies

³² SNAICC, Budget Based Funded Services (2023), <<https://www.snaicc.org.au/budget-based-funded-services/>>

³³ Following machinery of government changes, ongoing responsibility for these services has transitioned to the National Indigenous Australians Agency (NIAA).

³⁴ Freya Lucas, 'Transition Pathways for Budget Based Funded Services Revealed', The Sector (6 December 2018) <<https://thesector.com.au/2018/12/06/transition-pathways-for-budget-based-funded-services-revealed-through-senate-questions/>>.

³⁵ Bray, J., et al, Discovering What Works for Families Child Care Package Evaluation: Final Report AUGUST 2021 (February 2022) <https://aifs.gov.au/sites/default/files/2022-12/2021_child_care_package_evaluation_final_report.pdf>

Strategy.³⁶ The Strategy continues to receive Commonwealth funding for grant funding processes and administered procurement activities that address the objectives of the IAS. The eleven IAS funded services no longer had access to this stream of funding with the introduction of the Child Care Package in 2018.³⁷

12 IAS services transitioned to the CCCFR in the 2018-2019 financial year.³⁸

2.2 CCCFR grant objectives and intent

The CCCFR grant stated objectives are to:

- improve early childhood development outcomes for vulnerable and disadvantaged children
- increase workforce participation by vulnerable and disadvantaged families.³⁹

The CCCFR grant was also intended to support services to transition to the new mainstream child care system, and to address issues with former funding models, such as inequitable funding distribution, and funding inadequacy of a capped and closed system.⁴⁰

The initial CCCFR grant guidelines describe the CCCFR grant objectives as to:

- ensure continuity of child care services during and beyond any period of transition
- support eligible child care services to build capacity and operate sustainably under the new child care system
- support services to increase participation by Indigenous children.⁴¹

The initial CCCFR grant guidelines also outline the expected outcomes of the CCCFR grant:

- continuity of locally driven child care service delivery, appropriate for the particular community
- increased capacity of services to operate sustainably under the new child care system
- child care services are able to address (or have increased capacity to address) community level barriers to child care participation
- increased number of children from vulnerable or disadvantaged families and communities accessing child care
- increased collaboration between relevant services, in particular to meet the needs of vulnerable or disadvantaged families or communities
- increased participation in early childhood education and care by Aboriginal and Torres Strait Islander children.

The CCCFR grant is part of a suite of grants known as the CCCF. The CCCF objective is:

- to support child care services to address barriers to child care participation, particularly targeting disadvantaged and vulnerable families and communities.

³⁶ National Indigenous Australians Agency, Indigenous Advancement Strategy (2021), <<https://www.niaa.gov.au/indigenous-affairs/grants-and-funding/indigenous-advancement-strategy>>

³⁷ Bray, J., et al., Child Care Package Evaluation: Final Report. (Research Report) (2021), Melbourne: Australian Institute of Family Studies

³⁸ Internal document provided by Department of Education.

³⁹ Department of Education Australian Government, 'CCCF Restricted Grant', Department of Education (2023) <<https://www.education.gov.au/early-childhood/community-child-care-fund/cccf-restricted-grant>>.

⁴⁰ Australian Government, 'Minister Scullion: Backing Early Learning and Care for Disadvantaged Families', Indigenous.gov.au (2023) <<https://www.indigenous.gov.au/news-and-media/announcements/minister-scullion-backing-early-learning-and-care-disadvantaged>>.

⁴¹ 'Community Child Care Fund Restricted Grants – Guide for Grant Recipients - Department of Education, Australian Government', Department of Education (2023) <<https://www.education.gov.au/early-childhood/resources/community-child-care-fund-restricted-grants-guide-grant-recipients>>.

Box 2.3: Complexity in defining vulnerability, disadvantage and child care

Vulnerability and disadvantage

Similar to other early childhood programs and grants in Australia, the CCCFR grant includes references to addressing vulnerability and disadvantage as central to the desired objectives of the government funding.

However, there are notable challenges in adopting these terms in a broad sense, without set definitions or indicators to clearly articulate what exactly the vulnerability and disadvantage being experienced entails and the barriers to addressing the underlying causes of these states.

This review has found that the CCCFR grant does not have a clear definition for vulnerability and disadvantage within its guidelines. Furthermore, when stakeholders were asked to describe their understanding, there was wide variability both within and between stakeholder groups as to what they understood the terms vulnerability and disadvantage to refer to within the context of the grant objectives.

Outside of the CCCFR grant context, the datapoints through which vulnerability and disadvantage is understood and measured by governments is also variable.

An example of this is the upcoming Preschool Outcomes Measure, which intends to measure disadvantage at a community level through adopting the Socio-Economic Index for Areas (SEIFA) measure of relative disadvantage.⁴² However, the Centre for Longitudinal Studies notes that while disadvantage can be attributable to specific indicators such as employment or education, level of disadvantage can be attributable to life events or other personal circumstances.⁴³ Noting the individual context of disadvantage, the Australian Government Department has commissioned research to inform feasible child-level indicators in relation to early childhood funding.⁴⁴

Child care

While the term 'child care' is often assumed to be synonymous with *education and care* within the context of the NQF, there is not a uniform definition of child care in Australia. This is largely due to the legislative and policy frameworks guiding ECEC being fragmented across both Australian, state and territory governments, each with their own intent and purpose.

For example, as the legislative basis for administering the Child Care Subsidy, the Family Assistance Law (FAL) is silent in prescribing indicators around the quality or format of education and care provided by a service. The FAL does, however, define a 'session of care' as "the period of time that an approved provider charges a fee to an individual for providing child care", noting that child care can be delivered in a centre-based day care (CBDC) service, family day care (FDC) service, outside school hours care (OSHC) service or in-home care (IHC) service.⁴⁵ The Act also considers 'approved child care' as care provided by the above service types, with some

⁴² Australian Government Department of Education, *Preschool Reform Agreement – as varied* (2021), <https://federalfinancialrelations.gov.au/sites/federalfinancialrelations.gov.au/files/2022-12/PRA%20Variation_compilation_All%20States.pdf>

⁴³ National Centre for Longitudinal Data, Department of Social Services (DSS), *Multiple disadvantage* (Research paper, 2014), <https://www.dss.gov.au/sites/default/files/documents/05_2015/research_summary_no1_2004_-_multiple_disadvantage_-_accessible_version_.pdf>.

⁴⁴ The Royal Children's Hospital Melbourne, *Measuring vulnerability and disadvantage in early childhood data collections* (report commissioned by Australian Government Department of Education, 23 June 2023) <<https://www.education.gov.au/early-childhood/resources/measuring-vulnerability-and-disadvantage-early-childhood-data-collections>>.

⁴⁵ Family Assistance Guide, Australian Government Department of Social Services (DSS) 'Approved provider, approved child care service, approved child care (CCS)' (2024) <<https://guides.dss.gov.au/family-assistance-guide/1/1/a/90>>.

exemptions, such as sporting classes, disability or early intervention services, or where a parent is present and retains responsibility for the child.

Similarly, Section 5 of the National Law provides a broad definition of education and care as “any service providing or intended to provide education and care on a regular basis to children under 13 years of age”, then notes several exceptions such as personal arrangements or “services principally conducted to provide instruction in a particular activity” (such as music).⁴⁶ As such, the definition of ‘child care’ within the scope of the NQF is open to the interpretation of state and territory regulatory authority staff, expected to assess the suitability of applicants (i.e., services) under the National Law and Regulations when determining service or provider approval.

Notably, the NSW supplementary provisions, which were introduced to bring several out-of-scope services in line with the NQF in NSW, define an education and care service as “a service that provides education or care (other than residential care), or both education and care, whether directly or indirectly, for one or more children under the age of 6 years and who do not ordinarily attend school (disregarding any children who are related to the person providing the care”).⁴⁷ This distinction of education and care being “education or care” or both “education and care” may suggest that the regulatory interpretation of child care in NSW is mindful of the broad range of programs delivered in the NSW ECEC sector.

Additional complexity can exist when considering circumstances where the child is not within the education and care services premises, albeit under the supervision and care of staff employed by the education and care service. Under the National Quality Framework, services are assumed to be providing education and care for a child during periods of regular transportation (e.g. transportation to-and-from home to the service as stipulated under regulation 4(1) of the National Regulations) or when undertaking excursions (as stipulated under regulation 99(4) and broader excursion-related regulations). However, in the case of regular transportation to-and-from the service, the Family Assistance Law stipulates that a CCS-subsidised “session of care” would not commence until the the child has arrived at the service (section 8(a) of *Child Care Subsidy Minister’s Rules 2017*). In this circumstance, the service is considered as providing ‘child care’ under the NQF when picking up the child from home, but is not considered or funded as delivering a “session of care” under the Family Assistance Law until the child arrives at the service.

Finally, the Restacking the Odds project adopts an even broader definition, referring to ECEC as “any arrangement providing education and care for children aged 0 to the first year of formal schooling regardless of the setting, funding, opening hours, or program content”.⁴⁸

These similar, yet differing and broad interpretations of child care between the FAL, the National Law and Regulations and broader research can result in significant complexity for governments and policy makers when trying to consider what is and what is not child care for the purposes of funding early childhood and its desired outcomes.

2.3 The CCCFR grant today

Services in receipt of the CCCFR grant enter a legally binding agreement with the Commonwealth represented by the Department. As part of the grant agreement, services are required to undertake the activity and acquit the grant within the time frame specified under the grant agreement. For the CCCFR grant, the maximum grant period was five years, but all services’

⁴⁶ Section 5, *Education and Care Services National Law Act 2010 VIC (National through applied law)*

⁴⁷ *Children (Education and Care Services) Supplementary Provisions Act 2011 NSW*

⁴⁸ Molloy et al., *Early childhood education and care: An evidence based review of indicators to assess quality, quantity, and participation* (2017), < https://www.rch.org.au/uploadedFiles/Main/Content/ccchdev/Restacking-the-Odds_ECEC_communication-summary.pdf > .

activity funding has been extended to seven years, ending 3 June 2025 to permit the Review and a decision on the future of the grant to be made.⁴⁹

Payments are made according to schedules as agreed between grant recipients (CCCFR services) and the Department and outlined within their agreements. The release of payment is dependent on the services ability to meet the requirements as set out in the grant agreement. Services are also required to adhere to a set of reporting requirements as detailed within their grant agreement, such as an annual financial acquittal, and payment is dependent on submission of those report(s).⁵⁰

At the time of this review, the CCCFR grant is funding 149 services across all states and territories. See section 2.4 for more detail on the profile of CCCFR services.

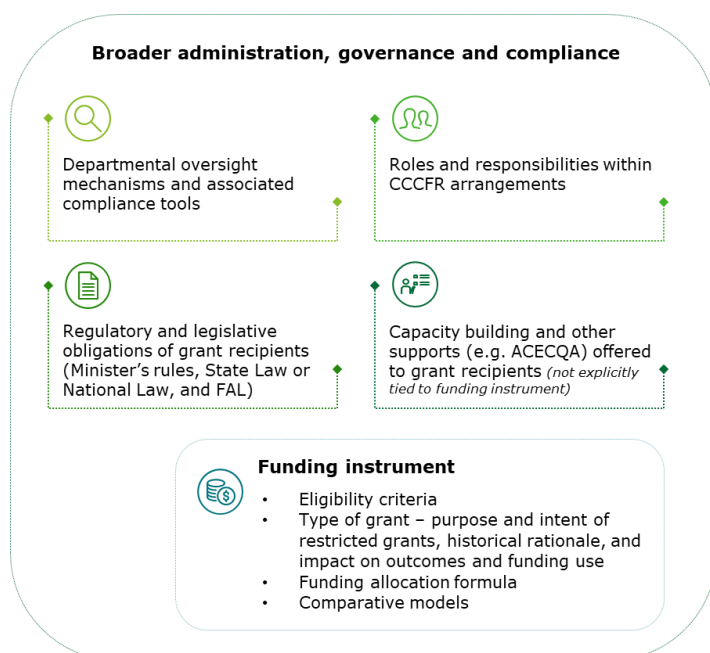
The CCCFR grant supplements income services receive from families (fees), the CCS, and the ACCS. Services are expected to maximise the income they receive, including from fees, CCS, ACCS, fundraising, and applying for additional grants.

For the purposes of analysis undertaken as part of this review, the CCCFR grant has been conceptualised as two elements, as shown in Figure 2.1:

- **the funding instrument**, referring to the financial grant itself
 - this is overviewed in section 2.3.2
- **the broader administration and governance arrangements associated with receipt of CCCFR grant funding**, as well as associated supports provided to services to meet the objectives and intent of the grant
 - this is overviewed in sections 2.3.3 and 2.3.4

Occupancy and leasing arrangements are outlined in section 2.3.5

Figure 2.1: Two elements within the CCCFR grant



Source: Deloitte Access Economics (2023).

⁴⁹ 'Community Child Care Fund Restricted Grants – Guide for Grant Recipients - Department of Education, Australian Government', Department of Education (2023) <<https://www.education.gov.au/early-childhood/resources/community-child-care-fund-restricted-grants-guide-grant-recipients>>.

⁵⁰ Ibid.

2.3.2 Funding

The annual sustainability grant figures were set at the agreed figures negotiated in early 2018; based on the provider determined figures stated in the application stage for funding in 2017. The allocated funding was reviewed and indexed year on year based on inflation and other factors determined to have impacted on services.

The intention of the CCCFR grant funding was to support services to remain financially viable during their transition to sustainability under the new CCS system. To support services becoming fully sustainable under CCS, funding was to taper as CCS increased.⁵¹

In addition to the baseline sustainability funding, providers can apply for additional sustainability funding to address any shortfalls. Capital works funding is also available on application, and both are subject to the provision of detailed financial reporting and project descriptions.

Funding under the CCCFR grant⁵² can be used to:

- improve service viability and sustainability
 - for example, improving business practices and introducing innovative solutions
- address community level barriers to child care participation
 - for example, by helping vulnerable and disadvantaged families participate in child care
 - Guidelines for the CCCFR grant – from its inception in 2017⁵³ to its current iteration in August 2022⁵⁴ – note that services may provide supports to address community level barriers to child care participation. However, the grant guidelines also note that grant funding cannot be used for “activities that are not directly related to the delivery of child care”.⁵⁵
- undertake capital works which are necessary to operate sustainably under the Child Care Package
 - for example, extending or modifying buildings, refurbishing or repairing buildings, landscape works, or works to fencing and outdoor play areas
 - in order to receive additional funding (i.e., above the annual grant amount) for capital works, services need to submit an additional minor capital works business case
- other approved activities which increased Aboriginal and Torres Strait Islander children’s participation in early childhood education and care.

Funding is usually paid in three instalments per year.

2.3.3 CCCFR service obligations

To receive funding under the CCCFR grant, services must continue to meet specific grant funding conditions as well as broader legislative and regulatory obligations as an education and care service.

⁵¹ Confidential Documentation provided by the Department.

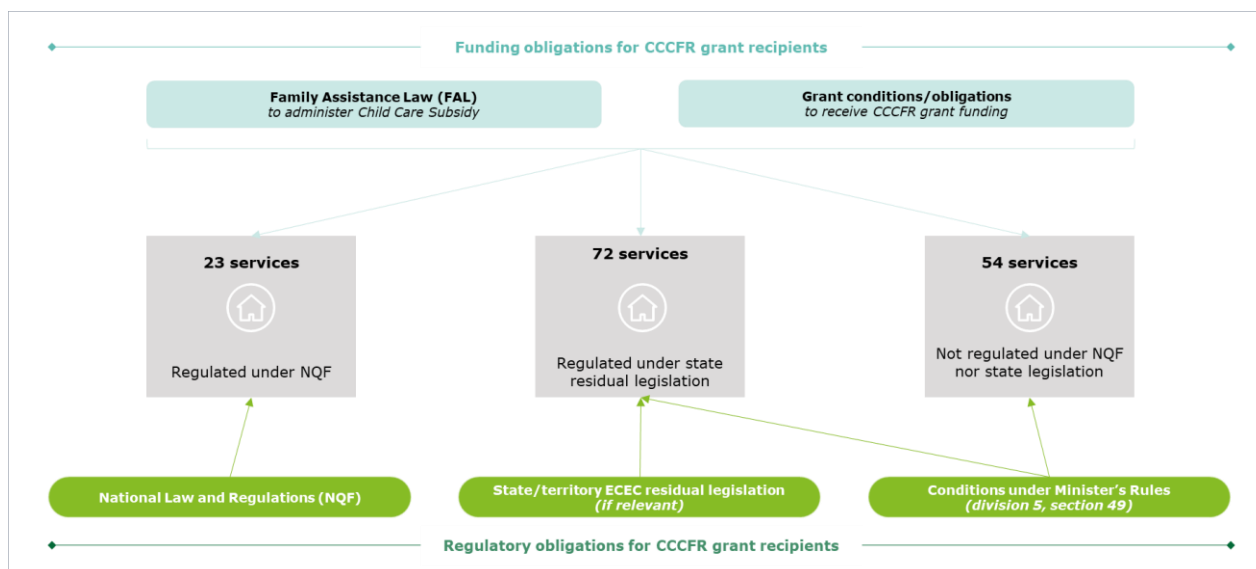
⁵² Australian Government Department of Education and Training, Community Child Care Fund - Restricted non-competitive grant opportunity (for specified services) Guidelines, (February 2017), <<https://www.grants.gov.au/Fo/DownloadDocument/e99c0c70-f434-c990-87d3-6ddebfa904f5?docType=Fo&fileName=CCCF%20Restricted%20non-competitive%20grant%20opportunity%20guidelines%20%20311017.pdf&location=s3Restricted>>

⁵³ Australian Government Department of Education and Training, Community Child Care Fund - Restricted non-competitive grant opportunity (for specified services) Guidelines, (February 2017). <<https://www.grants.gov.au/Fo/DownloadDocument/e99c0c70-f434-c990-87d3-6ddebfa904f5?docType=Fo&fileName=CCCF%20Restricted%20non-competitive%20grant%20opportunity%20guidelines%20%20311017.pdf&location=s3Restricted>>

⁵⁴ Australian Government Department of Education, Community Child Care Fund Restricted Grants – Guide for Grant Recipients, (August 2022), <<https://www.education.gov.au/early-childhood/resources/community-child-care-fund-restricted-grants-guide-grant-recipients>>

⁵⁵ Australian Government Department of Education, Community Child Care Fund Restricted Grants – Guide for Grant Recipients, pg. 17, (August 2022) <<https://www.education.gov.au/early-childhood/resources/community-child-care-fund-restricted-grants-guide-grant-recipients>>.

Figure 2.2: Overview of legislative and non-legislative obligations for CCCFR grant recipients



Source: Deloitte Access Economics (2023).

2.3.3.2 Reporting requirements under the CCCFR grant

Recipients of CCCFR grant funding are required to comply with grant funding conditions outlined in the 'Guide for Grant Recipients', including annual reporting requirements. Specifically, CCCFR services are required to submit the following documentation to their Program Officer as a condition for grant funding:

- **Activity Budget (due 31 July)**
 - This report outlines the estimated budgetary expenses that the service intends to utilise over the financial year (1 July to 30 June). If required, this report includes an opportunity to request additional funding from the Department, however this requires the submission of a business case including a detailed description of how the additional funding will be used.

- **Compliance and Operations Report (due by 31 March)**
 - The Compliance and Operations Report (COR) is the primary instrument used by the Department to assess services' ongoing compliance and collect further data on services' operations. The report collects:
 - **service certificates, procedures and policies** to determine compliance, including transport policies, serious incident procedures, workers compensation Certificates, insurance information, working with children check information, excursion policies, complaints policies and first aid certificates
 - services' **Quality Improvement Plans** and information on serious incidents
 - a **self-assessment** of service's strengths and weaknesses against each of the seven key quality areas referred to in the **NQF**, indicating progress and areas for improvement
 - **program delivery** information, including hours of operation of mobile services, services' education program
 - **workforce and staffing** information, including employment details and qualifications
 - some early indications of **outputs**, outcomes, and the **barriers** to achieving these, for instance in maximising children attending, and increasing participation of Indigenous children.

- **Financial report (due by 31 October to acquit previous Financial Year)**
 - The Financial Report is the primary mechanism used by the Department to assess overall expenditure of the grant. Within this report, services are expected to acquit all expenses against the Activity Budget submitted at the start of the associated Financial Year.

The grant guidelines state that services should submit these documents in a timely manner (through their CCCFR Program Officer) as a condition of CCCFR grant funding.

2.3.3.3 Legislative and regulatory obligations for CCCFR services

Noting the CCCFR grant's history as an amalgamation of previous funding arrangements, CCCFR services have differing legislative and regulatory compliance obligations. Further detail of these requirements are outlined below.

Compliance with the Family Assistance Law (FAL)

All CCCFR services are expected to administer the CCS on behalf of families as a condition of the CCCFR grant. The FAL is the legislative basis for the administration of Commonwealth child care fee assistance in Australia.⁵⁶ To administer the CCS, child care providers are required to apply for 'provider approval' under the FAL.⁵⁷ This provider approval to administer the CCS includes an explicit obligation to comply with the FAL on an ongoing basis as a condition of provider approval.

Provider approval under the FAL is contingent on a range of factors, including a service's capacity to appropriately manage Commonwealth financial contributions and enable access to education and care.⁵⁸ Eligibility for the CCCFR grant includes a requirement that a service is approved to administer the CCS in line with requirements under the FAL.

The National Quality Framework (NQF)

The National Quality Framework was formally implemented across all Australian states and territories in 2012. The NQF includes a set of legislative and regulatory obligations for education and care services across Australia, including assessment and rating against the National Quality Standards (NQS) through visits by state and territory regulatory authorities.

The NQF sets a national, prescribed minimum requirements for services to operate, including space requirements, appropriateness of infrastructure and assets, minimum educator-to-child ratios, and minimum staffing requirements for early childhood educators and teachers (ECTs).⁵⁹

During the establishment of the NQF in 2012, many CCCFR services (then BBF services) were determined to not be within scope of the NQF. This is reflected in the National Law and Regulations, which prescribes the definition of **education and care service** for the purposes of compliance with the National Quality Framework.

The National Law (section 5) defines education and care service as any service providing or intended to provide education and care on a regular basis to children under 13 years of age.

However, sub-regulation 5(2) of the National Regulations excludes several service types from being classified as an education and care service. This includes many CCCFR-funded services, such as mobile services or former BBF and IAS-funded services:

Regulation 5(2): "For the purposes of paragraph (h) of the definition of "education and care service" in section 5(1) of the Law, the following classes of service are excluded from the definition of education and care service—"

- (regulation 5(2)(h)) "a service providing education and care primarily to children preschool age or under that transports its equipment and materials or staff to one or more locations on each occasion that the service is provided"
- (regulation 5(k)(2)(i)) "the service provider was, in respect of the service, in receipt of funding under the Budget Based Funded program administered by the Department of Education and Training of the Commonwealth"

⁵⁶ Department of Education, Family assistance law, <<https://www.education.gov.au/early-childhood/provider-obligations/family-assistance-law>>, accessed 17/7/2023

⁵⁷ Department of Education, Child care Provider Handbook, (2019), <<https://ihcsupportagency.org.au/wp-content/uploads/2019/07/ChildCareProviderHandbookV2.pdf>>

⁵⁸ Department of Education, *Child care Provider Handbook*, (2019), <<https://ihcsupportagency.org.au/wp-content/uploads/2019/07/ChildCareProviderHandbookV2.pdf>>

⁵⁹ ACECQA, *Guide to the NQF*, (2023), <<https://www.acecqa.gov.au/nqf/about/guide>>

- (regulation 5(2)(ka)(i)). “the service provider was, in respect of the service, in receipt of funding under the Indigenous Advancement Strategy administered by the Department of Prime Minister and Cabinet of the Commonwealth”.

These exclusions from the definition of education and care service, and therefore requirements of the National Law and Regulations, is often referred to as services being “out of scope” of the NQF.

While this exemption from the National Quality Framework means that many CCCFR-funded services are not required to meet ongoing regulatory requirements associated with provider and service approval, it also prevents these services from transitioning to the National Quality Framework without further legislative amendments to incorporate mobile services, former BBF and IAS services within the definition of education and care service under Section 5(1) of the National Law.

As of February 2023, 23 CCCFR services were regulated under the NQF.

State and territory residual legislation

While not regulated under the NQF, many CCCFR services are regulated through their relevant state or territory residual legislation. This means that they must comply with “a modified use of the National Law”⁶⁰ and specific regulatory expectations as determined by their jurisdiction. As such, these services are technically “out of scope” of the NQF, even if the state or territory requires similar expectations to the national framework.

As an example, NSW introduced residual legislation in 2019 to ensure occasional care services, mobile preschools and MACS comply with expectations of regulated services under the National Law and Regulations.⁶¹ Through this change, these services are expected to comply with legislative and regulatory obligations under the NQF, despite being technically “out of scope” of the NQF at a national level.

As of February 2023, 72 CCCFR services were regulated under the state or territory residual legislation.

Obligations under the Minister’s Rules

All CCCFR services who are not regulated under the NQF, including those who are regulated under state or territory residual legislation, are required to comply with section 49(9) of the Minister’s Rules, which sets out obligations in relation to child safety and wellbeing, service delivery and broader governance expectations.

The five key legislative obligations included under section 49 for CCCFR services are:

1. Commitment to high quality child care

Section 49(2) of the legislation notes that the Secretary of the Department must be satisfied that the service is “*equipped to provide high quality child care at the service appropriate to the needs of families and the community*”, including explicit requirements outlining the educational program, supervision, precautions against harm and hazard, first aid qualification, and fitness and priority considerations.⁶²

2. Serious incidents

Section 49(3) outlines a provider’s responsibility to appropriately manage serious incidents [*as defined in section 49(4)*], including notifying the Secretary of the Department within 24 hours.⁶³

⁶⁰ SA Education Standards Board, *For residual services* <<https://www.esb.sa.gov.au/early-childhood/residual-services>>

⁶¹ NSW Legislation, *Children (Education and Care Services) Supplementary Provisions Regulation 2019, (2019)*, <<https://legislation.nsw.gov.au/view/pdf/asmade/sl-2019-203>>

⁶² Federal Register of Legislation, *‘Child Care Subsidy Minister’s Rules 2017’, Division 5, Section 49(b)* (2017) <<https://www.legislation.gov.au/Details/F2022C00009>>

⁶³ Federal Register of Legislation, *Child care subsidy Minister’s Rules 2017. Division 5, section 49(3) and 49(4)* (2019) <<https://www.legislation.gov.au/Details/F2022C00009>>

3. Work health and safety

Section 49(5) of the Minister’s Rules requires providers to manage workplace health and safety risks associated with the service and includes an explicit obligation for providers to notify the Secretary of the Department through written feedback of the incident, and within 14 days of the incident occurring, a report detailing the circumstance of the incident.⁶⁴

4. Insurance

Section 49(8) outlines the requirement for a provider to have an adequate insurance policy in place at all times, including appropriate workers compensation insurance (section 49(8)(a)), as well as public liability insurance with minimum cover of \$10,000,000 (section 49(8)(b)).⁶⁵

5. Quality Improvement Plan

Section 49(9) outlines the requirement for the provider to have a written Quality Improvement Plan (QIP) within 6 months of approval to operate, which can be made available to view by the Secretary on request (s49(9)(b)), and includes an explicit assessment of the service’s strengths and weaknesses against the 7 National Quality Standards outlined in the NQF (s49(9)(c)).⁶⁶

2.3.4 Current roles and responsibilities in relation to the CCCFR grant

Within the context of the CCCFR grant administration, a high-level overview of the roles and responsibilities associated with the Department, the CCCFR Program Officers and services has been included below.

Table 2.1: Roles and responsibilities of key stakeholders for CCCFR grant

Stakeholder	Role/responsibility
Australian Government Department of Education	<p>As the funding administrator of the CCCFR grant, the Department is responsible for the overarching governance arrangements for the grant.</p> <p>This role includes, but is not limited to:</p> <ul style="list-style-type: none"> • establishing the policy rationale, objectives, and intent behind the CCCFR grant funding • oversight of the legislative compliance of services and the broader grant, in relation to s49 of the Ministers Rules and the broader legislative obligations outlined under the FAL • being the entity responsible for legislative drafting and amendments to: <ul style="list-style-type: none"> – FAL – Child Care Subsidy Minister’s Rules 2017 (in particular subsection 85GB(1) and 194(5))
CCCFR Program Officer	<p>CCCFR Program Officers are employees of the Department and provide ongoing support and guidance to services accessing the CCCFR grant.</p> <p>These Officers are responsible for a range of activities, including:</p>

⁶⁴ Federal Register of Legislation, *Child care subsidy Minister’s Rules 2017. Division 5, section 49(5)* (2019) <<https://www.legislation.gov.au/Details/F2022C00009>>

⁶⁵ Federal Register of Legislation, *Child care subsidy Minister’s Rules 2017. Division 5, section 49(8)* (2019) <<https://www.legislation.gov.au/Details/F2022C00009>>

⁶⁶ Federal Register of Legislation, *Child care subsidy Minister’s Rules 2017. Division 5, section 49(c)* (2019) <<https://www.legislation.gov.au/Details/F2022C00009>>

- providing advice and further information to CCCFR services around the intent and appropriate use of funding under the CCCFR grant
- reviewing grant documentation and undertaking compliance assessments of submitted materials.

Further detail in relation to the Program Officers' roles has been included within the administration, governance and compliance chapter of this report (see section 7.1).

Early childhood education and care provider (under the FAL)

Under the FAL an ECEC provider is the entity responsible for administering the CCS. As the overarching legal entity, the ECEC provider is responsible for the ongoing management of a child care service.

Unless explicitly noted, findings in this report in relation to administering the CCS or managing funding through the CCCFR grant will be referred to as the 'CCCFR service'.

Child care service (receiving CCCFR grant)

As services receiving funding under the CCCFR grant, services are responsible for:⁶⁷

- delivering a child care service, including meeting ongoing obligations to maintain provider approval to administer the CCS in line with the FAL
 - meeting the NQF or relevant state or territory residual legislation
 - if relevant, ensuring compliance with Section 49 of the Minister's Rules (Child Care Subsidy Minister's Rules 2017)⁶⁸
 - meeting all conditions outlined in their grant agreement, including financial reporting and additional documentation relating to compliance and overall operations.
-

2.3.5 Occupancy and leasing arrangements

A subsection of CCCFR services in the Northern Territory have leasing or management arrangements with the Australian Government or Northern Territory Government. Two arrangements are in place:

- Land Lease – of which a Memorandum of Understanding (MOU) is an agreement that facilitates the administration and management of these lease arrangements
- Management Agreement.

See Appendix J for summaries of the leasing arrangement details.

2.3.5.1 Land lease

There are currently 26 individual land leases that were established under Section 19 of the Aboriginal Land Rights (ALR) Act between The Land Trust (Lessor), represented by the Land Councils, and the Department (Lessee), represented by the Office of Township Leasing (OTL). The structure of the arrangement is summarised in Figure 2.3. The arrangement between the Department and the Service Provider (third-party occupant) is not included within the MOU arrangement. This arrangement is negotiated under an Occupancy Right arrangement, separate to the MOU. The Occupancy Right agreements were not provided as part of the review, noting that

⁶⁷ Australian Government Department of Education, *Community Child Care Fund - Restricted non-competitive grant opportunity (for specified services) Guidelines* (2017).

⁶⁸ Services are not expected to comply with Section 49 of the Ministers Rules if they are approved under the National Law (*Education and Care Services National Law*). This is assumedly due to the National Law being more comprehensive than requirements under Section 49 of the Minister's Rules (*Child Care Subsidy Minister's Rules 2017*).

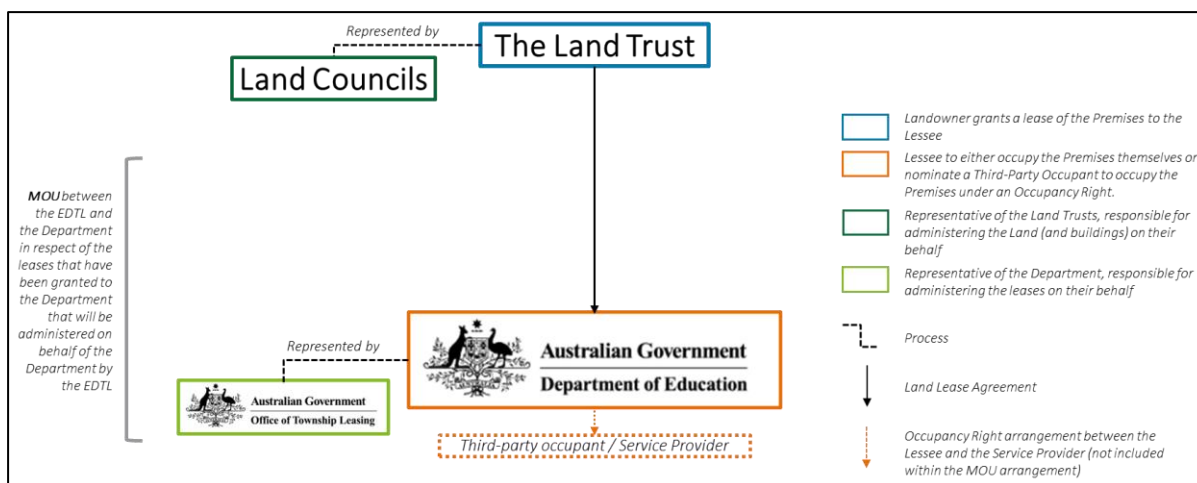
there are no commercial or occupancy arrangements between the Commonwealth and the service provider.

The land leases are for properties from which either services or staff housing are to be provided. Of the 26 individual land leases, 24 are for services and two are for staff housing. These leases were created to support child care and early education services and housing needs in Aboriginal communities identified from various Government initiatives, including the 2005/06 National Partnership Arrangements, the 2007/08 NT Early Intervention (NTER) Measure, and the subsequent 2009/12 Budget Based Funding Quality Measure. These initiatives aimed to provide essential services and support to Aboriginal communities. The sample of leases provided for review included the lease arrangements in place to for the properties from which the services are to be provided. Site selection for these leases was held in conjunction with traditional owners in accordance with Local Implementation Plans. The leases were negotiated with relevant Land Councils and ACCOs, and the Department. There are five lease types in total:

- Township leasing – this type of lease is associated with townships or urban areas within Aboriginal land, allowing for the provision of services and housing
- Northern Land Council leases – The Northern Land Council is one of the two major Land Councils in the Northern Territory of Australia. Leases established in collaboration with this Council are specific to its jurisdiction.
- Central Land Council leases – similar to the Northern Land Council, the Central Land Council is responsible for leases within its territory
- Two ACCO specific lease types – these two lease types are specific to ACCOs.

The lease documents are in accordance with the requirement of Section 19 of the ALR Act and each Land Council/contracting entity. Initial agreements were held for a period of five (5) years under the Native Title Act 1993 and at the insistence of Traditional Owners longer terms were agreed when leases were established under the ALR Act. From the sample documentation provided as part of this review, the lease terms of the leases vary from 20 to 40 years.

Figure 2.3: Land Lease structure



Source: Deloitte Real Estate (2023).

Memoranda of understanding

The MOUs are an agreement in place between the Executive Director of Township Leasing (EDTL) and the Department, which define how the OTL will administer and manage the land leases on the Departments behalf. The agreement details how the OTL will deal directly with the Land Trusts and Land Council on all matters concerning the Leases.

The MOUs include a total of 19 parcels of land across the Township, NLC and CLC areas including one property for the purpose of residential accommodation for the employees and contractors of the lessee. While MOUs are not legally binding contracts, they are considered important

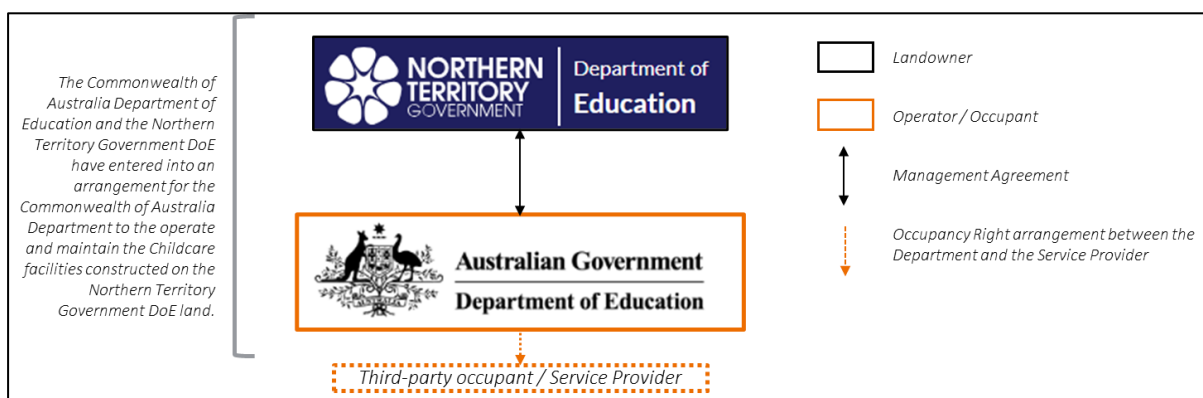
instruments for formalising agreements and ensuring that parties understand their roles and obligations in the collaborative efforts between government entities.

2.3.5.2 Management Agreement

The Commonwealth of Australia, through various Capital Works Funding Agreements with Northern Territory, provided the funding to the Territory for the construction of 10 child care facilities on Northern Territory school land.

Following this, the Commonwealth entered into a Management Agreement with the Northern Territory for the operation and maintenance of the child care facilities constructed on the Northern Territory school land subject to the terms set out in the agreement. The Commonwealth is obligated under the terms of the Management Agreement to engage a person or organisation to operate and manage the child care service out of the facilities. A Management Agreement that included six Northern Territory school sites was provided as part of this review. The review was not provided with details of the commercial or occupancy arrangement between the Commonwealth and the service provider, preventing a comprehensive assessment of these arrangements.⁶⁹ Consequently, it is recommended that the Department provide these agreements for review in the subsequent grant round.

Figure 2.4: Management Agreement structure



Source: Deloitte Real Estate (2023).

2.4 Profile of CCCFR services

As of August 2023, there were 149 services operating through the CCCFR grant.

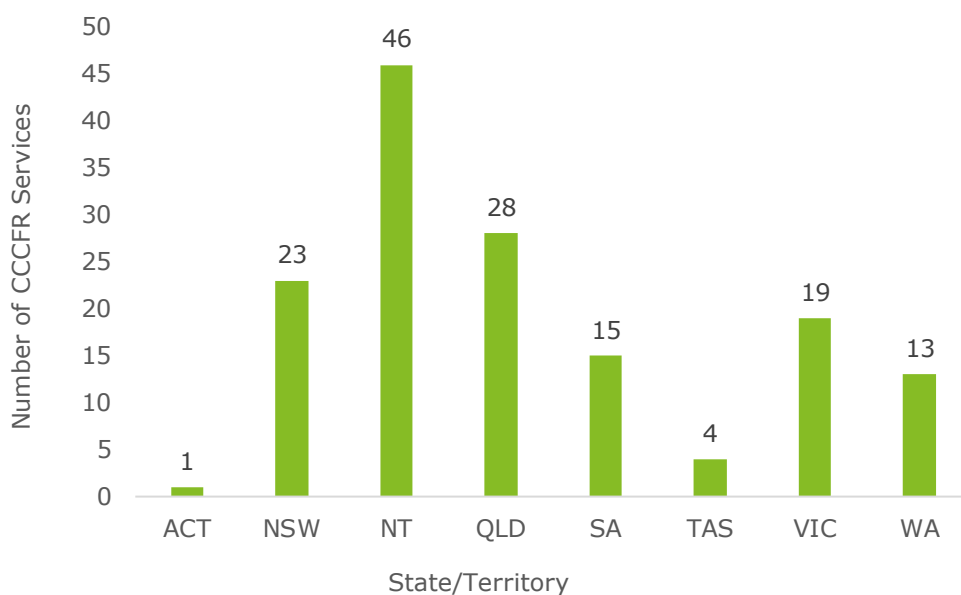
CCCFR services vary across a range of characteristics, as outlined below. Attributes used to develop this profile of services were derived from a range of data sources including data provided by the Department (including from the Compliance and Operations Reports filled out by services), CCS data and other grant data held by the Department. It also uses Australian Bureau of Statistics (ABS) data and data downloaded from the National Registers from data held in the National Quality Agenda IT System and hosted on the ACECQA website.

Note: as documented in section 4.2, there are a range of limitations with the secondary data available to the review. This means that the profile of CCCFR services and attending children and families may not be a fully accurate reflection. For example, the CCSS data does not include all children that attend CCCFR services – with consultation evidence showing that some children who do not have access to the CCS nevertheless are enrolled and attend CCCFR services.

The distribution of CCCFR services by **state/territory** is shown in Chart 2.1.

⁶⁹ Note there are no commercial or occupancy arrangements between the Commonwealth and the service provider.

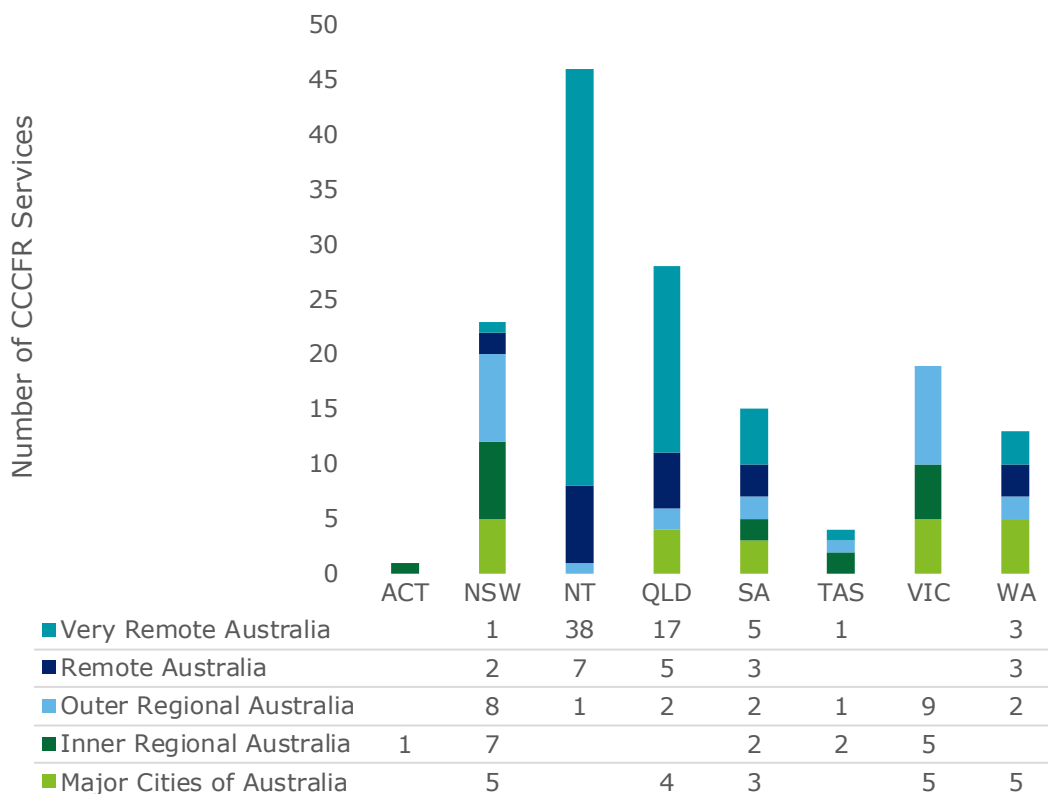
Chart 2.1: CCCFR services by state/territory



Source: Data provided by the Department of Education, n=149.

The majority of these services are in remote or very remote locations (57 per cent), see Chart 2.2.

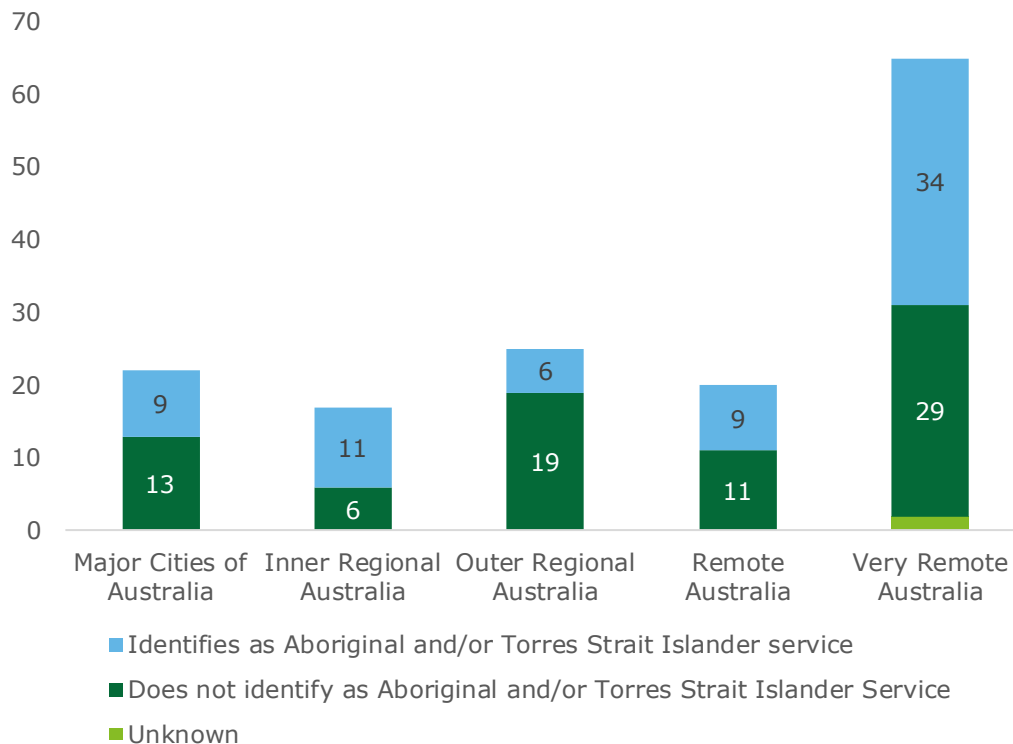
Chart 2.2: CCCFR services by state/territory and remoteness



Source: Data provided by the Department of Education, n=149.

Services self-identify as Aboriginal and/or Torres Strait Islander across various remoteness categories, including major cities, see Chart 2.3.

Chart 2.3: CCCFR services by remoteness and Aboriginal and/or Torres Strait Islander identity



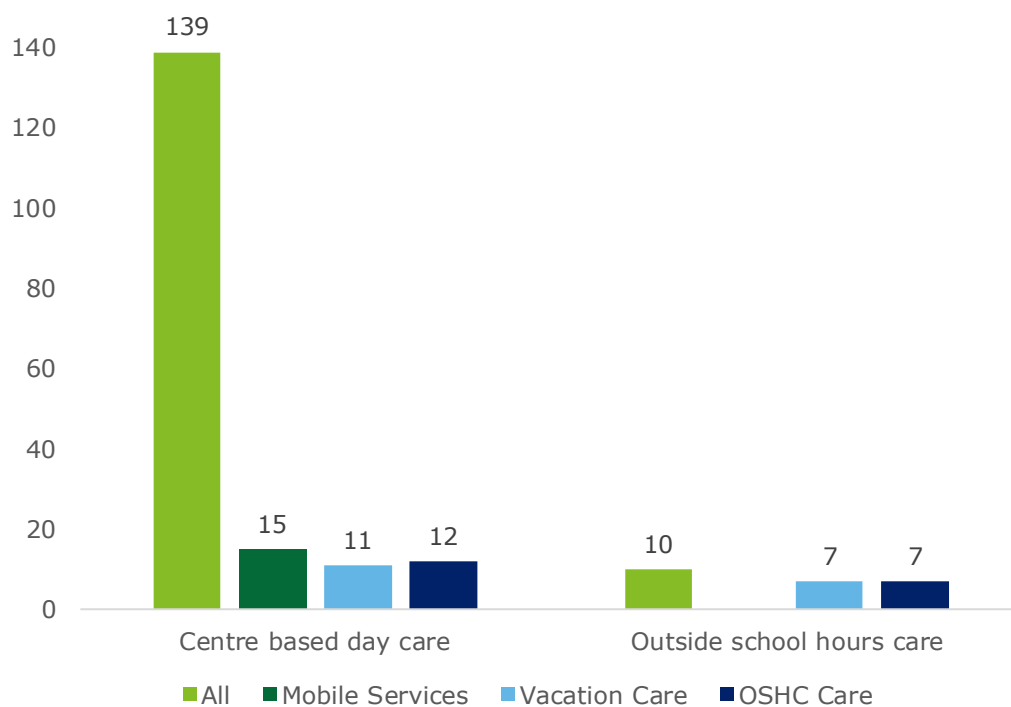
Source: Compliance and operations data (2023), and data provided by the Department, n=149

With regard to **service type**, 93 per cent of services receiving CCCFR grant funding are funded as CBDC, with the remaining 7 per cent funded as OSHC – shown in Chart 2.4.⁷⁰

These service types have diverse offerings within these broad categories, which reflects the diversity of former service types brought into the grant. The compliance and operations data show that some CBDC and OSHC services also offer **vacation care**. Fifteen CBDC services provide **mobile services** (comprising 10 per cent of all CCCFR services).

⁷⁰ Data provided by the Department of Education.

Chart 2.4: CCCFR services by service type and additional services offered



Source: Compliance and Operations Data (2023) and data provided by Department of Education, n=149

In terms of **number of services managed by providers**, most providers operate one service which receives CCCFR funding (85 per cent), as shown in Table 2.2.⁷¹

Table 2.2: Number of CCCFR services operated by providers

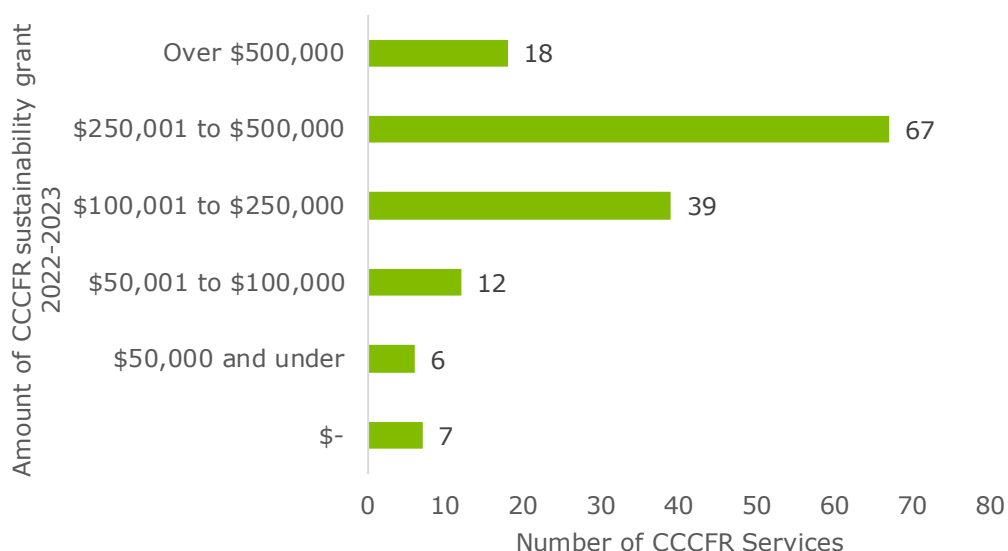
Number of services managed by provider	Number of providers
1	95
2-3	11
4-5	4
Over 5	2

Source: Data provided by the Department of Education, n=149 services, 112 providers

The distribution of services based on the **amount of CCCFR grant funding** received is shown in Chart 2.5.

⁷¹ These providers may operate other ECEC services not receiving CCCFR funding.

Chart 2.5: Number of services receiving the CCCFR grant by grant size, 2022-2023⁷²



Source: Data provided by the Department of Education, n=149.⁷³

With regard to **former funding status (prior to the CCCFR grant)**, 84 per cent (n=125) of services receiving CCCFR grant funding had previously been funded under BBF funding, 7 per cent under IAS (n=10) and 7 per cent under NFFOCC (n=10). Four identified services (2 per cent) could not be linked to a previous funding model using existing data.

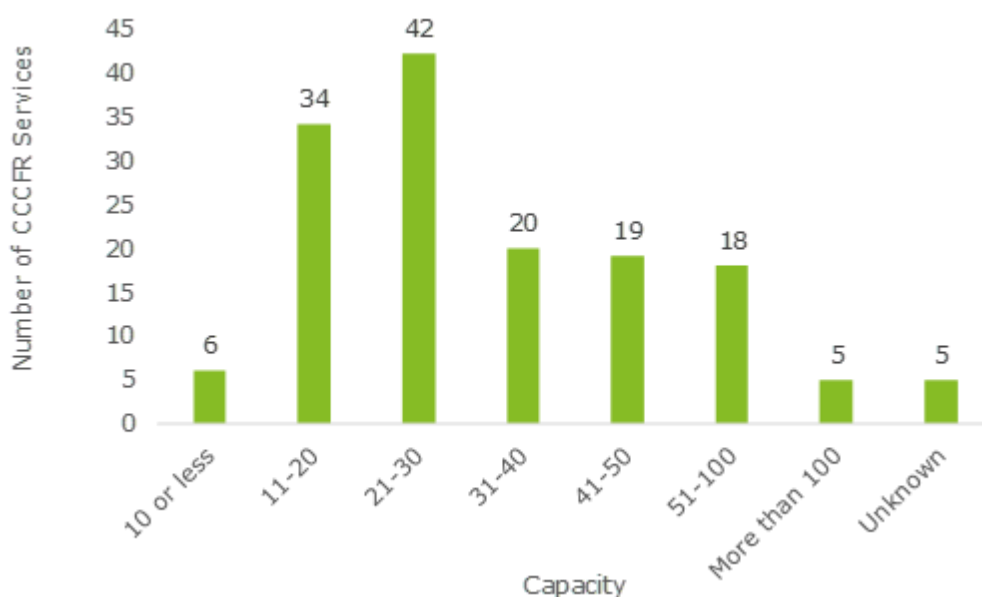
In terms of **regulatory status**, 15 per cent (n=23) of services were identified as operating under the NQF.

The distribution of services by **self-reported capacity** is shown in Chart 2.6.

⁷² The chart is based on available data for the 2022-2023 period due to inherent limitations in the completeness and quality of the dataset. The decision to exclude data from all five years to date is deliberate, as including incomplete or varying-quality data could potentially misrepresent the distribution and compromise the accuracy of the analysis. We have opted for a more reliable and representative dataset to ensure the integrity of our findings.

⁷³ At the time of reporting, there were still 7 services without data, or which were closed and not receiving the grant. This comprises 2 services which were transferred, 4 services pending/granted an extension and 1 service closed and not receiving the CCCFR grant.

Chart 2.6: Number of services by self-reported capacity



Source: Compliance and operations data 2022-2023, n=149.

In the 2022-2023 Compliance and Operations data, 48 per cent of services (n=69) **identified as an Aboriginal and/or Torres Strait Islander service**, 52 per cent (n=78) did not identify as an Aboriginal and/or Torres Strait Islander service, with data not available for two services that did not complete the compliance and operations report.

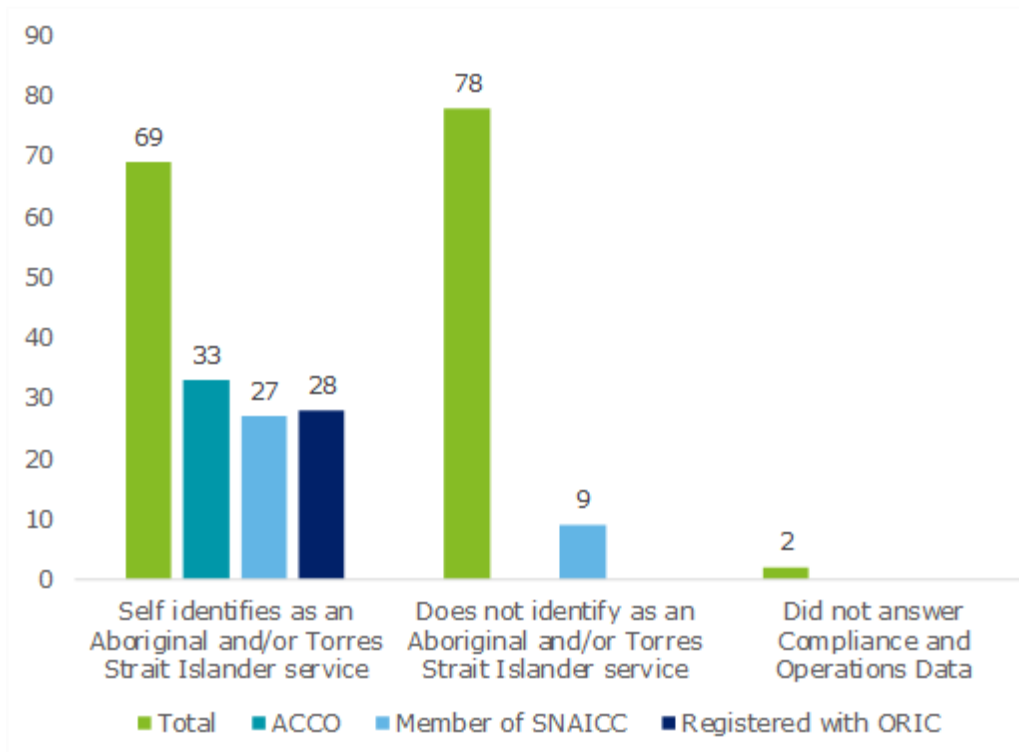
There are multiple ways that services can be embedded within Aboriginal and/or Torres Strait Islander communities and families, some of which are not reflected in services’ identities and memberships. This includes many services in Aboriginal and Torres Strait Islander communities with majority Aboriginal and Torres Strait Islander staff and children that do not identify as Aboriginal or Torres Strait Islander services, which may be run by councils or non-ACCO organisations.

For instance, Chart 2.7 shows that some services that do not themselves identify as Aboriginal and/or Torres Strait Islander, are nonetheless members of SNAICC, the national peak body for Aboriginal and/or Torres Strait Islander children. Further, some services that do not identify as Aboriginal and/or Torres Strait Islander are former MACS services, and 24 (of 78) services have a significant number of Aboriginal and/or Torres Strait Islander children enrolled as a proportion of places (over 25 per cent).⁷⁴

In short, it is clear that the Compliance and Operations report does not provide a robust assessment of a service’s linkages with Aboriginal and/or Torres Strait Islander communities and therefore it is critical for the Department to both consider additional data sources and/or engage directly with the services when making any decisions about the services that may be influenced by their relationships to Aboriginal and/or Torres Strait Islander communities.

⁷⁴ As discussed elsewhere in this report, enrolment and participation figures can be complex, especially for CCCFR services. However, this figure illustrates that the process of identifying a service as Aboriginal and/or Torres Strait Islander is complex, and cannot be derived from a singular data source.

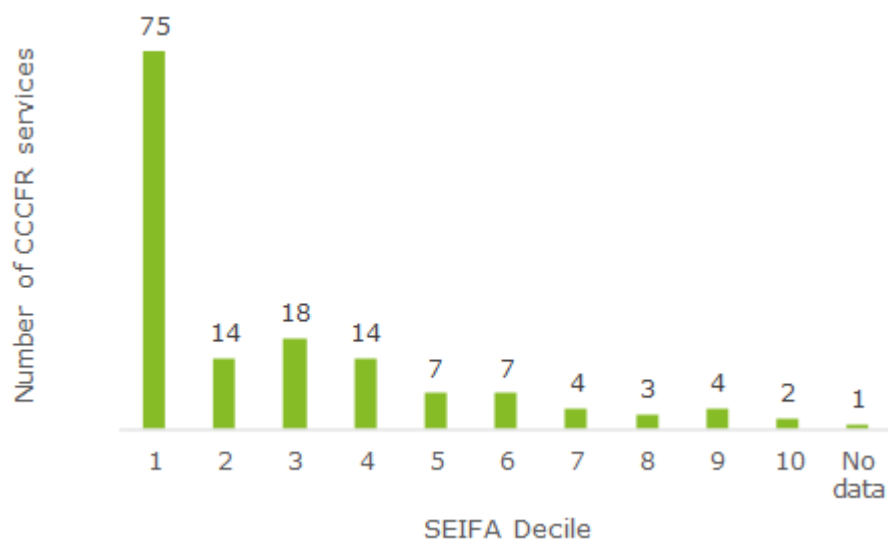
Chart 2.7: CCCFR services by identification as Aboriginal and/or Torres Strait Islander service



Source: Compliance and Operations Data (2022-2023), n=149

With regard to the **overall level of disadvantage in services’ local area**, half of services are in the lowest, or most disadvantaged, Statistical Area Level 2 (SA2) grouping (Socio-Economic Indexes for Areas (SEIFA) Decile 1 (refers to the lowest 10 per cent of areas on the SEIFA) – as shown in Chart 2.8.

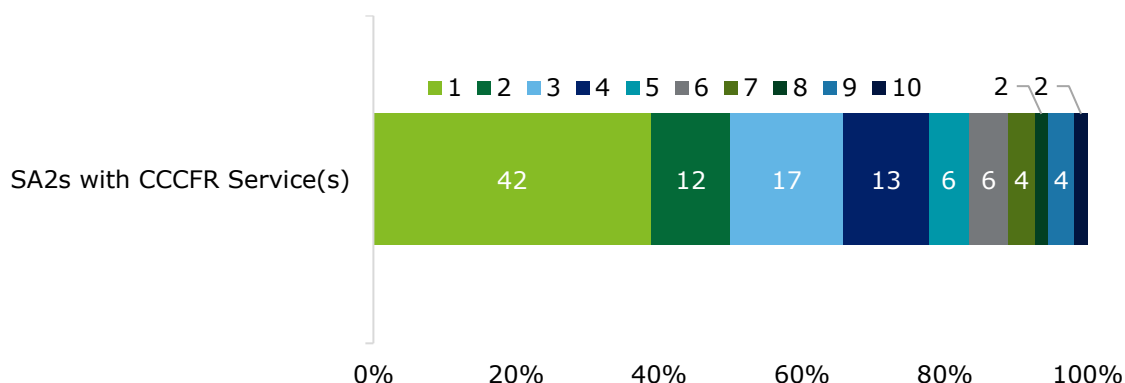
Chart 2.8: Number of services by SA2 SEIFA Decile



Source: ABS Data and Department of Education data, n=149⁷⁵

This means that CCCFR services are disproportionately located in disadvantaged areas. Some SA2 areas have multiple CCCFR services; often a centre-based day care centre and an out of school hours care service. Chart 2.9 shows the number of SA2 areas with at least one CCCFR service by SEIFA decile, compared to the even proportion of SA2s by SEIFA decile nationally. SA2s in the most disadvantaged deciles are more likely to have a CCCFR service.

Chart 2.9: SA2s with at least one CCCFR service, by SEIFA decile



Source: ABS Data and Department of Education data⁷⁶

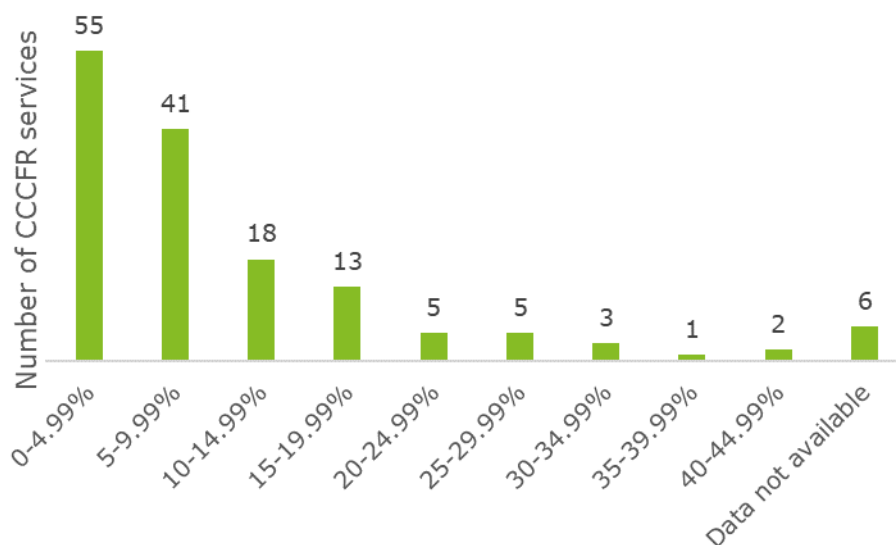
The distribution of services by **local unemployment rate in their SA2** is shown in Chart 2.10.

⁷⁵ For one service there is no SEIFA data for 2021, represented here as #N/A. The ABS reports that 'Due to non-response and low population counts, not every SA1 can be given a meaningful index score. ABS maximises the number of areas that receive a score, while maintaining confidentiality and an acceptable level of quality.' SA1 scores form the basis of SA2 scores.

This analysis uses the Index of Relative Socio-economic Disadvantage.

⁷⁶ This analysis uses the Index of Relative Socio-economic Disadvantage.

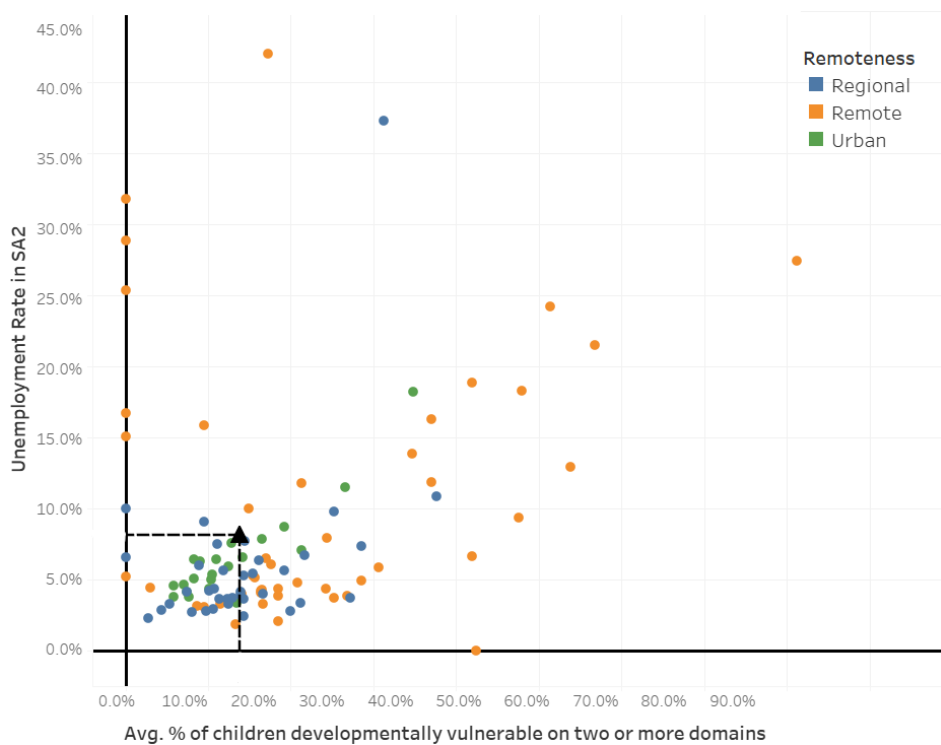
Chart 2.10: Number of services by SA2 unemployment rate



Source: ABS Data and Department of Education data, n=149

In respect to the CCCFR grant objectives, services are mostly in areas with more children at developmental risk and areas of lower employment. Chart 2.11 shows most CCCFR services are located in areas of above average unemployment and proportion of children vulnerable on two or more AEDC domains.

Chart 2.11: CCCFR locations (SA2) by unemployment and proportion of children vulnerable on 2 or more AEDC domains



▲ Average of all SA2s with at least one CCCFR service.

Source: Deloitte Access Economics (2023) using ABS Data (2021), AEDC Data (2021).

The National Workforce Census (NWC) data indicates that 25 per cent of children within CCCFR services had parents or guardians who spoke a language other than English (LOTE) at home.⁷⁷ This compares to 19 per cent of children in ECEC services nationally.⁷⁸

There is variation in the proportion of children from LOTE backgrounds across CCCFR services, with close to a third having 1-20 per cent and another third having 81-100 per cent of children from LOTE backgrounds (refer to Chart 2.12). By jurisdiction, Queensland and the Northern Territory had the greatest proportion of CCCFR services with greater than 80 per cent of children from a LOTE background.

A small number of children (<1 per cent) in CCCFR services are from or had parents from a refugee or special humanitarian background.⁷⁹ This is consistent with the proportion of children with similar backgrounds nationally. The NWC data indicates that only two CCCFR services had more than 20 per cent of children from refugee or special humanitarian background. This is consistent with the large proportion of CCCFR services located in remote and regional settings and the small proportion of families with refugee or humanitarian backgrounds settling outside of urban areas in Australia.

Box 2.4: Recent reviews of inclusion in early years settings

Data from the NWC and consultation as part of this review has indicated that CCCFR services are providing education and care to children with additional needs and/or barriers to inclusion.

To support the inclusion of these children in ECEC, services can seek additional resources through the Australian Government's Inclusion Support Program (ISP).⁸⁰

Recent reviews of the Inclusion Support Program⁸¹ and the National Disability Insurance Scheme (NDIS)⁸² have recommended changes to the way in which inclusive supports are offered in ECEC services, including the delivery of foundational supports to all children attending early years and preschool services.

The Australian Government is currently considering findings and recommendations from both reviews, in addition to other inquiries, to support inclusion in early years settings.

⁷⁷ The NWC data only captures children's attendance in a reference week and a small number of services did not specify the number of children from a LOTE background. This statistic captures the number of children from LOTE backgrounds as a proportion of attendance in the reference week. Note that enrolment rates could differ from attendance rates.

⁷⁸ 2021 Early Childhood Education and Care National Workforce Census, <<https://www.education.gov.au/early-childhood/resources/2021-early-childhood-education-and-care-national-workforce-census-report>>

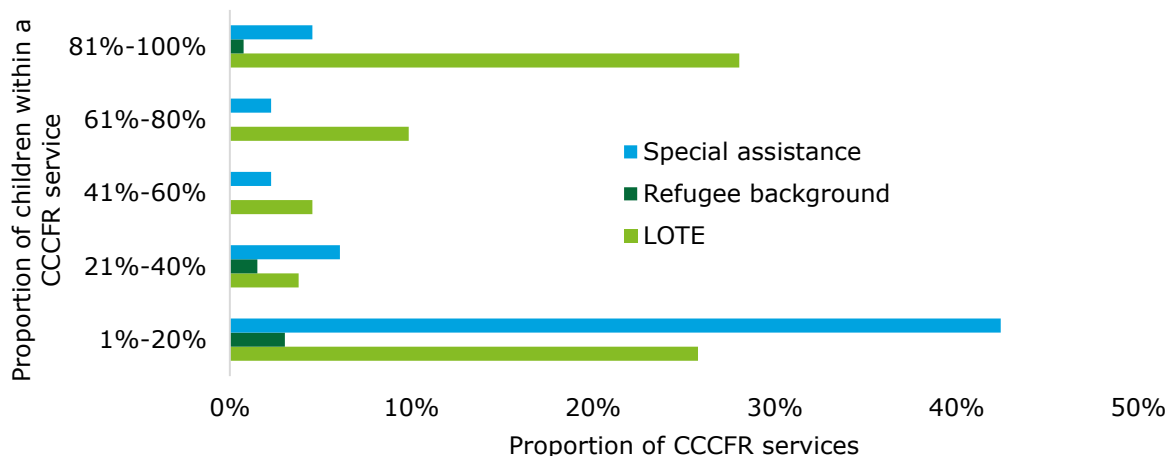
⁷⁹ This statistic captures the number of children from a refugee or humanitarian background as a proportion of attendance in the reference week.

⁸⁰ Australian Government Department of Education, Inclusion Support Program (2023), <<https://www.education.gov.au/early-childhood/inclusion-support-program>>.

⁸¹ Australian Government Department of Education, Inclusion Support Program Review (2023), <<https://www.education.gov.au/early-childhood/inclusion-support-program/inclusion-support-program-review>>.

⁸² NDIS Review, NDIS Review (2023), <<http://www.ndisreview.gov.au>>.

Chart 2.12: Distribution of children enrolled from select backgrounds as a share of total CCCFR attendance in reference week, 2021

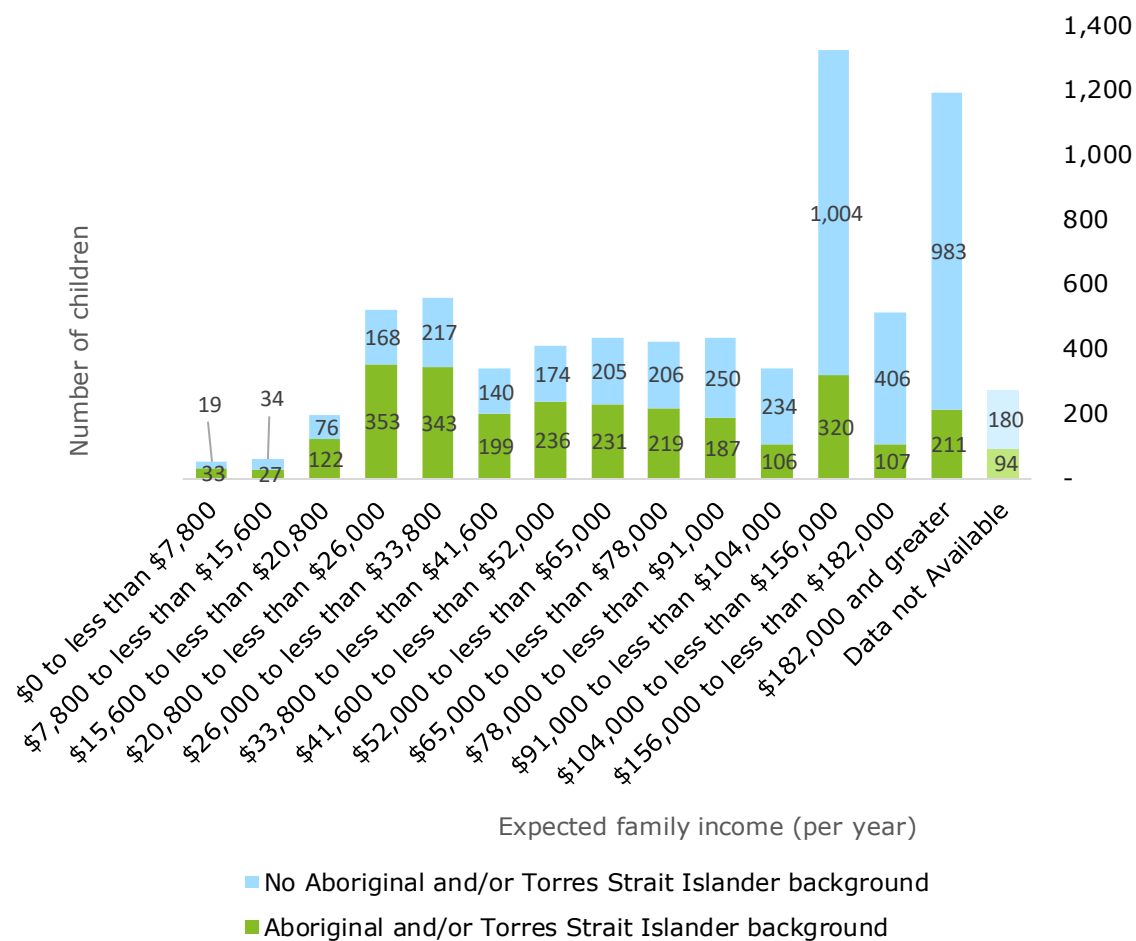


Source: Deloitte Access Economics (2023) using NWC data.

Based on Child Care Subsidy System (CCSS) data, 53 per cent of children enrolled in a CCCFR service in 2023 are from a household with a family income of less than \$104,000 per year. There are also significant proportions of children from households with annual family incomes between \$104,000 to \$156,000 (19 per cent) and \$182,000 and greater (17 per cent) (Chart 2.13).

Children from Aboriginal and Torres Strait Islander backgrounds are more likely to live in households with lower family incomes. Approximately 74 per cent of Aboriginal and Torres Strait Islander children are from families with incomes of less than \$104,000 per year, compared to 40 per cent among children with no Aboriginal and Torres Strait Islander background.

Chart 2.13: Distribution of children enrolled by expected family income and Aboriginal and/or Torres Strait Islander background, financial year 2023

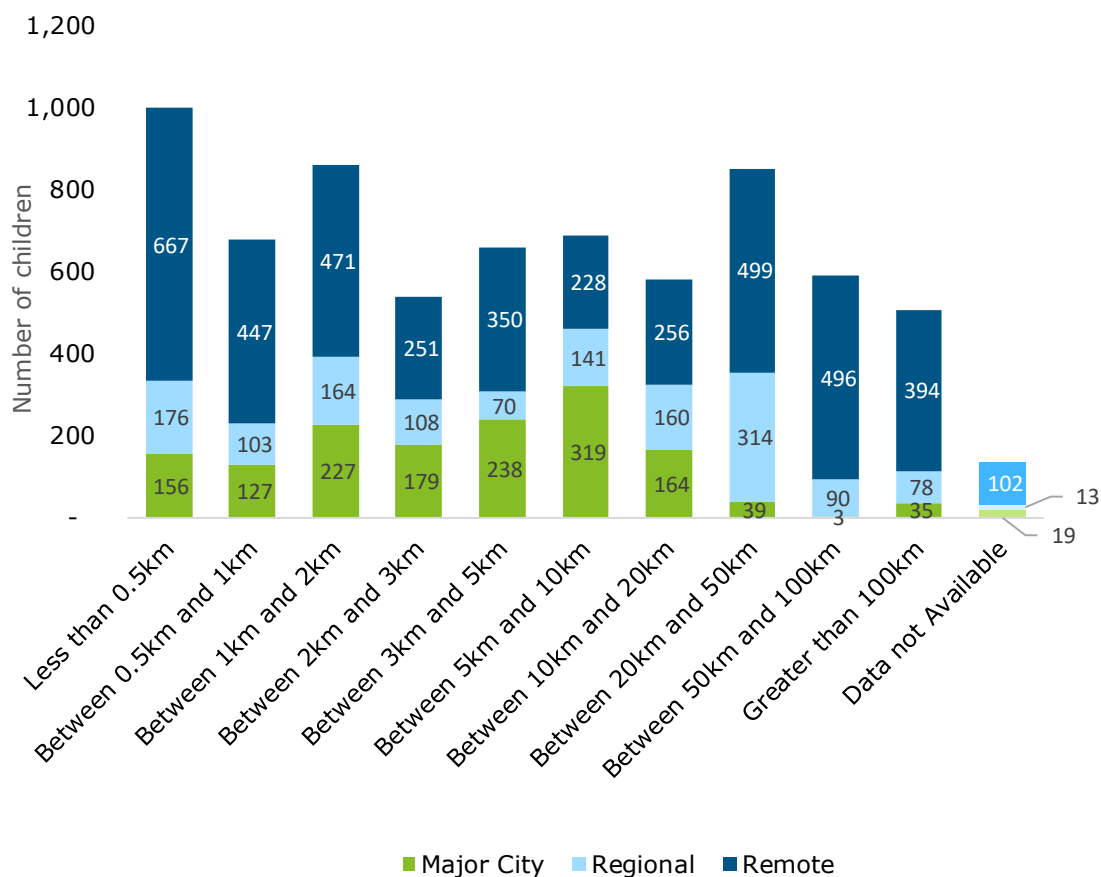


Source: Deloitte Access Economics (2023) using CCSS data. Note: there are 274 children with no expected family income data, these have been reported as 'Data not available' in the data and chart above. Certain enrolments can opt in for a Relevant Arrangement and there will be no data available.

The distribution of children enrolled in CCCFR services by distance from service is presented in Chart 2.14. A large majority (83 per cent) of children residing in a Major City travel less than 10kms to their enrolled service. In comparison, only 54 per cent of children in a Regional area and 58 per cent of children in a Remote area travel less than 10kms to their enrolled service. This generally aligns with the ACCC Childcare Inquiry report which reveals that parents and guardians in Major Cities typically travel a median distance of 2kms to access centre-based day care services, with families in Regional areas travelling slightly further. However, the ACCC Childcare Inquiry report found that families in Remote areas travel a shorter median distance, which differs to children who attend CCCFR services.

A number of children can be seen travelling more than 100kms to their enrolled service. 35 per cent of this can be explained by a 'mobile' service type. A further 37 per cent of these children are identified as Aboriginal and/or Torres Strait Islander, and an additional 20 per cent of these children live in remote or very remote areas.

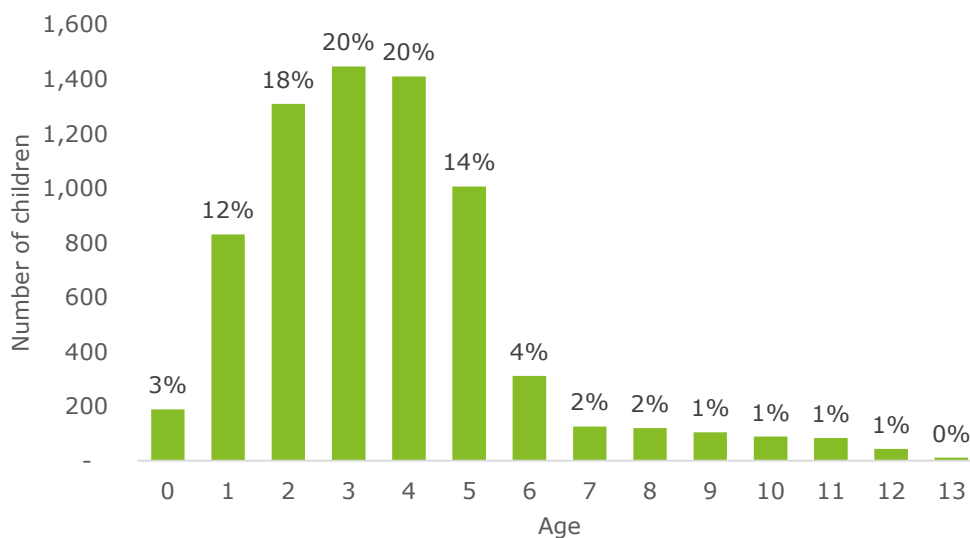
Chart 2.14: Distribution of children enrolled by distance from service, 2023

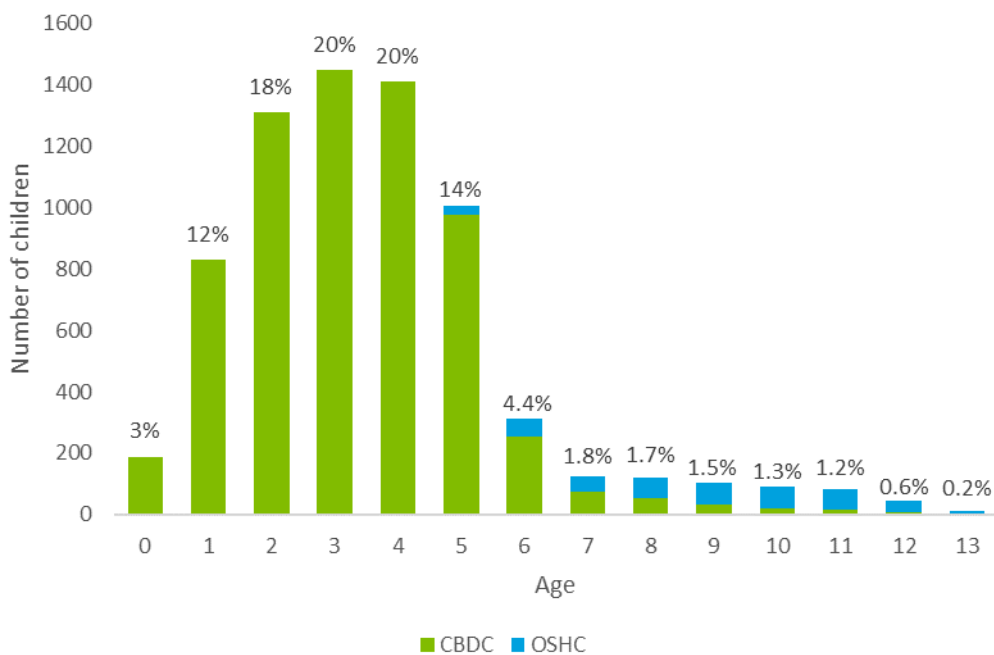


Source: Deloitte Access Economics (2023) using CCSS data. Note: there are 134 children with no distance from service data, these have been reported as 'Data not available' in the data and chart above.

The distribution of children enrolled in CCCFR services by age is presented in Chart 2.15. The majority (92 per cent) of children enrolled in 2023 are between the ages of 0 and 6-years-old, with 59 per cent of children aged between 2- and 4-years-old.

Chart 2.15: Distribution of children enrolled by age, 2023





Source: Deloitte Access Economics (2023) using CCSS data.

The following case studies – based on current CCCFR services – are included here to illustrate some of the experiences of services and families who are in receipt of the grant. To preserve the anonymity of the services they have been given pseudonyms (Alpha, Beta, Gamma). While these three case studies taken together do not provide a full picture of the breadth of responsibilities that CCCFR services hold, nor are they necessarily reflective of a “typical” CCCFR service, they have been selected to demonstrate some of the additional complexities that exist outside of traditionally mainstream ECEC services and the diversity of these complexities between services.

Case study 2.1: Service provider Alpha

Council-run centre-based day care in a remote Aboriginal community

Service provider Alpha is a council-run, centre-based day-care based in a remote community. The population is near 500. The community is in SA2 SEIFA 1 and the local employment rate is 73.9 per cent.

The service receives approximately \$260,000 in CCCFR funding per annum. Their CCCFR funding accounts for 79 per cent of their operating costs while CCS income provides 11 per cent and other costs are absorbed by the council. They were previously funded through BBF. They are regulated under the NQF. They are licenced for 50 children.

While they are the only provider of long day care in the community, within the community exists a Families and First Teachers program as well as a preschool service.

While records note that only 10 children at the service identify as Aboriginal, it was reported by the families (both Aboriginal and non-Aboriginal) that most of the children enrolled are Aboriginal and speak a language other than English as their first language.

The educators are proud to work in the centre. The community is proud to send their children to the centre.

Most of the educators employed are local women from the community. It is hard to maintain the staffing ratios at the centre as the staffing pool is very small. This means that when there is big Sorry Business in the community or when staff must attend training, the service has to close.

This is difficult also for the families who are in full time work, as there is no alternative care provider in the community. The educators spoke of the complexities of supporting families in a community where many needs would otherwise go unmet. The educators believe the centre belongs to the community and note the community feels a strong sense of connection within the centre. The educators seek to make spaces available within the centre for families to come when they need support. Sometimes these supports can be in the form of company with other families or gaining guidance from the centre educators around navigating complex government systems such as Centrelink. Sometimes these supports come in the form of access to internet or electricity; heating in the depths of winter and air-conditioning at the height of summer. The centre provides an area where families can shower and do laundry. It is also a place where families can access food, if food is not available in their homes. It is a place where families can be safe if home isn't safe. If the service was unable to provide these additional supports for the families in the community, the educators expect that it would impact the attendance from the children.

The CCCFR Grant conditions specify that funds can be used to address barriers to child care participation including by helping vulnerable and disadvantaged families participate in child care. The example above is one illustration of how services may identify, interpret and address barriers to participation which are not directly related to educational programming, but to the grant's stated relationship to access and/or child development outcomes.

Families who send their children to the centre could see significant improvements in their child's developmental outcomes, both through engaging with the educators and other children. Some cited improvements to oral language, others in social and emotional gains. Families also saw the benefit of their children using the play equipment as well as toys and books, noting that some had no access to such materials at home.

Community members acknowledged that there were some families who could be accessing the centre and weren't. They suspected this could be due to the fees but also it might be due to a lack of familiarity with the service. They felt that the centre could increase enrolments with greater outreach. One parent who was in part time employment said she took her infant to the centre and sat with her every day for a period of months before she felt confident to enrol her child in the centre.

While most enrolled parents said that the fees were affordable once CCS was taken into account, the service director noted that many families were electing not to pay their fees and others were declining to engage with Centrelink due to past experiences with the system.

Case study 2.2: Service provider Beta

ACCO delivering outside school hours care in a remote community.

Service provider Beta is an Aboriginal Community Controlled Organisation that delivers before and after school care and vacation care based in a remote community. The population is under 3000. The community is in SA2 SEIFA 2 and the local employment rate is 95.3 per cent.

The service receives approximately \$50,000 in CCCFR funding per annum. They were previously funded through BBF. They are regulated under the Minister's Rules. They are licenced for 45 children. 15 Aboriginal and Torres Strait Islander children are reported enrolled in the service.

The service operates out of the local community hall that is owned and managed by the service. In addition to the out of school hours care and vacation care they manage a playgroup which is funded through the NIAA. The community hall is also used for various meetings and events organised by the ACCO. The OSHC service runs out of the community hall because there is no other space available in the community, nor is there land accessible on which to build.

Due to being located within a multi-purpose community hall, the service must regularly set up and put away all of the play equipment to accommodate the other uses of the hall. The service leader expressed a desire to have a permanent, dedicated space and noted the disruption that is

experienced by the children when their arrival coincides with the handover (when the hall is not yet set up to receive them). The service leader cited a number of children with complex and special needs enrolled in the program who would become agitated at seeing their drawings taken down at the end of each day or not being able to locate their preferred play equipment at the beginning of the session. The service leader had identified an area on the land title where extensions to the hall could be built and had blue prints developed but was finding it challenging to dedicate the necessary time to draft the business case amongst her many duties delivering education, maintaining the hall and being responsible for all the finances, administration, governance and compliance requirements.

In receipt of limited funds from the CCCFR available, the service director has had to be very resourceful in obtaining education and play equipment for the space. When she first came into the service, there was a single mat and two boxes of toys. Many items now are constructed from recycled materials and/or have been donated by family members of the educators. The funding wasn't sufficient to cover the food costs and they had to find other means. They have no funding within CCCFR to pay for a bus driver and this cost is falling to the ACCO's funds. When the director took over the service the financial management was in arrears, and she is still working to get everything up to date. As a result of the financial backlog, they nearly had to close 10 months prior.

The service director spoke of the challenges of accessing support for both staff training and support for the children. She was not able to procure training in trauma-informed practices for the staff. She felt she needed extra funding to support children in out of home care and she wasn't able to access this. She also spoke of the long administrative process to apply for extra support.

A second CCCFR funded early years' service exists in the community that provides long day care. This service is currently at capacity and not able to take any new enrolments. This secondary service was up until Term 3, 2023, providing a bus service and after school care, however due to the shortage of staff available, could no longer support the bus service. As a result, Service provider Beta received several new enrolments into their after-school service. With a large number of public sector employers maintaining offices in the community and a relatively high level of employment, coupled with nil out of hours care provision within the school grounds, there is high demand for before and after school care.

Case study 2.3: Service provider Gamma

Non-profit organisation delivering centre-based child care in an outer-metropolitan community

Service provider Gamma is a non-profit organisation based in an outer suburb of a metropolitan city and delivers education and child care for parents and carers who are participating in the centre's alcohol and drug treatment programs as well as other children who live locally. The community is in SA2 SEIFA 3 and the local employment rate is 94.9 per cent.

The service receives around \$60,000 per annum in CCCFR funding. They were previously funded through BBF. They are regulated under the NQF. They are licenced for 77 children.

The non-profit decided to open the ECEC service in response to the challenges that were being faced by the women in their treatment programs to access child care – both the costs and travel were prohibitive. The funding for the centre building itself was provided by a philanthropic donor. A full AOD program delivered by the centre runs for 9 months but with a high attrition rate that is typical of such programs, there is significant turnover which makes it difficult to forecast the utilisation of the ECEC service. As such, they are licenced for 77 in order to meet the necessary ratios should demand for one age group / room suddenly spike, but rarely would they see enrolments at such high levels overall.

When children first arrive at the centre, the educators often find they are in need of extra support to address underlying health, wellness, complex trauma and/or behavioural conditions. Their focus is working closely with the children to ensure they are supported in having their needs addressed and can benefit from receiving a high-quality early education program. The educators also support the mothers who are often young and in need of extra support. They have a play therapist who comes in weekly to run sessions with mums and their children. The play therapy is donated pro bono by another non-profit charity. Because the ECEC service is open to both users of the AOD programs as well as other local families in the community, there is a mixed demographic of children. The centre sees many benefits in bringing these children from different backgrounds to socialise together. This is the key determinant in running a mixed program (children of AOD clients, and children from the local community), however, it also supports the financial viability of the service.

Under BBF they were operating a creche that was close to breaking even but now they are going backwards financially. The service notes that the centre is running at a \$200,000 loss, subsidised at the provider level, and while in a mainstream child care setting this would be considered unsustainable, they see the success of their AOD program as dependent on the ECEC service. They also note the additional risks of intervention from child protection if they were to cease co-delivering the ECEC service on the site of the rehabilitation facilities because mothers would be separated from their children and may not have other family members who can provide this care. The service, while grateful to be in receipt of the CCCFR funding, notes that it is insufficient to cover their costs, nor do they feel it represents the value that is going back to community.

The service struggles to get income from CCS and ACCS from clients of the AOD program. Sometimes mothers will not have registered with Centrelink before and there are delays getting them registered on MyGov and there is no avenue to claim back payment. They also find that they are waiting a long time to receive letters from Child Protection services that they need to claim ACCS.

At the end of their AOD treatment, some mothers will choose to keep their children enrolled at the centre while others who move back far from the centre may want to find alternative options closer to home. Women come from all over the state to attend the programs so it is not always feasible to stay nearby after the program's conclusion.

3 Review framework

This chapter provides further detail on the review framework guiding research and analysis, and – ultimately – development of review findings and recommendations.

As one of the first priorities for the CCCFR review, Deloitte Access Economics established a review framework.

The review framework defines the scope and objectives of the review and establishes a structured approach to analyse the CCCFR grant’s strengths, weaknesses, and potential areas for improvement. It sets out the lines of enquiry underpinning each domain and how evidence will be assembled and analysed.

The key components of the review framework are outlined in Figure 3.1.

Figure 3.1: Components of the review framework

Components of the review framework



Review anchor: this outlines the objectives of the review as it relates to the CCCFR grant and its intended outcomes.

These objectives are applied to a set of:



Review domains: four key domains that define the scope and focus for the review, and articulate the **key lines of enquiry** that will be addressed. The domains are developed from key strategic documents and objectives of the review.

These domains are reviewed against the:



Evidence sources: the data and evidence that will underpin review findings.

Analysis of these evidence sources, against the key domains and lines of enquiry, give rise to:



Outputs: these are the core elements that constitute the review learnings and findings.

The outputs will be drawn together in the review report.



Underpinned by:



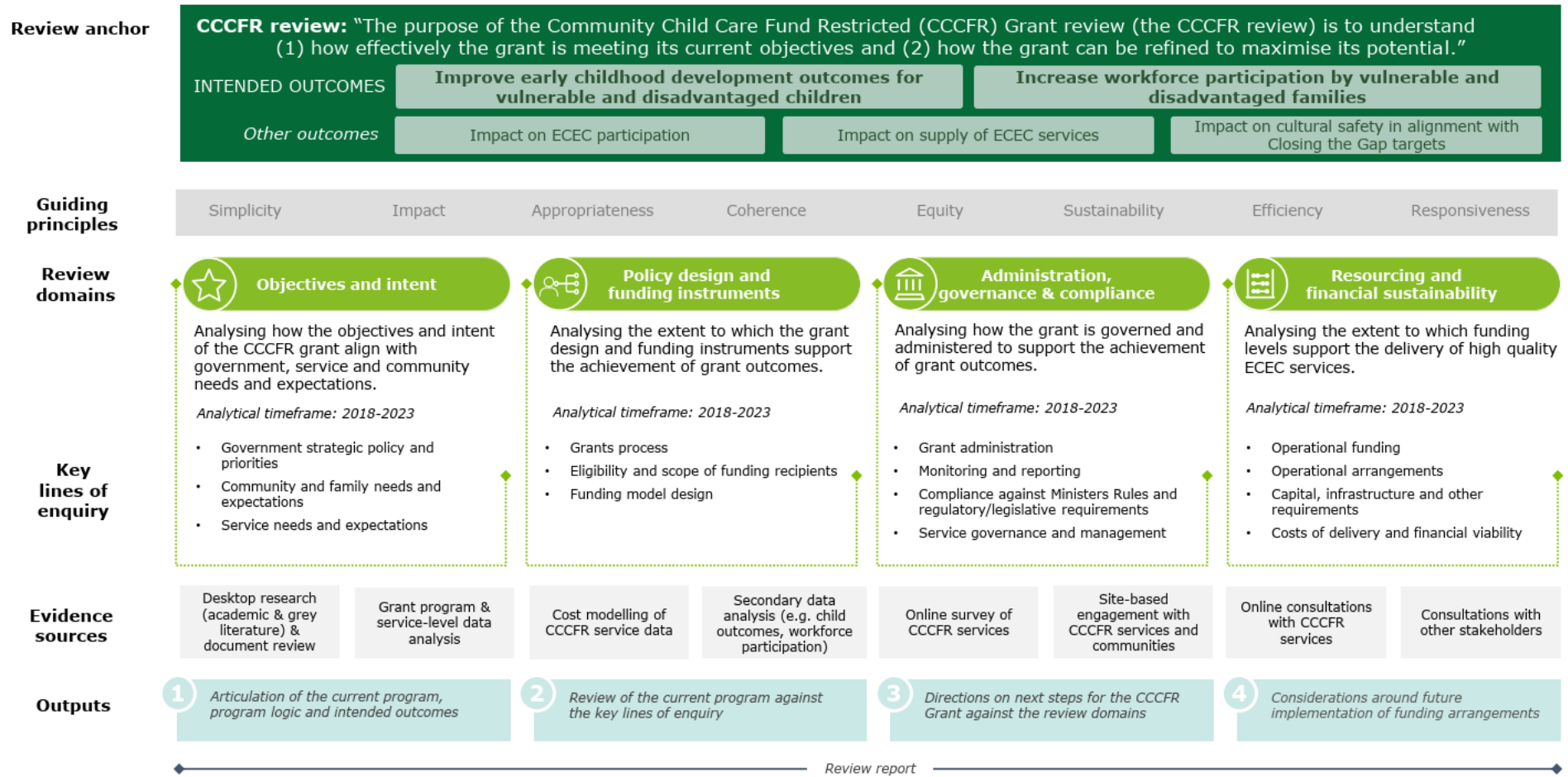
Guiding principles:

These are the foundations of success for a system to achieve key outcomes for governments, services, families and community.

Source: Deloitte Access Economics (2023)

The review framework itself is captured in Figure 3.2 below.

Figure 3.2: Review framework



Source: Deloitte Access Economics (2023)

3.2 Review domains and underlying research questions

The four review domains are outlined in further detail below.

3.2.1 Domain 1: Objectives and intent

This domain considers the extent to which the objectives of the CCCFR grant are appropriate in the current policy landscape, whether they align with the needs and expectations of stakeholders, and the extent to which these objectives have been met.

The lines of enquiry and key research questions within review domain 1 are outlined in Table 3.2.

Table 3.1: Objectives and intent – Lines of enquiry and key research questions

Lines of enquiry	Key research questions
Awareness and understanding	<ul style="list-style-type: none"> To what extent are the CCCFR grant’s objectives and intent understood by relevant stakeholders, including governments, services, families and the broader community? Addressed in Chapter 5
Alignment with Australian Government strategic objectives	<ul style="list-style-type: none"> How well do the objectives and intent of the CCCFR grant align with the strategic objectives of the Australian Government? Addressed in Chapter 5 To what extent does the CCCFR grant in its current form address Closing the Gap targets, including ensuring early childhood education and care is culturally appropriate for Aboriginal and Torres Strait Islander communities? Addressed in Chapter 5
Alignment with service, family and community needs and expectations	<ul style="list-style-type: none"> How well do the objectives and intent of the CCCFR non-competitive grant align with the current needs and expectations of CCCFR services, families and communities? Addressed in Chapter 5
CCCFR grant outcomes	<ul style="list-style-type: none"> To what extent does the grant ensure equitable access to affordable child care services for families, in particular for Aboriginal and Torres Strait Islander children and children who may be experiencing vulnerability and disadvantage? Addressed in Chapter 5 To what extent does the grant improve early childhood development outcomes for children who may be experiencing vulnerability and disadvantage, including through enabling factors of consistent attendance at ECEC services? Addressed in Chapter 5 To what extent is workforce participation by families who may be experiencing vulnerability and disadvantage impacted by 1) ECEC provision and 2) CCCFR services? Addressed in Chapter 5

3.2.2 Domain 2: Policy and funding design

This domain examines the extent to which the grant design supports the achievement of CCCFR grant objectives and outcomes.

The lines of enquiry and key research questions within review domain 2 are outlined in Table 3.2.

Table 3.2: Policy design and funding instruments – Lines of enquiry and key research questions

Lines of enquiry	Key research questions
Efficacy of current funding design in supporting outcomes	<ul style="list-style-type: none"> • How effectively does the current grant design align with the intended outcomes of the CCCFR grant? • Addressed in Chapter 6 • Are there any gaps or inconsistencies in the current funding design mechanisms that result in barriers to achieving the intended grant outcomes? • Addressed in Chapter 6
Alignment to other relevant policy and grant settings	<ul style="list-style-type: none"> • To what extent does this funding approach align to experiences in other relevant policy and grant settings, including evidence captured from research and comparative grants abroad? • Addressed in Chapter 6
Alternative approaches to funding	<ul style="list-style-type: none"> • Would alternative funding approaches be better suited to achieve the intended outcomes of the CCCFR grant? • Addressed in Chapter 6 and the analysis contained in the ECEC delivery costing tool • To what extent could funding be revised to improve effectiveness and efficiency? • Addressed in Chapter 6 and the analysis contained in the ECEC delivery costing tool

3.2.3 Domain 3: Administration, governance and compliance

This domain analyses how the grant is governed and administered to support the achievement of CCCFR grant objectives and outcomes.

The lines of enquiry and key research questions within review domain 3 are outlined in Table 3.3.

Table 3.3: Administration, governance and compliance – Lines of enquiry and key research questions

Lines of enquiry	Key research questions
CCCFR grant administration and governance	<ul style="list-style-type: none"> • How is the CCCFR grant governed and administered in its current format? • Addressed in Chapter 7 • Are clear roles and responsibilities assigned to various stakeholders involved in CCCFR grant administration and governance? • Addressed in Chapter 7
CCCFR grant monitoring and reporting	<ul style="list-style-type: none"> • What are current monitoring and reporting processes to ensure compliance with CCCFR grant expectations? • Addressed in Chapter 7

Lines of enquiry	Key research questions
Service compliance with the NQF and FAL	<ul style="list-style-type: none"> • What are the expected barriers, if any, for CCCFR services to enable regulatory compliance with the National Quality Framework (NQF) and to administer the CCS under the Family Assistance Law (FAL)? • Addressed in Chapter 7
Service compliance with the Minister's Rules	<ul style="list-style-type: none"> • To what extent are services receiving the CCCFR grant compliant with the Minister's Rules? • Addressed in Chapter 7
Impact on service governance and leadership	<ul style="list-style-type: none"> • To what extent does the current CCCFR grant arrangements affect governance and leadership of services, in particular in relation to expectations of the broader Australian ECEC sector (i.e., expectations under the FAL and NQF)? • Addressed in Chapter 7

3.2.4 Domain 4: Resourcing and financial sustainability

This domain examines funding adequacy and its responsiveness to current and future need. It also considers the financial sustainability of CCCFR services, leasing arrangements and infrastructure funding.

The lines of enquiry and key research questions within review domain 4 are outlined in Table 3.4.

Table 3.4: Resourcing and financial sustainability – Lines of enquiry and key research questions

Lines of enquiry	Key research questions
Relationship between funding, cost and need	<ul style="list-style-type: none"> • Is current funding adequate to meet CCCFR grant objectives and support the provision of high quality ECEC? • Addressed in Chapter 8 • Is current funding adequate to cover the current activity delivered through CCCFR services? • Addressed in Chapter 8 • To what extent does the CCCFR grant allocate and distribute funding across different child care services to address varying needs and demands? • Addressed in Chapter 8
Financial sustainability of services	<ul style="list-style-type: none"> • What are the key factors influencing the financial sustainability of services, and are there any identified barriers or challenges that hinder their ability to operate sustainably? • Addressed in Chapter 5 • Addressed in Chapter 8 • To what extent are services receiving other forms of payment to which they are entitled (including ACCS)? • Addressed in Chapter 8 • To what extent could services under the CCCFR grant remain financially viable if primarily receiving funding administered under the Child Care Subsidy (CCS)? • Addressed in Chapter 8

Lines of enquiry	Key research questions
	<ul style="list-style-type: none"> • What measures or support mechanisms can be implemented to address the identified barriers and improve the financial viability of child care services? • Addressed in Chapter 8
<p>Leasing arrangements and their relationship with the grant objectives</p>	<ul style="list-style-type: none"> • How are leasing arrangements structured and managed under the CCCFR grant? • Addressed in Chapter 8 • Are there any challenges or issues identified in current leasing arrangements that depend on the delivery of high-quality ECEC, including issues relating to financial viability? • Addressed in Chapter 8 • Do current leasing arrangements enable long-term sustainable child care services? • Addressed in Chapter 8
<p>Infrastructure funding, suitability and environmental sustainability</p>	<ul style="list-style-type: none"> • To what extent does the management of capital investment and infrastructure under the CCCFR grant meet the needs of children, families and communities? • Addressed in Chapter 8 • To what extent do grant arrangements support capital investment to enable the environmental sustainability of assets, both now and in the future? • Addressed in Chapter 8 • To what extent could the grant support staff accommodation in remote and very remote locations, both now and in the future? • Addressed in Chapter 8 • What is the condition and suitability of the existing child care infrastructure and assets managed under the CCCFR grant? • Addressed in Chapter 8 • To what extent do existing assets require refurbishment to ensure safe and high-quality environments for children? • Addressed in Chapter 8

4 Underpinning evidence base

The review's evidence base comprises an extensive range of primary and secondary evidence gathered over the course of the review.

4.1 Primary evidence

Stakeholder perspectives are a key source of evidence for the CCCFR review.

The stakeholder engagement approach was informed by Murawin and SNAICC's extensive experience in community stakeholder engagement and expertise in supporting the wellbeing of Aboriginal and Torres Strait Islander children, and Deloitte Access Economics' experience in early childhood education data collection.

Stakeholder engagement was underpinned by six design principles:

- 1) Clear and Consistent** – Messages will be communicated with clarity, accuracy, and consistency.
- 2) User-specific and Person-centred** – Community approaches will be tailored to the unique needs of each stakeholder group.
- 3) Diverse Forms** – Resources will be developed through a range of formats to meet different needs (including online, virtual and in person).
- 4) Engaging and Inclusive** – Forms of communication will be accessible and interactive.
- 5) Responsive and Reviewable** – Murawin, SNAICC and Deloitte Access Economics will collaborate throughout the consultation process to ensure that feedback from stakeholders is able to be incorporated as needed, iterating approaches where appropriate to maximise engagement.
- 6) Collaborative** – Approaches to communication and engagement will be developed jointly with key stakeholders.

The stakeholder engagement approach for the review comprises three main pillars, overviewed below:

- consultations with CCCFR services, families and communities
- online survey of CCCFR services
- consultations with Departmental and broader stakeholders.

In November 2023, Deloitte Access Economics – with support from SNAICC and Murawin – provided the Department with a report entitled *Emerging stakeholder observations*.

This report is a summary of the review's primary evidence.

It provides observations and insights from services, families and communities, and Departmental and other stakeholders in relation to the delivery and effectiveness of the CCCFR grant – as obtained through stakeholder engagement within the review.

The *Emerging stakeholder observations* report presents stakeholder perspectives, rather than the findings of the review or the perspectives of the review team.

Key quotations and observations from this report are included at Appendix A: Voices of services, families and community. It includes substantial direct evidence from stakeholder engagement, including quotes from consultations and survey responses.

4.1.1 Consultations with CCCFR services, families and communities

The purpose of these consultations was to elicit deep, qualitative insights from a representative sample of CCCFR services and connected families and communities.

The representative sample selection focused on 11 key attributes for which the Department could provide data: provider type, location, service type, former funding status, regulation status, number of children enrolled or attending, lease agreement status in regard to CCCFR, SEIFA, size of CCCFR grant, proportion of CCS funding, and proportion of Aboriginal and Torres Strait Islander children. Four of these attributes were used to categorise the services into different strata – service size, remoteness, proportion of Aboriginal and Torres Strait Islander children, and regulation status.

Through this selection process, the representative sample was reviewed by the Department, SNAICC and Murawin at several junctures, to ensure the appropriateness and logistical feasibility of visiting the services in person.

This culminated in the selection of 37 CCCFR services to be consulted in person by the SNAICC, Murawin and Deloitte Access Economics teams. This included 19 services (of the 37) where family and community consultations were to be hosted. A further 12 services were selected, to be consulted virtually by the Deloitte Access Economics team. The initial representative sample, as of August 2023, is shown in Figure 4.1.

Figure 4.1: : CCCFR service consultation map, as of August 2023

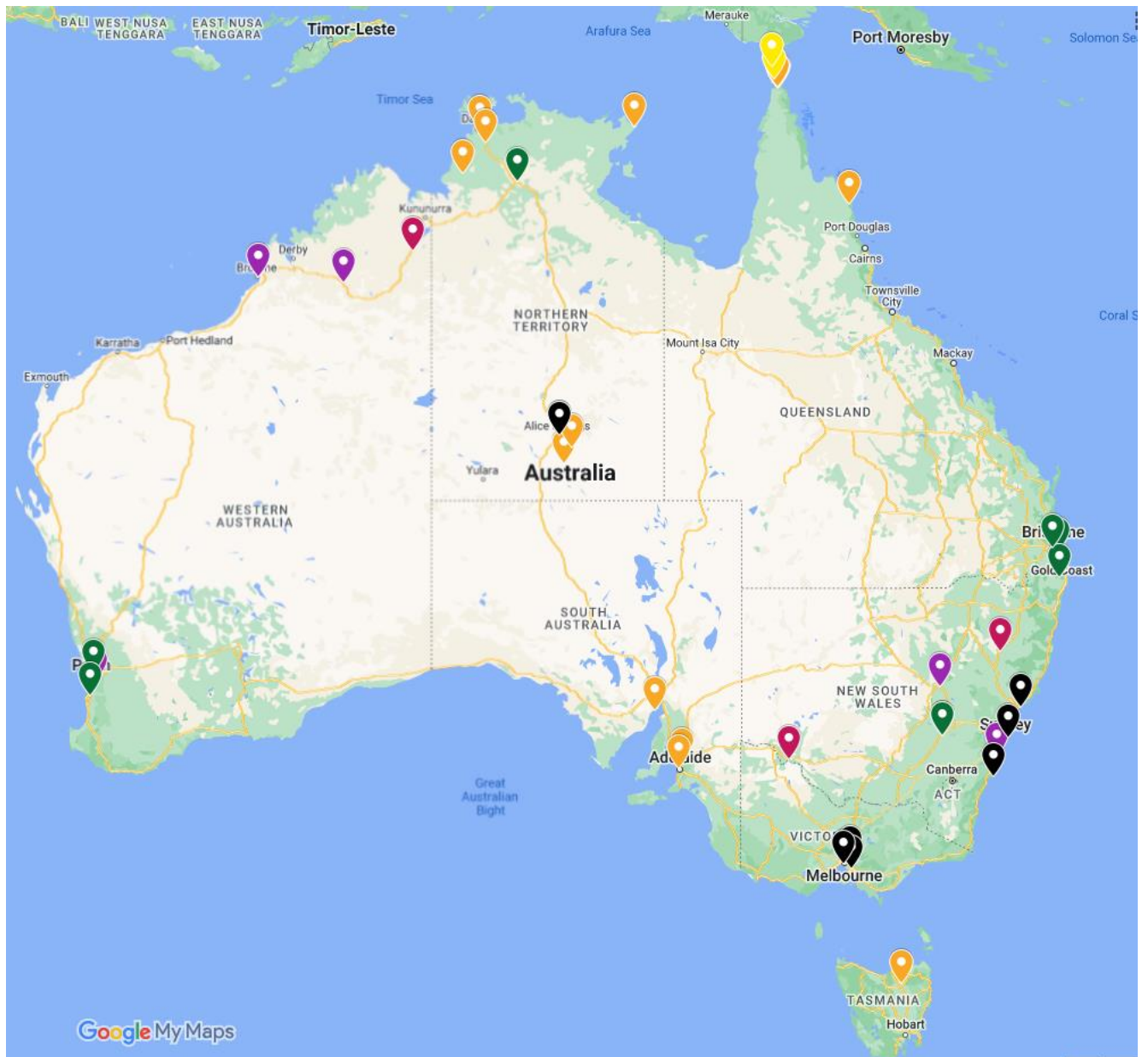


Source: Deloitte Access Economics (2023)

The service sample for consultations changed over time, responding to the services’ availability due to events such as weather issues, staff shortages, Sorry business, and child sickness. When a planned service visit was unable to proceed in person, options were considered regarding the most appropriate substitution, be it pivoting that same service to a virtual consultation or replacing with a different service that shared similar characteristics – ensuring the service sample remained representative. In some cases, the consultation was held at a site away from the service (e.g., at the council head office which may have been located outside of the community). Additional service insights were gleaned through these consultations, with providers responsible for multiple centres across their regions, provided information that was complementary to the online surveys for individual centres not participating directly in consultation.

The final representative sample is shown in Figure 4.2.

Figure 4.2: CCCFR service consultation map, as of November 2023



- SNAICC visits
- SNAICC virtual consultations
- Murawin visits
- Murawin virtual consultations
- DAE visits
- DAE virtual consultations

Source: Deloitte Access Economics (2023)

Given the large number of services in Aboriginal and Torres Strait Islander communities receiving the CCCFR grant, to align the characteristics of the sample with the characteristics of the services, ultimately meant that a significant proportion of services in Aboriginal and Torres Strait Islander communities formed part of the consultation sample. Other grant recipients were consulted, including those based in non-Aboriginal and Torres Strait Islander rural and regional communities,

however as these make up a smaller number of grant recipients, they also made up a smaller number of the sample size inclusions.

Additionally, the Statement of Work required an examination of the extent to which the CCCFR grant, applying legislation, and Services Australia processes and practices embed cultural safety in service delivery in alignment with the National Agreement on Closing the Gap. To make recommendations on changes to improve Aboriginal and/or Torres Strait Islander leadership, community-controlled service delivery, cultural safety and child and family participation in CCCFR grant funded services, it was necessary to consult with a large number of services, educators and family members in Aboriginal and Torres Strait Islander communities where CCCFR services operate.

The CCCFR grant additionally funds services targeting a number of cohorts experiencing vulnerability and disadvantage that are not located in predominately Aboriginal and Torres Strait Islander communities. These include services providing child care for young parents, services providing child care for parents with specific health and wellbeing needs and services supporting families from migrant and refugee communities. Many of these services were engaged as part of the consultation process in order to understand the full breadth of complexities faced by families who are engaging with CCCFR services. Distinct, however, to the services in Aboriginal and Torres Strait Islander communities, the CCCFR grant is funding a relatively small number of services with these specific sets of characteristics. This places limitations on the ability of the review to draw conclusions that could be applicable to services with these characteristics.

Both in response to the Statement of Work and the profile of CCCFR services, many review findings and recommendations relate to services in Aboriginal and Torres Strait Islander communities. This is not to the exclusion of non-Aboriginal and Torres Strait Islander services but recognises that many findings are distinct to this group. In some circumstances it reflects a limitation of the data set from which findings and recommendations could be drawn.

Further detail on the sampling process is outlined in Appendix G.

The profile of consulted services whose observations are presented in this report is outlined below, compared to the full population of CCCFR services. During the review, 29 face-to-face and 14 virtual consultations had been conducted, across 43 services.

Table 4.1: Representativeness of consultation service sample

Characteristic	Consultation service sample		Full population of CCCFR services	
	No. of services	% of sample	No. of services	% of full population
Identification as an Aboriginal or Torres Strait Islander service⁸³	26	60%	70	48%
State/Territory				

⁸³ This was determined by positive responses to the following questions asked in the 2022/2023 Compliance and Operations Report of services:

Q7 - Does your service identify as an Aboriginal and/or Torres Strait Islander service?

Q8 - Is the provider of this service:

- An Aboriginal Controlled Community Organization (ACCO),
- Registered with the Office of the Registrar of Indigenous Corporations (ORIC),
- A member of SNAICC - National Voice for our Children

<i>Australian Capital Territory</i>	1	2%	1	1%
<i>New South Wales</i>	8	19%	23	15%
<i>Northern Territory</i>	9	21%	46	31%
<i>Queensland</i>	10	23%	28	19%
<i>South Australia</i>	3	7%	15	10%
<i>Tasmania</i>	1	2%	4	3%
<i>Victoria</i>	5	12%	19	13%
<i>Western Australia</i>	6	14%	13	9%

CCCFR grant size (2022-23)

<i>\$-</i>	1	2%	6	4%
<i>\$50,000 and under</i>	2	5%	10	7%
<i>\$50,001 to \$100,000</i>	4	9%	38	26%
<i>\$100,001 to \$250,000</i>	15	35%	68	46%
<i>\$250,001 to \$500,000</i>	15	35%	0	0%
<i>Over \$500,000</i>	6	14%	25	17%

SEIFA decile

<i>Decile 1</i>	21	49%	75	51%
<i>Decile 2</i>	6	14%	14	10%
<i>Decile 3</i>	5	12%	18	12%
<i>Decile 4</i>	3	7%	14	10%
<i>Decile 5</i>	2	5%	7	5%
<i>Decile 6</i>	1	2%	7	5%
<i>Decile 7</i>	1	2%	4	3%
<i>Decile 8</i>	1	2%	3	2%
<i>Decile 9</i>	1	2%	4	3%
<i>Decile 10</i>	2	5%	2	1%
<i>Unassigned</i>			1	1%

Remoteness

<i>Major cities of Australia</i>	13	30%	22	15%
<i>Inner Regional Australia</i>	6	14%	17	11%
<i>Outer Regional Australia</i>	4	9%	25	17%
<i>Remote Australia</i>	6	14%	20	13%
<i>Very Remote Australia</i>	14	33%	65	44%

Prior to commencing consultations, Human Research Ethics Committee approval was sought through the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) – as outlined in the box below.

Box 4.1: AIATSIS Research Ethics Committee approval for the CCCFR review

The *AIATSIS Code of Ethics for Aboriginal and Torres Strait Islander Research* is a set of ethical guidelines that govern research involving Aboriginal and Torres Strait Islander People and communities in Australia. The code emphasises the importance of recognising the rights and interests of Aboriginal and Torres Strait Islander People and communities and the need for researchers to act in a culturally sensitive and respectful manner.

The code is intended to ensure that research is conducted in an ethical and responsible way, and that the rights and interests of Aboriginal and Torres Strait Islander People and communities are protected. The code covers a range of issues, including obtaining informed consent, respecting privacy and confidentiality, protecting cultural knowledge, and ensuring that research benefits Aboriginal and Torres Strait Islander people and communities. It also emphasises the need for researchers to build respectful and collaborative relationships with Aboriginal and Torres Strait Islander people and communities and to involve them in all stages of the research process.

Deloitte Access Economics, in collaboration with SNAICC and Murawin, prepared a detailed submission to the AIATSIS Research Ethics Committee. Ethics approval was granted by the AIATSIS Research Ethics Committee on 24 August 2023 (ref: REC-0179). This means the CCCFR review meets the requirements of the *National Statement on Ethical Conduct in Human Research* (2007) and the *AIATSIS Code of Ethics for Aboriginal and Torres Strait Islander Research* (2020).

Core elements of the ethical approach to these consultations include:

- **Honouring the value of participation** – Lived experience is equally valued as expertise, and weighted comparably with other research findings. Families and community members have been compensated to a value of \$50 for their time and expertise. The method of payment is through gift cards.
- **Building vertical and reciprocal trust** – Full and transparent information about the research is provided to all participants. The research team listens to their feedback and answers their questions before, during and after the project.
- **Respecting autonomy and self-determination** – Participants are free to choose to participate or not. When they choose to participate, they may choose to answer only some questions, finish engagement early, or take breaks whenever they need to. The questions are sent in advance so that participants can feel prepared and confident.
- **Protecting privacy and confidentiality** – No individual participant is identified in the reporting. All data is reported in aggregated form or by participant group. The data is stored on secure, password-protected servers and only staff working on the project have access to data, and only for the purposes of this project.
- **Photography protocols** – No photographs of individuals have been taken by the project team. To the extent photos of building facilities within child care centres are taken, consent has been obtained from centre management, and such photos will be used explicitly for the use of “Department of Education CCCFR review 2023” only.

A semi-structured interview format was used for the service consultations – refer to Appendix C for the consultation guide. The questions cover the core service domains included in the online survey (see section 4.1.2), with targeted support provided to answer the additional questions focused on costs and funding information not covered by existing data sources. Consultations were held with a range of service staff, depending on the particular service, ranging from the service director to teachers, educators, administrative staff or management.

Consultations with families and communities took place at the centres where services were being delivered. Individuals were recruited to participate in the consultation process through either direct request from the service educators or through posters advertising the consultation sessions that were placed by the services on behalf of the SNAICC and Murawin teams.

Depending on the number of families and carers attending and their preference for engagement, some of the interviews were conducted in groups and some individually. This meant that while the family consultation guide questions (see Appendix D) drove the discussion, that in some cases it reflected a semi-structured interview and in other cases it reflected a focus group.

The educators and service directors were typically not present during these interviews, except where an educator was also a parent using the service and was being interviewed for their perspectives on the use of the service rather than their contribution to the service provision.

Complementary food and drinks were provided to all families and community members in attendance and a \$50 gift voucher that could be used at the local community store was provided to each family, carer or community member who participated in an interview.

Table 4.2: Services consulted with by Aboriginal and Torres Strait Islander provider status and consultation mode

Identifies as an Aboriginal and/or Torres Strait Islander provider or has an Aboriginal and Torres Strait Islander organisational affiliation ⁸⁴	Consultation Mode		Total
	Face to Face	Online	
Yes	18	8	26
No	11	6	17
Total	29	14	43

Source: Deloitte Access Economics, CCCFR Compliance and Operations Survey 2022-2023

Table 4.3: Services consulted with by proportion of Aboriginal and Torres Strait Islander children enrolled compared to self-reported capacity (expressed as a percentage) and consultation mode

Proportion of Aboriginal and Torres Strait Islander children enrolled compared to self-reported capacity	Consultation mode		Total
	Face to Face	Online	
0%	1	-	1
<25%	6	5	11
Between 25% and 49%	4	1	5
Between 50% and 99%	12	6	18
>100%	4	1	5
Unknown	2	1	3
Total	29	14	43

Source: Deloitte Access Economics, CCCFR Compliance and Operations Survey 2022-2023

⁸⁴ This was determined by positive responses to the following questions asked in the 2022/2023 Compliance and Operations Report of services:

Q7 - Does your service identify as an Aboriginal and/or Torres Strait Islander service?

Q8 - Is the provider of this service:

- An Aboriginal Controlled Community Organization (ACCO),
- Registered with the Office of the Registrar of Indigenous Corporations (ORIC),
- A member of SNAICC - National Voice for our Children

During the review, consultations were undertaken with 43 CCCFR services and with 60 families and communities in 22 services.

4.1.2 Online survey of CCCFR services

All CCCFR services not selected in the representative sample (site based or virtual consultation) received a link to an online survey via the Qualtrics platform. This enabled all CCCFR services to have the opportunity to contribute to the review.

The intention of the online survey was to supplement information available from existing sources such as Compliance and Operations Reports, financial acquittal data, and other primary data collection methods such as consultations.

The survey is structured in two parts, with the first containing 'core' review questions, and the second focusing on cost drivers and financial information. Services were notified that they could exit the survey after completing the first part, given the second part requires input of more detailed financial information. Overall, the survey topics were designed to be similar to the consultation topics, following the review framework and lines of inquiry. Survey questions are provided at Appendix F.

The structure and wording of the survey was reviewed and refined by SNAICC, Murawin and the Department. Survey piloting was undertaken with a CCCFR service, to ensure the questions were appropriately framed and that the time required to complete the survey was not overly onerous.

The survey was developed using the software platform Qualtrics, which in addition to having high levels of functionality, is known to CCCFR grant recipients, who use it to complete annual Compliance and Operations Reports. The survey included embedded data from services, to allow services to validate and confirm data held by the Department or collated by Deloitte Access Economics. It also used branch logic to ask more relevant questions of services about their regulation and regulatory experience.

Response and open rates were tracked, with reminder emails sent and phone calls made to follow up and enable services to ask any questions about the survey.

The online survey was distributed to 92 services on 6 September 2023.

Of the 92 surveys distributed, there were 37 full respondents in total by the survey closure on 2 November 2023. A further 22 responses were started but not completed from 20 service providers (two started their survey twice). Services were informed that if they did not complete the full survey, any partial responses would be used for data analysis. The survey observations in this report draw on all survey responses.

A profile of the 37 full survey respondents is outlined in Table 4.4. The distribution of survey respondents is broadly in line with service distribution across the states/territories. The only differential is the low survey response rate from Queensland, being the state with the second largest number of CCCFR services.

Table 4.4: Representativeness of survey respondent sample

Characteristic	Survey respondent sample		Full population of CCCFR services	
	No. of services	% of sample	No. of services	% of full population
Identification as an Aboriginal or Torres Strait Islander service	10	27%	70	48%
State/Territory				

<i>Australian Capital Territory</i>	0	0%	1	1%
<i>New South Wales</i>	9	24%	23	15%
<i>Northern Territory</i>	16	43%	46	31%
<i>Queensland</i>	3	8%	28	19%
<i>South Australia</i>	3	8%	15	10%
<i>Tasmania</i>	0	0%	4	3%
<i>Victoria</i>	2	5%	19	13%
<i>Western Australia</i>	4	11%	13	9%
CCCFR grant size (2022-23)				
<i>\$-</i>	2	6%	7	5%
<i>\$50,000 and under</i>	2	6%	6	4%
<i>\$50,001 to \$100,000</i>	2	6%	12	8%
<i>\$100,001 to \$250,000</i>	8	23%	39	27%
<i>\$250,001 to \$500,000</i>	19	54%	67	47%
<i>Over \$500,000</i>	4	11%	18	13%

During the review, there were 37 completed survey responses and 22 partially completed survey responses from 20 service providers (two started their survey twice) – equating to 57 individual survey responses overall. All observations from the survey responses are presented in this report.

4.1.3 Consultations with Departmental and broader stakeholders

Considering the history of the CCCFR grant, in particular its development from previous child care funding arrangements, such as the BBF program, the review team engaged with a wide range of stakeholders across government, sector, peak and community organisations to understand the history behind the grant, as well as the impacts and relevance in supporting child development and wellbeing, family engagement and support, and broader community outcomes.

Due to the array of stakeholders' perspectives, knowledge and expertise, interviews with broader stakeholders adopted differing areas of focus or discussion. These areas for discussion were guided by a consultation guide (Appendix E), which provided consultation participants with a broad range of discussion questions across all four research domains. Across most broader stakeholder consultations, respondents focused on one or two review domains for discussion (e.g., objectives and funding), based on the perceived importance or their specific area of knowledge.

The process of identifying relevant stakeholders for consultation for this review occurred through ongoing discussions between Deloitte Access Economics and the Department team responsible for overseeing the review. Broadly, stakeholders were invited to participate in the review through an email invitation sent to the contact person from either the Department or Deloitte Access Economics, with a link to schedule an interview with the Deloitte Access Economics review team.

Invitations for consultation for the CCCFR review were sent through multiple channels, including through inter-governmental working groups and committee mailing lists relevant to the CCCFR grant and broader early years and Aboriginal and Torres Strait Islander policy areas.

The table below sets out the range of stakeholders invited to participate in a consultation.

Table 4.5: Departmental and broader stakeholder groups

Stakeholder group	Overview of approach
Australian Department of Education	<p>As the administrator of the CCCFR grant, staff from the Department were consulted during multiple periods of the early review process, including when developing the review framework. In addition, specific staff members within the Department were consulted in their role in relation the CCCFR grant, such as CCCFR Program Officers, as well as others with an identified high level of organisational knowledge who were able to provide key insights to support early-stage research for the review.</p> <p>CCCFR Program Officers were consulted to 'test and validate' the review's emerging hypotheses from the consultations with services and families, including an in-person workshop on 2 November 2023 to unpack discussions with services (in a de-identified manner), including confirming key insights requiring further analysis or consideration.</p> <p>In addition to CCCFR Program Officer and CCCFR team members, further consultation was undertaken with Departmental executives.</p>
Broader Australian Government agencies	<p>Requests for interview were sent to key stakeholders across broader Australian Government departments and agencies, recognising the intersection of other Commonwealth payments and policy areas with requirements for services and families under the CCCFR grant. The review team undertook a number of consultations with ACECQA, both in their role as the National Authority for the NQF, as well as their particular involvement in CCCFR grant arrangements through providing resources and ongoing training to grant recipients.</p> <p>Consultation with key staff from other Australian Government agencies was also undertaken.</p>
State and territory governments and agencies	<p>State and territory governments were invited to consult with the review team, namely education departments, regulatory authorities for early childhood services and relevant social services and community agencies through identified working groups or committees.</p> <p>To engage with the most appropriate contact at state or territory agencies, the review team (with support from Departmental staff) sent open invitations to members of the following working groups and committees:</p> <ul style="list-style-type: none"> • Early Childhood Care and Development Policy Partnership (ECCDPP) • Early Childhood Policy Group (ECPG) • Regulatory Practice Committee (RPC).
Peak bodies and advocacy organisations	<p>Early years and Aboriginal and Torres Strait Islander peak bodies, sector and broader advocacy organisations were invited to provide feedback on the CCCFR grant as part of the review process. The scope of stakeholders as part of this group was determined between Deloitte Access Economics and the Department, leaning into existing relationships within early years and broader education policy committees and partnerships.</p> <p>To collect feedback from peak body, sector and advocacy organisations, the Department supplied contact details of members on the following committees, and requested individual requests be sent to members on the:</p> <ul style="list-style-type: none"> • ECCDPP • Early Childhood Education and Care Reference Group (ECECRG). <p>In addition, several additional peak body and advocacy organisations were invited to provide feedback around the CCCFR grant, recognising the broad scope of the grant's intended objectives, outcomes and the unique nature of CCCFR services.</p>

Stakeholder group	Overview of approach
Researchers and academic bodies	The review team sent invitations for feedback to several early years and Aboriginal and Torres Strait Islander researchers, think tanks and broader research bodies. However, those researchers and academic bodies who were invited to provide feedback were unable to participate, either due to a perceived lack of knowledge about the grant or limited organisational resources.
Community members and advocates	Deloitte was supplied with contact details of members of the ECCDPP by the Department, and individual emails were sent out. This included Government representatives, Coalition of Peaks representatives, and Independent Aboriginal and Torres Strait Islander representatives. As this stakeholder group is substantially smaller than other stakeholder types, observations from these stakeholders have been captured as 'peak bodies and advocacy organisations'.

Consultation guides provided to Department and broader stakeholders prior to interviews are included at Appendix E, together with a list of parties who were consulted with.

The review team commenced consultations with Departmental staff, services, families, and local communities prior to interviews with broader stakeholders. This staged approach ensured that detailed insights from services and families about the CCCFR grant could be taken into consideration when seeking supplementary feedback and insights from broader stakeholders.

During the review, 14 consultations were undertaken with Departmental staff (Program Officers, CCCFR team and broader Department executive) and 28 consultations with broader government, sector, and broader community stakeholders.⁸⁵

4.2 Secondary evidence

In addition to the primary evidence, this project also relies on a range of secondary data sources in building an evidence base to support the review. The secondary data sources inform:

- analysis of funding, costs and operational structures of CCCFR services, and implications for their ongoing financial sustainability
- changes in the key outcomes of interest for the CCCFR grant over time, including child care participation, child developmental outcomes, and parental workforce participation.

Table 4.6 includes a detailed summary of the individual secondary data sources.

⁸⁵ Due to the small sample size of interviewees, the research team has not provided a detailed breakdown of this group.

Table 4.6: Overview of secondary data sources

Secondary data sources	Overview of the data source	Relevant measures and variables	Relevant review domains	Data limitations and implications
CCCFR service financial acquittal reports	CCCFR funded services are required to provide annual financial acquittal reports that contain data on how the services have spent the CCCFR grant funding during the previous financial year. Data is available from 2018-19 to 2021-22.	<ul style="list-style-type: none"> • Staff expenditure • Fixed and variable expenditure • Minor capital investment • CCCFR, CCS, and fees income • Other expenditure and income items 	<p>Resourcing and financial sustainability</p> <p>The data is used to analyse services' financial viability.</p>	<ul style="list-style-type: none"> • The data is incomplete, provided in inconsistent formats, and requires data cleaning. Consequently, only acquittal reports for a subset of services (63 per cent) have been incorporated into the analysis. • The data cleaning process has the potential to introduce errors, while the reports are based on self-reported data by services. <p><i>1. This means that analysis relying on self-reported CCCFR service data should be considered as indicative.</i></p>
CCCFR service Compliance and Operations Reports	CCCFR funded services are required to submit annual Compliance and Operations Reports, which include information on service policies, workforce and operations.	<p>Submitted documentation from 2022-23 on:</p> <ul style="list-style-type: none"> - Educational program - Serious Incident Procedure policy - Quality Improvement Plan (QIP) - Workers Compensation Certificate - Public Liability Insurance Certificate 	Administration, governance, and compliance	<ul style="list-style-type: none"> • As the format and scope of evidence for submission to the Department is not prescribed, there is significant variance in the level of material included within documentation, in particular within uploaded Educational Programs. • Lack of detail and/or prescribed criteria to support self-assessment against Compliance and Operations Report questions is assumed to result in varying self-assessment across services. • Some closed services did not provide documentation in the 2022-23 reporting period (through agreement with the Department) and these have been excluded from analysis. <p><i>Note: Analysis of compliance and operations materials is unable to infer overall service adherence to governance and compliance measures as they do not allow interpretation of the application of policies and/or procedures on the service floor.</i></p>

Secondary data sources	Overview of the data source	Relevant measures and variables	Relevant review domains	Data limitations and implications
Child Care Subsidy System (CCSS) data	CCSS data is collected by the Australian Government in administering the CCS. It holds records related to enrolments, families, and services accessing CCS.	<ul style="list-style-type: none"> Child level CCS and ACCS funding amounts Service level enrolment and attendance counts Charged fees 	<p>Objectives and intent</p> <p>The data is used to understand trends in access and affordability in CCCFR funded services.</p>	<ul style="list-style-type: none"> The data is incomplete, and five CCCFR services are not captured in CCSS data. The data is collected for administrative purposes and may not be fit-for-purpose in determining the impact of the grant. Data is not available for parts of 2020, as services were not required to collect data during COVID-19. <p><i>Analysis relying on the data should be considered as indicative.</i></p>
Australian Early Development Census (AEDC) data	The AEDC a nationwide measure evaluating the development of children in Australia by the time they start their first year of full-time school. Data is collected every three years (e.g., 2012, 2015, 2018, 2021).	<ul style="list-style-type: none"> Measures of child developmental vulnerability Measures of child use of ECEC in the year before full time schooling Child demographic measures, including location, background 	<p>Objectives and intent</p> <p>This data is used to understand trends in ECEC use and developmental outcomes.</p>	<ul style="list-style-type: none"> Data on children’s Aboriginal and Torres Strait Islander status has not been accessed as a part of this project. AEDC data has not been linked to other data sources to identify whether a child has attended a CCCFR service. <p><i>Analysis relying on this data is unable to focus specifically on the cohorts of interest (i.e., vulnerable cohorts in CCCFR services). Any findings are at the broader regional level, and cannot be directly attributed or linked to the grant.</i></p>
ABS Preschool Education (Tablebuilder)	The ABS Preschool Education data series provides annual data on preschool usage, including enrolments, fees, and hours.	<ul style="list-style-type: none"> Preschool enrolment and attendance for children aged 3-6. For three-year-old children, all enrolments in CBDCs are captured (regardless of whether a preschool program is delivered) Preschool fees 	<p>Objectives and intent</p> <p>This data is used to determine the impacts on ECEC and preschool use.</p>	<ul style="list-style-type: none"> This dataset does not contain a population measure for calculating the participation rate. Consequently, it is combined with other data sources (i.e., ABS Census) to calculate the enrolment rate. <p><i>This may lead to inaccurate estimates of preschool participation.</i></p>
ABS Census of Population and	Every five years, ABS counts every person and household in Australia, and collects information on housing,	<ul style="list-style-type: none"> Unemployment rates for young women with child Population 	<p>Objectives and intent</p>	<ul style="list-style-type: none"> Data is not linked to CCCFR service usage data. <p><i>The findings represent broader regional trends, and cannot be attributed to the CCCFR grant. Further</i></p>

Secondary data sources	Overview of the data source	Relevant measures and variables	Relevant review domains	Data limitations and implications
Housing (Tablebuilder)	employment, family composition and education.		This data is used to determine the impacts on parental labour market outcomes.	<i>analysis using Person Level Integrated Data Asset (PLIDA) is required to determine attribution.</i>
ABS Socio-Economic Indexes for Areas (SEIFA), Australia	<p>The 2021 Census of population and housing (Census) provides information on a range of social and economic characteristics of Australia’s population.</p> <p>SEIFA combines Census data such as income, education, employment, occupation, housing and family structure to summarise the socio-economic characteristics of an area.</p> <p>Each area receives a SEIFA score indicating how relatively advantaged or disadvantaged that area is compared with other areas.</p>	<ul style="list-style-type: none"> The Index of Relative Socio-economic Disadvantage (IRSD) focuses on relative socio-economic disadvantage 	Profile of CCCFR services Objectives and intent	<ul style="list-style-type: none"> SEIFA data is not available for a small number of SA2 geographies, including for 1 CCCFR service’s location.⁸⁶
ECEC National Workforce Census (NWC)	Census information from child care services on staff, service usage, children with additional needs and access to preschool programs. Data	<ul style="list-style-type: none"> Attendance (in a reference week) by child characteristics Service utilisation 	Objectives and intent This data is used to understand service	132 CCCFR services are captured in the NWC, noting that results are based on a reference week. <i>Not all CCCFR services are captured in the NWC.</i> ⁸⁷

⁸⁶ The ABS reports that ‘Due to non-response and low population counts, not every SA1 can be given a meaningful index score. ABS maximises the number of areas that receive a score, while maintaining confidentiality and an acceptable level of quality.’ SA1 scores form the basis of SA2 scores.

⁸⁷ Although the NWC is mandatory for all CCS approved providers and services to participate under Family Assistance Law, the 2021 National Report estimates that 99% of services responded to the **Service Section**, and 98.7% of services responded to the **Staff Section**. The NWC excludes services that did not have any children attending during the reference week from the Service Section and that did not have staff or did not indicate if any workers were working at the service during the reference week from the Staff Section. Some CCCFR services may therefore either have not completed the NWC or did not have any children attending during the reference week. This would likely include closure for Sorry Business or COVID-19 reasons.

Secondary data sources	Overview of the data source	Relevant measures and variables	Relevant review domains	Data limitations and implications
	is collected every three years (i.e. 2018, 2021).		capacity and utilisation.	

Source: Deloitte Access Economics.

Part B: Review findings and recommendations

5 Objectives and intent

This chapter examines the CCCFR grant objectives and intent, to reveal the level of awareness and understanding of the objectives and the extent of alignment with Australian Government strategic objectives. It also considers how well the objectives meet the needs of services, families, and communities.

5.1 Outcomes against the objectives of the CCCFR grant

To understand the grant's effectiveness and impact it is necessary to examine the outcomes associated with it. Three categories of outcomes are considered: (1) child care participation, (2) early childhood development and (3) workforce participation. The analysis seeks to understand these outcomes by examining grant data, national datasets and information gathered from CCCFR services and families. While all of this information is instructive, however as is commonly the case, attribution is challenging and definitive conclusions hard to reach.

Box 5.1: Interpreting the outcomes analysis

The review was granted access to a wide range of leading data on outcomes and has employed leading empirical techniques in analysing this data.

This allowed conclusions to be drawn regarding how the outcomes observed in regions where a service in receipt of a CCCFR grant is located compared to others (including regions with similar underlying socio-demographics).

What was not possible was to determine whether observed differences are the result of the presence of the CCCFR service or, moreover, the CCCFR grant. Inferences can be made but definitive conclusions cannot be reached.

It should be noted that the outcomes analysis with respect to CCS data and NWC data is limited to data following services' transition to the CCCFR. The analysis does not seek to compare outcomes from delivery under former funding models with outcomes under the CCCFR grant. The evaluation of the Child Care Package suggests that former BBF services experienced a sharp decline in enrolments of Aboriginal and Torres Strait Islander children at the point of transition.⁸⁸ This is supported by consultation findings of this review.

The analysis presented in these sections should be interpreted accordingly.

⁸⁸ J Bray et al, Discovering What Works for Families Child Care Package Evaluation: Final Report AUGUST 2021 (February 2022) <https://aifs.gov.au/sites/default/files/2022-12/2021_child_care_package_evaluation_final_report.pdf>.

Key research questions

To what extent does the grant ensure equitable access to affordable child care services for families, in particular for Aboriginal and Torres Strait Islander children and children who may be experiencing vulnerability and disadvantage?

To what extent does the grant improve early childhood development outcomes for children who may be experiencing vulnerability and disadvantage, including through enabling factors of consistent attendance at ECEC services?

To what extent is workforce participation by families who may be experiencing vulnerability and disadvantage impacted by 1) ECEC provision and 2) CCCFR services?

Box 5.2: Links between participation and outcomes

There is strong evidence of a relationship between participation in high quality ECEC and developmental outcomes for children, and that the benefits can be greater for children who may be experiencing vulnerability and disadvantage.⁸⁹ This relationship has long been understood by policy makers, and investments have been made in early childhood services and programs in order to improve early childhood development outcomes through greater access to and quality of early years programs.

The links between availability and affordability of child care and parental workforce participation are also well recognised in the Australian context. The impact is more significant for female workforce participation.

There is a growing recognition of the intersection between ECEC participation and other factors which affect child development outcomes, for instance, the role of families in creating a strong home learning environment, but also in enabling access to ECEC programs. Simply put, participating in high quality child care is likely to lead to better outcomes for a child, but there are many other factors which affect a child's development.

There are two factors within child care participation which are seen to make a significant difference to improving outcomes: quality and dosage. While quality is a spectrum, and measures of ECEC quality are 'imperfect',⁹⁰ the Australian system recognises hallmarks of quality delivery through the NQS and regulates most services by applying the NQS against the NQF. CCCFR services do not have to be regulated under the NQF (for more information see section 2.3.3.3).

There is no consensus opinion on the optimal dosage of ECEC for strong development outcomes.⁹¹ In general, it is expected that additional hours of high quality ECEC may be beneficial, or at worst, neutral, for disadvantaged or vulnerable children. However, some studies have linked high dosage of low quality ECEC with negative impacts on children's development.⁹²

⁸⁹ Discussed in many studies, for a comprehensive overview see Pascoe, Susan and Deborah Brennan, *Lifting Our Game* (December 2017)

<<https://www.education.vic.gov.au/Documents/about/research/LiftingOurGame.PDF>>

⁹⁰ Productivity Commission, 'Draft Report - a Path to Universal Early Childhood Education and Care' (November 2023) <<https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf>>.

⁹¹ SNAICC, Dandolo Partners, Rogers J. (2023, unpublished).

⁹² Michael Baker, Jonathan Gruber and Kevin Milligan, 'The Long-Run Impacts of a Universal Child Care Program' (2019) 11(3) *American Economic Journal: Economic Policy* 1 <<https://www.jstor.org/stable/26754065>>; Edward Melhuish et al, 'Pre-School Experience and Social/Behavioural Development at the End of Year 3 of Primary School' [2004] Faculty of Social Sciences - Papers (Archive) <<https://ro.uow.edu.au/sspapers/1993/>>. ; Melhuish, Edward & Ereky-Stevens, Katharina & Petrogiannis, Konstantinos & Ariescu, & Penderi, Efthymia & Rentzou, Konstantina & Tawell, Alice & Slot, & Broekhuizen, Martine & Leseman, Paul. A review of research on the effects of early childhood Education and Care (ECEC) upon child development, (2019), CARE project. Curriculum Quality Analysis and Impact Review of European Early Childhood Education and Care (ECEC).

A high quality home learning environment may mitigate against these effects.⁹³ The 2017 'Lifting our game' report, commissioned by all Australian states and territories, found that 15 hours a week is the minimum dosage required for most children.⁹⁴ Unpublished research commissioned by SNAICC finds that 'full day' (over 5 hours per day, 5 days per week, for 180-200 days per year) programs have been shown to lead to better outcomes for children. While the evidence base is still maturing, this may be attributed towards a higher amount of time learning, stronger relationships with educators and peers, increased attendance due to better routines associated with full day programs, and the fact that families can engage with work and study while children attend, with flow on impacts for family economic circumstances.⁹⁵

Against this background, there is growing interest in expanding the number of hours of ECEC available for children, particularly those who may be experiencing vulnerability or disadvantage. The Productivity Commission's draft report finds that up to 30 hours, or three days a week, of quality ECEC should be available to all children aged 0-5 years. This aligns with some recent state and territory commitments to preschool or kindergarten in the year before school and reflects the entitlement 'many inquiry participants' have advocated for, with additional days for children experiencing vulnerability and disadvantage.⁹⁶ The Productivity Commission notes that this number is a 'balance' between parental preferences and incentives and child outcomes and considers the impacts to parental labour force participation.

Child care participation and attendance is therefore a critical enabler of workforce participation outcomes, and high quality child care is a contributing enabler of child development outcomes. It should be noted that workforce participation may also enable stronger child development outcomes due to likely increased household income.

5.1.1 Child care participation outcomes

Review finding 1

While intensity of use by existing families increased, enrolments by Aboriginal and Torres Strait Islander children at CCCFR services grew slower than at other non-CCCFR funded education and child care services receiving CCS in the same region and national benchmarks.

Supporting evidence for this finding is drawn from analysis of CCS data on service usage in CCCFR services over time. It does not include enrolments not captured by CCS data. Further details of the methodology, data and limitations are outlined in Appendix K.

The analysis considers both enrolment and attendance in CCCFR services as metrics of child care participation. Enrolment reflects families' access to CCCFR services, and is a pre-requisite to attendance. Attendance captures usage, which is in turn linked to improved developmental outcomes for children, and workforce participation for primary carers.

Enrolments in child care services receiving CCCFR grants has increased by 4% from 2019 to 2023, while growth concentrated from 2019 to 2021 (Chart 5.1).

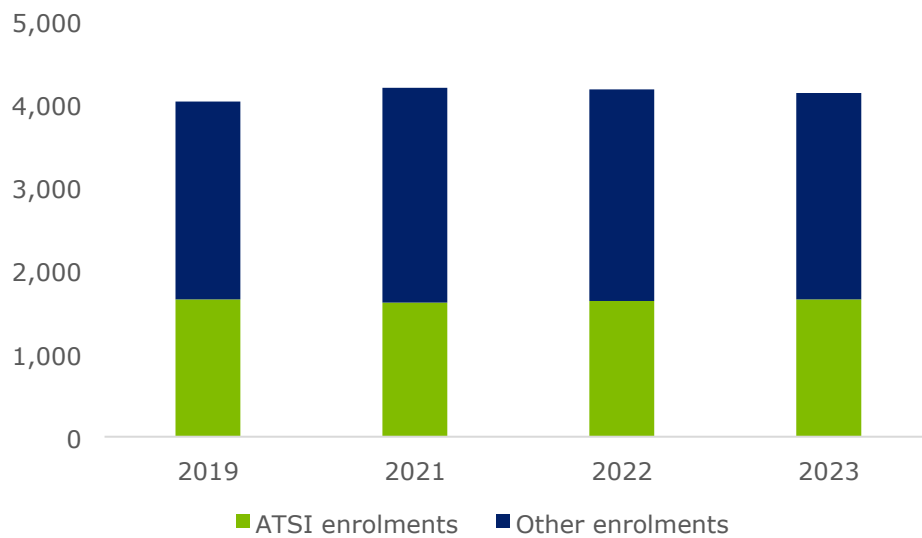
⁹³ Edward Melhuish and Julian Gardiner, EQUAL HOURS? The Impact of Hours Spent in Early Years Provision on Children's Outcomes at Age Five, by Socio-Economic Background (2023) <<https://www.suttontrust.com/wp-content/uploads/2023/01/Equal-Hours.pdf>>.

⁹⁴ Pascoe, Susan and Deborah Brennan, Lifting Our Game (December 2017) <<https://www.education.vic.gov.au/Documents/about/research/LiftingOurGame.PDF>>; The Australian Government has funded 15 hours of preschool for 40 weeks a year (600 hours), for children in the year before school since 2008, and this measure is used in ABS reporting.

⁹⁵ SNAICC, Dandolo Partners, Rogers J. (2023, unpublished).

⁹⁶ Productivity Commission, 'Draft Report - a Path to Universal Early Childhood Education and Care' (November 2023) <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf>, p30.

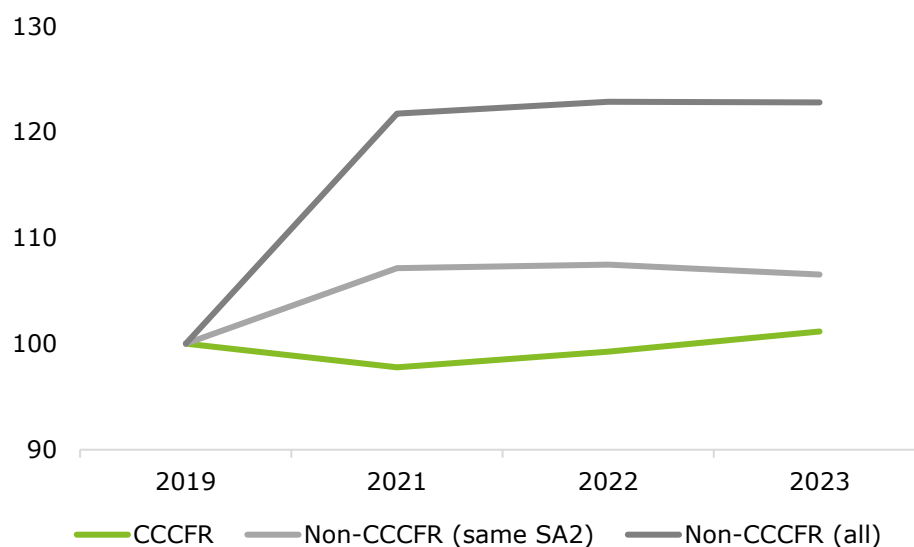
Chart 5.1: Enrolments in CCCFR services, financial year 2019 to 2023 (June)



Source: Deloitte Access Economics, using CCSS data. Note that data is not available for 2020 as data was not collected from services in June due to COVID-19.

Enrolments by Aboriginal and Torres Strait Islander children have not grown over the same period as growth driven by other cohorts. This is despite higher increases in child care use by Aboriginal and Torres Strait Islander children in non-CCCFR services in the same SA2s (Chart 5.2). Assuming similar rates of population growth and other demographic changes within a SA2 – which is comparable to a suburb – growth in child care enrolments would be expected to be similar between CCCFR and non-CCCFR services. However, this may not occur where there are more localised differences in population growth or where there are supply constraints.

Chart 5.2: Enrolment growth by Aboriginal and Torres Strait Islander children by service type, financial year 2019-2023 [2019 June level = 100]



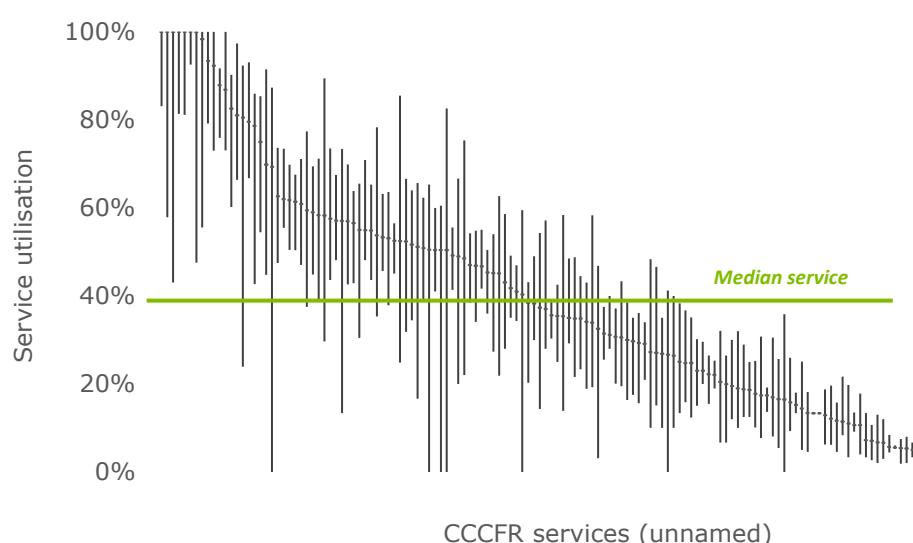
Source: Deloitte Access Economics, using CCSS data. Note that data is not available for 2020 as data was not collected from services in June due to COVID-19.

Based on the available data, there do not appear to be capacity issues on the whole across CCCFR services that would prevent expansion, or additional children from enrolling in CCCFR services.

Based on the available data, 'service utilisation'⁹⁷ by children receiving CCSS as a share of total delivery hours that could be legally supported in the service is estimated to have averaged around 40 per cent in any given week over the period from 2019 to 2023. However, there is significant variation in utilisation across CCCFR services, and from week to week within a given year (Chart 5.3). By comparing enrolled hours with total hours, the above metric may underestimate utilisation for services where children do not enrol for the full day. While the services could technically enrol children for the remaining hours, there is likely to be limited demand.

Further, there may be other constraints that prevent services from enrolling more children up to the licensed capacity. The NWC suggests that on average, typical capacity (typical number of places offered) represents only 82 per cent of maximum capacity (maximum number of places offered). Approximately 11 per cent of CCCFR services also had exemptions or approvals that enabled a position to be occupied by a worker without the required ECEC qualifications, which suggests there may also be workforce challenges that prevent higher service utilisation.

Chart 5.3: Distribution of 'service utilisation' across CCCFR services, financial year 2023

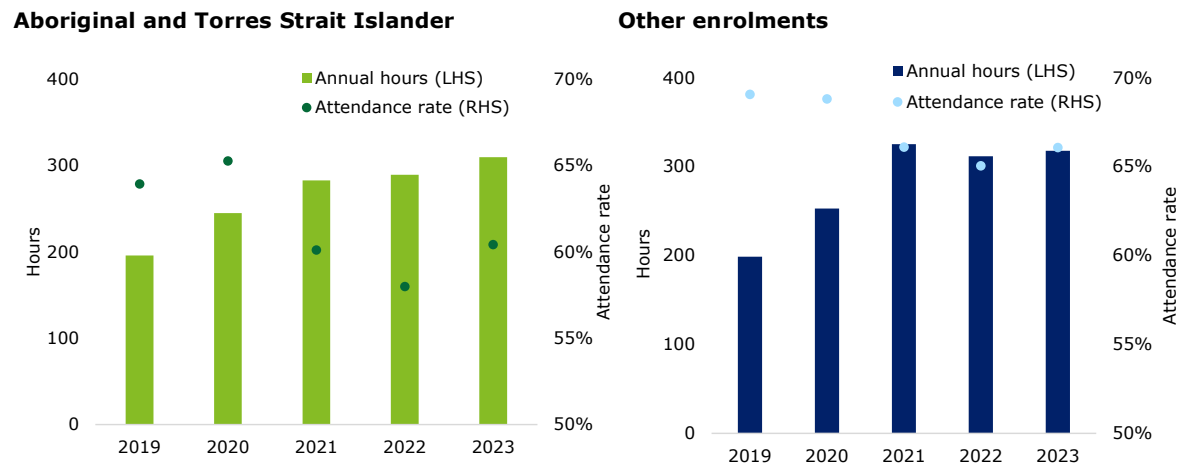


Source: Deloitte Access Economics, using CCSS data. The CCSS data does not capture service utilisation by children not receiving CCS payments, and consequently may represent an underestimate of 'service utilisation'. Service level utilisation figures have been capped at 100%. While 7% of services report maximum utilisation rates above 100%, this could be due to the use of a point-in-time measure of licensed capacity.

While enrolments have been stable, annual attendance hours in CCCFR services have been increasing over time, with the average child attending for 320 hours in 2023. Comparing attendance hours to charged hours, implies an attendance rate of 63 per cent. This trend holds for both Aboriginal and Torres Strait Islander and other children (Chart 5.4). From 2019 to 2023, average annual attendance hours have grown at a faster rate for CCCFR services compared to non-CCCFR services that operate within the same regions (SA2s).

⁹⁷ Utilisation in services cannot be directly observed in the data. Consequently, 'service utilisation' is proxied as total charged hours divided by the maximum potential hours. 'Charged hours' represents the total hours for which fees are charged for the week across all children and can include hours where children do not attend the service. 'Maximum potential hours' represents the total hours of delivery that could be supported if the service was fully utilised. Charged hours is calculated using the CCS data across all children within a service. Maximum 'potential hours' is estimated based on licensed capacity X maximum sessions offered per week by services X maximum charged hours per session. Note that this is an imperfect measure of service capacity as only children in the CCS system are captured in the numerator.

Chart 5.4: Annual hours attended per enrolled child in CCCFR services, financial year 2019-2023



Source: Deloitte Access Economics, using CCSS data. Attendance rate defined as total attended hours divided by total charged hours.

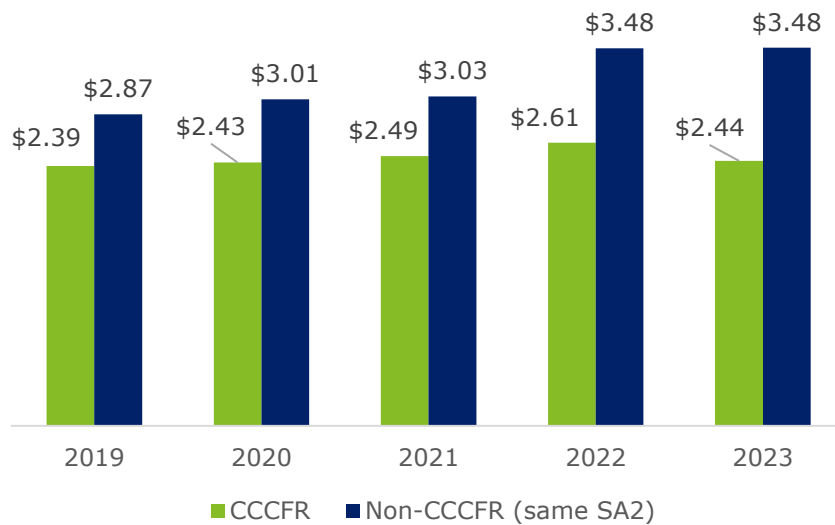
Review finding 2

There is evidence to suggest that access to the CCCFR grant has been associated with slower growth in out-of-pocket fees and, for Aboriginal and Torres Strait Islander families, greater affordability.

Supporting evidence for this finding is drawn from analysis of CCSS data on out-of-pocket fees in CCCFR services over time.

From 2019 to 2023, out-of-pocket (OOP) fees per charged hour in CCCFR services remained broadly constant at \$2.40 per hour. Over this period, fees in non-CCCFR services within the same SA2 have grown by over 20 per cent. After accounting for inflation, OOP fees in CCCFR services are 15 per cent lower in 2023 compared to 2019 (Chart 5.5). This may signal that services have not adequately utilised the opportunity to maximise their financial viability through fee revenue. Alternatively, it may reiterate the limited ability and willingness to pay among the communities and cohorts that CCCFR services serve.

Chart 5.5: Out-of-pocket fees per charged hour by service type, financial year 2019-2023

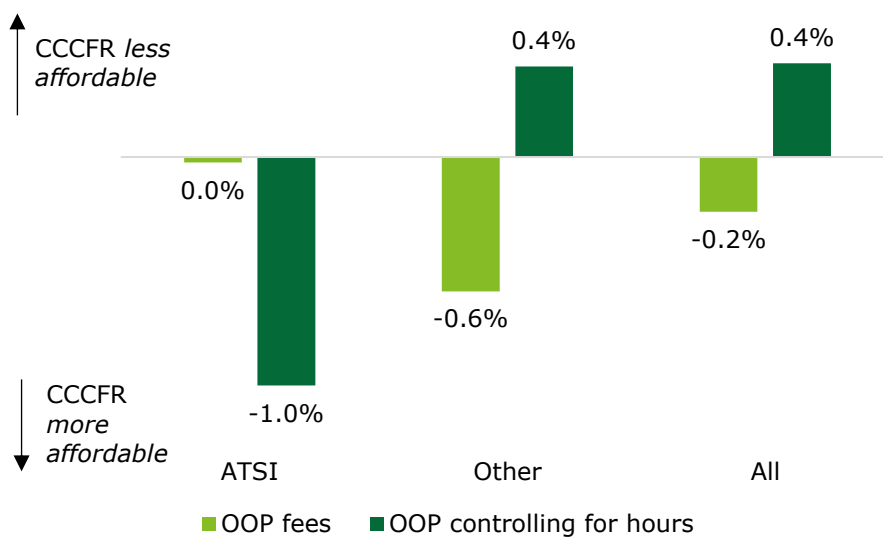


Source: Deloitte Access Economics, using CCSS data.

The average family enrolled in a CCCFR service spends three per cent of estimated gross annual family income (as reported in the CCS data) on child care. For Aboriginal and Torres Strait Islander families, this is slightly higher at 4 per cent. When controlling for differences in the hours used across families the average Aboriginal and Torres Strait Islander family would experience a saving equalling 1 per cent of their annual income by using CCCFR services instead of a non-CCCFR services within the same SA2. In contrast, other families would face slightly higher expenditure on child care by using a CCCFR service (Chart 5.6).

For families with income in the bottom quartile among CCCFR service users (under \$65,000 per annum), child care fees as a share of estimated gross annual family income is higher, at 5 per cent. However, when controlling for charged hours, the average Aboriginal and Torres Strait Islander family would experience a larger saving (2 per cent) using CCCFR services compared to non-CCCFR services within the same SA2.

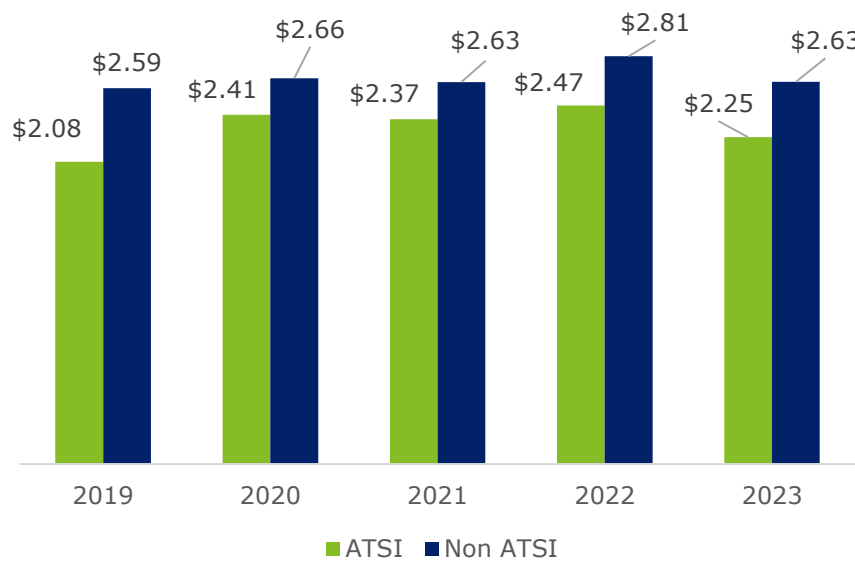
Chart 5.6: Out-of-pocket fees as a share of family income, financial year 2023



Source: Deloitte Access Economics, using CCSS data.

Lower out of pocket fees for Aboriginal and Torres Strait Islander families in CCCFR services could be driven by OOP fees on average being lower for Aboriginal and Torres Strait Islander families within CCCFR services (Chart 5.7).

Chart 5.7: Out-of-pocket fees per charged hour for CCCFR services, financial year 2019-2023



Source: Deloitte Access Economics, using CCSS data.

Review finding 3

The evidence on the impact of the CCCFR grant on preschool participation is mixed.⁹⁸ While there is evidence that preschool participation in the year before full-time schooling increased faster in some CCCFR regions compared to similar non-CCCFR regions, the trends cannot be attributed to the CCCFR grant.

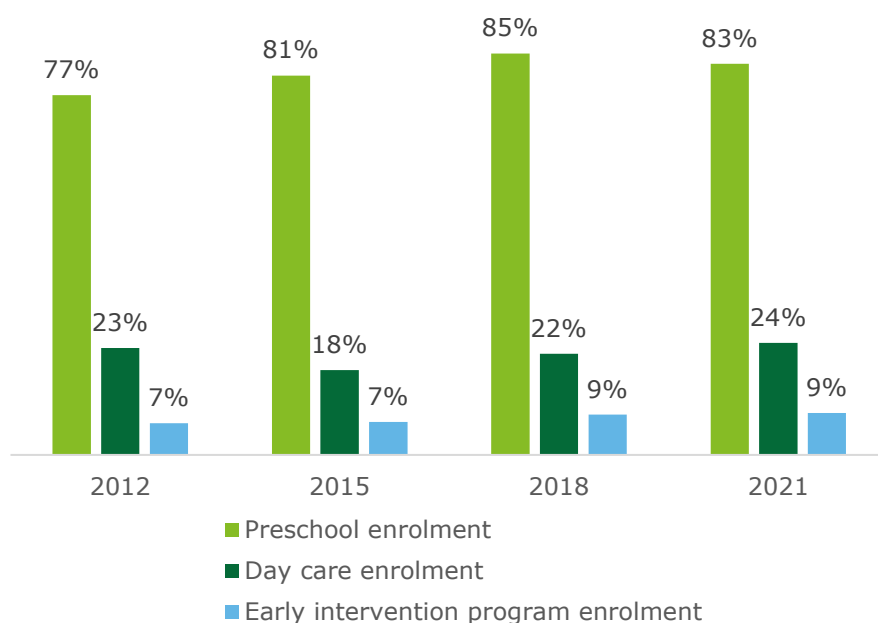
Supporting evidence for this finding is drawn from AEDC data.

Note that the content in this section is under embargo pending review by AEDC and is not to be shared beyond the Department.

Analysis of the AEDC data suggests that when considering the SA2s that have CCCFR services, there have been a slight increase in the proportion of children who participated in ECEC (preschool, day care, or other early intervention programs) in the year before full-time schooling (YBFS). Note that within the AEDC, primary school teachers for the children report on their ECEC participation.

⁹⁸ While preschool participation is not a direct objective of the CCCFR program, it is one of the few available measures that is associated with improved child developmental outcomes, and transition to schooling.

Chart 5.8: ECEC enrolment in the YBFS by children in SA2s with CCCFR services



Source: Deloitte Access Economics, using AEDC data.⁹⁹

To place the performance of the CCCFR regions (SA2s with CCCFR services) in context, the analysis compares CCCFR with 'like regions' – SA2s within the same SA3 that do not have CCCFR services.¹⁰⁰ This reduces the potential effects of demographics and other contextual factors in driving preschool participation outcomes over time, as SA2s within a SA3 are likely to be relatively similar. Further, the analysis focuses on the change in outcomes between 2015 (the latest point before the introduction of the CCCFR grant) and 2021 (the latest available data point after the introduction of the CCCFR grant).

When comparing against 'like regions', preschool participation for children in the YBFS in CCCFR regions grew faster by two percentage points from 2015 to 2021 on average. Note that the preschool participation rate is reported as a share of the population of all children in the YBFS, and improvements in the participation rate reflects improvements in preschool use, rather than differences in population growth.

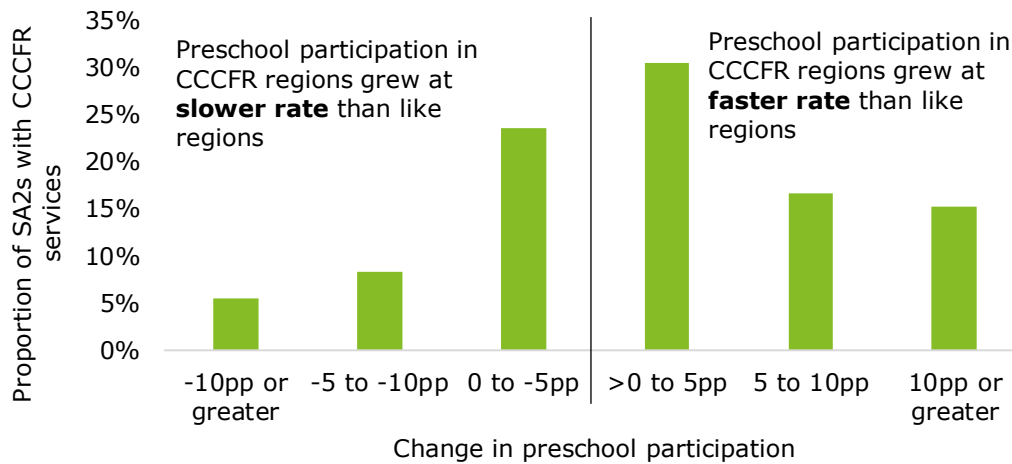
In two thirds of CCCFR regions, the increase was greater by five or more percentage points (Chart 5.9). Note that there is insufficient data to support examination of preschool trends for regions at a sub-SA2 level.

Further details on the methodology and limitations are provided in Appendix K.

⁹⁹ Percentages do not total 100 as children can be enrolled in multiple programs.

¹⁰⁰ I.e. the smaller geographic area in which the CCCFR service is located is compared to the other geographic areas near it that do not have a CCCFR service.

Chart 5.9: Difference in preschool participation rate growth for CCCFR and like regions in the YBFS, 2015-2021



Source: Deloitte Access Economics, using AEDC data.¹⁰¹

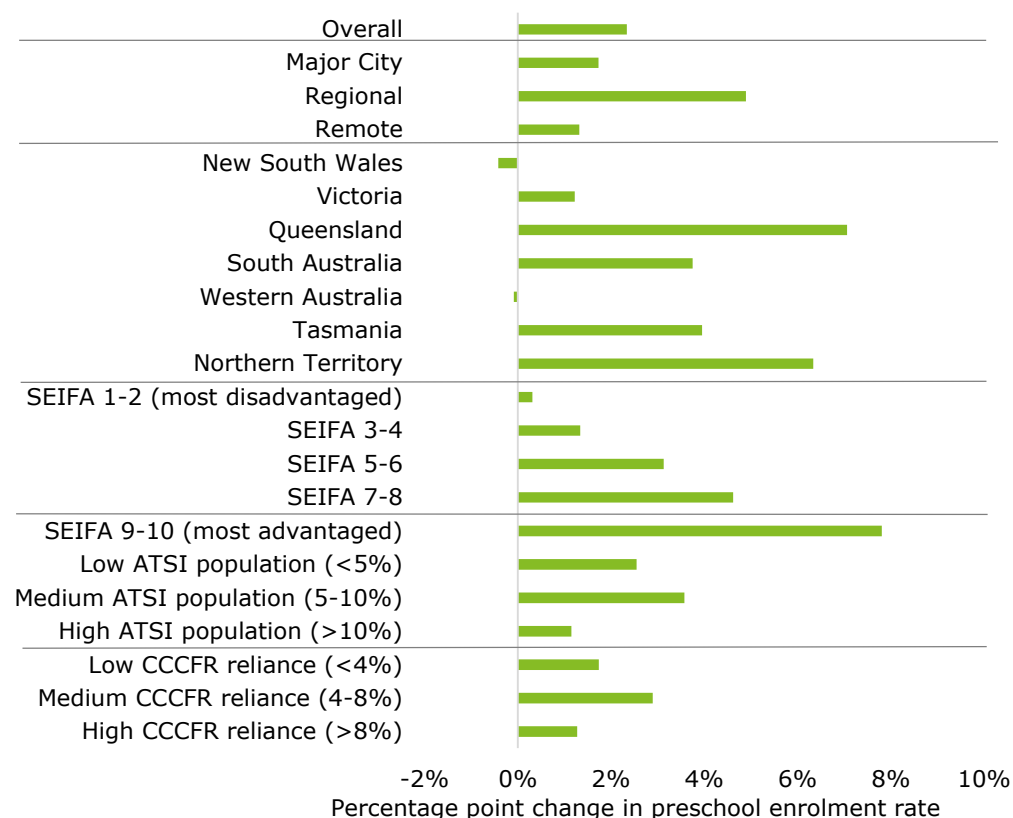
CCCFR regions in the following regions have experienced the greatest improvements in preschool participation relative to like regions:

- CCCFR regions in Queensland, Northern Territory, Tasmania, and South Australia.
 - In contrast, preschool participation in CCCFR regions in NSW and Western Australia grew at slower rates compared to like regions.
- CCCFR regions in relatively more advantaged areas (SEIFA deciles 5 to 10).
 - In contrast, the improvement in preschool participation relative to like regions was relatively more modest in disadvantaged areas.

Given the nature of the available data, causality cannot be established (see Appendix K).

¹⁰¹ 'Pp' represents 'percentage point'.

Chart 5.10: Difference in preschool participation rate growth for CCCFR and like regions in 2015-2021 in the YBFS, by region type



Source: Deloitte Access Economics, using AEDC data. CCCFR reliance defined as CCCFR enrolments as a share of total population (aged 0-6) in the SA2.

While the analysis provides some indications that preschool participation has improved at a faster rate in regions with CCCFR services compared to similar regions without CCCFR services, the observed difference cannot be attributed to the presence of CCCFR services. Other potential factors that could be driving the change could include the actions of non-CCCFR services in those regions or other policy changes (not related to CCCFR) that have increased preschool participation in those specific regions.

5.1.2 Early childhood development outcomes

Review finding 4

The evidence on the impact of the CCCFR grant on child developmental outcomes results is mixed. Remote areas, and areas with high Aboriginal and Torres Strait Islander populations saw the most consistent improvements in child developmental outcomes compared to other areas. In contrast, the trends were less consistent in regional and metropolitan areas, and areas with relatively lower concentrations of Aboriginal and Torres Strait Islander children.

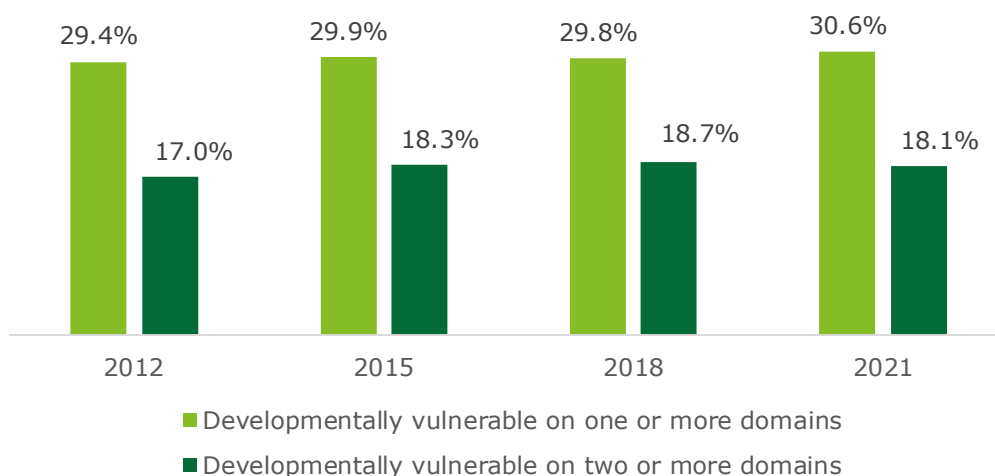
Supporting evidence for this finding is drawn from AEDC data, relying on a combination of publicly available sources and analysis undertaken using the data.

Note that the content in this section is under embargo pending review by AEDC and is not to be shared beyond the Department.

In SA2s with CCCFR services, the proportion of children developmentally vulnerable on one or more domains has increased by 0.7 percentage points from 2015 to 2021. Over the same period,

the proportion of children developmentally vulnerable on two or more domains has decreased by 0.2 percentage points (Chart 5.11).

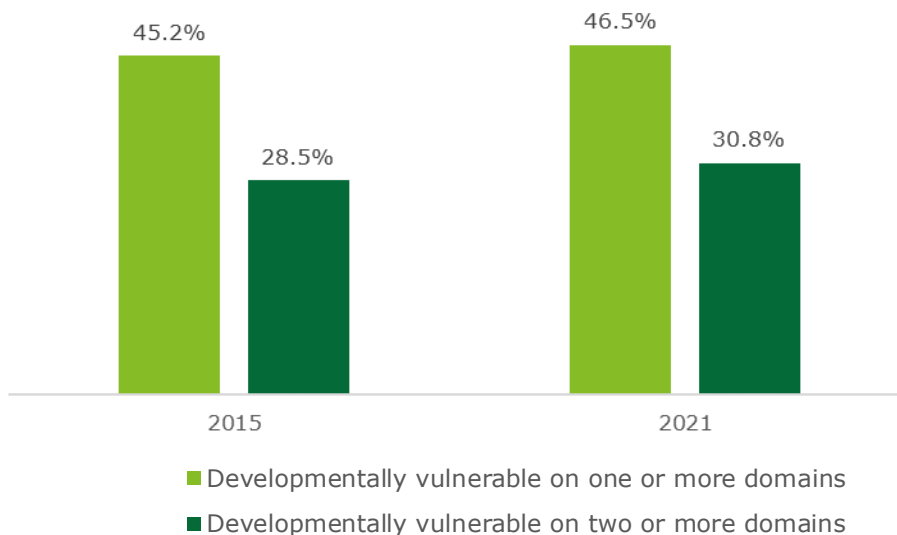
Chart 5.11: Proportion of children developmentally vulnerable in SA2s with CCCFR services



Source: Deloitte Access Economics (2024), using AEDC data (2021).

The proportion of Aboriginal and Torres Strait Islander children in Indigenous Areas with CCCFR services developmentally vulnerable on one or more domains have increased by 1.3 percentage points (Chart 5.12) from 2015 to 2021.

Chart 5.12: Proportion of Aboriginal children developmentally vulnerable in Indigenous Areas with CCCFR services



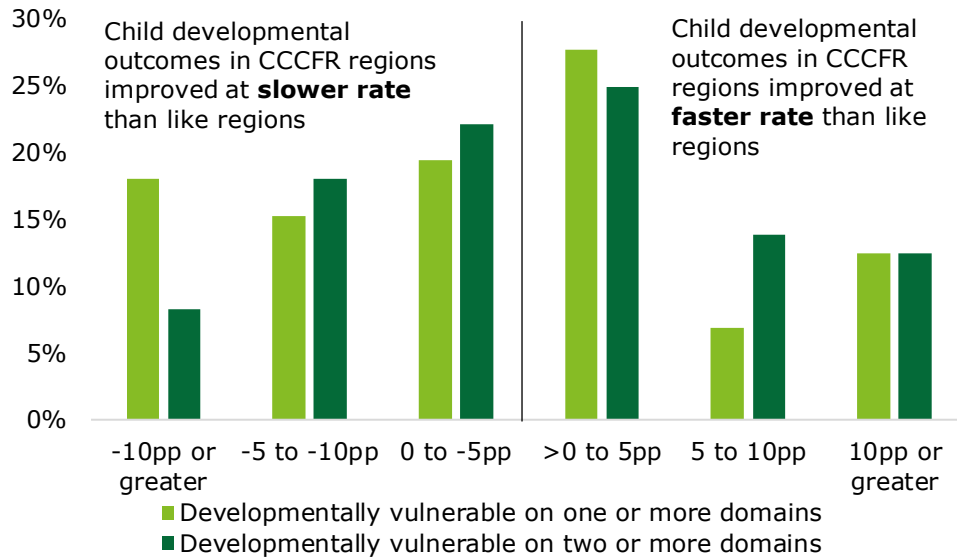
Source: Deloitte Access Economics, using publicly available AEDC data from Public Health Information Development Unit, Torrens University Australia. Indigenous Areas are medium sized geographic areas built from whole Indigenous Locations. There are 431 Indigenous Areas covering the whole of Australia without gaps or overlaps.

Note that the content in this section is under embargo pending review by AEDC and is not to be shared beyond the Department .

When comparing CCCFR regions with like regions, the evidence on child developmental outcome has been relatively mixed. 47 per cent of CCCFR regions saw an improvement in the proportion of children vulnerable in one or more domains compared to non-CCCFR regions within the same SA3.

This increases to 50 per cent when considering the proportion of children vulnerable on two or more domains (Chart 5.13).

Chart 5.13: Difference in improvements in child developmental outcomes for CCCFR and like regions, 2015-2021



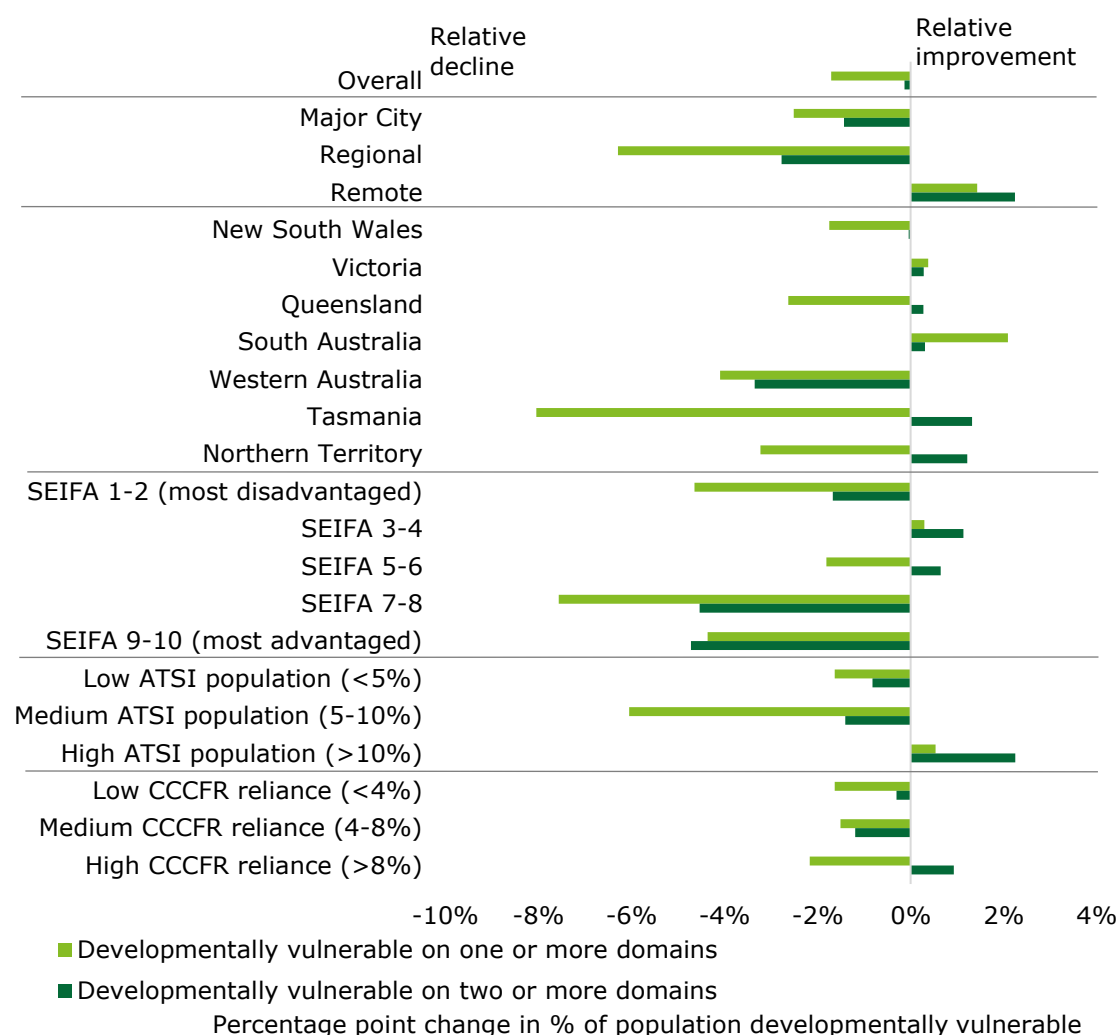
Source: Deloitte Access Economics, using AEDC data.

On average, CCCFR regions in remote Australia, in areas with SEIFA deciles 3-4, South Australia and in areas with a relatively higher share of Aboriginal and Torres Strait Islander population saw more consistent improvements in child developmental outcomes compared to similar regions (Chart 5.14).

In contrast, CCCFR regions in major cities, regional Australia, Western Australia and the most advantaged areas were more likely to decline in child developmental outcomes compared to like regions.

There does not appear to be a correlation between CCCFR regions that have seen greater improvements in preschool attendance, and CCCFR regions that have seen greater improvements in child development outcomes, relative to similar regions.

Chart 5.14: Difference in improvements in child developmental outcomes for CCCFR and like regions, by region



Source: Deloitte Access Economics, using AEDC data. CCCFR reliance defined as CCCFR enrolments as a share of total population (aged 0-6) in the SA2.

The above analysis provides some indications of trends in child developmental outcomes in CCCFR regions compared to similar regions without CCCFR services. However, given the nature of the data, it is not possible to understand the extent to which CCCFR services have played a role in driving these outcomes.

5.1.3 Workforce participation outcomes

Review finding 5

Primary carer employment rates and hours worked have increased at a faster rate in CCCFR regions compared to like regions. These improvements are driven by regions in metropolitan and remote Australia.

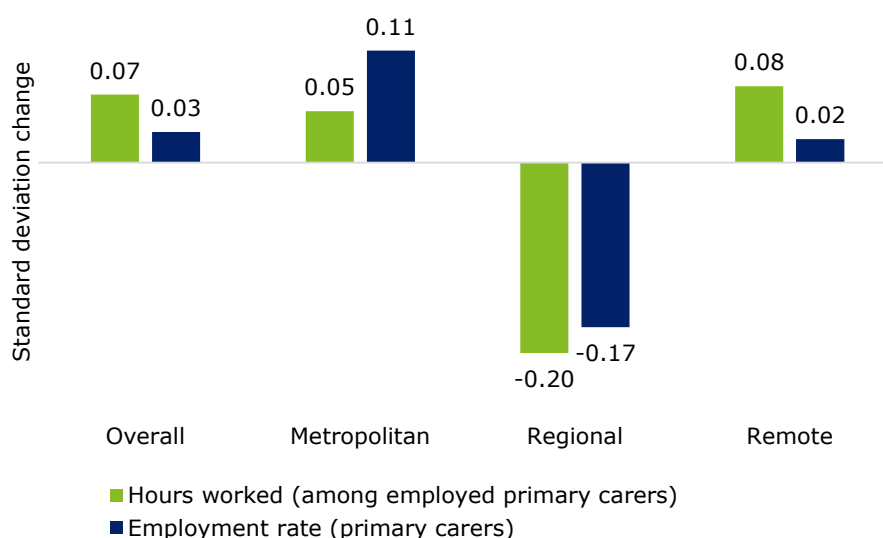
Supporting evidence for this finding is drawn from ABS Census of Population and Housing data.

Regions with CCCFR services have seen greater improvements in primary carer workforce participation compared to neighbouring SA2s without CCCFR services from 2016 to 2021.¹⁰² This includes both:

- increased rates of employment among primary carers, representing an additional 0.5 percentage point decrease in the unemployment rate
- increased hours worked for primary carers who are employed, representing an additional nine hours per annum.

The workforce participation outcomes by region are summarised in Chart 5.15. Results are presented in terms of standard deviations to compare across different units.

Chart 5.15: Difference in parental workforce participation outcomes for CCCFR and like regions, by regionality



Source: Deloitte Access Economics, using ABS Census data.

Given the nature of the data, it is not possible to observe whether the improvements in parental workforce participation were from families using CCCFR services. Datasets that link ABS Census data on employment status and child care usage by service – such as through Person Level Integrated Data Asset – would be required to establish a causal relationship between the CCCFR grant and workforce participation.

5.2 Awareness and understanding

Key research question

To what extent are the CCCFR grant's objectives and intent understood by relevant stakeholders, including governments, services, families, and the broader community?

Review finding 6

Relevant stakeholders have limited understanding of the stated objectives of the CCCFR grant, due to lack of clarity around the grant's intention. This has affected the ability to communicate the grant's objectives effectively.

¹⁰² Primary carer workforce participation is proxied by women aged 20-39 years old, with children.

Supporting evidence for this finding is drawn from consultations and document review.

The stated objectives of the CCCFR grant are to:

- improve early childhood development outcomes for vulnerable and disadvantaged children
- increase workforce participation by vulnerable and disadvantaged families.

See section 2.2 for more detail on the CCCFR grant's objectives and intent.

The relationship between the two identified objectives is a source of misunderstanding on the CCCFR grant objectives. Some stakeholders see these as *parallel* objectives i.e., the CCCFR grant pursues these both equally and simultaneously. Others perceive that the objectives are contingent on each other, linking the two objectives by interpreting that children of working parents are the focus of the CCCFR grant, as opposed to all children who may be experiencing vulnerability and disadvantage. This view was closely linked to policy design features such as the activity test and gap fees, which strengthened this interpretation.

In addition, the review found that relevant stakeholders are likely to identify a variety of additional intentions associated with the CCCFR grant. These intentions, while not explicitly included in the stated objectives, are often rooted in the CCCFR grant's history, or aligned to other government policy.

Broader stakeholders, considering the grant at a macro level, variously understand the CCCFR grant as:

- a mechanism to support Aboriginal and Torres Strait Islander participation in child care
- a support to ensure viability of ECEC provision in thin or deficient markets
- a vehicle to support delivery in rural, remote, and very remote areas.

The three purposes are distinct and related, in that rural and remote areas are more likely to also be considered a thin market for ECEC provision, and locations with a high proportion of Aboriginal and Torres Strait Islander peoples are more likely to be remote. That is to say, a CCCFR service may be supporting Aboriginal and Torres Strait Islander participation in child care, in a thin market, in a remote and rural area. Equally, only one of these, or none, may apply to a CCCFR service. Within these interpretations of the grant's objectives and intention were varied perspectives on the kinds of support the grant offered, ranging from purely financial to providing additional support for services to uplift quality (primarily through regulation). This likely reflects the identified needs of services and communities, discussed at more length in section 5.4. It may also reflect a perceived association with the BBF objectives and/or the CCCFR expansion objectives.

CCCFR services and providers identify additional perceived objectives at the service (micro) level. These mostly correspond to two of the initial objectives communicated to services in the grant opportunity guidelines in 2017:

- ensure continuity of child care services during and beyond any period of transition
- support eligible child care services to build capacity and operate sustainably under the new child care system.¹⁰³

Some CCCFR services feel that there had initially been a drive towards whole scale transition to the new child care system (i.e., without the ongoing support of the CCCFR grant), which has become less explicit over time. A number of services suggested that the CCCFR grant focused on transitioning services into not only a mainstream system, but to a service which needs to prioritise financial viability to a greater extent, at a cost of deprioritising child outcomes.

Communities and families were not asked about the mechanisms of the CCCFR grant, but about their experiences with the service in their community. In general, communities and families are

¹⁰³ While 'building capacity' is ambiguous as to whether it involves building operational and financial capacity, or building physical capacity to cater for child care, most services which spoke to this theme discussed it in a business sense.

not expected to have strong awareness of the funding mechanisms of services. However, the review finds that the responsibility to communicate changes during the transition fell largely to services, with some support from the Department and PwC. CCCFR Program Officers report that it is likely that many communities were unaware of the stated objectives of the CCCFR, or the motivating principles for transition.

While families spoke about child development outcomes and workforce participation, this is discussed in section 5.4.

Documentation around the CCCFR grant’s objectives indicates further sources of misunderstanding. The initial objectives shared with services as part of the grant opportunity guidelines in 2017 are repeated in the *Guide for Grant Recipients* (created 29 June 2018 and modified 1 August 2022).¹⁰⁴ The guide introduction alludes towards the grant’s generalised intent, stating “[the CCCFR grant] supports services to address barriers in child care participation, particularly targeting disadvantaged and vulnerable families and communities”. However, there is no reference to the CCCFR grant’s **stated** objectives, or to supporting workforce participation in the guide. The use of both the initial objectives and the stated objectives in various communications around the grant has likely contributed to misunderstandings of the grant’s intent.

Table 5.1: CCCFR grant objectives

CCCFR grant stated objectives	CCCFR grant initial objectives ¹⁰⁵
<ul style="list-style-type: none"> improve early childhood development outcomes for vulnerable and disadvantaged children increase workforce participation by vulnerable and disadvantaged families. 	<ul style="list-style-type: none"> ensure continuity of child care services reduce barriers to accessing child care, particularly in disadvantaged, and vulnerable families and communities increase Indigenous children’s participation in child care.

Furthermore, Compliance and Operations Reports, which services are required to complete annually as part of their grant agreements, include measures which relate to these initial objectives. For instance, the 2018/2019 Compliance and Operations Report specifically asks about Indigenous participation and transition to the new child care system. It does not include measures for other kinds of vulnerable and disadvantaged children who may be attending the service, beyond whether or not the service is collaborating with other services and identifying and addressing barriers to attendance by vulnerable and disadvantaged children.

Review finding 7

The terms ‘vulnerability and disadvantage’ are not well understood across a range of stakeholders, and there is no consistent definition. The terms are often not used by services as they can have a deficit framing that stigmatises individuals, family and whole community.

Supporting evidence for this finding is drawn from consultations and the CCCFR service survey.

Stakeholders have varied definitions for and interpretations of the terms ‘vulnerability and disadvantage’. In addition, some community demographics were referred to which may fall under

¹⁰⁴ Department of Education, ‘Community Child Care Fund Restricted Grants – Guide for Grant Recipients - Department of Education, Australian Government’, Department of Education (2023) <<https://www.education.gov.au/early-childhood/resources/community-child-care-fund-restricted-grants-guide-grant-recipients>>.

¹⁰⁵ Department of Education, Australian Government’, Department of Education (2023) <<https://www.education.gov.au/early-childhood/resources/community-child-care-fund-restricted-grants-guide-grant-recipients>>.

some definitions of vulnerability and disadvantage, without services’ explicitly framing these as such.¹⁰⁶ Nearly all services spoke about the unique needs of their community, often in contrast to ‘mainstream’ child care services.

Signifiers of vulnerability and disadvantage spoken about included families experiencing financial hardship (often extreme), mental health issues, intergenerational trauma, systemic racism, government reactions to “transience” (i.e., children who move between communities with family for cultural obligations), children with disabilities or complex/additional needs and insufficient supports, remote and isolated communities, overcrowded housing, families with substance misuse issues, families with low levels of education, families with English as a second language, children being impacted by family violence, children being removed by child protection, children in out of home care, and migrant or refugee families (for more detail, see Appendix A).

Figure 5.1: Most frequent words used in response to survey question: ‘What kinds of vulnerability and disadvantage do children and families experience where you operate?’



Source: CCCFR Service Survey, Deloitte Access Economics (2023)

However, the review finds that the deficit framing of vulnerability and disadvantage provides an additional challenge to communicating the objectives clearly. Some services explain that identifying families and communities as vulnerable and disadvantaged can be inappropriate, and that they prefer a strengths-based approach.

This is particularly the case for Aboriginal and Torres Strait Islander services and communities, which are identified in the grant only through intersections with vulnerabilities. This means that the distinct needs and models of child care of Aboriginal and Torres Strait Islander communities are not explicitly considered in the objectives. This has cascading effects over other elements of policy design, implementation, administration, and resourcing.

¹⁰⁶ The Department was asked to define a number of phrases used within the CCCFR (non-competitive) grant guidelines. A working definition of vulnerability and disadvantage was supplied and workshopped with the Deloitte Access Economics team: Vulnerability could be considered as encompassing a number of individual and environmental elements, such as:

- Socio-economic vulnerability – e.g. limited financial resources, economic and resource insecurity
- Social vulnerability – e.g. marginalisation and barriers to social and cultural inclusion and connectedness
- Health vulnerability – e.g. limits around access to health services, intergenerational health conditions, children with a disability (or chronic health condition), and children of parents/carers with a disability, as well as broader limited knowledge of preventative health practices
- Housing vulnerability – e.g. lack of access to safe and affordable housing
- Educational vulnerability – e.g. reduced or limited access to high quality education
- Rural and remote – vulnerable and geographically disadvantaged access

In addition, the lack of clarity on how to determine vulnerability and disadvantage has implications for how best to design or apply the grant – the grant is restricted to a certain subset of services, rather than directly aligned with this ‘vulnerability and disadvantage’ measure. This is further discussed in Chapter 6.

Box 5.3: What are deficit-framing and strength-based approaches?¹⁰⁷

Deficit-framing positions individuals or communities in relation to what they lack; people are defined by an absence or failure. Deficit-framing often designates responsibility for this lack with specific individuals or communities, rather than looking at the broader systemic barriers that may have led to these gaps. Deficit framing can also lead to individuals and communities being stigmatised or blamed for circumstances outside of their control.

Historically, Aboriginal and Torres Strait Islander communities have been subject to deficit framing in much of Australia’s policy discourse, particularly in areas of education and health. This discourse is understood to have contributed to the persistent gap between outcomes for Indigenous and non-Indigenous people. Many policy environments are now shifting away from deficit-framing towards strength-based approaches, which focuses on identifying the knowledge, skills and attributes that individuals and communities hold to support achieving their goals and aspirations.

It is important to note that strength-based framing does not intend to minimise or ignore the gaps that exist, but rather to embed a more supportive and collaborative approach to addressing them.

5.3 Alignment with Australian Government strategic objectives

Key research questions

How well do the objectives and intent of the CCCFR grant align with the strategic objectives of the Australian Government?

To what extent does the CCCFR grant in its current form address Closing the Gap targets, including ensuring early childhood education and care is culturally appropriate for Aboriginal and Torres Strait Islander communities?

Review finding 8

A shifting ECEC policy landscape is creating uncertainty and potential divergences between the objectives and intent of the CCCFR grant and contemporary policy directions.

Supporting evidence for this finding is drawn from desktop research and consultations.

One of the most relevant articulations of policy direction and strategic intent will be the National Vision for Early Childhood Education and Care (the Vision), which is currently in draft. All Australian governments, through education and early years ministers, have developed the draft national, long-term vision to shape and drive reform of the ECEC sector. The Vision is intended to provide a broad strategic intent that will encompass all other activities in the sector, summarised below:

- increases to CCS (implemented 2023)

¹⁰⁷ William Fogarty, Hannah Bulloch, Siobhan McDonnell & Michael Davis, Deficit Discourse and Indigenous Health (May 2018), The Lowitja Institute & National Centre for Indigenous Studies, <<https://www.lowitja.org.au/wp-content/uploads/2023/05/deficit-discourse.pdf>>

- developing an Early Years Strategy (consultation on the draft is ongoing)¹⁰⁸
- the Productivity Commission review of the sector (a draft report was released 23 November 2023)
- the ACCC inquiry (the final report was released 29 January 2024)
- reforms under the Preschool Reform Agreement (the agreement runs from 2022 to 2025)
- various state and territory government reforms and initiatives (including two years of preschool and additional hours in the year before school, at various stages of design and implementation)
- the Closing the Gap Early Childhood Care and Development Policy Partnership (E CPP) (further discussed below under review finding 9).

While the Vision remains in draft and various other policy reviews and initiatives are yet to be finalised, it is not possible to definitively determine the CCCFR grant's alignment to the Australian Government's strategic objectives. However, some contemporary policy directions have been identified as relevant to the CCCFR grant objectives and intent, including:

- commitments to ensuring that children can access ECEC whatever their background, or the circumstances of their parents.¹⁰⁹ This includes a focus on making sure ECEC is affordable¹¹⁰
- the importance of culturally inclusive ECEC, and particularly culturally inclusive services and programs for Aboriginal and Torres Strait Islander children and their families¹¹¹
 - The role of the community controlled sector in providing culturally inclusive ECEC for Aboriginal and Torres Strait Islander children and their families¹¹²
- recognition of the roles that place-based and community centred approaches have on ECEC provision, participation, and successful outcomes¹¹³
- growing support for supply-side funding, in recognition of some of the failures of the mainstream child care funding model, particularly in thin markets.¹¹⁴

At a high level, the CCCFR grant objectives and intent remain aligned with the strategic objectives of the Australian Government; that is, intentions to improve child development outcomes for children (including those experiencing vulnerability and disadvantage) and to support workforce participation for families (including those experiencing vulnerability and disadvantage) are still

¹⁰⁸ Note the final Early Years Strategy had not been released at the time this review was finalised.

¹⁰⁹ Department of Education, 'Draft National Vision for Early Childhood Education and Care - Department of Education, Australian Government', Department of Education (2023) <<https://www.education.gov.au/early-childhood/resources/draft-national-vision-early-childhood-education-and-care>>. ; Australian Government Department of Social Services, 'National Early Years Summit Summary and Agenda | Department of Social Services, Australian Government', www.dss.gov.au <<https://www.dss.gov.au/families-and-children-programs-services-early-years-strategy/national-early-years-summit-summary-and-agenda>>.

¹¹⁰ Productivity Commission, 'Draft Report - Early Childhood Education and Care', www.pc.gov.au (23 November 2023) <<https://www.pc.gov.au/inquiries/current/childhood/draft>> ; Australian Competition and Consumer Commission, 'Childcare Inquiry 2023: September 2023 Interim Report', www.accc.gov.au (1 October 2023) <<https://www.accc.gov.au/inquiries-and-consultations/childcare-inquiry-2023/september-2023-interim-report>>.

¹¹¹ National Indigenous Australians Agency, 'National Aboriginal and Torres Strait Islander Early Childhood Strategy', www.niaa.gov.au (11 October 2021) <<https://www.niaa.gov.au/resource-centre/indigenous-affairs/national-aboriginal-and-torres-strait-islander-early-childhood-strategy>>. ; Australian Government Department of Social Services, 'National Early Years Summit Summary and Agenda | Department of Social Services, Australian Government', www.dss.gov.au <<https://www.dss.gov.au/families-and-children-programs-services-early-years-strategy/national-early-years-summit-summary-and-agenda>>. ; Australian Government, 'National Agreement on Closing the Gap', www.closingthegap.gov.au (2020) <<https://www.closingthegap.gov.au/national-agreement/national-agreement-closing-the-gap>>.

¹¹² Australian Government, 'National Agreement on Closing the Gap', www.closingthegap.gov.au (2020) <<https://www.closingthegap.gov.au/national-agreement/national-agreement-closing-the-gap>>.

¹¹³ Department of Social Services, Australian Government', www.dss.gov.au <<https://www.dss.gov.au/families-and-children-programs-services-early-years-strategy/national-early-years-summit-summary-and-agenda>>

¹¹⁴ Productivity Commission, 'Draft Report - Early Childhood Education and Care', www.pc.gov.au (23 November 2023) <<https://www.pc.gov.au/inquiries/current/childhood/draft>> ; Australian Competition and Consumer Commission, 'Childcare Inquiry 2023: September 2023 Interim Report', www.accc.gov.au (1 October 2023) <<https://www.accc.gov.au/inquiries-and-consultations/childcare-inquiry-2023/september-2023-interim-report>>.

held. However, contemporary, and emerging policy directions indicate growing divergences with the relative *weighting* of the objectives and *how* they should be achieved.

The *weighting* of the objectives refers to the balance between child development outcomes and workforce participation in communities that may be experiencing vulnerability and disadvantage, including for Aboriginal and Torres Strait Islander families. There is growing appetite for universal access to ECEC for children, regardless of their parent/carer's participation in the workforce, signalled by the Productivity Commission's terms of reference to investigate universal access to ECEC.

Several stakeholders spoke to a growing recognition in government policy that for children experiencing vulnerability and disadvantage, poorer development outcomes may be compounded by linking access to ECEC with parental workforce participation under the activity test. The relaxing of the activity test for Aboriginal and Torres Strait Islander children was given as an example of this. This was also spoken about for families living in remote or very remote areas, who might otherwise not be experiencing disadvantage. In these circumstances, services which may be either infrequent (mobile services usually rotate the sites they visit) or very far away, meaning that it is not practical to use ECEC services as child care in order to work. In these instances, child development outcomes including school readiness, are the primary purpose of these services, with some additional benefits for families (see section 5.4). While at an overarching strategic policy level, the Australian Government has a dual focus on early childhood development outcomes and workforce participation, when considering cohorts experiencing vulnerability and disadvantage, such as those served by the CCCFR, there is a growing recognition of the primacy of child development outcomes. This is not explicit in the CCCFR objectives.

Another potential divergence from the Australian Government's strategic objectives is the intent to bring CCCFR services under mainstream funding models, which are increasingly recognised as insufficient for services operating in thin/remote markets, serving children and families experiencing disadvantage and vulnerability, or who are less likely to access ECEC. Both the Productivity Commission and ACCC Inquiry find that government should provide supply side or block funding to ensure viability (the Productivity Commission report remains in draft at the time of this report). This contradicts an intention for the CCCFR grant that services should become sustainable under CCS/ACCS and fee income, i.e., without receiving the CCCFR grant or other additional funding. The outcomes of the ACCC Inquiry and Productivity Commission report should therefore be considered in determining the future direction of the grant, per the recommendations 1-4.

CCCFR services are not the only services to face challenges operating under the mainstream funding system, and, further, there are many areas of Australia, particularly in remote and very remote areas, which do not have access to child care services due to viability issues. As a restricted, or closed, grant, the CCCFR grant is confined to only certain, existing, services which have historically been aligned to a child care delivery profile, although in some cases this was a loose alignment. As a result, the extent to which the grant is able to respond to national need is constrained (discussed further in chapter 6).

In its present state, the CCCFR grant focuses on ensuring continuity and sustainability of existing services to achieve its objectives. This raises a much broader consideration related to the Australian Government's role as a steward of the child care system. If the Government's strategic role is to ensure continuity of service delivery, per the initial stated objectives, the restricted nature of CCCFR is well aligned. If it is to distribute funding to best achieve workforce participation and child development outcomes for communities experiencing vulnerability and disadvantage, it is appropriate to consider whether funding currently allocated to services with low utilisation and low engagement could be more efficiently used by other services or in other communities.¹¹⁵ However, given the Australian Government's stated commitment to universal ECEC, removing grant funding

¹¹⁵ This should be treated with caution, as the many and varied barriers to accessing child care mean that the reasons for low utilisation and low engagement may warrant *additional* funding, rather than less. The review recommendations 5-19 aim to ensure that CCCFR services are able to improve their delivery profile, and their outcomes, meaning that utilisation and engagement may improve.

from existing services, where there is demonstrated reliance on the grant, would be misaligned to Government policy.

In considering *how* the CCCFR grant achieves its objectives, one aspect which could have greater alignment to contemporary policy considerations is partnerships across portfolios. The Early Years Strategy discussion paper includes a key consideration of breaking down silos across portfolios.¹¹⁶ It recognises that the Australian Government has a range of strategies, initiatives and reforms that interact with the early years. For example, in addition to the Department's strategic objectives, there are strong intersections between the CCCFR grant objectives and a range of Department of Social Services initiatives.¹¹⁷ This includes the 2023–24 'entrenched disadvantage package', with \$200 million supporting initiatives to target entrenched community disadvantage. The package has a strong focus on intergenerational disadvantage, community or 'for purpose' led programs and services, and a place-based partnership approach.

There is an opportunity to redesign and redefine the objectives and intent of the CCCFR grant in line with contemporary policy directions. This may also include principles of how the CCCFR grant intends to achieve its objectives.

Chapter 6: Policy and funding design and Chapter 9: Future grant design explore in greater detail how to mitigate against changes in policy, which may affect service viability and sustainability. This includes the risks of a grants-based funding mechanism rather than a dedicated funding line with ongoing, recurrent and formula-based funding determinations.

Review finding 9

There is no explicit alignment to Closing the Gap outcomes, targets and priority reforms. The degree of implicit alignment varies.

Supporting evidence for this finding is drawn from desktop research.

The National Agreement on Closing the Gap includes two specific targets in relation to Aboriginal and Torres Strait Islander children's engagement with ECEC. These align to one of the CCCFR initial objectives to: *Support services to increase participation by Indigenous children*. The most relevant Closing the Gap outcomes and targets are:

Outcome 3: Aboriginal and Torres Strait Islander 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 YBFS early childhood education to 95 per cent.

Outcome 4: Aboriginal and Torres Strait Islander 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 of the AEDC to 55 per cent.

The target to increase the proportion of Aboriginal and Torres Strait Islander children enrolled in early childhood education in the year before formal schooling to 95 per cent by 2025 was achieved in 2021. However, this should be seen amid a growing focus on preschool attendance and outcomes, recognising that enrolment does not always translate into attendance, and that both of these are enablers for the ultimate objective, which is stronger developmental outcomes for children. 2022 ABS figures show that although 20,778 Aboriginal and Torres Strait Islander children were enrolled for 600 hours or more of preschool, around a quarter of those children did not attend for the full 600 hours (it is reported that 15,081 Aboriginal and Torres Strait Islander children attended for 600 hours or more of preschool). The difference between enrolment and

¹¹⁶ Note the final Early Years Strategy had not been released at the time this review was finalised.

¹¹⁷ Some BBF services moved to DSS funding in 2018 instead of to the CCCFR grant. In 2023 these services were transitioned into the Children and Parenting Support program under a solely administrative change which did not affect service delivery.

attendance is recognised to disproportionately affect children who are Aboriginal and Torres Strait Islander, live in remote or very remote settings, or who might otherwise be experiencing vulnerability or disadvantage.

The target to increase the proportion of Aboriginal and Torres Strait Islander children assessed as developmentally on track in all five domains of the AEDC to 55 per cent has fallen behind from 35.2 per cent in 2018 to 34.3 per cent in 2021. There is strong evidence linking attending high quality ECEC programs to improved developmental outcomes for children aged 0-5 in the Australian context, which is in line with international findings and best practice. This means that a focusing on increasing attendance of Aboriginal and Torres Strait Islander children in both preschool/kindergarten, alongside other ECEC services with proven links to improving developmental outcomes, would align CCCFR objectives and intended outcomes with Closing the Gap targets.

See section 5.1 for further detail on the enrolment and development outcomes for Aboriginal and Torres Strait Islander children at CCCFR services.

The National Agreement on Closing the Gap also includes a target relevant to one of the CCCFR grant objectives to: increase workforce participation by vulnerable and disadvantaged families. This is where the definition of vulnerability is seen to intersect with Indigeneity under social vulnerability – ‘e.g., marginalisation and barriers to social and cultural inclusion and connectedness’. This is relevant to a Closing the Gap outcome:

- **Outcome 8:** Strong economic participation and development of people and their communities
 - **Target:** 62 per cent employment for Aboriginal and Torres Strait Islander people aged 25-64, by 2031.

The National Agreement on Closing the Gap has also been built around four priority reform areas:

- Formal Partnerships and Shared Decision Making
- Building the Community-Controlled Sector
- Transforming Government Organisations
- Shared Access to Data and Information at a Regional Level.

The Productivity Commission’s Review of the National Agreement on Closing the Gap finds that the Agreement’s reforms have not been prioritised by governments with only pockets of good practice. The report suggests that actions to close the gap have focused on ‘what’ rather than ‘how’ or ‘why’, with little attention to diversity of regional need.¹¹⁸

In accordance with these findings at a national level, various elements of the CCCFR grant can be seen as not aligned, or weakly aligned, to the Closing the Gap priority reform areas.

In regard to **formal partnerships** (at a policy and place-based level), and shared decision making, there has been limited opportunity, in design or practical implementation, for services, communities or organisations to work in partnership regarding the CCCFR grant and its objectives. This includes ensuring that partners have access to data and information. There is also no evidence of additional funding for Aboriginal and Torres Strait Islander services or providers to engage with relevant groups from affected communities, which the National Agreement on Closing the Gap notes as including but not limited to Elders, Traditional Owners and Native Title Holders. It is unclear the extent to which funding has been used to create formal partnerships at a place-based level. Although grant guidelines state that funding may be used for ‘other activities to increase Aboriginal and Torres Strait Islander children’s participation in early education and child care including activities that have been identified by the Department as eligible activities for that service’, budget based planning tools refer to: community outreach worker; family liaison worker; playgroup to increase Indigenous children’s ECEC participation; transport to increase Indigenous children’s ECEC participation; other project that increases Indigenous children’s ECEC participation. At a policy level, the ECPP is the primary formal partnership between the Department and

¹¹⁸ Productivity Commission, *Review of the National Agreement on Closing the Gap Study Report Volume 1* (January 2024) <<https://www.pc.gov.au/inquiries/completed/closing-the-gap-review/report/closing-the-gap-review-report.pdf>>.

Aboriginal and Torres Strait Islander peoples. The ECPP first met in 2022, and therefore did not have input into the design of the CCCFR grant.

Building the community-controlled sector is increasingly noted as a key enabler of child development outcomes, through Aboriginal and Torres Strait Islander controlled organisations. It leads to further strong outcomes by supporting self-determination at a community level. While in principle the CCCFR grant was intended to build capacity and investment in services, including ACCOs, the objectives and design do not explicitly determine that differentiated support should be offered to ACCOs. Moreover, 45(d) of the National Agreement on Closing the Gap has the agreement that elements of a strong sector also include:

- a dedicated Aboriginal and Torres Strait Islander workforce with wage parity (to the non-community-controlled sector)
 - Many CCCFR services and providers consulted with as part of this review spoke to funding constraints which affect their ability to offer wages commensurate with a) for profit providers, and b) the quality of their staff, and ability to deliver high quality care. For Aboriginal and Torres Strait Islander services, this includes additional requirements such as trauma informed caring practices, and community liaison duties above and beyond what might be expected in other services.
- that community controlled organisations have a dedicated, reliable and consistent funding model
 - There is no dedicated funding formula or determination for ACCOs within the CCCFR grant.

Transforming government organisations includes relevant elements such as embedding and practicing meaningful cultural safety, supporting Aboriginal and Torres Strait Islander cultures, and improving engagement with Aboriginal and Torres Strait Islander people. In practice many of these elements are largely the purview of the CCCFR Program Officers, but there is little explicit professional development and ongoing support in these areas. In addition, limited funding for CCCFR Program Officers to visit ACCOs and Aboriginal and Torres Strait Islander services, to build relationships, and to engage in the ways services would like to be engaged with, has affected genuine application of this principle.

Lack of consistent data collection has impeded the CCCFR grant's ability to support **shared access to data and information**. ACCOs report a deficit in information sharing as it pertains to their financial information, for example through access to aggregated Departmental reporting on CCCFR services (such as funding ranges, etc). While they are required to report to the Department all forms of grant funding supplementary to their CCCFR income, they do not feel this transparency is reciprocated. For example, services might like to know how much funding they receive relative to other services or how much other services' incomes are reliant on CCCFR grant compared to other income.

Review finding 10

Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.

Supporting evidence for this finding is drawn from consultations with families, communities, and services.

In Aboriginal and Torres Strait Islander communities, parents, kinship carers and other community members reflect their confidence in the ability of the CCCFR service to deliver culturally appropriate care to their children. The primary reason for this confidence is that the majority of educators were local women from their own communities.

“it’s a really big advantage for us. Especially from an Indigenous background. It is run by local people for local people.”- **Mother**

Service directors and educators speak of the many facets of cultural responsibility that come into their roles. Providing culturally appropriate ECEC to the children enrolled in their service means not just looking after those children as they come into the centre, but making sure the families and communities are fully supported too.

In very remote and Aboriginal and Torres Strait Islander communities child care services often fill gaps in other service delivery either due to lack of supply or where lack of culturally safe and appropriate delivery leads to a similar gap in delivery. Where outcomes are not being met by other services, CCCFR funded services often describe expanding their ‘scope’ to fill the gap and ensure families are not missing out. This is in line with their core principles and cultural frameworks, but often not in line with (and therefore, met by) their funding agreements.

Services reflect that in order to deliver culturally appropriate care, they need to find ways to fill these funding gaps. Sometimes this means additional volunteer hours by those in roles (above and beyond those additional required to maintain the basic operations of the service). At other times financial support is sought through additional government grants (such as through the states and territories or the NIAA), where these exist. Aboriginal and Torres Strait Islander peak bodies and philanthropic organisations are also drawn on to help provide resources and funds to deliver culturally informed care. However, the time taken and expertise needed to source and secure these funds can take away from time spent supporting staff to deliver care.

Many council-run services operating in Aboriginal and Torres Strait Islander communities express the importance of investing in additional cultural programs and activities, but they are challenged by the lack of funding and lack of options in the funding model to support these. Such initiatives include: the establishment of a cultural advisory group that would require funding for a secretariat and fees for the Elders to attend and contribute; support to stage events during culturally significant days such as NAIDOC week and Aboriginal and Torres Strait Islander Children’s Day; and support to develop additional literacy resources in the local languages of the communities.

For services that had a diversity of enrolments amongst Aboriginal and Torres Strait Islander and non-Aboriginal and Torres Strait Islander children, they reflect that for children to get the full benefit of culturally-informed care, it is important to have a majority of Aboriginal and Torres Strait Islander children enrolled, and that this is not explicitly supported under the CCCFR grant.

Some services reflect that under the CCCFR grant, there are **fewer** Aboriginal and Torres Strait Islander children and families using the service than under their former funding model delivery.¹¹⁹ It is not possible to quantify this reliably due to inconsistent data collection systems across the transition – i.e., there is no CCS data available from before the CCCFR grant. There are a number of factors attributed to the reported decline of Aboriginal and Torres Strait Islander child attendance, including the introduction of fees, the introduction of CCS and the associated activity test and the need to navigate Centrelink. In one instance, a service felt that their own objective, to provide care for Aboriginal children, was impacted by the funding model:

“[We were set up] by local Aboriginal Elders for Aboriginal children, as years have gone on we now cater to all children. We have 40 per cent Indigenous enrolments this has decreased since the change in the model. The reason for this is there’s more requirements to access care that is the subsidy, Centrelink, higher fees. Fees increased due to a decrease in funding not affordable for all families, so we need non-Aboriginal families to cover costs.”

Services are required to accommodate children regardless of background under the Disability Discrimination Act¹²⁰ and the Racial Discrimination Act, therefore Aboriginal and Torres Strait

¹¹⁹ Noting that in some cases, the types of activities and services offered under previous funding models were distinct from those offered under the CCCFR grant, for instance, some services were not offering child care under the Department’s definition under the BBF model.

¹²⁰ The Inclusion Support Program (ISP) helps children with additional needs participate in early childhood education and care. It provides tailored support and funding to services to address barriers to inclusion. For more information on the ISP.

Islander services cannot distinguish between Aboriginal and Torres Strait Islander children and others. This can be challenging to provide culturally competent care.

While some of the activities identified above go beyond a culturally-narrow understanding and definition of child care, they are aligned directly to the overarching mainstream objective of improving child development outcomes, through an indirect mechanism of addressing barriers to participation and access. Many of these activities were funded under previous funding models, where services complementary to child care were permitted and funded under the expectation that they would ultimately support child development outcomes. There remains uncertainty around the extent to which the CCCFR grant should fund such activities in order to improve development outcomes for children, and the degree to which these decisions should be culturally-informed. In the absence of a dedicated funding model for the community controlled sector in line with the Closing the Gap priority reform, the CCCFR grant is relied on to fund many aspects of culturally competent care. However, for many Aboriginal and/or Torres Strait Islander services, the CCCFR grant is inadequate in funding and design to i) fully fund all aspects of culturally competent care; ii) fully fund all activities to address barriers to participation in child care; and iii) provide needed support to improve workforce participation.

5.4 Alignment with service, family and community needs and expectations

Key research question

How well do the objectives and intent of the CCCFR non-competitive grant align with the current needs and expectations of CCCFR services, families and communities?

Review finding 11

Service, family and community views towards the stated CCCFR objectives vary, with strong support for the objectives of improving early childhood development outcomes, but more mixed views toward the objective of increasing workforce participation.

Supporting evidence for this finding is drawn from consultations and the CCCFR service survey.

Across the range of stakeholders consulted with as part of this review, there is strong support for the objective of improving early childhood development outcomes for children experiencing vulnerability and disadvantage. As discussed in section 2.4, the interpretations of vulnerability and disadvantage vary, and the deficit-based framing complicates discussions around this objective. Nevertheless, 100 per cent of services responding to the CCCFR service survey reported that 'Improving early childhood development outcomes for children who may be experiencing vulnerability and/or disadvantage' was one of the main ways that they support their community.¹²¹

"Our main thing is like for children to be safe here and nurtured and that have that sense of belonging because although obviously you know play based learning and all that sort of stuff comes into it, children aren't going to get the most out of that and thrive off that if they haven't got the basic needs being met. You know, like that feeling of security and feeling safe."

Services spoke of varying mechanisms to achieve development outcomes generally,¹²² often mentioning specialist and wrap-around supports, making referrals to other health and wellbeing supports, and liaising with both other services and families to build capability and improve developmental outcomes. For Aboriginal and Torres Strait Islander Community Controlled

¹²¹ Deloitte Access Economics, CCCFR service survey (2023).

¹²² Note: while 'early childhood' often refers to ages 0-5 years old in policy discussions, some CCCFR grant recipients provide services to older, primary school age, children as OSHC and Vacation Care. These services did not distinguish between early childhood development outcomes and the cohorts they care for.

Organisations, these broader holistic supports formed part of the cultural framework that leads the approach to their services. For remote and very remote services, referrals and other supports can be even more critical, as children might not be able to access these without the CCCFR service facilitating it. At the same time, often remote and very remote services' ability to make appropriate referrals is limited by low availability or proximity of other services.

While identified development outcomes broadly correlate with those of the AEDC, Early Years Learning Framework, and Framework for School Age Care in Australia, other specific outcomes were sometimes raised by services. These relate to the needs of specific children and families, and/or more broadly to community need (see Appendix A for more detail). For Aboriginal and Torres Strait Islander children, the role of culture – both being connected to culture and being culturally safe – is imperative in achieving strong developmental outcomes.

In many cases services note that the mechanisms by which they could *best* improve development outcomes for children are not adequately supported by the grant. This is further explored in reflections in the following sections. In addition to noting where grant settings or design could be more effective, services often have nuanced understandings of development outcomes and how to achieve them, many of which were seen as not supported by the grant at all. For instance, many providers spoke to their historical successes delivering playgroups, which are not supported by the grant. This is because playgroups are not deemed as child care and the grant, in its current form, can only support the delivery of child care.

“Staff will send children home with extra food or wash their clothes in the centre washing machine. Staff provide holistic care to children, and this reduces the pressure on families to constantly seek out additional services and supports. This in turn, fosters a peaceful, low-stress environment within the home.”

There were more mixed views towards the objective of increasing workforce participation. For some services, enabling workforce participation is seen to meet the needs of their communities well. The ways that services enable workforce participation vary. In some cases the mechanism is straightforward – the service cares for children while the parent(s) or carer(s) are working. For other services, the mechanisms are more complex, for instance enabling the parent/carer to study at the co-located educational facility, in order to gain the skills to join the workforce. Another example is child care enabling mothers to participate in an alcohol and other drug rehabilitation program, as a critical step to (re)joining the workforce.

Other services, in particular ACCOs as well as other services operating in Aboriginal and Torres Strait Islander communities, felt very strongly that this objective of workforce participation was inappropriate and, in some cases, services felt it was counter to the objective of improved child development outcomes. Children of parents and carers who are unable to work are often in situations of compounded vulnerability and disadvantage, and most likely to benefit from support, which may be in the form of child care, or the other wraparound supports that CCCFR grant recipients aim to provide.

For many services in very remote Aboriginal communities, the CCCFR service itself was seen as a key source of local employment. In areas with very few services or businesses, child care may be one of the few opportunities for employment and training available to local women.

For other services, particularly those in areas of low local employment and employment opportunities, enabling workforce participation is seen as largely out of their hands. Services spoke to challenges within the broader system which mean that local community members are not participating in the workforce and explained that child care is neither a limiting factor, nor an enabler of employment.

“The level of poverty here is hard to understand until you see it. There are very few jobs here.”

However, this is not a binary distinction, and within some of these services, child care may enable some parents or family members to work, often in other local services which are critical for the local economy and community. In these instances, child care can be a critical factor in supporting not only workforce participation, but larger economic benefits. For instance, some stakeholders

reflected that quality child care services are critical to enable some workers to move to regional or remote areas, and to retain them. The productivity effects and economic benefits of child care can have a ripple effect throughout communities, particularly in remote areas.

“The key vulnerability is that our service is the only childcare service available to local families... That is one of the disadvantages of living in a small rural community. Private service providers, whether that be early childhood providers or any other provider / business, are not interested in operating in small communities ...the economics are not attractive. Towns like [Town name] are struggling to retain young families in the face of climate change where summers are becoming increasingly hot and a decline in services within the town such as medical services, banks, retail etc. All of these factors are putting pressure on young families with many making the decision to relocate to larger regional centres where access to services is easier to obtain.”

For some mobile services, the service itself may not be able to fully support workforce participation due to only visiting communities on particular days. The likelihood of finding work patterns or shifts which align to the specific hours and days of the mobile service is small, especially in the regional and remote communities where these services tend to operate.

Due to the nature of the CCCFR grant as a closed grant with pre-determined eligible services, and reflecting on previously delivered funding arrangements through BBF, some stakeholders see the closed nature of the CCCFR grant as an inherent barrier to delivering on both objectives of the CCCFR grant. In other words, while the grant’s objectives are guided by aims of supporting child outcomes and increasing access to employment for families, the inability for new services to be deemed as eligible or suitable for CCCFR funding limits the grant’s ability to address emerging areas of vulnerability and/or disadvantage in communities across Australia.

Note: The CCCF has two funding streams eligible for new services in areas of vulnerability and disadvantage:

- **Restricted grant expansion: Closing the Gap** - The grant is for new early childhood education and care services in mainly remote locations. The focus is to increase participation rates of Aboriginal and Torres Strait Islander children in early childhood education and care.¹²³
- **Limited supply grant** - The limited supply grant helps Child Care Subsidy-approved providers wanting to set up new early childhood education and care services. Grants are for establishing new Centre Based Day Care and Family Day Care services:
 - in areas experiencing disadvantage in regional and remote Australia
 - where there are no or limited similar services.

These grants are the primary mechanisms by which the Department currently addresses new or emerging areas of vulnerability and/or disadvantage. Some stakeholders with deep knowledge of CCCFR grant delivery suggested some services may no longer serve demographics aligned to the grant’s intentions. These include areas where the market has matured, or where the local population has changed over time.

A limited number of CCCFR services (n=10) have low average utilisation, defined here as less than 10 per cent of available hours utilised.¹²⁴ There are a number of potential reasons for low utilisation, including staffing issues, community barriers to access, individual barriers to access, Sorry Business affecting the time a service can be operational, and smaller local populations of children meaning fluctuations in demand. It is likely that CCS data does not provide a true reflection of utilisation, especially given the known challenges for CCCFR services to access CCS.

However, it may also be that the service provided is not well aligned with community need and that this is demonstrated through engagement. The review recommendations provide a basis upon which to strengthen engagement, through additional support to providers. However it also recognises that services should be tailored to their community needs, and that for some individual CCCFR services, this might best be achieved through a non-child care mechanism (such as a supported playgroup). The decision framework for individual services suggests that where any

¹²³ The CCCFR grant expansion is out of the scope of this review.

¹²⁴ Using 2023 CCS data and where utilisation is not equal to 0.

service best aligns with a policy responsibility outside of the Department of Education, it should be supported to transition away from the CCCFR grant. For other low-utilisation services, the strengthened grant should further help them to build engagement and reduce barriers to access.

Review finding 12

There are community, family, and child needs and expectations for many CCCFR services which go beyond mainstream needs of child care. CCCFR services often try to fulfil these needs.

Supporting evidence for this finding is drawn from consultations and the CCCFR service survey.

CCCFR services are often also not just a space for children and educators, but for families and communities. Regardless of whether the CCCFR service facilitates family workforce participation, services and families identified broader benefits for children and families of children attending the service. These include linking families with other services or support, providing connection and social interaction. Over 40 per cent of services report that they offer cultural programs, 21 per cent that they offer adult education and training, and 26 per cent that they offer nutrition programs or a food bank.¹²⁵ Some services help to build parental capacity, and provide practical resources and support such as food, nappies, and washing clothes and bathing children.

“We need to remember that our services operate to meet the needs of a community and if our children did not attend our services, they would be unlikely to access early childhood education.”

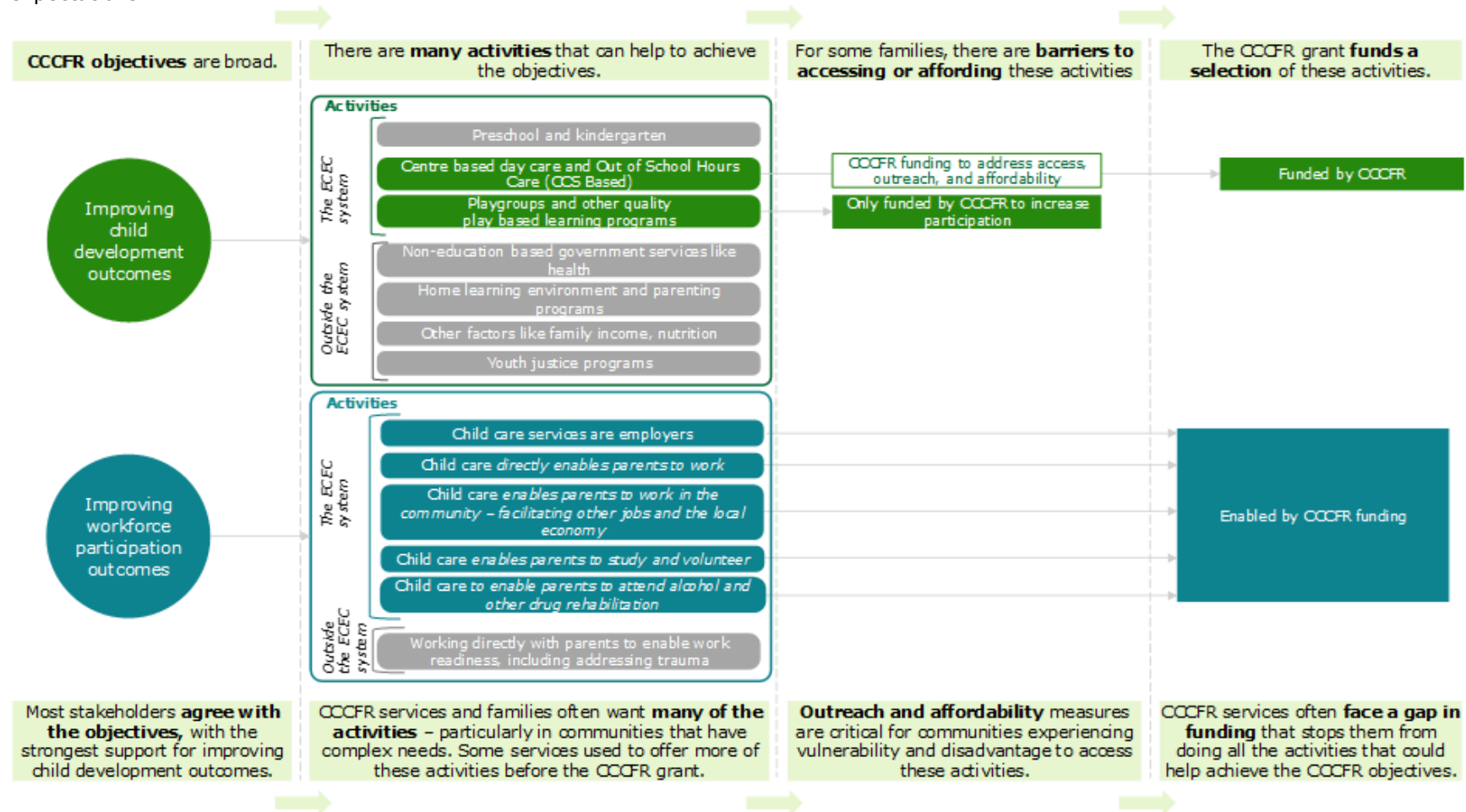
These additional services, particularly when delivered to families experiencing complex and acute vulnerability and disadvantage, can cause significant additional workload and vicarious trauma for service staff. Services spoke to their need to train their staff in delivering high quality and appropriate education and care for children with high levels of need, but also to burnout experienced by their additional responsibilities to their community. This is especially acute for many Aboriginal and Torres Strait Islander service staff where vicarious trauma is compounded by personal experiences of trauma. For Aboriginal and Torres Strait Islander families and communities, there is a need for culturally competent, responsive, and safe care that is led by ACCOs or other Aboriginal and Torres Strait Islander peoples.

Drawing together the evidence outlined in section 5.4, the extent to which CCCFR objectives align with service, family and community needs and expectations is shown in Figure 5.2. It highlights that the CCCFR grant funds only a selection of activities that can help achieve the broad CCCFR objectives – despite CCCFR services and communities sometimes desiring a larger span of activities, particularly in communities that have complex needs.

¹²⁵ Deloitte Access Economics (2023), CCCFR service survey.

Figure 5.2: Overview of CCCFR objectives and alignment with service, family and community needs and expectations

Illustrative diagram showing the CCCFR grant objectives and alignment to service, family and community needs and expectations.



Source: Deloitte Access Economics (2024)

6 Policy and funding design

This chapter outlines the design of the CCCFR grant and its alignment in achieving the grant’s intended outcomes. This chapter also investigates similar funding instruments domestically and abroad, and whether there are any alternative funding models that would be more appropriate to meet the grant objectives, as they stand.

6.1 Efficacy of current funding design in supporting outcomes

Key research questions

How effectively does the current grant design align with the intended outcomes of the CCCFR grant?

Are there any gaps or inconsistencies in the current funding design mechanisms that result in barriers to achieving the intended grant outcomes?

Review finding 13

The review has not identified a formal articulation of the grant design with respect to (1) recipient eligibility criteria and its rationale and (2) the funding allocation – or grant size determination – methodology. These features appear to be very much historical artifacts.

Supporting evidence for this finding is drawn from consultations and document analysis.

(1) Recipient eligibility criteria and its rationale

As outlined in section 2.3, the CCCFR grant is a restricted, non-competitive grant. At the time of its inception in 2018 following the introduction of the new CCS in 2017, the Department released the *Community Child Care Fund – Restricted non-competitive grant opportunity (for specified services) guidelines* (the 2017 guidelines).¹²⁶

Based on the 2017 guidelines, select services that were eligible to apply were determined by the Department, and available for view on their website. It was noted that all services under the former BBF models were invited to apply. All NFFOCC services that sat within the Department’s Community Support Program and the IAS services who were former BBF services within the Department of Prime Minister and Cabinet, were provided with their “deeming letter” advising that they were considered a child care service and eligible to apply for a CCCFR grant. This was consistent with the opportunity afforded all former BBF services. At this time the providers completed applications including the financial forecasting tool and offered transition support through PwC.¹²⁷

¹²⁶ Australian Government Department of Education and Training, Community Child Care Fund – Restricted non-competitive grant opportunity (for specified services) Guidelines (February 2017). <<https://www.grants.gov.au/Fo/DownloadDocument/e99c0c70-f434-c990-87d3-6ddebfa904f5?docType=Fo&fileName=CCCF%20Restricted%20non-competitive%20grant%20opportunity%20guidelines%20%20311017.pdf&location=s3Restricted>>

¹²⁷ This detail is yet to be confirmed, and it may be the case that it was only NFFOCC or IAS services who initially declined.

In essence, the eligibility criteria set out for the CCCFR grant was that former BBF, NFFOCC and IAS services were provided the opportunity to apply.

As part of the 2017 guidelines, an assessment criterion was outlined as part of the grant selection process: the select services were required to outline how they plan to achieve greater viability under the new child care system, and their plans to measure their success against the plan. No further detail was provided within the 2017 guidelines or any other documentation as to how the select services would be assessed against these criteria and the rationale behind these assessments.

(2) The funding allocation

PwC assisted the Department with the transition of services from former funding models (BBF, NFFOCC and IAS) onto the CCCFR grant. As part of this transition, PwC prepared individual Transition Reports and Financial and Operational Analysis Tools for each service. It was noted in the 2017 guidelines that the CCCFR funding is informed by the Transition Reports and the Financial and Operational Analysis Tools.

The 2017 guidelines further detail additional factors informing the CCCFR funding determination, including:¹²⁸

- completed application form, in particular responses to the assessment criteria
- past service data collected by the Department, including acquittal and attendance data
- other information about service operations may also be considered, such as:
 - service type
 - remoteness of the service
 - child care numbers
 - operating hours.

Within the PwC transition reports, there is a 'transition assessment' undertaken for each service, meaning services were assessed on how well they would be able to transition fully onto the CCS. In these reports, there was also a funding summary, outlining how much the service received from their former funding model, fees, and any other funding sources.

Within the service reports provided, there was no indication as to what the future funding should be under the CCCFR grant, nor was there an indication as to the funding formula used, or at least published within these reports. However, the reports did provide a break-even analysis and analysis of the services' likely financial viability under the new CCS system. No further documentation was available to inform this review as to what extent there were loadings or other funding methodology applied to various service characteristics under additional factors above.

However, based on consultations, it is understood that the CCCFR grant amount is largely based off former funding amounts.

Review finding 14

Mechanisms through which the CCCFR grant strives to support workforce participation, beyond supporting the financial viability of child care provision and beyond the mechanisms of the CCS, are not identifiable.

Supporting evidence for this finding is drawn from consultations, document analysis and data analysis.

¹²⁸ Australian Government Department of Education and Training, Community Child Care Fund - Restricted non-competitive grant opportunity (for specified services) Guidelines (February 2017). <<https://www.grants.gov.au/Fo/DownloadDocument/e99c0c70-f434-c990-87d3-6ddebfa904f5?docType=Fo&fileName=CCCF%20Restricted%20non-competitive%20grant%20opportunity%20guidelines%20%20311017.pdf&location=s3Restricted>>

While the CCCFR grant intends to improve early childhood development outcomes for vulnerable and disadvantaged children, and to increase workforce participation by vulnerable and disadvantaged families, there is no formal articulation as to how the CCCFR grant would achieve this.

As discussed in section 5.1, the target cohort(s) under the term ‘vulnerable and disadvantaged’ is not outlined, and subsequently, neither is how the CCCFR grant can improve the development outcomes of this group.

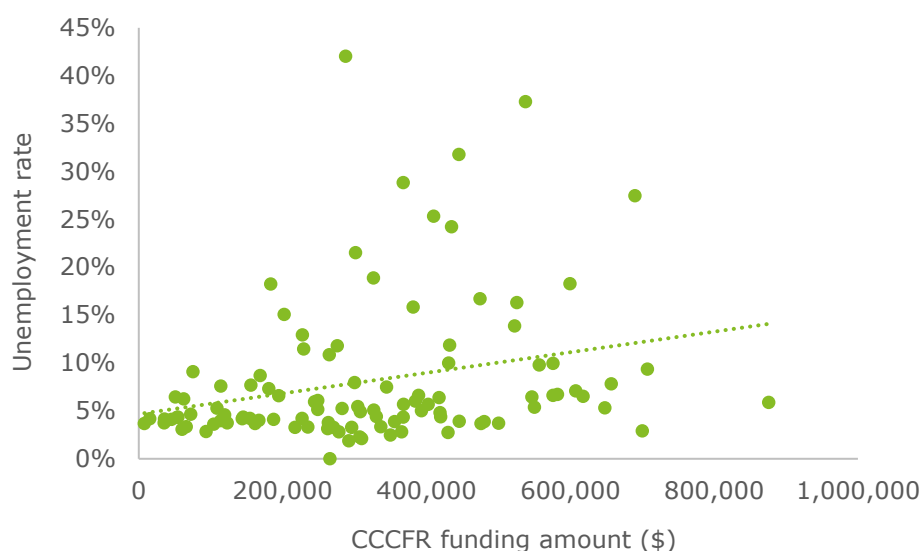
While the linkages between the CCCFR grant and early childhood development outcomes are undefined, CCCFR services report that the grant amount has supported this objective in several ways. These are aggregated into three broad categories:

- the CCCFR grant supports the financial viability of their service, and without the grant these CCCFR services could not continue. In thin markets, or the absence of other suitable child care, this makes the difference between children being able to access any formal child care or not.
- the CCCFR grant enables CCCFR services to improve the quality of their service, leading to better outcomes for children attending.
- the CCCFR grant makes it cheaper for families to use their service (in comparison to subsidising on CCS alone, which would lead to higher, potentially unaffordable fees). This improves access and participation, and therefore enables developmental outcomes.

Similarly for the second objective, the linking mechanism between the CCCFR grant and workforce outcomes was not explicitly stated. However, for the purposes of this review, a regression analysis was performed to determine if there is a relationship between the CCCFR funding amount and the local unemployment rate.

The regression analysis demonstrates that there is a statistically significant link¹²⁹ between higher unemployment rates within the local CCCFR service area and higher CCCFR funding (Chart 6.1). Noting the relationship is not causal, as the regression did not control for variables.

Chart 6.1: Local SA2 unemployment rate and average CCCFR funding



Source: Deloitte Access Economics analysis using ABS data and CCCFR financial acquittal data.

This analysis suggests that previous fundings models would have, to some degree, accounted for the challenges of gaining employment in certain areas (typically rural and remote areas and ‘thin markets’).

¹²⁹ The intercept is a positive value and statistically significant, as indicated by a p value of 0.01 at a 5% level.

Stakeholders echoed similar sentiments, noting a lack of ongoing measures to determine performance against the grant’s stated objectives and intent. More specifically, some stakeholders note that the annual budget and acquittal process within the current grant design limits the Department’s ability to drive improvements and outcomes across a number of domains, such as increasing participation and broader child education and developmental outcomes.

However, it is important to note that nearly all stakeholders who point to a lack of outcomes measures within the grant design emphasise that including such measures would support CCCFR services in communicating the benefits of ECEC and the work they currently do (rather than providing a mechanism through which to reprimand CCCFR services for not achieving them).

The CCCFR grant and the activity test

As discussed, the CCCFR grant is intended to support services in disadvantaged and vulnerable communities. An intention of the CCCFR grant was also to improve services ability to encourage families to sign up for the CCS. The activity test is a critical component to CCS eligibility, where families need to evidence employment (voluntary or paid), or study to receive the subsidy.

The activity test is applicable to all families, bar Aboriginal and Torres Strait Islander families since 10 July 2023. Therefore, the activity test has effectively been in practice for all families for the life of the grant.

This poses a significant barrier for families in vulnerable and disadvantaged communities who wish for their child to attend a CCCFR service, as the ACCC Childcare inquiry has noted that the activity test is an identified barrier to CCS eligibility within these communities.¹³⁰ Therefore, requiring families to apply for the CCS to attend a CCCFR service compromises the intent of the CCCFR grant to support access to child care for vulnerable and disadvantaged families.

The ACCC Childcare inquiry discussed that parents or guardians experiencing disadvantage find it difficult to engage in work or study for a variety of reasons and circumstances.¹³¹ In the CCCFR stakeholder consultations, this has been revealed as:

- challenges in securing employment for people in rural and remote communities,
- language barriers for families from culturally and linguistically diverse backgrounds, especially refugee and migrant families,
- ongoing impacts of intergenerational trauma when engaging with government services for Aboriginal and Torres Strait Islander families.

Therefore, while the CCCFR grant funding is intended to make child care more affordable for vulnerable and disadvantaged families, the current symbiotic nature between CCS eligibility and the CCCFR grant funding cannot be disregarded, and is a critical factor in the affordability and accessibility of these services for families.

Services Australia did not provide sufficient information in consultation to further add to this discussion.

Review finding 15

There was no program logic or other documented grant design identified during the review, which set out the intended relationships between the grant, the activities it is intended to support and the stated objectives.

Supporting evidence for this finding is drawn from consultations and document analysis.

¹³⁰ Australian Competition and Consumer Commission (ACCC). (2023). Childcare inquiry. Retrieved from: <https://www.accc.gov.au/system/files/ACCC%20Childcare%20Inquiry-final%20report%20December%202023.pdf>

¹³¹ ACCC. (2023). Childcare inquiry. Retrieved from: <https://www.accc.gov.au/system/files/ACCC%20Childcare%20Inquiry-final%20report%20December%202023.pdf>

This review has developed a program logic model through consultation with the Department and CCCFR Program Officers to describe the intended pathways through which the CCCFR grant objectives are linked to its inputs, activities, and outcomes over time – see Figure 6.1. This program logic model illustrates the relationship between the inputs, activities and intended effects which can lead to the grant outcomes.

The program logic was developed using the findings of the document review around the CCCFR grant guidelines, consultations with the Department and consultations with the CCCFR Program Officers. It was tested and validated through two further workshops with the Department and the CCCFR Program Officers. The program logic was developed as a component of the review, given that no program logic could be provided as an input or source to the review. It was therefore developed retrospectively to map a collective understanding of how the grant’s design relates to the grant’s objectives.

As part of the process of developing and testing the program logic, a number of features were identified that show areas where the logic is at least partially false. These are discussed in other areas of this review.

In development of the program logic, there is a case to be made to develop a congruent data collection tool to monitor and track individual elements of the program logic model such as the inputs, activities and outputs. The data collection tool corresponding to each element will serve a distinct purpose, as outlined below:

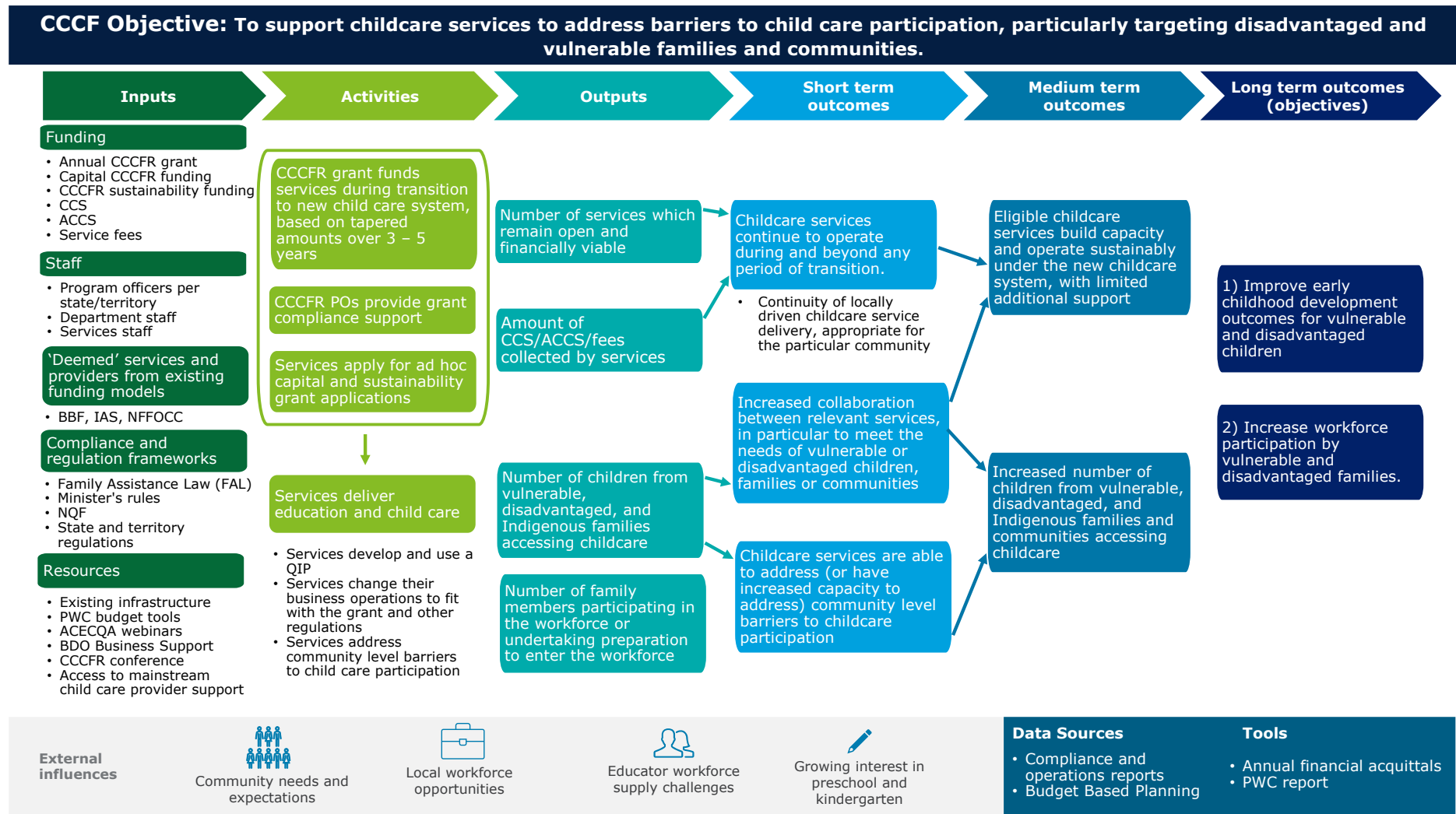
- **Inputs:** Monitoring of the inputs such as funding and workforce can assist with the assessment of how well the resources have been allocated, and whether the allocation is in line with expectations. For example, is a CCCFR service able to hire and retain adequate staff for the students enrolled in line with ACECQA educator to child ratios.
- **Activities:** Monitoring of the actions undertaken as part of the program can assist in determining the progress of CCCFR services towards meeting the objectives of the grant. Activities in this instance can be measured by its corresponding outputs.

The development of the monitoring tools acts as an accountability mechanism in determining the effectiveness of the CCCFR grant. Any further reviews or evaluations of the CCCFR grant can leverage the data collected to determine the effectiveness of the Department and CCCFR services in achieving the aims and objectives of the CCCFR grant.

Key considerations in developing data collection tool and reporting metrics include:

- **Clearly outline and state the purpose of the data collection tool.** It is important for the Department to strictly outline and communicate the purpose of the data collection tool(s) to CCCFR services and program officers. This ensures clarity in purpose, and generates stakeholder buy in. Stakeholder buy in is important as additional data collection requirements will place added burden for those responsible.
- **Assign responsibility and ownership.** Authority and ownership of key data reporting requirements are needed to ensure data is being responsibly collected.
- **Data collection instruments must be accessible to use.** The method in which the data is being collected needs to simultaneously be easy to use for data inputs, and in a format that is consistent and easy to analyse for reporting purposes (i.e., during evaluations and reviews).

Figure 6.1: Program logic model



Source: This was developed by Deloitte Access Economics in consultation with CCCFR Program Officers, and Department staff.

Review finding 16

There are gaps in understanding among CCCFR services (e.g., among Directors of CCCFR services) regarding how and for what purpose the CCCFR grant funding can be spent.

Supporting evidence for this finding is drawn from consultations, the CCCFR service survey, and document analysis.

The 2017 Guidelines outlined a set of grant activities that the CCCFR grant funding may be used for, such as:¹³²

- improving service viability and sustainability
- addressing community level barriers to child care participation
- capital works necessary for the service to operate sustainably under the new child care system
- other activities to increase Indigenous children's participation in early education and child care including activities that have been identified by the Department as eligible activities for that service.

The CCCFR service survey reveals that the funding does not typically cover additional activities that are required given the unique community context in which most CCCFR services operate. For example, in rural and remote areas where workforce shortages are exacerbated, service providers expressed their desire to invest more heavily in attracting and retaining staff when asked about how the CCCFR funding can be improved:

"Better recruitment packages to attract and retain qualified staff. RTOs travelling to communities to deliver Certificate III and Diploma in Early Childhood training. Recognition that fees (including CCS/ACCS application) for service model isn't appropriate for this community."

"Lack of accommodation and housing prevent us to employ staff in a long-term arrangement due to lack space, high cost on rent and cost on travelling as well."

Funding adequacy is explored in more detail in section 8.1.

Further, there is a discrepancy in service understanding about how they can spend their CCCFR funding and their subsequent reporting requirements. Some CCCFR services state that they are unable to report a budget deficit, even in instances when they have spent more than their allocation. Whereas other CCCFR services have no knowledge of this protocol and record their financials as they stand. Further consultation has determined that not being able to report a budget deficit is a historical practice that was removed after the introduction of the CCCFR grant. This suggests a lack of clear communication to CCCFR services about this change in practice.

This enduring gap in understanding is echoed in the service survey. When CCCFR services were asked 'Are there costs not recorded in your budget-based planning tool or financial acquittal data?', **11 per cent** responded *Yes*, **56 per cent** responded *Maybe*, and **33 per cent** responded *No*. This response highlights a need for (1) a more prescriptive set of grant activities to which funding can be spent, and how funding should be recorded, and (2) improved communication channels in which information is shared, ensuring all services and Program Officers are aware of current spending and recording requirements.

CCCFR services also report that they generally do not understand the processes and support they can receive via the CCCFR grant. Although services reflect that they have a clear understanding of their requirements to deliver quality child care to improve early childhood development outcomes, their understanding of additional support available through the CCCFR grant is less clear. Services

¹³² Australian Government Department of Education and Training (February 2017), Community Child Care Fund - Restricted non-competitive grant opportunity (for specified services) Guidelines. <
<https://www.grants.gov.au/Fo/DownloadDocument/e99c0c70-f434-c990-87d3-6ddebfa904f5?docType=Fo&fileName=CCCF%20Restricted%20non-competitive%20grant%20opportunity%20guidelines%20%20311017.pdf&location=s3Restricted>>

note that they heavily rely on the CCCFR Program Officers to provide information relating to additional funding and grant applications.

"Not enough clarity as to what we can spend funds on...food safety supervisor for example, we don't know if we have to go through other funding grants...consumes time applying for funding when it would be easier to take it out of CCCFR bucket."

6.2 Alignment to other relevant policy and grant settings

Key research question

To what extent does this funding approach align to experiences in other relevant policy and grant settings, including evidence captured from research and comparative grants abroad?

Review finding 17

There are multiple instances of intersection and overlap between the purpose and intended objectives of the CCCFR grant and other programs and funding provided by state governments and philanthropic organisations.

Supporting evidence for this finding is drawn from desktop research and consultations.

Within Australia, there are a series of programs and grants that are adjacent to the CCCFR grant, both in terms of their target cohort, and the outcomes it intends to achieve. This review outlines three key programs, delivered by state/territory government and philanthropic organisations, below.

Strengthening Early Years program

The Strengthening Early Years program, delivered by the Paul Ramsey Foundation (a philanthropic organisation) is a program available to community organisations working with families and children in the prenatal to two-year-old age range to ensure that every child can thrive upon school entry. It aims to support children in their critical development phase and parents in caring for their child.¹³³

The program is an open grant, with two types of funding available, \$250,000 and \$750,000. Funding can be provided for up to five years. Funding can go towards establishing and/or delivery of programs, building the evidence base of effective programs, targeted capacity building, and the design and delivery of innovative practice.¹³⁴

Similarities to the CCCFR grant:

- program is targeting a similar cohort of children (two-year age range), albeit the age range for the Strengthening Early Years program is more targeted
- similar funding duration.

Quality and Participation grants program

The Quality and Participation grants program is delivered by the New South Wales Government. This program aims to support the participation of children experiencing vulnerability and disadvantage in ECEC, by delivering targeted initiatives and support for Aboriginal children and children from low-income families (category 1), improve quality learning environments (category

¹³³ Paul Ramsay Foundation, New investment to strengthen early years for children (2022), <www.paulramsayfoundation.org.au/news-resources/new-investment-to-strengthen-early-years-for-children#:~:text=Strengthening%20Early%20Years%20focuses%20on,years%20of%20their%20child's%20lif> e.>

¹³⁴ Ibid.

2), and support implementation initiatives to meet the requirements under the Preschool Reform Agreement (category 3).¹³⁵

This is a restricted competitive selective grant, provided through block-based funding in a one off payment. Successful applicants can receive up to \$15,000 for Category 1 and 2, and \$2,500 for category 3.¹³⁶

Similarities to the CCCFR grant:

- identical grant type, that is, a restrictive selective grant
- similar target cohort. Both the CCCFR grant, and the Quality and Participation grants program, seek to target children experiencing vulnerability and disadvantage, with the Quality and Participation grants programs placing focus on Aboriginal children and children from low-income families
- eligible service types are similar to those that receive the CCCFR grant, including LDC, not-for-profit community preschool (centre-based or mobile), and Multifunctional Aboriginal Children's Service (MACS).

Access to Early Learning

The Access to Early Learning program is delivered by the Victorian Government. This is an early intervention program for children from families with complex needs to engage in a quality kindergarten program. This program ensures targeted funding is provided so that individual children receive access to degree qualified facilitators.¹³⁷

Similarities to the CCCFR grant:

- similar target cohort, Access to Early Learning focuses on vulnerable three-year-old children with complex needs.

Reflections for the CCCFR grant

The three programs/grants outlined above highlight the degree of overlap that currently exists within the ECEC system nationally. It is important to note that there are considerably more programs/grants that share the same purpose, objectives and target cohort. This suggests the importance of the Department gaining a better understanding of current ECEC market gaps that the CCCFR grant can more deliberately address.

As discussed in Section 5.1, there is scope for greater clarity and specificity in what the CCCFR grant objectives are. This needs to be a shared understanding within various government forums to ensure there is a collective understanding between states and the federal government in what the CCCFR grant (along with other grants and programs) is trying to achieve within the ECEC landscape, and in what ways is it complementary and additive in the system.

Review finding 18

There are elements of the current CCCFR grant design that can be improved, by learning from adjacent programs/grants, both locally and internationally.

As discussed above, there are many adjacent programs and grants that seek to achieve the same objectives and/or focus on the same target cohort (broadly). In instances where there are examples of similar programs achieving their objectives well, it is important to take their learnings and apply them to the CCCFR grant.

¹³⁵ NSW Department of Education. Quality and Participation Grants Program (2023). <<https://education.nsw.gov.au/early-childhood-education/operating-an-early-childhood-education-service/grants-and-funded-programs/quality-and-participation-grants-program>>

¹³⁶ Ibid.

¹³⁷ Victorian Government. Access to Early Learning (2023), <<https://www.vic.gov.au/access-early-learning>>

An overseas program that is most in alignment to the CCCFR grant is the United States Head Start and the New Zealand Annual Top up for Isolated services.

Head Start, United States of America

Head Start is a holistic program supporting children's growth from birth to age five through services centred around early learning and development, health, and family well-being. Head Start staff actively engage parents and recognise family participation throughout the program as key to strong child outcomes. The program delivers child development services in centre-based, home-based, or family child care settings. These programs are run by local non-profit organisations, community action agencies, and school districts.¹³⁸

Head Start is a federally funded model, more formally classified as a federal to local model. That is, the federal government funds local Head Start programs through the US Department of Health and Human Services. This model allows local leaders to create a Head Start experience that is responsive to the unique and specific needs of their community.

Head Start grants are calculated based on a formula, however, it differs from other similar grants as the US Congress allows federal agencies to use their own discretion to award funds, rather than purely using the defined formula. That said, Congress provides a primary formula framework that includes a number of set-asides before geographic allotment—a provision set to a fixed base year, an inflation adjustment, and further funding based on child poverty counts.¹³⁹ Many Head Start programs combine funding from federal, state, and local sources to maximise service delivery and continuity.¹⁴⁰

Furthermore, some Head Start grantees use a financial software system (Sage MAS 200) to provide accounting functionality, including tracking and reporting expenses from multiple funding streams. While not all grantees utilise this system, it streamlines the process of recording and storing data.

Learnings for the CCCFR grant:

- the CCCFR grant would benefit from a real time data storing system. This would allow for more completeness in data recording for the purpose of analysing the financial health of services and determining future funding.

Aboriginal Head Start in Urban and Northern Communities Program, Canada

The Aboriginal Head Start in Urban and Northern Communities (AHSUNC) Program is an early childhood development program run by local Indigenous community organisations funded by the Public Health Agency of Canada (PHAC).¹⁴¹ AHSUNC supports the spiritual, emotional, mental, physical and social wellbeing of Aboriginal and Torres Strait Islanders, Métis and Inuit children and families in a holistic way through its six core components of Culture and Language, Education, Health Promotion, Nutrition, Social Support, and Parental and Family Involvement.¹⁴²

The AHSUNC Program spent nearly \$36 million annually from ongoing funds, mostly in contribution funding to the 133 local AHSUNC sites. Annually, AHSUNC serves up to 4,300 young Indigenous

¹³⁸ U.S. Department of Health and Human Services. Head Start Services (2023) <https://www.acf.hhs.gov/ohs/about/head-start>

¹³⁹ Ransdell, T. & Bolorian, S. Head Start, (2003), https://www.ppic.org/wp-content/uploads/content/pubs/ffg/FF_1003TRFF.pdf

¹⁴⁰ U.S. Department of Health and Human Services. Head Start Services. (2023) <https://www.acf.hhs.gov/ohs/about/head-start>

¹⁴¹ Government of Canada. Aboriginal Head Start in urban and Northern Communities (2023) <https://www.canada.ca/en/public-health/services/child-infant-health/supports-programs-pregnancy/aboriginal-head-start-urban-northern-communities-ahsunc.html>

¹⁴² Health Canada and the Public Health Agency of Canada. Evaluation of the Aboriginal Head Start in Urban and Northern Communities Program. (2022) <https://www.canada.ca/content/dam/phac-aspc/documents/corporate/transparency/corporate-management-reporting/evaluation/aboriginal-head-start-urban-northern-communities-program.pdf>

children and their families living in off-reserve/off-territory and northern communities across Canada, from large urban areas to remote settlements.¹⁴³

The funding determination is not publicly available, however, a 2022 evaluation of PHAC's core contribution funding to the AHSUNC Program has determined that funding has not increased since FY2003, despite the rising costs of site operations.¹⁴⁴ Static funding has resulted in negative impacts on sites, particularly in their ability to recruit and retain staff.¹⁴⁵ In the same evaluation of AHSUNC, key informants reported they would like more long-term and stable funding that meets basic needs, rather than short-term project-based funding.¹⁴⁶ This sentiment echoes that of the CCCFR service stakeholders.

Two recommended action plans relating to sustainable funding from the 2022 evaluation report are:¹⁴⁷

- engage with AHSUNC recipients, the NAHSC, other federal departments and PHAC staff at the national and regional levels to identify ways to make contribution agreement administration more flexible and less burdensome
- engage with the NAHSC, Centre for Grants and Contributions and PHAC staff at the national and regional level to develop a modified PHAC Risk-Based Monitoring Strategy for Indigenous recipient organisations with the goal of providing increased flexibility and reduced burden.

Learnings for the CCCFR grant:

- too little information is available to make inferences on how CCCFR grant, and funding decisions may benefit from emulating the AHSUNC funding model
- from a program perspective, CCCFR services may be able to better meet community needs through a more defined and consistent set of program offerings across all services.

Annual Top up for Isolated services, New Zealand

The Annual Top up for Isolated services is an additional funding provided by the New Zealand Government to assist small, licensed services in isolated areas to maintain access to early child care education. Under this model, the funding targets specific services, rather than a specific cohort that attends the services. Services are also not required to apply for the funding. Rather, services are deemed as eligible to receive funding from the New Zealand Government based on the services Isolation Indices and funding data. The Isolation Index is a statistical index that rates a service's relative isolation according to its distance in kilometres from services of three different population sizes. Eligible services receive a top up of funding of either \$15,000 or \$20,000.¹⁴⁸

Learnings for the CCCFR grant:

- the New Zealand approach indicates that a more comprehensive, data-driven approach to funding allocation is achievable for services similar in context to CCCFR services.

As discussed above, there are several programs/grants nationally that align to the CCCFR from an objectives and target cohort perspective. These programs/grants have carved a more descriptive set of eligibility criteria and target cohort. For example, the NSW Quality and Participation grants

¹⁴³ Health Canada and the Public Health Agency of Canada, Evaluation of the Aboriginal Head Start in Urban and Northern Communities Program. (2022) <https://www.canada.ca/content/dam/phac-aspc/documents/corporate/transparency/corporate-management-reporting/evaluation/aboriginal-head-start-urban-northern-communities-program.pdf>

¹⁴⁴ Ibid.

¹⁴⁵ Health Canada and the Public Health Agency of Canada. Evaluation of the Aboriginal Head Start in Urban and Northern Communities Program. (2022) <https://www.canada.ca/content/dam/phac-aspc/documents/corporate/transparency/corporate-management-reporting/evaluation/aboriginal-head-start-urban-northern-communities-program.pdf>

¹⁴⁶ Ibid.

¹⁴⁷ Ibid.

¹⁴⁸ Ministry of Education. ECEC Funding Handbook. (2020) <<https://www.education.govt.nz/early-childhood/funding-and-data/funding-handbooks/ece-funding-handbook/>>

program has a more robust eligibility criteria for services who wish to apply and be in receipt of the funding. As part of their criteria, the service must be¹⁴⁹:

- operating in NSW
- be a not-for-profit centre-based community preschool
- be an Aboriginal community preschool
- have an ARIA+ classification of Inner Regional, Outer Regional, Remote or Very Remote
- not currently receiving funding for the same transport initiative through the Closing the Gap Community and Place Gaps Program offered through Aboriginal Affairs NSW, Indigenous Advancement Strategy, or other funding source.

The types of services eligible to apply for the NSW Quality and Participation grants program is similar to that of the CCCFR grant, however, they have better specified and outlined the profile of these services in a targeted, and deliberate manner.

This approach suggests that clearer and more detailed eligibility criteria can be developed for funding programs with a similar context to the CCCFR.

ACCC commentary on international comparisons

The ACCC Childcare Inquiry final report has reviewed price regulation reforms in various countries where the child care market is similar to that of Australia, including the United Kingdom, Ireland, the Netherlands, the United States of America, Canada, New Zealand and Sweden. A key takeaway in the report is that childcare costs in Australia are relatively less affordable compared to other many OECD countries, and gross fees have increased faster than in other nations. The report explains the reasons behind this is that international counterparts employ more diverse mechanisms to implement price control and are trending towards supply-side funding.¹⁵⁰

Supply side funding is intended to cover the cost of providing child care for a provider, this can be achieved through direct public provision, capital or operating subsidies. This is in contrast to demand side subsidies, where funding is provided to cover the charge for a service (the CCS is falls under this category).

In the context of Australia, the current CCS (demand side subsidy) incentivises the market to supply child care services in areas with greatest demand and willingness or capacity. Therefore, childcare services in underserved and thin markets may face challenges and additional operational costs associated with providing ECEC on a per child basis.¹⁵¹ Supply side funding in this instance would ensure there is supply in thin markets and areas experiencing disadvantage, to lower the costs of running a service.

The CCCFR grant supports services in disadvantaged and vulnerable communities, many of which are in underserved and thin markets. While the CCCFR grant is not exclusively servicing providers in thin markets, it does act as a supply side subsidy by way of reducing overall operational and capital costs, irrespective of child care enrolment numbers.

¹⁴⁹ NSW Government Department of Education. Quality and Participation Grants program. (2023). <https://education.nsw.gov.au/early-childhood-education/operating-an-early-childhood-education-service/grants-and-funded-programs/quality-and-participation-grants-program#Program0>

¹⁵⁰ Australian Competition & Consumer Commission (ACCC), Childcare Inquiry, Final Report, (December 2023), < <https://www.accc.gov.au/system/files/ACCC%20Childcare%20Inquiry-final%20report%20December%202023.pdf>>

¹⁵¹ ACCC, Childcare Inquiry, Final Report, (December 2023), <<https://www.accc.gov.au/system/files/ACCC%20Childcare%20Inquiry-final%20report%20December%202023.pdf>>

6.3 Alternative approaches to funding

Key research questions

Would alternative funding approaches be better suited to achieve the intended outcomes of the CCCFR grant?

To what extent could funding be revised to improve effectiveness and efficiency?

Review finding 19

CCCFR grant funding is not intentionally responsive or adaptive to the current or evolving needs of community; it is largely a function of historical factors.

Supporting evidence for this finding is drawn from desktop research and consultations.

In addition to the perceived limitations in how the CCCFR grant can be used (see section 6.1), some services reflect that the CCCFR grant, which was based on legacy funding and designed as a transition mechanism to the CCS, has not evolved in line with changing family and community needs across Australia.

As discussed, there was no initial long-term view of the CCCFR grant. Therefore, the 2017 transition to the grant from other models was based on legacy funding arrangements. While this may have suited the needs of services at the time, services report that the landscape of child care has drastically changed since the transition. This is due to two factors: (1) the design of the CCS, and its barriers to access for some families in rural and remote communities, Aboriginal and Torres Strait Islander families, and vulnerable families; and (2) the changing needs of families in these communities. The need for CCCFR services has reportedly increased in some areas, however some services state that the funding model is not designed to be malleable to address changing needs:

"We have this funding because we have had it historically. But there are other services /programs that are same as ours. If the criteria is to increase opportunities for children, they would do it by having more services. It is one program. But no funding. There is a huge need. The grant is restricted – closed. But these are places that need the money".

"If new design for services, still one size fits all. I have 10 communities, but they are all different. So, a wish for us to not be looked at us 10 services all get one grant. One community needs something different to another even they we're provider for both".

Further, some services reflect that contrasting demographic groups within their local community can create challenges in terms of meeting the range of need. For example, some services report that there are two broad cohorts of residents within their community: one is transient to the area (i.e., temporary workers such as teachers/nurses/police with children); the second are local and are more likely to experience social and economic vulnerabilities. The price point at which these two cohorts can enrol their children to CCCFR services vary considerably. The current design of the CCCFR funding is not adaptive to variations within community.

An especially vulnerable cohort of children are those with disability and/or additional barriers to learning or development. No data was available on the proportion of children in CCCFR services with additional needs. However, there are indeed children within communities with disability that require early childhood education and care. The most recent disability data in Australia from 2015 indicates that 7.4 per cent of children had some level of disability.¹⁵² The proportion of children with a severe disability was highest in inner regional areas (5.4 per cent) and among low-income

¹⁵² Australian Institute of Health and Welfare. Australia's children. (2022). <https://www.aihw.gov.au/reports/children-youth/australias-children>

households (5.2 per cent),¹⁵³ of which, largely reflects the demographic of communities in which CCCFR services are located.

Inclusion supports such as those offered under the ISP and individualised supports offered through the NDIS are available for services and families (respectively) to support children with disability. Further, under ISP, support is also provided to children classified as having 'additional needs', defined as those not only with a disability, but also challenging behaviours (including trauma-related).¹⁵⁴ The proportion of CCCFR services, as well as the families attending these services that utilise ISP and NDIS, needs to be further explored. However, stakeholder consultations reveal that some services do utilise ISP/NDIS – for example, one service has a partnership with Action Ability Australia to provide speech therapy and occupational therapy to children through the NDIS.

Irrespective of whether services/families are utilising ISP/NDIS, a key challenge for CCCFR is the capacity to meet the required staff to child ratios and maintain adequate supervision of children at all times. This issue is present even with the additional educator subsidy available to CCCFR services utilising ISP, given existing workforce shortages in the community (see quotes below). Maintaining adequate supervision in line with expectations under the NQF can be more challenging when caring for children with disability or additional needs, as increased educator-to-child engagement is likely needed to ensure meaningful inclusion and participation in the program, potentially impacting on the supervision of other children.¹⁵⁵

"Enrolments have dropped, and we can't build back up because we don't have staff to meet ratios".

"Attracting staff and upholding ratios is our biggest issue".

While the original design of the grant can be attributed to the fact that services on the CCCFR grant were to transition fully on CCS over time, there was no policy or plan in place to support services to make this transition. Rather, as outlined in the 2017 guidelines, as part of the application process for the CCCFR grant, services were required to write and implement a transition plan themselves. There are many issues which arise with this, such as (1) it requires a good understanding of the new system, (2) it places additional administrative burden on services.

Therefore, a CCCFR grant allocation based off historical funding amounts, compounding with its rigid design, has – in practice – led to an outdated and inflexible funding model that has often not met the needs of local families and communities.

Review finding 20

CCCFR services are seeking greater assurance in continuity of funding and greater flexibility in determining how funding meets the ECEC needs of their community.

Supporting evidence for this finding is drawn from desktop research and consultations.

The grant is most aligned with programmatic funding, which is where funding amounts are made available and allocated for a specific purpose and timeframe. In the case of the CCCFR grant, it was allocated with the intention of the grant eventually ceasing as services fully transition onto the CCS.

While the funding for the grant is ongoing, the grant agreements between the Department and CCCFR services was previously five years, and recently extended to seven. This has created long term funding uncertainty for services who heavily rely on the grant. This reveals that there is an

¹⁵³ Ibid.

¹⁵⁴ Victorian Inclusion Agency. Access inclusion support. Retrieved from: <https://viac.com.au/support#:~:text=Children%20with%20disability%2C%20undergoing%20assessment,from%20refugee%20or%20humanitarian%20backgrounds>

¹⁵⁵ ACECQA. Active supervision: ensuring safety and promoting learning. (2018) https://www.acecqa.gov.au/sites/default/files/2018-04/QA2-ActiveSupervisionEnsuringSafetyAndPromotingLearning_1.pdf

opportunity for the Department to consult and explore with services to determine the level of continuity in funding that best suits their financial planning needs. Services are also seeking for greater flexibility in funding allocation, in meeting the needs of community:

"The review should consider the flexibility of service provision remote, staffing challenges, training and transient nature of remote residents – the review should consider early learning programs as there is an age group of kids that are not catered for by this program".

Barriers to supporting funding flexibility include a lack of a funding formula (see section 6.1), as well as a lack of outcomes or performance measures within the grant design. One mechanism to ensure that funding is flexible to changing needs over time is having a vehicle to determine communities' changing needs, to better refine future funding allocation.

"There's long day cares, the mobiles, and even vacation and OSHC in there – and in one sense, they all require their own performance measures. These performance measures require really good data and that's something this program doesn't seem to have ever really had".

Further, for many services, CCCFR grant funding and CCS/ACCS funding is their predominant source of funding. While services can apply for further funding through other federal, state and/or local government grants/programs – many are unaware of what is available, or do not have the additional time to dedicate to applying and managing additional funding streams. There is also a heavy reliance on the CCCFR Program Officers to inform CCCFR services of additional funding and grant applications.

"Unless people tell us – they don't know what type of funding the child care could get".

The CCCFR grant funding conditions are particularly challenging to navigate for Aboriginal and Torres Strait Islander communities. In addition to the CCCFR grant being inflexible to changing needs, services operating in Aboriginal and Torres Strait Islander communities have voiced that the standard model of child care deeply contrasts with how their community perceives child care and how they would like child care to be delivered – to which, the CCCFR grant is not intentionally designed to adapt to.

To assist CCCFR services to become more adaptable to the differing needs of Aboriginal and Torres Strait Islander communities, there is scope for Aboriginal and Torres Strait Islanders community members to be included in conversations around how CCCFR services are delivered. Following this, perspectives of the community members need to be acknowledged and incorporated in service delivery, where possible.

There are many forms of disadvantage experienced by Aboriginal and Torres Strait Islander children and their families. This, in part, is a result of the remoteness of their communities. This review acknowledges that other minority groups (migrants, refugees, single parents etc) may also experience disadvantage. However, the extent to which this review is able to shed light on how CCCFR grant funding guidelines have been able to meet their needs was unable to be determined through consultations. This can be attributed to the fact that the communities of other groups are not as concentrated in remote areas, and not at scale to draw robust conclusions.

7 Administration, governance and compliance

This chapter considers the role and functions of the Department in providing funding to grant recipients, broader governance arrangements surrounding CCCFR services, current and future regulatory requirements, and the extent to which grant arrangements support governance and leadership in services.

7.1 CCCFR grant administration and governance

Key research questions

How is the CCCFR grant governed and administered in its current format?

Are clear roles and responsibilities assigned to various stakeholders involved in CCCFR grant administration and governance?

Review finding 21

CCCFR Program Officers are the primary point of contact and support for most CCCFR services, both for the grant and broader areas of service governance, quality, and business support outside the scope of the grant.

Supporting evidence for this finding is drawn from desktop research, consultations, CCCFR service survey and document analysis.

The CCCFR grant is administered by the Department. Within the Department, day-to-day responsibility for administration and governance of the CCCFR grant is undertaken by the 'CCCFR team', of which most staff are CCCFR Program Officers.

CCCFR Program Officers undertake a wide range of daily tasks and activities, both in relation to internally facing grant administration and policy advice, as well as external-facing support and engagement with CCCFR services.

To inform early analysis, the Department provided a list of identified roles and responsibilities for CCCFR Program Officers under the current grant arrangements, as outlined in Table 7.1 below.

Table 7.1: CCCFR Program Officer roles and responsibilities

Theme	Responsibility
Grants management	<ul style="list-style-type: none"> • GPS administration • Grants reporting • Assessing/accepting milestone reports • Desktop financial analysis • Debt recovery • Managing risk/s • Drafting funding agreements, Deed of Variation, Deed of termination and novation • Manage tender processes for new providers • Assessment/negotiation/recommendation of additional funding requests • Serious incidents management • Mobile service venue management • Temporary closures management • Ensure all records are filed and kept in line with departmental policy.
Executive communication	<ul style="list-style-type: none"> • Minutes to Executives on recommendations for additional funding • Provide briefing notes for the Minister/senior executive • Correspondence to the Director and Assistant Secretary as required.
Procurement	<ul style="list-style-type: none"> • Contract Management • Hub administration • Manage CCCFR tender processes and assist with other ad hoc tender processes as required.
Internal and external stakeholder engagement	<ul style="list-style-type: none"> • Provide local CCCFR service/community intelligence to other sections of the Department • Collaborate and engage with state and territory regulators, ACECQA and peak bodies • Provide data when requested • Provide grant advice • Problem solving • Manage service complaints in out of scope services • Communicate the Department’s expectations and regulative requirements to services • Interpreting legislation and regulations • Monitor compliance with Minister’s rules for services not approved under National Law <ul style="list-style-type: none"> – Undertake non-compliance processes if needed. • Make referrals to other agencies/areas as appropriate • Building the capacity of the ECEC sector <ul style="list-style-type: none"> – Encourage FAL compliance in our services. – Communicate and engage with board members, directors, educators and community members. – participating and engage in forums. – Encourage safe practices in CCCFR services, especially in out of scope services. – Educate and encourage providers/services to access tools, guidelines, templates, handbook, PRODA from the Department’s website.
Policy	<ul style="list-style-type: none"> • Provide assistance, feedback and recommendation for the CCCFR review • Influence wider ECEC policy

	<ul style="list-style-type: none"> • Raise grant/policy concerns and escalate where appropriate • Maintain CCCFR operations and services guides • Creating and updating templates as needed.
Infrastructure and leasing	<ul style="list-style-type: none"> • Manage Departmental leasing arrangements • Negotiation and managing the MOU's on leasing • Manage the repairs and maintenance in buildings the Department owns • Internal and external stakeholder engagement • Ensure all ComCover requirements and reporting are met.
Internal leadership	<ul style="list-style-type: none"> • Supporting, managing and mentoring other staff • Acting in higher positions when required.

Source: Australian Department of Education (2023).

As noted in the table above, CCCFR Program Officers are responsible for a broad scope of tasks and responsibilities in regard to both administration of the CCCFR grant itself, as well as providing ongoing support and engagement with CCCFR services to support ongoing access to ECEC for families and children in those communities.

Consultation with CCCFR services identified CCCFR Program Officers as a key point of contact for services, with the majority of services noting that their relevant Program Officer was their first point of call when faced with a question in relation to the grant or broader service management.

Analysis of survey responses from the CCCFR service survey indicate a similar trend, with a majority of respondents indicating that they would reach out to their Program Officer around queries relating to:

- CCCFR grant conditions (100 per cent)
- administering the CCS and/or obligations under the Family Assistance Law (69 per cent)
- their services' ability to transition to the National Quality Framework (62 per cent)
- service leadership and governance (56 per cent).

A tally of all responses collected across the nine survey questions relating to accessing support also indicates that Program Officers are a core source of advice for CCCFR services (Table 7.2).

Table 7.2: Cumulative responses to CCCFR service survey questions around accessing support

Contact for support	Number of total responses
CCCFR Program Officer	162
Local regulatory authority	108
Advice from community or families	100
Inclusion support agency	70
Child protection agency	53
Internet	44
Other	42
Unsure	1
ACECQA	0

Source: Deloitte Access Economics (2023).

These findings are consistent with consultation findings from Program Officer and broader Department stakeholders, who note that CCCFR services often seek advice and resources in relation to areas outside the scope of CCCFR grant administration.

Given the history of the grant and the context of CCCFR services, it is unsurprising that Program Officers are seen as a key source of support and guidance. This is likely due to:

- many CCCFR services not being regulated under the NQF or residual legislation, and therefore may have limited or no engagement with the regulatory authority in their jurisdiction
- the former Indigenous Professional Support Units (IPSU), which provided resources and support around inclusion and broader quality uplift being no longer available, following the cessation of the former Inclusion and Professional Support Program (IPSP)
- limited access to professional development and supports in regional, rural and remote areas where CCCFR services are operating.

Some ACCO services noted that they sought tailored support through SNAICC's Early Years Program (available in NSW, Victoria and WA) in relation to certain issues prior to engaging with their Program Officer. This finding emphasises the importance of establishing a comprehensive suite of supports and resources across governments, peak bodies and sector organisations, noting the diversity of the ECEC sector and unique context of each service.

Review finding 22

A lack of clarity around roles and responsibilities has meant that Program Officers are undertaking tasks beyond traditional grants administration roles, with limited or no additional training to support CCCFR services with broader queries in relation to operations, such as infrastructure and asset maintenance.

Supporting evidence for these findings is drawn from consultations and document analysis.

Consultation with both Department staff and CCCFR services identified current limitations in meeting the resourcing and support required to adequately address the needs of CCCFR services.

Feedback from CCCFR services indicates that Program Officers have strong knowledge of grant requirements and expectations of services under the FAL. Consultations with Program Officers highlight the same depth of knowledge in relation to services' funding obligations, with Program Officers providing examples of ways in which they support CCCFR services to continue to meet their obligations under the FAL when administering the CCS.

However, despite this rich knowledge of the CCCFR grant requirements and the broader funding landscape, some CCCFR services note that their Program Officer is limited in the level of knowledge they can provide around broader areas of child care and service governance, such as financial management or meeting expectations under the National Law and Regulations. However, in nearly all cases, it was noted that their Program Officer would seek further guidance and be able to refer the service to a more appropriate contact for guidance. These limitations are echoed by Program Officers, who note challenges around providing advice to services on areas of which they have limited knowledge, such as guidance around infrastructure and assets management.

Review finding 23

To remain sustainable, CCCFR services require specialist support that is outside of the scope of roles and responsibilities of the Program Officers and is not systematically provided to CCCFR services through other government or non-government bodies.

In administering the CCCFR grant, the Department provides a range of additional supports to CCCFR services, including training through ACECQA's *Quality and Safety Training Package* and ongoing business support through BDO. However, these are perceived to be relatively limited in their intent and not as flexible or responsive to day-to-day queries or concerns faced by services.

Current resources and training delivered for regulated services under the NQF, such as the Quality Support Program (QSP) delivered by ACECQA in NSW, provider governance training delivered by peak bodies such as Community Early Learning Australia (CELA),¹⁵⁶ and resources from state and territory regulatory authorities provide NQF-regulated services with broader access to training and development compared to CCCFR services.

In addition, findings outlined in Domain 1 indicate that many CCCFR services provide support to families and the broader community, recognising the importance of community wellbeing and its impact on child outcomes and access to early childhood education and care.

These supports are responsive to the original outcomes of the CCCFR grant, including addressing "community level barriers to child care participation".¹⁵⁷ To meet these community-level barriers and needs, services spoke of additional training needs in community skills development, targeted cultural awareness training, and trauma-informed training.

In addition to current supports, there may be considerable value in exploring whether resources provided by state and territory governments, regulatory authorities, peak bodies (such as CELA, ECA or SNAICC) can be made accessible and responsive to the needs and context of CCCFR services through a targeted approach to driving quality uplift.

Review finding 24

Changes to the Department's governance model over time has impacted the ability of Program Officers to visit CCCFR services in person, which both CCCFR services and Program Officers cite as a limitation to providing effective support.

Supporting evidence for this finding is drawn from consultations.

Since 2017, organisational changes within the Department have resulted in the delivery of grant and administrative support from state and territory-specific officers shifting to a national team of CCCFR Program Officers. These roles are delivered virtually, enabling Program Officers to work in any region across Australia.

Given the number of services receiving support through the grant, Program Officers are allocated several services to support, often across multiple jurisdictions. Engagement with services is primarily through emails and telephone calls, however in certain limited circumstances Program Officers have visited services on an ad-hoc basis, such as during a services' opening day or other important events.

Within survey responses and consultations, nearly all services emphasised the positive, immeasurable value of their relationship with their Program Officer. However, services commonly noted that they would appreciate increased face-to-face engagement with their Program Officer within their local community. Services noted that having Program Officers visit the service would allow for greater understanding around their service and community context, and would support them to work with the Program Officer in identifying and addressing areas for growth.

Consultations with Program Officers and broader Department staff also suggested benefits in enabling travel and face-to-face engagement between CCCFR services and their respective Program Officer on an ongoing basis, in particular to increase communication with key staff and

¹⁵⁶ Community Early Learning Australia (CELA), 'Approved Provider and Governance Program' (2023) <<https://www.cela.org.au/training/approved-provider-program>>

¹⁵⁷ Australian Government Department of Education and Training, 'Community Child Care Fund – Restricted non-competitive grant opportunity (for specified services) Guidelines (2017) 20

further develop rapport with service staff and local community. This was noted as particularly relevant for services in rural and remote areas more likely to experience technological barriers to accessing broader guidance and supports.

In identifying further opportunities for face-to-face visits by Program Officers, the Department may wish to consider a targeted approach to PO travel, such as focussing on services that have expressed an interest for direct face-to-face engagement with their PO. Noting financial and logistical complexities of visiting many CCCFR services, particularly in rural and remote settings, adopting a targeted approach to face-to-face visits may have a positive effect on quality uplift and services' overall engagement with the grant.

Services situated in Western Australia also felt that the lack of a Program Officer situated in their jurisdiction impacted their access and supports offered under the grant, and that having a Program Officer from Western Australia would allow for deeper awareness and knowledge around their service and communities.

7.2 CCCFR grant monitoring and reporting

Key research question

What are current monitoring and reporting processes to ensure compliance with CCCFR grant expectations?

Review finding 25

Despite annual reporting obligations for CCCFR services under the grant, there is limited evidence to indicate that these materials are being used to inform ongoing access to grant funding and broader quality uplift.

Supporting evidence for this finding is drawn from consultations and document analysis.

Within the original Grant Guidelines released in July 2017, detail around monitoring and performance reporting noted that "recipients will need to collect data that measures how the activity contributes to the CCCF outcomes and objectives".¹⁵⁸ Furthermore, the initial guidelines noted that through services "complying with record keeping, reporting and acquittal requirements set out through the grant agreement", the Department would be responsible for evaluating "the grant recipient's performance against progress on milestones as set out in the grant agreement schedule".¹⁵⁹ In addition the Guide for Grant Recipients also notes that services must also "meet all grant agreement requirements including submitting milestone reports on time"¹⁶⁰ in order to receive ongoing funding under the grant.

As previously noted in this report, CCCFR services are required to submit the financial and compliance-related reports annually in line with the following deadlines:

- Activity budget – 31 July
- Minor Capital Project Work Plan (if applicable) – 31 July
- Compliance and Operations Report – 31 March
- Financial Report – 31 October.

¹⁵⁸ Australian Government Department of Education and Training, 'Community Child Care Fund – Restricted non-competitive grant opportunity (for specified services) Guidelines (2017) 20

¹⁵⁹ Ibid. 21

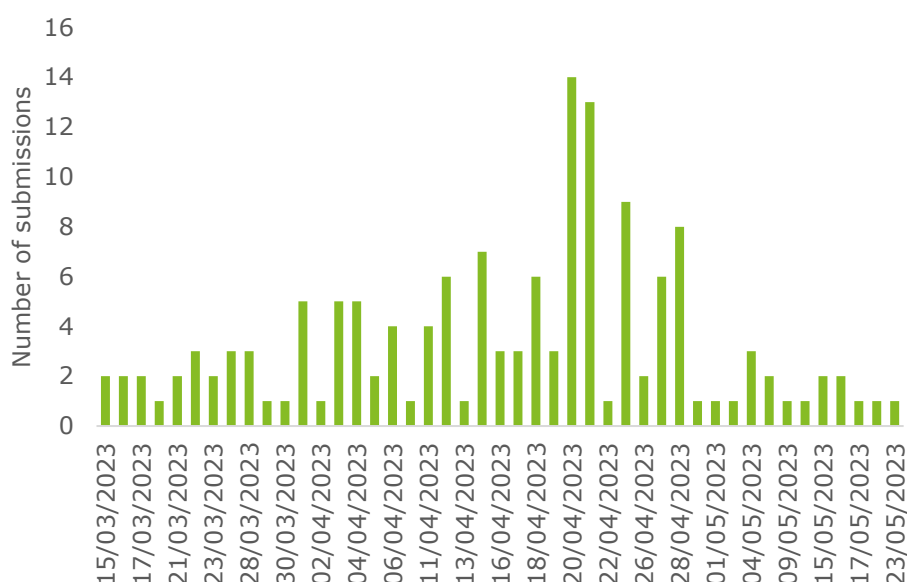
¹⁶⁰ Australian Department of Education, 'CCCF Restricted Grants – Guide for Grant Recipients' (2023), <<https://www.education.gov.au/early-childhood/resources/community-child-care-fund-restricted-grants-guide-grant-recipients>> 6

In addition, services are notified through correspondence that submitted Compliance and Operations Reports must be considered as adequate by the relevant Program Officer before further payments can be released under the CCCFR grant¹⁶¹.

Despite these clear reporting processes in place, consultation with Program Officers and broader Departmental staff indicates that further analysis of reporting data could be undertaken in line with the broader objectives and intended outcomes of the grant. Identified challenges which impede this ongoing analysis include a lack of dedicated information data collection, management and reporting system for the grant, as well as the training and resources required to adopt ongoing grant reporting and analysis, ultimately reducing resources made available through the grant to CCCFR services.

Furthermore, while the guidelines and Guide to Grant Recipients note that services must meet the reporting milestones as indicated above, an analysis of metadata associated with Compliance and Operation Report submissions indicates that the majority of CCCFR services did not meet this deadline, with some services submitting their reporting documents almost two months following the reporting milestone of 31 March 2023 (Chart 7.1).

Chart 7.1: Histogrammy of 2023 Compliance and Operations Report submissions



Source: Deloitte Access Economics (2023).

However, while many services did not meet the reporting milestone as indicated within services’ obligations in the grant guidelines and Guide to Grant Recipients, there is no evidence to suggest that their ongoing access to grant funding has been impacted.

More broadly, there is limited detail within grant documentation or guidance around the extent to which non-compliance with reporting and broader grant obligations will impact eligibility of funding on an ongoing basis.

Review finding 26

The Department adopts a responsive, risk-based approach to monitoring and reporting with CCCFR services, supporting CCCFR services to meet their compliance obligations in a non-

¹⁶¹Email correspondence between CCCFR team member and CCCFR service on 13 March 2023 about Compliance and Operations Report [provided by Department].

punitive manner, while still undertaking enforcement actions where significant risks to children’s health and safety have been identified.

Supporting evidence for this finding is drawn from consultations and literature analysis.

In addition to the Department’s flexibility around reporting guidelines, as outlined above, consultation with Program Officers and broader Department staff indicates that the Department adopts a flexible, risk-based approach in addressing areas of potential non-compliance with grant conditions and/or the Minister’s Rules.

While not formally adopted by the Department, this flexible approach to grants administration is reflective of contemporary theory of ‘responsive regulation’,¹⁶² an approach adopted by numerous Australian early childhood and broader regulators which emphasises a flexible, deliberative approach to regulation. Examples of Australian adoptions of responsive regulatory theory include the NSW Regulatory Authority, ACECQA, Queensland Fair Trading and the Australian Government’s Aged Care Quality and Safety Commission.^{163,164,165,166}

The regulatory pyramid, a core component of this approach, emphasises the use of less coercive, less interventionist measures for those at the bottom of the pyramid – those willing and able to engage with their regulatory obligations. However, if an individual or organisation’s behaviour indicates that they are engaging in deliberate non-compliance, then more stringent enforcement measures should be adopted – representing the top of the pyramid. As the pyramid is designed to escalate regulatory responses based on the severity and nature of the issue, serious incidents such as risk to the health and safety of a child would require immediate intervention.¹⁶⁷

During consultations, Program Officers and broader Departmental staff emphasised the importance of supporting CCCFR services in meeting their legislative obligations and conditions under the grant. In practice, this included:

- reviewing and providing feedback on submitted documentation, such as documents provided as part of the Compliance and Operations Reports and providing opportunities for re-submission
- flexibility and follow-up with services when unable to meet grant milestones
- enabling professional development and supports to support services in meeting grant and legislative obligations, including through partnerships with ACECQA and state and territories.

This flexibility adopted by the Department to grant recipients recognises the context of CCCFR services, many of which may face significant barriers in meeting grant obligations due to short staffing, technological issues, barriers to accessing supports due to geographical isolation and limited knowledge of the NQF.

This responsive approach in providing support to services in meeting their compliance obligations is reflective of ‘good regulatory practice’ as outlined by ACECQA.¹⁶⁸ Specifically, ACECQA note that

¹⁶² Ian Ayres and John Braithwaite, *Responsive Regulation: Transcending the Deregulation Debate* (Oxford University Press 1992)

¹⁶³ NSW Department of Education, *The Regulatory NSW Regulatory Authority’s Approach to Monitoring and Compliance Policy* (2022) <https://education.nsw.gov.au/content/dam/main-education/early-childhood-education/regulation-and-compliance/The_Regulatory_Authoritys_Approach_to_Compliance.pdf>

¹⁶⁴ ACECQA, ‘Good regulatory practice’, *Guide to the NQF* (2023) < <https://www.acecqa.gov.au/national-quality-framework/guide-nqf/section-5-regulatory-authority-powers/15-good-regulatory-practice>>

¹⁶⁵ Queensland Office of Fair Trading, *Fair Trading Compliance Program* (2023) <<https://www.qld.gov.au/law/laws-regulated-industries-and-accountability/queensland-laws-and-regulations/regulated-industries-and-licensing/fair-trading-enforcement/compliance-program>>

¹⁶⁶ Australian Government Aged Care Quality and Safety Commission, *Updates for Compliance and Enforcement Policy – November 2022* (2022), <<https://www.agedcarequality.gov.au/media/94534>>

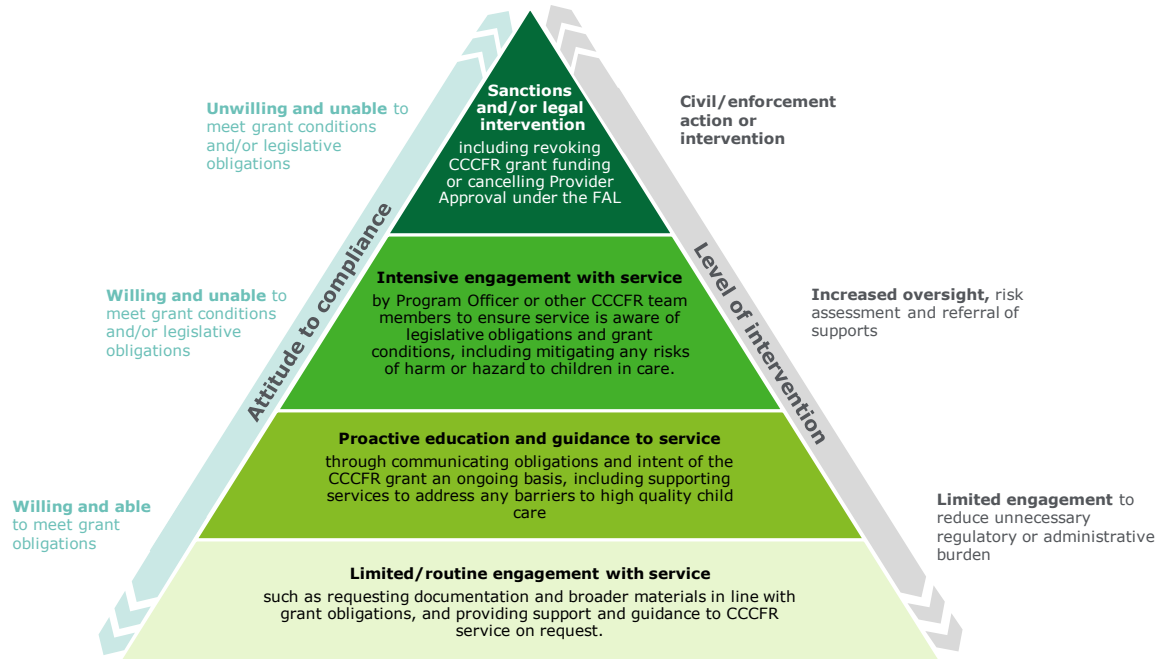
¹⁶⁷ Jeroen van der Heijden, *Responsive Regulation in Practice: A Review of the International Academic Literature* (2020)

¹⁶⁸ ACECQA, ‘Good regulatory practice’, *Guide to the NQF* (2023) < <https://www.acecqa.gov.au/national-quality-framework/guide-nqf/section-5-regulatory-authority-powers/15-good-regulatory-practice>>

good regulation must be outcomes-focused and promote increased quality outcomes, including needing to “be flexible and innovative, achieving the best regulatory outcome in the particular circumstances of each case”.¹⁶⁹ This is particularly relevant for CCCFR services in rural and remote “thin market” communities, that may experience increased risks of service closure due to financial or business viability issues.

An adapted version of the regulatory pyramid for the CCCFR grant is shown in Figure 7.1.

Figure 7.1: An adapted version of the regulatory pyramid



Source: Deloitte Access Economics (2023).

It is important to note that while the Department adopts a responsive approach to supporting services to meet grant and legislative obligations, Departmental staff indicate that they adopt firmer, more punitive interventions in areas of significant concern, such as serious reportable incidents or identified risks of to the health and safety of children.

7.3 Expected barriers to meeting the National Quality Framework and Family Assistance Law obligations

Key research question

What are the expected barriers, if any, for CCCFR services to enable regulatory compliance with the National Quality Framework (NQF) and to administer the CCS under the Family Assistance Law (FAL)?

As described in initial grant documentation from 2017, the CCCFR grant was originally intended to support child care services to transition to the new child care system. Specifically, this meant achieving financial sustainability through revenue collected through the CCS rather than remaining reliant on grant funding, as well as increasing services’ capacity and capability to be regulated under the NQF.

¹⁶⁹ Ibid.

However, while this original intent sought for services to transition towards CCS-driven financial sustainability and regulation under the NQF, many CCCFR grant recipients are assumed to face barriers to meeting provider and service obligations under the FAL and the NQF.

Through interviews with service staff and providers, analysis of service documentation, review of broader literature and consultation with wider stakeholders, several key barriers have been identified which are expected to impact CCCFR services' ability to meet obligations under the NQF and the FAL.

Important to note, barriers articulated in this chapter are in addition to broader legislative limitations for many CCCFR services with being 'out of scope' (excluded from the definition of education and care service) as discussed in section 2.3.3.3 of this report.

Barriers to NQF compliance noted across this review are reflective of both **service-specific compliance issues**, as well as **broader systemic challenges** impacting CCCFR services' capacity to meet legislative and regulatory obligations. This distinction has been outlined within the analysis below.

7.3.1 Service-specific barriers to meeting provider obligations under the Family Assistance Law

Review finding 27

CCCFR services have highlighted challenges in meeting provider obligations under the Family Assistance Law (FAL), in particular around approved provider and person with management or control (PMC) obligations, collecting gap fees, exceeding allowable absences and broader challenges around collecting CCS information from families.

Supporting evidence for this finding is drawn from consultations and document analysis.

To administer the CCS on behalf of families, child care services are required to meet certain obligations under the FAL. These include:

- **meeting requirements to receive provider approval**, including being deemed as fit and proper to handle CCS funding,¹⁷⁰ ensuring that staff have mandatory background checks and Working with Children Checks (WWCC)
- **ongoing reporting and financial management obligations**, including inputting child-level enrolment and attendance data into CCSS, seeking relevant information from families (such as a Tax File Number), notifying the Department when there is a change of circumstances, ensuring families make a co-contribution to their child care fees,¹⁷¹ and ensuring gap fees are paid electronically.¹⁷²

Through consultation with services, government agencies, peak bodies and broader stakeholders, the following list of barriers to FAL compliance were identified as commonly experienced by CCCFR services.

Suitability of person with management or control (PMC)

Individuals or entities perceived to have legal or organisational responsibility and authority over decisions guiding the child care provider are automatically deemed persons with management or control (PMC) under the FAL.¹⁷³ Recognising the wide breadth of management structures within

¹⁷⁰ Australian Government Department of Education, *Provider Obligations: Fit and proper* (2023) <<https://www.education.gov.au/early-childhood/provider-obligations/fit-and-proper>>

¹⁷¹ Australian Government Department of Education, *Child care subsidy: Payments and fees* (2023) <<https://www.education.gov.au/early-childhood/child-care-subsidy/payments-and-fees>>

¹⁷² *A New Tax System (Family Assistance) (Administration) Act 1999*

¹⁷³ Section 194F: Meaning of person with management or control. *A New Tax System (Family Assistance) (Administration) Act 1999*

the ECEC sector, PMCs can encompass a wide range of individuals, including board members, service directors, or partners or members of an organisation's governing body.¹⁷⁴

For Indigenous corporations, the Department notes that this may include “people on the board who are directors or executives” and “senior managers who have the authority to make executive decisions in relation to the child care service”, such as “chief executive officers, chief financial officers, chief counsel/legal officers, regional managers and managing directors”.¹⁷⁵

Approved providers under the FAL are responsible for ensuring all PMCs are identified in the CCSS, including ensuring that all PMCs:

- *“have an individual PRODA account*
- *be linked to the provider in CCSS*
- *keep their information up to date and correct in CCSS*
- *notify the Department when they join or leave an approved provider or service*
- *be considered fit and proper by us*
- *have all necessary background checks*
- *provide evidence of background checks to the Department when asked.”¹⁷⁶*

Consultation with Departmental and broader stakeholders, including state and territory governments and regulatory authorities, point to challenges in relation to adequate identification and collection of evidence in relation to PMCs by CCCFR services.

Specific issues identified through consultation include:

- board members and individuals with oversight over the approved provider not being updated in CCSS in a timely manner, including updating CCSS when changes in PMCs occur
- hesitancy by providers to record when a PMC receives an adverse background check in a timely manner
- broader reporting in relation to provider and/or service contact details, name, hours and changes in care arrangements and operations in a timely manner.

Taking all reasonable steps to collect gap fees

To receive the CCS, families are expected to provide a co-contribution payment towards the education and care in addition to revenue provided to the service through the CCS.¹⁷⁷ This co-contribution is often referred to as a “gap fee”.

As an approved provider under the FAL, services are required to “take all reasonable steps” to collect the gap fee payment from all families receiving CCS at the service.¹⁷⁸ The Department provides guidance online around how services can ensure they are taking all reasonable steps, including:

- maintaining clear policies and procedures around fee payment
- providing clear advice to families around fees and payment options
- maintaining oversight over families’ payments, including monitoring gap fees on a regular basis.¹⁷⁹

¹⁷⁴ Australian Government Department of Education, *Provider obligations: Persons with management or control* (2023) <<http://www.education.gov.au/early-childhood/provider-obligations/persons-management-or-control>>

¹⁷⁵ Australian Government Department of Education, *Provider obligations: Persons with management or control by organisation type* (2023) <<https://www.education.gov.au/early-childhood/provider-obligations/persons-management-or-control/pmcs-organisation-type>>

¹⁷⁶ Australian Government Department of Education, *Provider obligations: Persons with management or control* (2023) <<http://www.education.gov.au/early-childhood/provider-obligations/persons-management-or-control>>

¹⁷⁷ Australian Government Department of Education, *Provider obligations: collecting gap fees* (2023) <<https://www.education.gov.au/early-childhood/provider-obligations/collecting-gap-fees>>

¹⁷⁸ Section 201B: Enforcing payment of hourly session fees. *A New Tax System (Family Assistance) (Administration) Act 1999*

¹⁷⁹ Australian Government Department of Education, *Provider obligations: collecting gap fees* (2023) <<https://www.education.gov.au/early-childhood/provider-obligations/collecting-gap-fees>>.

In addition, the Department includes guidance on other safeguards that services may consider to ensure gap fees are collected, including:

- requiring families to pay bonds
- imposing late payment or direct debit default fees
- following up debts with families in a timely manner
- providing families with advice in writing about amounts overdue and consequences of non-payment
- implementing payment plans to help families manage a debt over time.¹⁸⁰

During consultations, many CCCFR services raised concerns around challenges in collecting gap fees from families. These concerns were largely in relation to fears of impacting the financial circumstances of families, particularly considering cost-of-living pressures and broader financial challenges in regional, remote and areas of socio-economic disadvantage.

When discussing child care accessibility, one peak organisation noted that the requirement for families to pay a gap fee would not only act as a barrier to ECEC, but would further exacerbate socio-economic inequity and was antagonistic to the intent of the CCCFR grant's objectives of supporting vulnerable and disadvantaged communities. For ACCOs, there are additional complexities around collecting gap fees from families, which can contradict cultural protocols around kinship, exchange and sharing with community.¹⁸¹

Consultations with services and Departmental staff highlighted that, in some circumstances, CCCFR services will provide education and care to children without receiving revenue through CCS or gap fees. This is often due to families not providing the necessary information from Services Australia to administer the CCS on their behalf. This circumstance may occur when a family has agreed with the service to provide this information, however, later is unable to produce these details.

In these circumstances, Program Officers and the broader CCCFR team have worked with services to address barriers for families with the Child Care System and Services Australia, as well as supporting the service in taking all reasonable steps to collect this information to receive CCS revenue. This may include enrolling a child through a 'relevant arrangement' in which limited information is required to be collected from the parent or child, however no CCS is received.

If a service is unable to collect the relevant information to administer the CCS on behalf of a family for a session of care, the service would likely absorb the cost of the care within their existing resources. Considering this, Program Officers and the Department emphasise the importance of working with families to support CCS enrolment to maximise the service's overall revenue for a session of care.

In considering the grant's various roles in increasing access and participation of children in ECEC, supporting services to transition to the Child Care System under the FAL, as well as supporting the financial viability of CCCFR services, there is scope for considering how relevant arrangements could be adjusted in a future policy environment to enable per-child funding to support their care, either through the CCS or in the form of evidence to determine additional supply-side funding.

Family eligibility and the collection of relevant CCS documentation

Under the FAL, services can administer the CCS on behalf of eligible families. Broadly, to be eligible for the CCS, families must:

- be applying for "a child 13 or younger who's not attending secondary school, unless an exemption applies
- access child care by an approved provider under the FAL
- be responsible for paying child care fees

¹⁸⁰ Ibid.

¹⁸¹ Catherine Demosthenous, Boni Robertson, Anuja Cabraal and Supriya Singh, 'Cultural Identity and Financial Literacy: Australian Aboriginal Experiences of Money and Money Management' (2006) *Paper presented to Financial Literacy, Banking and Identity Conference, RMIT University Melbourne*

- meet residency and immunisation requirements”.¹⁸²

Payments for the CCS and ACCS are administered by Services Australia (*formerly Centrelink*). As defined under the FAL, “individuals must first make a claim for CCS to become eligible and entitled to the subsidy”.¹⁸³ As such, families seeking to receive the CCS must apply through Services Australia, including holding a Centrelink Customer Reference Number (CRN) and providing relevant documentation to satisfy the application process.¹⁸⁴ This is consistent with findings from the 2021 evaluation of the Child Care Package undertaken by AIFS, which pointed to administrative burdens as a key barrier to accessing child care.¹⁸⁵

Consultation with CCCFR services identified ongoing challenges in relation to collecting details of families’ CCS arrangements and eligibility, in particular the CRN to collect the payment on the family’s behalf.

More specifically, services noted that families often experienced several barriers in accessing the subsidy and broader government payments, such as:

- **perceived administrative complexity** by families in applying for payments through Services Australia
- **movement of families across locations**, with the change in service/s being accessed resulting in suspension of CCS payments and requiring a new application
- **limited access to online, telephone or a service centre**, particularly in relation to communities in regional and remote locations.

During consultation, Services Australia highlighted several targeted initiatives being delivered to ensure increased access for regional and remote areas, in particular the continued rollout of remote servicing teams (dedicated staff) and remote service centres (buses) in identified areas with reduced access to a traditional Service Centre. However, the detail of these initiatives was not able to be shared with the review team and thus the breadth and impact of such measures could not be assessed. During the stakeholder consultation process, it was frequently observed by both families and service providers that the outreach of Services Australia was insufficient when it came to meeting their communications and engagement needs.

Critically, services, peak bodies and state and territory governments all raised the **ongoing impacts of intergenerational trauma when engaging with government services** as a key barrier to families’ engagement with Services Australia.

This feedback is consistent with broader policy and public health research around individual and community experiences of intergenerational trauma for Aboriginal and Torres Strait Islander peoples in Australia, often emphasising the importance of culturally responsive and community-led approaches to delivering services to ensure cultural safety and provide space for healing and self-determination.^{186,187,188,189}

¹⁸² Services Australia, *Child Care Subsidy* (2023) <<https://my.gov.au/en/services/raising-kids/toddlers-and-preschoolers/payments-for-toddlers-and-preschoolers/child-care-subsidy>>

¹⁸³ *Child Care Subsidy Secretary’s Rules 2017, subsection 85GB(2) of the A New Tax System (Family Assistance) Act 1999 (the Family Assistance Act)*

¹⁸⁴ Services Australia, *Centrelink Customer Reference Number (CRN)* (2023) <<https://www.servicesaustralia.gov.au/centrelink-customer-reference-number-crn?context=64107>>

¹⁸⁵ Australian Institute of Family Studies, *Child Care Package Evaluation: Final Report* (2021) <https://aifs.gov.au/sites/default/files/2022-12/2021_child_care_package_evaluation_final_report.pdf>

¹⁸⁶ Crystal Jongen, Sandra Campbell, Janya McCalman, Ruth Fagan, Kingsley Pearson, and Suzanne Andrews, ‘Transitioning to Aboriginal community control of primary health care: the process and strategies of one community-controlled health organisation in Queensland’ (2020) 21 BMC Primary Care

¹⁸⁷ Camila A. Kairuz, Lisa M. Casanelia, Keziah Bennett-Brook, Julieann Coombes and Uday Narayan Yadav, ‘Impact of racism and discrimination on physical and mental health among Aboriginal and Torres Strait Islander peoples living in Australia: a systematic scoping review’ (2021) 21 BMC Public Health

¹⁸⁸ Karen Menzies, ‘Understanding the Australian Aboriginal experience of collective, historical and intergenerational trauma’ (2019) Volume 62 (6) International Social Work

¹⁸⁹ Telethon Kids, ‘Addressing individual and community transgenerational trauma’, *Working together* (2nd ed, 2014) 289

Exceeding allowable absences

As stipulated under the FAL, services are allowed to collect CCS revenue on behalf of a family for up to 42 days a year when a child is absent from a service.¹⁹⁰ As subsidy payments are only made when a child attends child care, these “allowable absences” across the year provide flexibility to families and ensure financial support to the service if a child does not attend their expected session of care.

However, several services noted challenges in relation to families exceeding their allowable absences. Two examples identified through consultations were:

- a centre-based CCCFR service operating on a school site to provide child care to support parents to complete high school qualifications. Given the structure of the school year and the sizeable distances of parents to the service, many families would hit their allowable absences by the middle of the year. This resulted in the service incurring a loss over the subsequent school holiday breaks, as they did not want to charge parents the full fee in absence of the CCS
- a service noting that several families were known to be absent on a regular basis due to broader family impacts associated with vulnerability and/or disadvantage.

Impacts of family movement on CCS-related revenue

During consultation, several services raised issues around how eligibility for the CCS applied to a particular service and the lack of portability of child care eligibility to other services. This was particularly relevant when discussing patterns of movement by families across community to meet family and cultural responsibilities and broader obligations.

While a service may be able to apply up to 42 allowable absences while the child is away from the service, this may only financially support services during shorter-term absences. As discussed above, family movement across services to support a child’s ongoing access to education and care requires a new CCS application when seeking to enrol the child at the new service.

Broadly, the service-specific application process for the CCS is assumed to result in additional financial uncertainty for CCCFR services while the child is not present at the service during periods of movement, as well as additional administrative burdens for families through applying for the CCS when seeking care at a service during periods of travel.

7.3.2 Service-specific barriers to compliance with the National Quality Framework

Review finding 28

Some CCCFR services are expected to face significant barriers to meeting the National Law and Regulations, in particular around meeting workforce and infrastructure requirements.

Supporting evidence for this finding is drawn from consultations, CCCFR service survey and document analysis

The review sought feedback from services, peak bodies, state and territory governments and regulatory authorities around CCCFR services’ ability to transition to the NQF and expected barriers to meeting service and provider requirements under the National Law and Regulations.

In considering services who had not yet transitioned to the NQF, three key areas were identified as significant barriers to transition.

Meeting workforce requirements under the NQF

Like the broader ECEC sector, CCCFR services noted significant challenges around attracting and retaining qualified educators. This issue of workforce shortages, however, was seen as

¹⁹⁰ Australian Government Department of Social Services, *Family Assistance Guide: 1.1.A.05 Absences* (2023) <<https://guides.dss.gov.au/family-assistance-guide/1/1/a/05>>

exacerbated for CCCFR services working in regional and remote locations due to limited local workforce talent and a lack of financial resourcing and/or local accommodation to attract qualified early childhood educators.

Some services noted that while they could currently maintain adequate supervision of children in their care, qualification requirements under the NQF would negatively impact the number of staff they could employ at their service.

For example, while *regulation 126* of the National Regulations provides services with some flexibility by allowing an educator to be “actively working towards” a Certificate 3-level ECEC qualification while employed at the service, a lack of local, accessible training providers in regional and remote locations significantly impacts services to employ staff through this pathway.¹⁹¹

Meeting infrastructure and space requirements

During consultation, services and regulatory authorities raised a lack of adequate infrastructure as a significant barrier for services to meet requirements under the National Law and Regulations.

More specifically, a regulatory authority noted specific challenges in relation to the design of buildings being used by CCCFR services, noting that some services would require significant infrastructure investment to address aspects such as removing doors and walls to increase supervision and expanding floor space to meet space requirements.

As such, CCCFR services are expected to face barriers in meeting a range of requirements under the National Law and Regulations, as shown in Table 7.3.

Table 7.3: Infrastructure-related regulatory requirements

Relevant section/regulation		Relevant section
r103	Premises, furniture and equipment to be safe, clean and in good repair	<i>“(1) The approved provider of an education and care service must ensure that the education and care service premises and all equipment and furniture used in providing the education and care service are safe, clean and in good repair.”</i>
r104	Fencing	<i>“(1) The approved provider of an education and care service must ensure that any outdoor space used by children at the education and care service premises is enclosed by a fence or barrier that is of a height and design that children preschool age or under cannot go through, over or under it.”</i>
r105	Furniture, materials and equipment	<i>“(1) The approved provider of an education and care service must ensure that each child being educated and cared for by the education and care service has access to sufficient furniture, materials and developmentally appropriate equipment suitable for the education and care of that child.”</i>

¹⁹¹ Regulation 126, Education and Care Services National Regulations

r106	Laundry and hygiene facilities	<p><i>"(1) The approved provider of an education and care service must ensure that the service has--</i></p> <p><i>(a) laundry facilities or access to laundry facilities; or</i></p> <p><i>(b) other arrangements for dealing with soiled clothing, nappies and linen, including hygienic facilities for storage prior to their disposal or laundering--</i></p> <p><i>that are adequate and appropriate for the needs of the service.</i></p> <p><i>(2) The approved provider of the service must ensure that laundry and hygienic facilities are located and maintained in a way that does not pose a risk to children."</i></p>
r107	Space requirements--indoor space	<p><i>"The approved provider of an education and care service must ensure that, for each child being educated and cared for by the service, the education and care service premises has at least 3.25 square metres of unencumbered indoor space."</i></p>
r115	Premises designed to facilitate supervision	<p><i>"The approved provider of a centre-based service must ensure that the education and care service premises (including toilets and nappy change facilities) are designed and maintained in a way that facilitates supervision of children at all times that they are being educated and cared for by the service, having regard to the need to maintain the rights and dignity of the children."</i></p>
s165	Offence to inadequately supervise children	<p><i>"(1) The approved provider of an education and care service must ensure that all children being educated and cared for by the service are adequately supervised at all times that the children are in the care of that service."</i></p>
s167	Offence relating to protection of children from harm and hazards	<p><i>"(1) The approved provider of an education and care service must ensure that every reasonable precaution is taken to protect children being educated and cared for by the service from harm and from any hazard likely to cause injury."</i></p>

In addition to the above, many mobile services currently funded through the CCCFR grant would face significant challenges in meeting relevant service requirements in relation to the physical environment, noting that these services often lack meaningful autonomy over the spaces in which they use (e.g., operating from a local community hall).

In addition, while some states such as NSW have brought mobile services in line with the NQF through residual legislation,¹⁹² mobile services are still formally considered 'out of scope' of the NQF under the National Law and Regulations (as previously discussed in section 2.3.3).¹⁹³

Meeting provider and PMC obligations under the NQF

As discussed in relation to meeting provider obligations under the FAL, broader stakeholders identified potential barriers for CCCFR services in meeting provider governance aspects of the National Law and Regulations.

Under section 12 of the National Law, provider approval may only be granted if the relevant state or territory regulatory authority is satisfied that the applicant (provider), as well as all identified PMC are "fit and proper" as determined by the regulatory authority.¹⁹⁴

In addition, sections 14 and 15 provide regulatory authorities with the powers to seek information from applicants when assessing applications for approval, including requiring individuals to undertake an assessment of their knowledge of the NQF as part of the application process.¹⁹⁵

This fitness and propriety assessment enables regulatory authorities (*i.e.*, state and territory governments) to consider, and in some cases refuse, an application if concerns arise prior to children attending a service. However, as transitioning to the NQF is assumed to require providers to formally apply for provider approval, ongoing challenges identified through consultation around adequately indicating and engaging PMCs may impact services' ability to sufficiently meet application requirements set by regulatory authorities.

Identified service-level barriers to compliance across the sector

In considering service-level barriers to compliance with the NQF, this review also considered summarised whole-of-sector data from the NQF Snapshot, published by ACECQA in October 2023.

According to the Q3 2023 report, services currently regulated under the NQF were most likely to not meet the following ten elements of the NQS.

Table 7.4: Elements most not met under NQS (as of Q3 2023)

Element	% not met
1.3.1 Assessment and planning cycle	5.7
1.3.2 Critical reflection	5.6
7.1.2 Management systems	4.6
7.2.2 Educational leadership	4.0
2.1.2 Health practices and procedures	3.9
2.2.1 Supervision	3.8
7.2.3 Development of professionals	3.5
1.1.3 Program learning opportunities	2.9
2.2.2 Incident and emergency management	2.6
4.1.1 Organisation of educators	2.3

Source: Deloitte Access Economics (table adapted from ACECQA's NQF Snapshot Q3 2023)

Recognising services within the context of the current early childhood sector, as well as broader challenges facing services in relation to attracting and retaining qualified early childhood educators

¹⁹² *Children (Education and Care Services) Supplementary Provisions Regulation 2019*

¹⁹³ Guide to the NQF, pg36 - https://www.acecqa.gov.au/sites/default/files/2020-01/Guide-to-the-NQF_2.pdf

¹⁹⁴ Section 12, *Children (Education and Care Services) National Law (NSW)*

¹⁹⁵ Sections 14-15, *Children (Education and Care Services) National Law (NSW)*

and staff, it is assumed that CCCFR services would face similar challenges if transitioned to the NQF.

7.3.3 Broader, systemic barriers to meeting the National Quality Standard

Review finding 29

While there is mixed evidence within current research, CCCFR services may face broader, systemic barriers to achieving the National Quality Standard (NQS) and broader requirements under the National Law and Regulations (NQF).

Supporting evidence for this finding is drawn from consultations and literature analysis

While CCCFR services may address service-level barriers to meeting requirements under the National Law and Regulations, current ECEC research in Australia and abroad indicates that services may be affected by broader, systemic barriers to quality. Within the context of the CCCFR grant, two potential barriers have been noted below.

Degree of geographical isolation

There is mixed evidence within current Australian ECEC research around the effect to which geographic isolation (i.e. regional and remote settings) impacts services' ability to meet the NQS.

In undertaking research around structures and systems influencing quality in Australian ECEC, Harrison et al. determined that state/territory jurisdiction, socio-economic status of the local community, the type and size of provider, and the size of the service impacted its ability to improve quality in line with the NQS.¹⁹⁶ The study extended on previous research by Thorpe et al.¹⁹⁷, which also reported little variance in Quality Rating awarded to services across metropolitan, regional and remote settings. However, when discussing their findings, the authors highlighted that services operated by larger providers were likely to improve from working Towards NQS to Exceeding than single, standalone services due to economies of scale and access to broader resources.¹⁹⁸ Acknowledging that the majority of CCCFR services are standalone settings, this finding may indicate underlying inequities associated with quality uplift and meeting the NQS.

In line with studies from the United States and China indicated the degree of urbanisation as a factor impacting service quality, data provided through the National Workforce Strategy indicates that services in remote and very remote Australia are more likely to be rated as Working Towards the NQS than metropolitan services, particularly for standalone services (Chart 7.2).¹⁹⁹

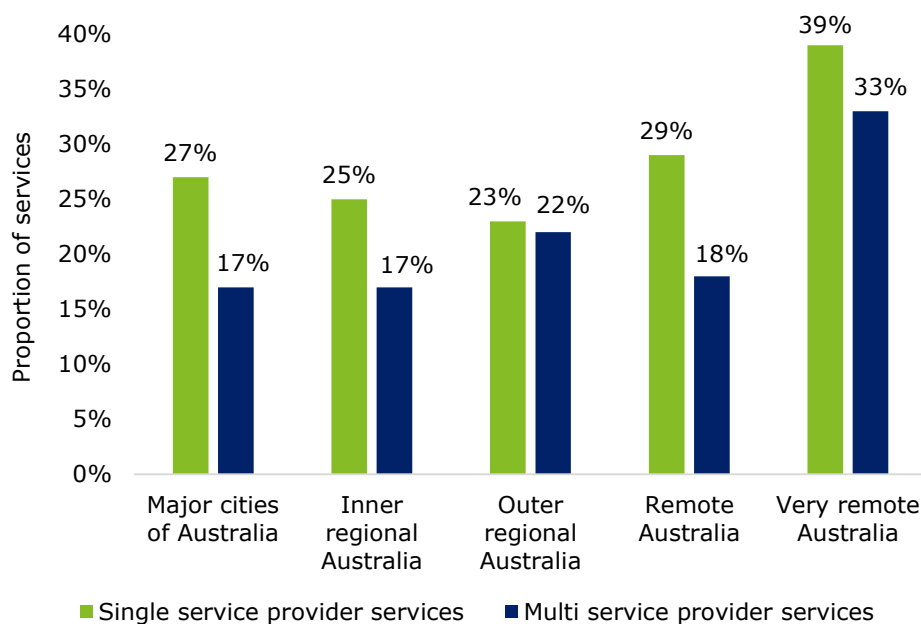
¹⁹⁶ Linda J. Harrison, Manjula Waniganayake, Jude Brown, Rebecca Andrews, Hui Li, Fay Hadley, Susan Irvine, Lennie Barblett, Belinda Davis, and Maria Hatzigianni, 'Structures and systems influencing quality improvement in Australian early childhood education and care centres' (2022) *The Australian Educational Researcher*

¹⁹⁷ Karen Thorpe, Emily Westwood, Elena Jansen, Ryan Menner, Sandy Houen and Sally Staton, 'Working Towards the National Quality Standard for ECEC: what do we know? Where should we go?' (2021) *The Australian Educational Researcher* 227

¹⁹⁸ Linda J. Harrison, Manjula Waniganayake, Jude Brown, Rebecca Andrews, Hui Li, Fay Hadley, Susan Irvine, Lennie Barblett, Belinda Davis, and Maria Hatzigianni, 'Structures and systems influencing quality improvement in Australian early childhood education and care centres' 2022) *The Australian Educational Researcher*

¹⁹⁹ Education Services Australia, *Shaping our future: a ten-year strategy to ensure a sustainable high-quality children's education and care workforce 2022-2031* (2021).

Chart 7.2: Proportion of services rated working towards NQS



Source: ACECQA, NQF Snapshot as of 30 September 2019

During interviews for the research project into highly-rated LDC services, a service director at a service in a rural remote town in the Northern Territory noted “that the assessment and rating process and the seven quality standards of the NQS do not consider the significant community issues that are prominent in remote areas of the Northern Territory that impact the quality of a service”.²⁰⁰ Furthermore, the service director noted she was aware of services in remote communities where there was limited literacy and proficiency in English, and argued that documentation and evidence requirements as part of the assessment and rating (A&R) were incongruent with services’ engagement with families and local community.²⁰¹

Another interviewee as part of the research emphasised that regional and remote services are disadvantaged in the assessment and rating process, in particular around meeting staffing-related elements of the NQS.²⁰² This assumption was guided by the belief that having ‘high-quality staff’ was driven by the attraction and retention of qualified early childhood educators and staff, and that this was more challenging for services in regional, rural and remote areas.

Cultural responsiveness of the National Quality Framework

Recent changes to the NQF, in particular through revisions to the Early Years Learning Framework (EYLF 2.0), have emphasised the importance of inclusion, cultural responsiveness and an increased focus on Aboriginal and Torres Strait Islander peoples’ perspectives within the Australian ECEC sector.

Consultations for this review identified several initiatives being undertaken by ACECQA, in collaboration with state and territory regulatory authorities, to increase the cultural responsiveness of the regulatory system. These have included delivering national resources around partnering with Aboriginal and Torres Strait Islander communities and embedding perspectives within practice,²⁰³ ongoing work in relation to the Sector Strengthening Plan in partnership with SNAICC, and updates

²⁰⁰ Alicia Jane Phillips, ‘An investigation of long day care services in Australia that are Exceeding the National Quality Standard’ (2020) *The University of Sydney*

²⁰¹ Ibid.

²⁰² Ibid.

²⁰³ ACECQA, *Information sheet: Belonging, Being and Becoming. Aboriginal and Torres Strait Islander Perspectives* (2022) <https://www.acecqa.gov.au/sites/default/files/2023-07/InformationSheet_EYLF-Aboriginal%20and%20Torres%20Strait%20Islander%20perspectives.pdf>

to training delivered to Authorised Officers of state and territory regulatory authorities to emphasise the importance of cultural responsiveness.²⁰⁴

In addition, states are currently developing resources to ensure services are culturally safe and responsive. In commitment to its First Steps Aboriginal ECEC strategy, NSW is currently developing a Cultural Safety Framework, intended to guide and uplift the cultural responsiveness of the sector.²⁰⁵

Within its draft report, the Productivity Commission identified cultural safety as a priority for supporting a universal ECEC system, noting that inquiry participants raised concerns that cultural competence and safety is not adequately reflected in the NQF.²⁰⁶

In its submission to the Productivity Commission inquiry, SNAICC emphasised that government should develop a unique quality framework and regulatory standards for Aboriginal and Torres Strait Islander services in partnership with ACCOs.²⁰⁷ This is due to the NQF being seen as not delivering optimal outcomes for Aboriginal and Torres Strait Islander children due to:

- the specific integrated service context of ACCOs which may not be suitably regulated under an ECEC-specific framework
- a lack of explicit provision in the NQF and NQS around the implementation and assessment of cultural competence and safety in services
- a lack of explicit requirement for ECEC services to embed Aboriginal and Torres Strait Islander culture into their curriculum
- a lack of acknowledgement around the importance of wrap-around family supports in early years settings and the positive impacts on social determinants of wellbeing.²⁰⁸

This recommendation around exploring opportunities for an alternative quality framework for Aboriginal and Torres Strait Islander services and communities is consistent with broader feedback provided by Aboriginal community organisations across other early years reviews.

In its submission to the Early Years Strategy, the Victorian Aboriginal Child Care Agency (VACCA) notes that self-determination is critical to address disadvantage for Aboriginal people and calls for a stronger adherence to principles of self-determination within legislative and policy frameworks to improve outcomes for Aboriginal children and communities.²⁰⁹ VACCA also notes that in the future early years system, governments and services should “support the leadership role of Aboriginal communities and organisations in the planning, delivery, evaluation, and measurement of services delivered to Aboriginal people”, as well as “creating a legislative environment which recognises the inherent right of Aboriginal peoples to care for and raise their children”.²¹⁰

The critical importance of Aboriginal self-determination and local decision-making is reflected across other submissions to the Early Years Strategy, including from the Victorian Aboriginal Community Controlled Health Organisation (VACCHO),²¹¹ the National Aboriginal Community

²⁰⁴ Note: Authorised officers of state and territory regulatory authorities.

²⁰⁵ NSW Department of Education, ‘Cultural Safety Framework’ (2023) <<https://education.nsw.gov.au/early-childhood-education/operating-an-early-childhood-education-service/current-service-providers/making-services-accessible-for-all-children/aboriginal-access/cultural-safety-framework-consultation>>

²⁰⁶ Productivity Commission, Draft report – A path to universal early childhood education and care (November 2023) <<https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft-full.pdf>>

²⁰⁷ SNAICC, Submission No 133 to Productivity Commission, *Inquiry into early childhood education and care* (31 May 2023).

²⁰⁸ Ibid.

²⁰⁹ VACCA, *Submission to the Early Years Strategy* (2023)

²¹⁰ Ibid.

²¹¹ Victorian Aboriginal Community Controlled Health Organisation (VACCHO), *Submission to the Early Years Strategy* (2023)

Controlled Health Organisation (NACCHO),²¹² and Empowered Communities East Kimberley (ECEK).²¹³

Further, an emphasis on shared decision making as outlined through Goal 5 of the National Aboriginal and Torres Strait Islander Early Childhood Strategy²¹⁴ and Priority Reform 1 under the National Agreement on Closing the Gap²¹⁵ highlight the commitment of Australian governments towards improving equity and life outcomes for Aboriginal and Torres Strait Islander peoples.

However, findings from the Productivity Commission’s review of the National Agreement on Closing the Gap have pointed to challenges in meaningfully achieving shared decision making, noting that partnerships with peak bodies and communities often do not lead to changes in government policy making or broader delivery.²¹⁶ In its final report, the Productivity Commission recommends that governments share power around decisions affecting Aboriginal and Torres Strait Islander peoples, including broadening the definition of Priority Reform 1 (shared decision-making) to recognise the ultimate goal of self-determination and efforts to achieve self-determination beyond partnerships and place-based initiatives.

Consultation with a number of government agencies for the CCCFR review noted barriers to regulating ACCOs within the current National Law and Regulations, with one state government suggesting that an alternative ‘service type’ could be considered within the current NQF to support services which deliver integrated offerings, such as ACCOs.

In addition to the opportunities outlined above, consideration could be made around the potential policy and funding levers available to governments to support self-determination and self-governance as part of a culturally responsive early years sector. These could include:

- establishing an early childhood funding model for ACCO ECEC services, aligned to broader government commitments and strategies such as the Sector Strengthening Plan: Early Childhood Care and Development,²¹⁷ as well as recommendations from the ACCC child care price inquiry²¹⁸ and draft recommendations noted through the Productivity Commission’s inquiry into ECEC²¹⁹
 - developing a First Nations-designed and led Learning Framework, in line with academic research on culturally responsive pedagogies.^{220,221}

²¹² National Aboriginal Community Controlled Health Organisation, *Submission to the Early Years Strategy (2023)*

²¹³ Binarri Binyja Yarrowoo Aboriginal Corporation (on behalf of Empowered Communities East Kimberley), *Submission to the Early Years Strategy (2023)*

²¹⁴ National Indigenous Australians Agency (NIAA), *National Aboriginal and Torres Strait Islander Early Childhood Strategy (2021)* <<https://www.niaa.gov.au/resource-centre/indigenous-affairs/national-aboriginal-and-torres-strait-islander-early-childhood-strategy>>.

²¹⁵ Australian Government, ‘National Agreement on Closing the Gap’, www.closingthegap.gov.au (2020) <<https://www.closingthegap.gov.au/national-agreement/national-agreement-closing-the-gap>>.

²¹⁶ Productivity Commission, ‘Review on the National Agreement on Closing the Gap – Study Report’ (2024) <<https://www.pc.gov.au/inquiries/completed/closing-the-gap-review/report>>.

²¹⁷ Coalition of Aboriginal and Torres Strait Islander Peak Organisations, ‘Sector Strengthening Plan: Early childhood Education Care and Development’ (2021) <<https://www.closingthegap.gov.au/sites/default/files/2021-12/sector-strengthening-plan-early-childhood-care-development.pdf>>.

²¹⁸ Australian Competition & Consumer Commission, *Childcare Inquiry, Final Report, December 2023*, <<https://www.accc.gov.au/system/files/ACCC%20Childcare%20Inquiry-final%20report%20December%202023.pdf>>

²¹⁹ Australian Government Productivity Commission, *A path to universal early education and care: Draft report, November 2023*, <https://www.pc.gov.au/inquiries/current/childhood/draft/childhood-draft.pdf>

²²⁰ Cairney et al., ‘*Interplay wellbeing framework: a collaborative methodology ‘bringing together stories and numbers’ to qualify Aboriginal cultural values in remote Australia*’ (2017), 18 *International Journal for Equity in Health*.

²²¹ Burgess et al., ‘*Learning from Country to conceptualise what an Aboriginal curriculum narrative might look like in education*’ (2022), 42 *Curriculum Perspectives* 160.

7.4 Service compliance with the Minister’s Rules

Key research question

To what extent are services receiving the CCCFR grant compliant with the Minister’s Rules?

To understand the extent to which relevant CCCFR services²²² are compliant with the Minister’s Rules, this review undertook a Multi-Criteria Analysis (MCA) of service documentation submitted through Compliance and Operations Reports in early-2023.

Relevant Compliance and Operations Report materials included for analysis are:

- text responses provided for Compliance and Operations Reports
- uploaded evidence of Educational Program
- uploaded serious incident policy
- uploaded workers compensation insurance documentation
- uploaded public liability insurance certificate
- uploaded Quality Improvement Plan (QIP).

Note: while analysis of relevant documentation and supplementary interviews can provide evidence to infer compliance with the Minister’s Rules, observational evidence to assess practice during key periods would increase certainty of findings, such as observing a service’s response to a serious incident or risk of harm or hazard to a child in real time. However, considering the practical limitations associated with this approach, observation has not been included as part of this analysis.

Following a preliminary evaluation of Minister’s Rules obligations, key themes for analysis were identified by the review team. These have been included in the table below.

Table 7.5: Theme and indicators for Multi-Criteria Analysis (MCA)

Theme	Indicators
Tailored, individual educational program	<ul style="list-style-type: none"> • Response to <i>"Our service has developed and implemented an educational program"</i> • Evidence of educational program • Indication of individualised/child-level approaches within program • Indication or reference to cultural identity within Educational Program • Indication or reference of assessment and planning cycle (or similar) reflection of child learning and development • Response to <i>"Our educational program includes activities that acknowledge and strengthen the cultural identity of children in our care."</i>
Child health, safety and wellbeing	<ul style="list-style-type: none"> • Response to <i>"Our service always has adequate staffing levels to ensure all areas of the service are always supervised by a staff member (both inside and outside)"</i> • Evidence of adequate Working with Childrens Checks (WWCC) for service staff • Response to <i>"Our service ensures the environment is safe for children, so they are protected from harm or injury. This includes daily safety checks and ensuring all dangerous and sharp items are locked away from children."</i> • Response around awareness and implementation of National Principles for Child Safe Organisations

²²² Former BBF and IAS services that are not approved under the National Law are required to meet additional conditions for continued CCS approval, outlined in Division 5, Section 49 of the Minister’s Rules.

	<ul style="list-style-type: none"> • Number of serious incidents (in previous year) • Response to "We have at least one staff member who holds a current first aid certificate..."
Arrangements to manage serious incidents	<ul style="list-style-type: none"> • Evidence of relevant Serious Incident Procedure • Reference to relevant reporting obligations
Insurances	<ul style="list-style-type: none"> • Evidence of Workers Compensation Certificate • Evidence of Public Liability Insurance Certificate
Maintaining a Quality Improvement Plan (QIP)	<ul style="list-style-type: none"> • Evidence of QIP • Identified areas of improvement identified across all seven (7) Quality Areas • Response indicating assessment of QIP made on annual basis

Source: Deloitte Access Economics (2023).

Further detail around the approach to undertaking the MCA for this review has been included at Appendix H.

Review finding 30

Analysis of Compliance and Operations Reports indicates varying capability and capacity across CCCFR services to prepare planning and governance documentation in line with the Minister’s Rules.

Supporting evidence for this finding is drawn from MCA through service responses and documentation.

Analysis of submitted materials from Compliance and Operations Reports indicates varying documentation submitted by services, both in terms of scope of material and the format of the submitted documents. Furthermore, when assessed against through the MCA (outlined in Appendix H), there is a distinct variance in the extent to which CCCFR services meet the underlying objectives of the Minister’s Rules.

Table 7.6 below provides a summary of the range of assessments under the MCA.

Table 7.6: MCA outcomes for CCCFR services across identified themes

Theme	Lowest weighted score	Mean weighted score	Highest weighted score
Tailored, individual educational program	0.00 (<i>service closed – did not provide evidence of educational program</i>)	0.773	1.0 (<i>comprehensive evidence of educational program/policy</i>)
Child health, safety and wellbeing	0.4 (<i>staffing issues and unaware of National Child Safe Principles</i>)	0.940	1.0 (<i>strong governance, planning and awareness of issues relating to child health and safety</i>)

Arrangements to manage serious incidents	0.0 (service did not upload a serious incident procedure or other relevant evidence)	0.744	1.0 (comprehensive serious incident procedure, including reporting obligations under Minister's Rules)
Insurances	0.0 (service noted "N/A" did not upload workers compensation and public liability documentation)	0.983	1.0 (workers compensation and public liability documentation uploaded and adequate)
Maintaining a Quality Improvement Plan (QIP)	0.0 (service closed - did not submit QIP and unaware of requirement to review and update)	0.978	1.0 (QIP uploaded, noting assessment across all 7 QAs and annual review)
Overall assessment	0.35 (service closed at time of reporting, limited documentation submitted)	0.885	1.0 (all documentation provided, responses indicate alignment with expectations under Minister's Rules)

Source: Deloitte Access Economics (2023).

While all CCCFR services are expected to comply with the same documentation requirements to satisfy the Compliance and Operations Reports, some reasons for this variance may be:

- differences in service-level governance and leadership in relation to educational planning and practice
- varying access to professional development, training and resources, particularly for services in regional and remote locations
- varying awareness and understanding of grant obligations, including obligations under the Minister's Rules and the FAL
- varying resourcing at the service to collect documentation (i.e., staffing and time)
- services' philosophy and/or care type, including prior to transition to CCCFR grant.

In addition, some services were reported to be closed at the time of reporting, and as such, did not submit full documentation in line with the Compliance and Operations Report. Noting the role of Program Officers in supporting services through the reporting process, it is assumed that these services were exempted from providing full documentation for the analysed reporting cycle (FY22-23).

CCCFR services were less likely to provide evidence of an adequate serious incident procedure when compared to other required documents. This was largely due to inaccurate reporting obligations noted on documentation, in particular omitting that the service was required to notify the CCCFR team (Department of Education) within 24 hours, in addition to their relevant state or territory regulatory authority. However, in some cases, services uploaded incorrect documentation (such as an 'absence of care policy'), and in the case of two services, uploaded screenshots of reporting portals or forms directly from Department websites.

By contrast, almost every CCCFR service provided adequate workers compensation and public liability insurance (with the exception of one service).

Review finding 31

Broader workforce challenges have impacted several rural and remote CCCFR services' ability to meet obligations under the Minister's Rules, specifically around ensuring effective supervision and meeting First Aid obligations.

Supporting evidence for this finding is drawn from the MCA, consultations and broader regulatory analysis.

Services' responses to Compliance and Operations Reports identified common barriers to meeting specific workforce requirements, particularly around meeting adequate supervision and First Aid requirements on an ongoing basis.

When asked around any circumstances which may have "prevented the provision of adequate supervision of children ensuring they were protected from harm and hazard", 33 services noted challenges associated with maintaining adequate staffing at their service to ensure adequate supervision. More specifically, service responses broadly align to the following themes:

- cancelling child care sessions when staff are absent, as they are unable to provide adequate supervision
- services' reliance on labour hire/relief staff during staff absences, impacting the ability for services to meet supervision due to limited knowledge of educator service policies and physical environment
- short, unexpected periods of inadequate supervision between identifying staff absence and waiting for the relief staff member to arrive
- ongoing workforce challenges around access to adequate professional development and training, notably due to COVID-19 and limited access to professional trainers in rural and remote locations
- adopting an "under the roof ratio" (counting all educators at the service for ratio, rather than those engaging with children) during periods of limited staffing to ensure continuity of care.

Similarly, five CCCFR services noted challenges in ensuring at least one staff member held a current first aid certificate whenever a child was in care, a requirement under the Minister's Rules. Within their responses, these services pointed to lack of access to First Aid training in rural and remote settings, noting that they were proactively seeking ways to address this gap.

Consultations with CCCFR services indicated similar findings, with services in rural and remote settings identifying staffing as a key challenge in meeting expectations under the grant and Minister's Rules to provide "high quality child care" and ensure children are adequately supervised during sessions of care.

These insights through the MCA and service consultations are consistent with data from the *National Children's Education and Care Workforce Strategy (2022-2031)*, which indicates that a higher proportion of services in remote (13.4 per cent), outer remote (8.8 per cent), and very remote Australia (12.0 per cent) had a temporary staffing waiver in place compared to services in metropolitan areas (4.3 per cent) as of September 2017.²²³

More recent whole-of-sector data from 2022 indicates an upward trend around the proportion of services with a staffing waiver, increasing from approximately 4 per cent in 2017 to 8.5 per cent in July 2022.²²⁴ These trends point to increasing challenges faced by services in meeting staffing requirements under the National Law and Regulations during a period of significant workforce shortages in the ECEC sector. Similarly, findings from analysis and consultation has shown that staffing shortages have impacted services in meeting obligations under the Minister's Rules.

Review finding 32

While the Minister's Rules (section 49(9) of the FAL) prescribes obligations for CCCFR services not regulated under the NQF, certain obligations are subjective and open to interpretation, in particular criteria for the delivery of "high quality child care".

²²³ Education Services Australia, *Shaping our future: a ten-year strategy to ensure a sustainable high-quality children's education and care workforce 2022-2031* (2021).

²²⁴ ACECQA, *NQF Annual Performance Report (2022)* <<https://www.acecqa.gov.au/sites/default/files/2022-12/NQF%20Annual%20Performance%20Report%202022%20FINAL.pdf>>

Supporting evidence for this finding is drawn from consultations, MCA and broader legislative analysis.

Services regulated under the NQF can access a range of training, guidance and online resources from state and territory governments, ACECQA and peak organisations around meeting expectations of the NQS and requirements under the National Law and Regulations.

As an example, the 'Guide to the NQF' is published by ACECQA and updated on a regular basis, acting as a key source of guidance for services around elements under the NQS, how these apply to service practice and governance, and forms of evidence which regulatory authorities may consider during the assessment and rating process.²²⁵

However, while the majority of section 49 of the Minister's Rules reflects requirements of the National Law and Regulations, such as developing and implementing an educational program, ensuring children are protected from harm and hazard, and proactively maintaining a QIP, there is limited detail within the CCCFR grant guidelines²²⁶ or the Minister's Rules itself around the prescribed detail or format of service documentation to meet the obligations under the Minister's Rules.²²⁷

Analysis of service documentation through the MCA pointed to educational programming as a key area of development for many CCCFR services, as well as capability and capacity across CCCFR services to prepare planning and governance documentation.

The Minister's Rules includes two components required to be delivered within service programming:

- a) *"provide a tailored, individual education program based on each child's knowledge, ideas, culture, abilities and interests; and*
- b) *develop a program that acknowledges and strengthens the cultural identity of children to whom care is provided at the service.*²²⁸

Despite the majority of CCCFR services being required to provide evidence of compliance with Minister's Rules to continue to receive grant funding, there is no further guidance around what constitutes, and what is deemed as acceptable, evidence of an educational program for the purposes of meeting obligations under the Minister's Rules or the CCCFR grant. The *2023 Compliance and Operations Report User Guide* provided to CCCFR services also omits guidance around the scope of evidence expected to be provided through documentation.²²⁹

Ambiguity around the currency of service documentation was also raised in consultations with the Department and broader stakeholders, commenting that references to "high quality child care" within the grant guidelines and the Minister's Rules were broad and difficult to define across the differing service contexts within the grant.

There are also competing interpretations of "high quality child care" within Departmental documentation and expectations under the Minister's Rules.

For example, the summary report of the Compliance and Operations Reports for 2021-22 includes a brief section on "*What is high quality child care?*", including reference to "seven elements of

²²⁵ ACECQA, Guide to the National Quality Framework (updated October 2023)

<<https://www.acecqa.gov.au/sites/default/files/2023-11/Guide-to-the-NQF-2310i-web.pdf>>

²²⁶ Australian Government Department of Education and Training, Community Child Care Fund - Restricted non-competitive grant opportunity (for specified services) Guidelines (February 2017), <<https://www.grants.gov.au/Fo/DownloadDocument/e99c0c70-f434-c990-87d3-6ddebfa904f5?docType=Fo&fileName=CCCF%20Restricted%20non-competitive%20grant%20opportunity%20guidelines%20%2020311017.pdf&location=s3Restricted>>

²²⁷ Section 49, *Child Care Subsidy Minister's Rules 2017*

²²⁸ Section 49(2), *Child Care Subsidy Minister's Rules 2017*

²²⁹ Australian Government Department of Education, *Community Child Care Fund 2023 Compliance and Operations Report User Guide* (2023)

high-quality care” hyperlinked to the NQS on the ACECQA website²³⁰. However, the definition of ‘high quality child care’ under the Minister’s Rules does not reference the NQS, rather a differing set of service obligations.²³¹

Review finding 33

- A lack of prescribed criteria for service documentation for the Compliance and Operations Reports has resulted in significantly varying documents submitted by CCCFR services, especially in relation to evidence of an educational program.

Review of internal Program Officer checklists used to assess services’ Compliance and Operations Reports has further emphasised a lack of clear standards in relation to service documentation submitted to the Department. For example, while Program Officers are responsible for confirming that CCCFR services have provided relevant documents as requested in line with the Compliance and Operations Report survey, the Officers are not expected to assess the quality of the planning or practice outlined in the documents, such as a regulatory authority would undertake in line with the NQS.

In considering the educational program uploaded through the report, the Checklist is more specific, yet flexible, noting documentation could include:

- education policy
- weekly program
- supporting documentation (if applicable).²³²

The checklist does not include any further detail or guidance for Program Officers to assess the quality of the educational program submitted, such as whether the documentation meets CCCFR services’ obligations under the Minister’s Rules.

7.5 Impact on service governance and leadership

Key research question

To what extent do the current CCCFR grant arrangements affect governance and leadership of services, in particular in relation to expectations of the broader Australian ECEC sector (i.e. expectations under the FAL and NQF)?

Review finding 34

While the grant enables a range of professional development and training, and ongoing business supports for CCCFR services, it is unclear whether these efforts are targeted towards those within leadership and/or management positions, such as PMCs or Approved Providers.

Supporting evidence for this finding is drawn from consultations and document analysis.

As part of the broader administration and supports offered to grant recipients, CCCFR services are able to access professional development and business supports arranged by the Department.

In recent years, this has included:

- **two phases of the *Safety and Quality Training Package*, delivered by ACECQA**

²³⁰ Australian Government Department of Education, *Community Child Care Fund 2023 Compliance and Operations Report 2021-22 (Internal summary document provided by Department)*

²³¹ Section 49(2)(a-f), *Child Care Subsidy Minister's Rules 2017*

²³² Ibid.

- Phase 1 (from 2021) of the package involved several online webinars and eModules available to all CCCFR services, as well as workbooks focussed on ensuring adequate supervision, supporting child safety and responding to risks of harm and hazard
- Phase 2 (from 2022) of the package has been provided to CCCFR services that are not regulated under the NQF or residual legislation, and provides one-on-one remote a two-day face to face workshop, and in some cases, a service visit.²³³ In addition, online Community of Practice sessions were made available to Phase 2 participants.
- **business support through BDO**, available to all eligible CCCF grant recipients upon request
 - CCCF business support provided through BDO is intended to support services to identify areas to support financial viability and sustainability, including identifying potential cost drivers and savings.²³⁴

In addition to these supports, the Department, through the CCCFR project team, has partnered with state and territories to deliver coordinated guidance and supports to meet the needs of services in different jurisdictions.

During consultations, services, Department staff and broader stakeholders raised similar comments around difficulties in engaging PMC and those at a provider level to support service governance and quality uplift. More specifically, a number of service-level staff noted challenges in communicating service needs and/or obligations with those on boards or committees (e.g., staff in local councils) with limited knowledge or engagement with the service on a day-to-day basis.

Consultation with peak bodies and broader stakeholders emphasised the importance of engaging with PMCs and senior leaders within ECEC services and providers to ensure that training was most effective in driving lasting, organisational change.

However, the evaluation report from the Safety and Quality Training Package does not provide information around the primary role/s of training participants, and the scope of business support on offer through BDO does not explicitly request participation from providers. In considering future professional development and training in relation to service governance and financial management, consideration should be made on a case-by-case basis around the types of supports provided, ensuring that they are responsive to the existing skills, capacity and willingness of PMCs in undertaking their role in ensuring the compliance and ongoing viability of the service.

In considering the scope of current professional development and business support, as well as feedback from services, governments and peak bodies through consultations, further consideration could be made to targeted approaches to delivering leadership and governance-focussed professional development and training for those within the provider level of CCCFR services.

²³³ ACECQA, *Community Child Care Fund Restricted (CCCFR) Quality and Training Package Evaluation Report* (February 2023)

²³⁴ Australian Government Department of Education, 'Business support for CCCF grant recipients' (2023) <<https://www.education.gov.au/early-childhood/community-child-care-fund/business-support>>

8 Resourcing and financial sustainability

This chapter considers the relationship between funding, cost and need, including funding adequacy and its responsiveness to current and future need. It also examines the financial sustainability of CCCFR services, leasing arrangements and infrastructure funding.

8.1 The relationship between funding, cost and need

Key research questions

Is current funding adequate to meet CCCFR grant objectives and support the provision of high quality ECEC?

Is current funding adequate to cover the current activity delivered through CCCFR services?

To what extent does the CCCFR grant allocate and distribute funding across different child care services to address varying needs and demands?

8.1.1 The relationship between funding and current service delivery costs

Review finding 35

Analysis of the financial adequacy of the resources provided under the CCCFR grant is hampered by the uncertainty that exists in relation to the grant's purpose and intent (see findings 6, 7)

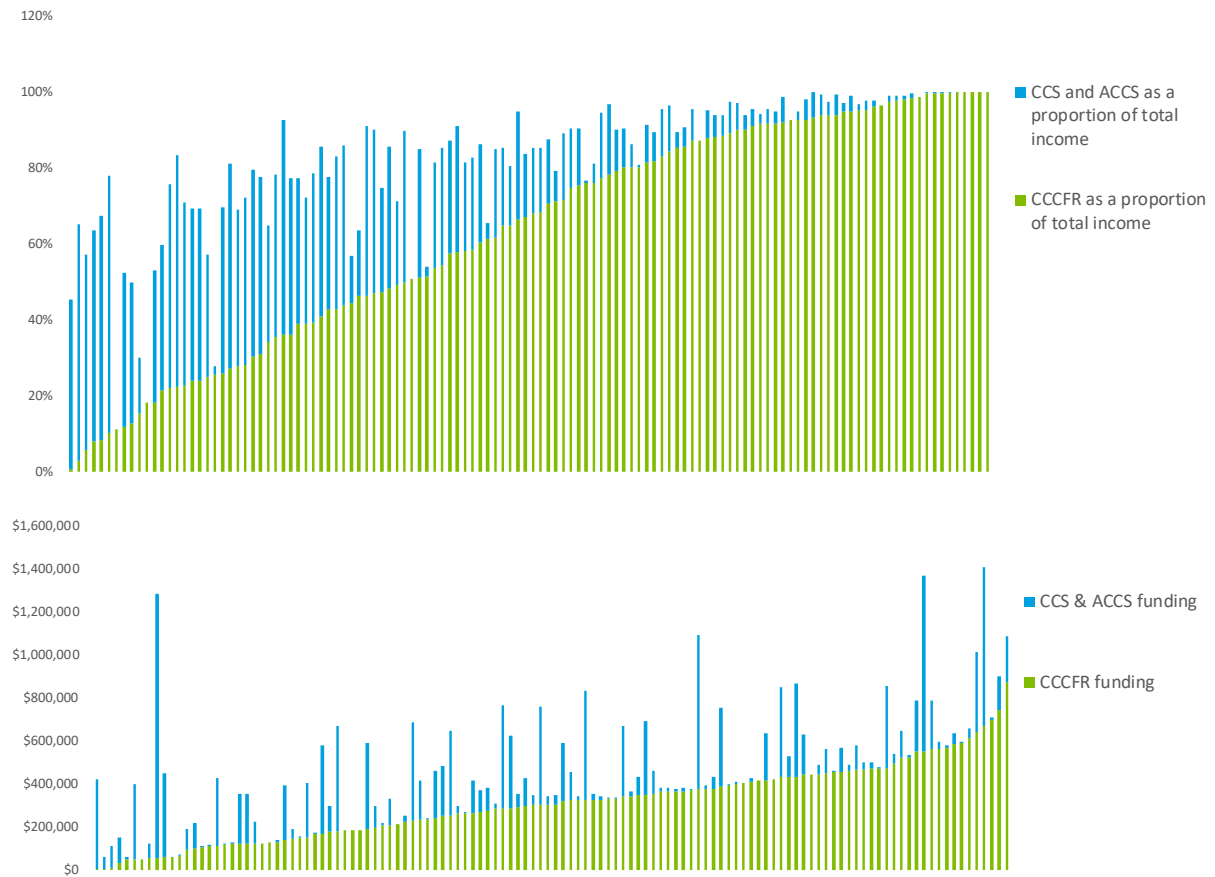
Review finding 36

Notwithstanding finding 35, there would appear only a limited relationship between the funding CCCFR services receive from the Australian Government and cost of meeting the need services face, as it manifests from both service and community characteristics.

Supporting evidence for this finding is drawn from consultations, survey data and financial data analysis.

The funding that CCCFR services receive from the Australian Government is a combination of grant funding and CCS revenue and fees. Relative reliance on these three funding streams varies (see Chart 8.1). At one end of the spectrum there are services that rely exclusively on the CCCFR grant. At the other end there are services for whom the CCCFR grant represents a relatively small share of their Australian Government funding, with CCS revenue the primary source. Within these two broad revenue categories are sub-categories. Grant revenue is comprised the base grant and supplementary grant and alongside CCS is ACCS.

Chart 8.1: CCCFR service income source(s)

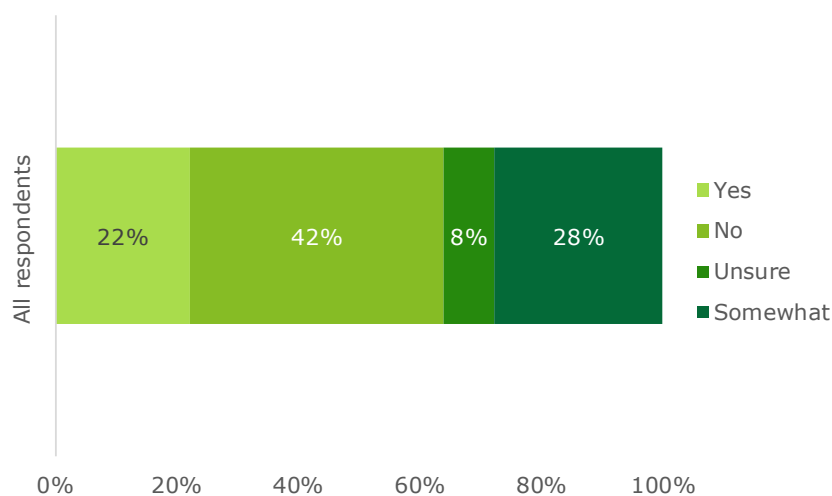


Source: Deloitte Access Economics' analysis of administrative data. Total income includes: CCCFR sustainability funding (excluding capital funding), CCS/ACCS funding, fee income, State/Territory and Local government funding, fundraising and philanthropic sources.

The grant component is a historical artifact, with grant values having been determined based largely on historical factors when the grant was established. The grant determination process saw services submit a financial plan that reflected current operations and expectations for the future. Grant values were then determined in light of this. The relationship between costs and grant values has not been systematically monitored in a way that would allow divergences between the two to be identified and addressed. It is not unexpected, therefore, that in the face of considerable change in local service delivery context over the last five years, that levels of correlation between cost and funding would be low.

This is confirmed by the survey findings which reveal that 22 per cent of total respondents – and, within the total, 13 per cent of the Aboriginal and Torres Strait Islander respondents – believe the funding they receive is sufficient to meet the CCCFR grant objectives and support the provision of high quality child care, but 42 per cent do not (see Chart 8.2). That's to say, 22 per cent of all services who responded to the survey believe the value of the grant they receive assists to meet the cost of providing high quality child care, and a further 42 per cent somewhat suggest the grant is more or less sufficient.

Chart 8.2: Responses to 'Is the grant amount you receive enough to meet the CCCFR grant objectives and support the provision of high-quality child care?'



Source: Deloitte Access Economics survey analysis, survey respondents n=36.

Of the respondents that do not think the CCCFR grant amount is sufficient to meet the grant objectives, most report that the grant does not provide the support needed to attract and retain staff:

“It is nearly impossible to attract and retain staff for remote communities. Buildings and facilities are not suitable to run as child care facilities”.

“Main issues are maintenance and repairs of facilities are very expensive, training of staff is very difficult”.

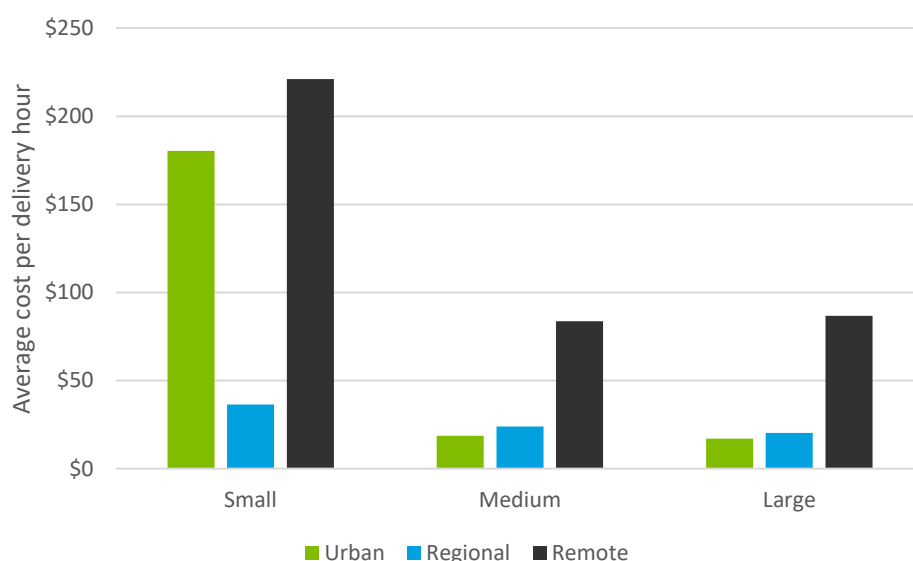
“Our outgoings are very high as we need to pay our staff above award wages to bring them here and to keep them here. We would not be able to operate our service if we did not have the qualified staff”.

When it comes to the CCS component, rates of subsidy are benchmarked against a reference price. The degree to which this reference price provides an appropriate benchmark to delivery costs in the CCCFR context varies, but in the majority of cases it is not a suitable benchmark given the significant cost premium that remote delivery confronts.

Staffing is unanimously stated to be a significant cost driver for services – and also a significant challenge. Although workforce challenges are experienced across the entire ECEC sector, CCCFR services commonly reflect that they experience these challenges more acutely. Child care centres in remote and very remote communities spoke of the experiences of social isolation, lack of services and infrastructure, safety concerns and vicarious trauma as impediments to recruiting and retaining staff, in particular, highly qualified staff from outside of community. Not all services said they had sufficient funding to offer incentives such as above award wages, but even where services offer incentives to potential candidates, these challenges reportedly persist.

The impact of location on cost is evident from the CCCFR financial acquittal data. When comparing services of a similar scale of delivery, unit delivery costs are significantly higher for remote areas relative to urban areas. While delivery costs are higher for regional areas compared to urban areas, they are relatively similar. This in part reflects higher wages educators in remote areas.

Chart 8.3: Relationship between unit costs and remoteness



Source: Financial acquittal data, and CCS data. Charged hours refers to total hours for which fees are charged for the week. Children may not attend for all charged hours, and hours attended by children not in the CCS system is not captured.

Other cost drivers reported by services vary, depending on the characteristics of the service. For example: transport is noted to be a cost driver for remotely located services; administration is a lower cost driver for services who are able to share overheads with an overarching provider. For some services, site costs may be lower due to peppercorn rent or gumnut agreements. For services which own their buildings, depreciation is not included in the CCCFR budgeting tool, and may lead to discrepancies between services’ accounting practices and actual capital needs, and what they report to the Department.

8.1.2 The relationship between funding and need

In the context of CCCFR, the concept of need refers to the way in which, for a given policy objective or service-delivery model, funding recognises the varying levels of need that characterise the communities in which services operate. In examining the degree to which current funding aligns with need there are a number of considerations which must be taken into account. The first is the relationship between funding and community size – as a large community means that, all else the same, the aggregate level of need is greater. With grant values having their origins in historical considerations and the review process offering limited scope to adjust values in accordance with demographic shifts, there are limited ways in which the design and administration of the grant allows it to respond to changes in aggregate need. To the extent that the CCS is a demand-driven subsidy there is a natural scaling of funding in accordance with use. However, use does not always correlate well with need and, as other aspects of this review have demonstrated, families face a range of barriers in engaging with the systems and processes through which CCS (and ACCS) is accessed. There is clear evidence that in many cases use is a poor indicator of need.

Need must also be viewed through the lens of (i) need that manifests as a result of the service delivery context; and (ii) need that manifests as a result of the characteristics of children and families. In relation to the former, it is well established that CCCFR services operate in some of the most remote locations in Australia. Costs differentials in these contexts are multiples of metropolitan or regional locations, with all inputs affected – be that staff, utilities, equipment or consumables.

Examples that were heard during the consultations of excessive costs in service delivery in remote communities included \$27 for a small pack of kimbies (nappies) and \$40 for a head of broccoli. A 2020 report on food pricing and food security in remote Indigenous communities by the House of

Representatives Standing Committee on Indigenous Affairs found that the cost of purchasing food is considerably higher for remote Aboriginal and Torres Strait Islander communities than for people living in larger population centres in urban and regional Australia.

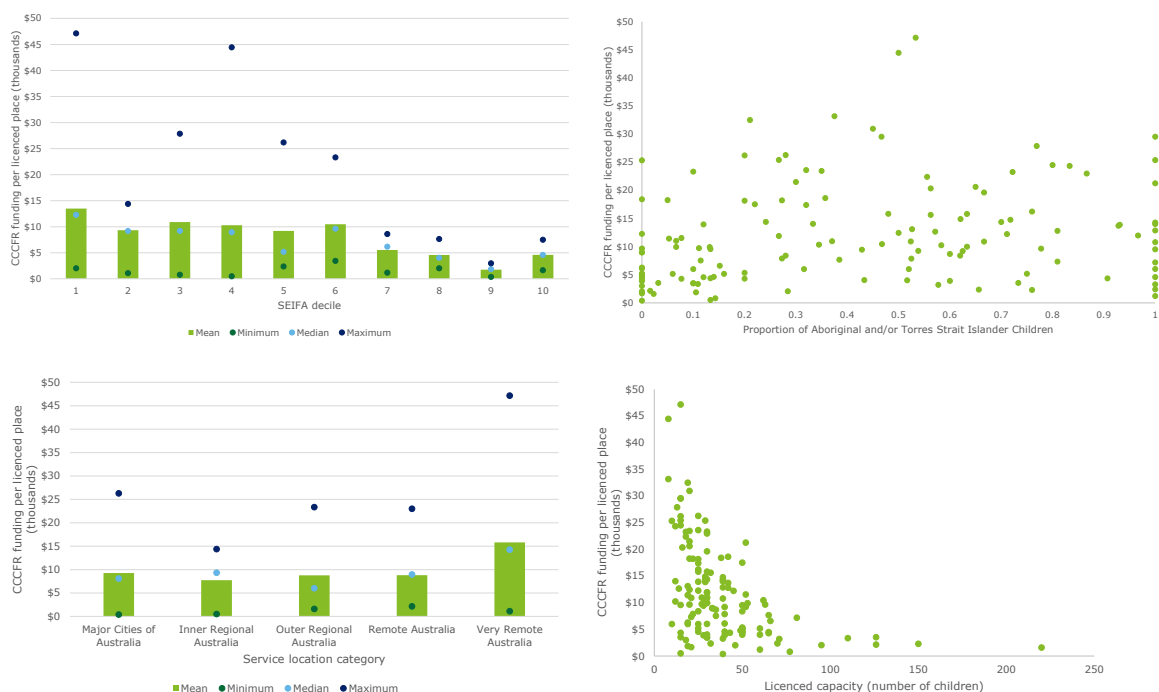
Bringing tradespeople into remote communities to undertake necessary specialist repairs to infrastructure was also reported by services to be 30-40 per cent higher than employing a local person. One service reported receiving a quote of \$32,000 to replace a single air-conditioning unit.

In relation to the latter, it is well established that CCCFR services operate in communities that face some of the highest levels of need in the country, resulting from the array of vulnerability and disadvantage that they face. This can be seen in analysis that, when ranked by SEIFA, 35 of the bottom 250 SA2s have at least one CCCFR service. Need also includes cultural needs that must be met by culturally responsive ECEC for Aboriginal and Torres Strait Islander children.

The role of the CCCFR in responding to this need must be considered with regard to the purpose and objectives of the grant. So too must the adequacy and appropriateness of current funding. In this regard, the grant is intended to support (in combination with income from the CCS system and fees) the provision of activities directly related to the delivery of child care. That being the case, a funding approach that recognises and responds to need is one under which per-unit funding levels – in this case, the per-place and per-child cost of the child care program – vary in accordance with need. That’s to say, these benchmarks are higher where unit costs of service delivery are higher (e.g., remote locations). And they are higher where community need is higher (as the support levels required to achieve a given outcome are higher).

Analysis with respect to indicators of these factors reveals only weak correlation between current funding allocations and need. To the extent that there is any relationship, it is a function of the historical process that led to the setting of the original grant values, rather than any explicit recognition of need in the grant determination formula or process.

Chart 8.4: Relationship between unit cost and selected need indicators



In reality, many services that receive funding under the CCCFR grant deliver services that extend beyond child care, with the provider survey revealing cultural programs, parenting workshops and health screening to be common. Services’ response to community need is a more broad ranging one. The degree to which it is the intent of the CCCFR grant to meet the cost of these activities is

unclear, with the notion of ‘directly related to child care’ and the intent of addressing ‘community level barrier to child care participation’– statements both used in the guidelines – leaving scope for interpretation. Certainly, it is recognised that they are vital community services that in many cases play an instrumental role in supporting families and children and delivering the outcomes that the national policy landscape strives. It is important therefore that broader policy deliberations work toward greater funding certainty for these service offerings.

8.2 Financial sustainability of services

Key research questions

What are the key factors influencing the financial sustainability of services, and are there any identified barriers or challenges that hinder their ability to operate sustainably?

To what extent are services receiving other forms of payment to which they are entitled (including ACCS)?

To what extent could services under the CCCFR grant remain financially viable if primarily receiving funding administered under the Child Care Subsidy (CCS)?

What measures or support mechanisms can be implemented to address the identified barriers and improve the financial viability of child care services?

Review finding 37

The financial sustainability of CCCFR services varies considerably. There are drivers on both the revenue and cost side, with the limited responsiveness of funding to costs a key driver of the financial challenges that many services confront.

Review finding 38

The administration of the CCS and ACCS and the requirements families face in engaging with these funding streams mean that they are both underutilised and, in the case of CCS, increased reliance is associated with greater financial viability challenges.

Review finding 39

Few CCCFR grant services could operate in a financially viable manner if reliant purely on CCS revenue (in its current form).

Supporting evidence for this finding is drawn from survey data, consultations and financial data analysis.

Financial sustainability is very much connected to the relationship between cost and funding, as explored above. However, it is broader than this in the sense that it looks at revenue in its entirety and considers services’ capacity to operate on an ongoing basis in a financially sustainable manner. Financial sustainability is a prerequisite to services being able to remain open and operational on an ongoing basis. It is therefore a prerequisite to families’ ability to access and participate in child care. However, interest in financial sustainability is heightened in the CCCFR context owing to the grant’s aim of supplementing revenue sources like CCS and fees and the intention to transition services to the mainstream funding environment.

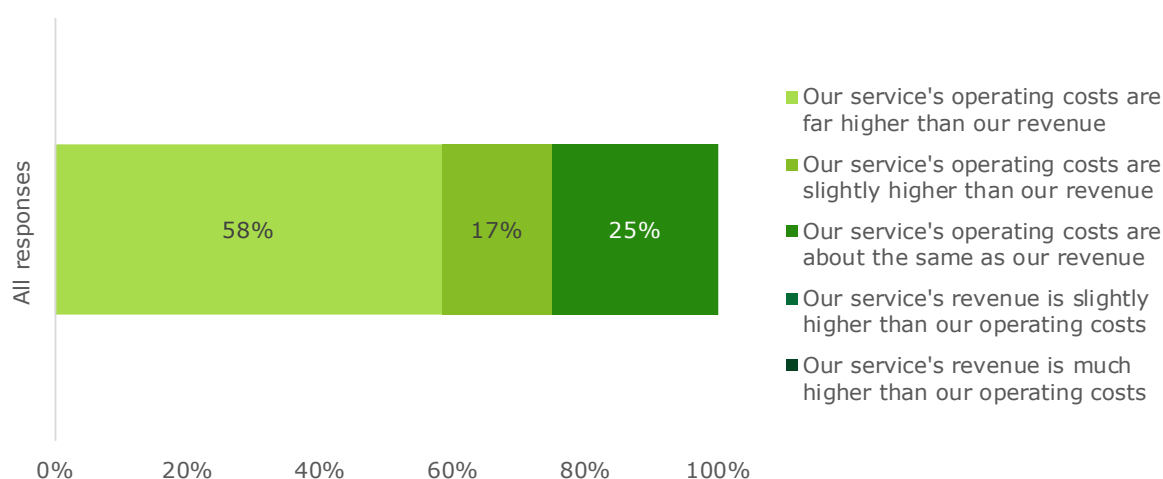
The ability of the financial reporting process that accompanies the administration of the CCCFR to reveal variation in financial sustainability at the individual service level is hampered by the variety of operating contexts and governance models under which services operate.

It is also hampered by the conventions that govern their use. Convention has driven services to submit budgets that achieve an operating surplus (or at least a balanced budget). This is supported by survey findings, where services were asked if there were costs not reported in their budget tool, to which 11% responded 'yes', and 56% responded 'maybe'.

However, most survey respondents report that the revenue their service receives (including CCS, ACCS, CCCFR grant, fees, and other funding) is insufficient to cover their operating costs on an ongoing basis. Of the 36 respondents for this question, 58% report that their service's operating costs are far higher than their revenue, 17% report their service's operating costs are slightly higher than their revenue, and 25% report that operating costs are about the same as revenue. No services report that revenue was higher than operating costs.

75% of Aboriginal and Torres Strait Islander providers report that their services operating costs are higher than revenue, as opposed to 58% of non-Aboriginal and Torres Strait Islander providers. While there is more spread in responses for non-Aboriginal and Torres Strait Islander providers, both service types are most likely to respond that their services operating costs are higher than revenue.

Chart 8.5: Responses to 'Overall, to what degree is the revenue your services receive (including CCS, ACCS, CCCFR grant, fees and other funding) sufficient to cover your operating costs on an ongoing basis?'



Source: Deloitte Access Economics survey analysis

Nevertheless, and not necessarily at odds with this finding, the majority of services receiving the CCCFR grant have remained open and continue to deliver child care. Information provided to Deloitte Access Economics by the Department identified 149 of the 159 services that transitioned to the CCCFR grant as remaining operational at the time of this review. This is largely due to the financial, and other, support of the CCCFR grant. It is the case for services across all former funding model arrangements. Given known challenges regarding financial viability of services in remote communities and delivering to vulnerable or disadvantaged cohorts, this is a strong outcome for the CCCFR grant. However, financial viability remains a concern for many services, and the available evidence indicates that although the CCCFR grant supports services to remain open and to deliver child care, there are ongoing risks to financial stability.

Of the ten services that do not remain operational under the grant, some of these closures are temporary and some permanent. Of the temporary closures, which can be for a period of weeks or months, these are typically triggered by staffing shortages and the long lead times required to recruit qualified ECEC educators. These temporary closures may be extended beyond the

recruitment process if suitable accommodation cannot be found within the community, whether by the candidate or the service provider on the candidate's behalf. An additional delay may occur if during the period of closure, the site has been vandalised, and requires repairs prior to re-opening.

Of the small number of permanent closures, the review was advised that these all came at the decision of the service providers, following a dialogue with the Department to explore options additional supports that could sustain them operationally. These services all had compounding challenges including low utilisation, staffing shortages, and the requirement of significant infrastructure upgrades. To the best of the Department's recollection, all of these service closures took place in communities where there was an alternative care provider in which the children could be placed and the services and Department worked together to manage these transitions.

8.2.2 Drivers of variation in financial sustainability

Where patterns in variability in financial sustainability can be identified, they reveal that this variability is driven by:

- **Utilisation** and the proportion of available places (sessions) that are used (attended) on a daily/weekly basis
- **Service location** and the degree to which certain delivery context are associated with higher costs (for a given level of quality)
- **Revenue composition** and the degree to which services rely on CCS versus grant revenue and the degree of reliance on the CCCFR sustainability grant.

Analysis of financial data reveals that unit costs increase sharply as utilisation falls. Fixed costs of operation mean that as the share of licenced places utilised declines, the cost per enrolled child increases. With funding not varying accordingly, financial viability and sustainability diminishes. The cost model that accompanies this report allows for the exploration of where viability thresholds lie under different circumstances.

Stakeholders broadly agree that CCCFR services face challenges and barriers to financial viability not experienced by mainstream ECEC services – or, where they are experienced, a more pronounced version of the challenges. Stakeholders note that services receiving funding through the CCCFR grant often face significant financial costs associated with delivery which, if experienced by mainstream services, are experienced in a considerably less acute way. These costs include:

- staffing and administrative costs associated with supporting parents, families and children in relation to activities or services outside the scope of education and care as defined within the Family Assistance Law – such as arranging community events and cultural activities outside of the scope of the educational program offered at the service (i.e. open to families and broader community) and supporting parents and carers around accessing CCS and ACCS payments with Services Australia
- additional costs associated with operating an ECEC service in rural and remote communities, in particular within communities with limited demand (i.e., children) to support an ECEC program on an ongoing basis in line with per-child funding under the CCS
- financial challenges associated with attendance patterns of families, noting that many services may provide care to children on an irregular basis or commonly face extended periods of child absences due to family circumstances
- additional financial costs associated with providing education and care to children experiencing vulnerability and/or disadvantage, including administrative and financial costs associated with implementing strategies and approaches to ensure adequate participation of these children.

“Grant based funding model is ineffective, especially in rural and remote; there's a lack of security of the funding, and the families need ongoing certainty with child care arrangements.”

“But if you're in a regional area, the overhead costs to support are a lot higher than a metro area because, at a bare minimum, you got a high travel costs.”

“Overhead costs [to] support those services are a lot higher versus metropolitan areas and that needs to be something that's factored into the funding.”

“I think a lot of these services are still in some really old sort of buildings and things like that, so meeting building requirements under the National Quality Framework would be quite difficult for them.”

The CCCFR additional sustainability funding is the mechanism through which that grant design explicitly seeks to support financial sustainability – over and above the base intention of supplementing other revenue sources. However, consultations revealed that some services are unaware of the CCCFR sustainability grant’s function and their eligibility, further affecting their financial viability.

Because CCS is a activity-based subsidy, services can only remain viable if enrolment numbers remain above that required to meet their fixed costs of operation (which vary from service to service). With CCCFR services more likely to operate in circumstances where the achievement of economies of scale and efficiencies of operation are hampered by their remote location and small population catchment, the challenges of operating under such a funding model are particularly pronounced.

Many services state that the CCS is not a viable mechanism for increasing the operational revenue available to them, given the child and family cohorts they serve (as outlined in section 5.4). Accessing CCS is also stated to impose administrative burden on services, which can lead to additional costs e.g., where service staff provide support to families to help them navigate the CCS system, ranging from the application process through to ongoing eligibility requirements. Notably, some services suggest they may be able to become financially viable by accessing CCS – but this would mean the profile of families accessing their service would change and they would become a ‘mainstream’ service.

Similarly, ACCS does not support revenue for many services for a variety of reasons. As discussed in Box 2.1 in Chapter 2, there are four ACCS categories: child wellbeing, grandparent, financial hardship and transition to work. All of the categories aim to reduce fees for families, rather than providing additional funding to services. There is no additional per child funding for services on the basis of additional or complex needs associated with the child wellbeing or financial hardship categories, despite cost drivers of providing trauma informed care and possibly additional consumables to support children and families. In addition, three of the categories are time limited, with the exception of the grandparent category, limiting the ability of ACCS to support services’ financial sustainability through attracting longer term enrolments via reduced fees.

In addition, many services spoke to stigma associated with registering for ACCS, most acutely for the child wellbeing category, which is for families who care for a child at risk of serious abuse or neglect.²³⁵ However, services often use the term ACCS as an umbrella term, and it is possible there is also stigma and concern associated with temporary financial hardship or work program participation under the transition to work category. Services told stories of parents and carers being unwilling to register for ACCS to avoid the Government monitoring their children, or removing them. This was a particular concern for Aboriginal and/or Torres Strait Islander families, many of whom have lived experience of the Stolen Generations and ongoing trauma. The Department provides advice to all services suggesting best practice ways to have these conversations with families, which have associated costs and resources, such as waiting until the service has built a strong relationship, having a translator present, and providing practical help to access Centrelink.

The guidance highlights that it is important to note that determining that a child is at risk does not necessarily mean that parents or carers have done something wrong and a child can be at risk due to factors outside the family’s control. Stakeholders report that nevertheless, the deficit based framing adds to the complexity of applying for ACCS child wellbeing. Evidence is also required from appropriate third-party organisations or professionals in order to extend an ACCS child wellbeing certificate beyond 6 weeks, to access up to 13 weeks of support. Gathering evidence, or

²³⁵ Regardless of whether services apply for ACCS child wellbeing on a family’s behalf, services must follow reporting obligations in their state or territory if a child is identified as potentially at risk of abuse or neglect.

attending to gather evidence,²³⁶ can be difficult for remote services and in sensitive circumstances such as family violence situations, and for all services adds another cost to supporting families through navigating systems in order to acquire appropriate evidence.

The Department understands that delays in processing applications can also result in services accumulating "bad debts" with families, in turn discouraging families from participating. Average processing times for the ACCS child wellbeing was 12.6 days between September 2023 and December 2023. Average processing time for temporary financial hardship was 64.1 days and for the transition to work ACCS, average processing time was 80.3 days.²³⁷

In some areas, the average processing time was considerably longer. With each application there is also the risk of an unsuccessful application, meaning that the family is then liable for costs. It isn't always practical or safe to wait until applications reach an outcome, given it can take weeks or even months for approvals to be granted. Furthermore, rules around ACCS can create additional complexities. For example, young single parents completing school do not automatically qualify for the ACCS transition to work, and recognition of informal kinship relationships is often difficult (formal kinship arrangements are recognised as evidence that a child is at risk under the ACCS child wellbeing – rather than the grandparent category).

Box 8.1: Grant operations during COVID-19

The impact of the COVID-19 pandemic on the provision of child care was largely determined by the degree that state and territory governments enforced their closures. In the state of Victoria, periods of closure were significant while in Western Australia, they were short and infrequent.

In April 2020, a relief package was introduced nationally to child care providers in order to help parents who were deemed to be "essential workers" continue to perform their roles. Under the relief package the government offered to pay 50 per cent of child care centres' usual fees based on February enrolments, suspending its usual child care subsidies.

Services who chose to opt in to the new system were required to waive their out-of-pocket fees with the understanding that a smaller number of attending children would reduce costs (given only children of essential workers could attend) and the balance of any shortfall would be made up through the jobkeeper wage subsidy.

One CCCFR funded service provider in the Northern Territory reported an increase in participation from children during the COVID-19 pandemic due to both the removal of fees and the removal of barriers associated with accessing CCS/ACCS.

Nationally, there was broad support for the package from child care providers, however some of the limitations, such as casual workers and workers on temporary visas being eligible for jobkeeper, would have impacted CCCFR funded services.²³⁸

²³⁶ A statutory declaration is accepted if other sources of evidence are not available, but Services Australia highlight that this is rare and that services must describe the steps taken to try and gather evidence.

²³⁷ Parliament of Australia, *Services Australia - Senate Additional Estimates - Senators Information Requests* (Social Services Portfolio Senate Additional Estimates, 2024)

<01_TabledDoc_ServicesAustralia_ResponseToSenatorsInformationRequests.pdf (aph.gov.au)>

²³⁸ <https://www.theguardian.com/australia-news/2020/may/18/a-quarter-of-all-childcare-centres-say-free-scheme-wont-help-them-remain-viable>

8.3 Leasing arrangements and their relationship with the grant objectives

Key research questions

How are leasing arrangements structured and managed under the CCCFR grant?

Are there any challenges or issues identified in current leasing arrangements that depend on the delivery of high-quality ECEC, including issues relating to financial viability?

Do current leasing arrangements enable long-term sustainable child care services?

Review finding 40

Of the various leasing arrangements currently in place, the Management Agreement appears to better accommodate the delivery of child care services, clearly outlining obligations of the parties to the agreement and imposing obligations on the Commonwealth and/or the operator to maintain building compliance. However, there are ways the Management Agreement could be strengthened for future arrangements.

Supporting evidence for this finding is drawn from consultations and document analysis.

Of the two arrangements in place (see section 2.3.5), the Management Agreement appears to better accommodate the delivery of the services on the respective school sites. It more clearly defines the obligations of each party to the agreement in terms of the delivery of the services and the requirement for the Commonwealth to ensure that the building and facilities remain in good condition and compliant with the applicable regulations in relation to a building for the proposed purposes, while still providing tenure certainty.

The land lease agreements on the other hand appear to focus more on the commercial lease terms and the process around rental setting (and rental dispute) mechanisms and don't seem to imply any obligations on the lessee but rather give a right to use the leased property for the permitted purpose.

On the basis that achieving a "market rent" or a commercial return on the asset base does not appear to be the main objective, which is understood to be a tenure arrangement to facilitate child care and early education services, the management agreement appears to be more closely aligned with the objectives of the CCCFR grant.

Indeed under both agreements, the consideration (rent or administration fee) would not be sufficient to cover the costs of administering the agreement or resolving a dispute. Under the land lease arrangement, the rent appears to be based on the unimproved value of the land irrespective of whether the "premises" includes any buildings or site improvements. Where the leased site does include buildings or site improvements, a rent calculated on the land component alone would not (assuming the buildings are functional and generally fit for purpose) reflect a commercial return.

8.4 Infrastructure funding, suitability and environmental sustainability

Key research questions

To what extent does the management of capital investment and infrastructure under the CCCFR grant meet the needs of children, families and communities?

To what extent do grant arrangements support capital investment to enable the environmental sustainability of assets, both now and in the future?

To what extent could the grant support staff accommodation in remote and very remote locations, both now and in the future?

What is the condition and suitability of the existing child care infrastructure and assets managed under the CCCFR grant?

To what extent do existing assets require refurbishment to ensure safe and high-quality environments for children?

For services in remote and very remote areas, while every effort is typically made to identify, recruit and support the training of local community members, when these options are exhausted, services must recruit from outside the community in order to keep the service open. In a number of areas where CCCFR services are located, available housing stock to rent or buy can be extremely limited. And where stock it is limited, suitable housing can be extremely expensive to obtain.

With the national shortage of qualified child care educators likely to continue and increase, the demand for accommodation in order to recruit individuals outside of communities is set to continue and the issues of supply are unlikely to ease.

Where surplus council- or government-owned housing is available, the review found that there are examples of such accommodation being made available. The process however to negotiate a lease can be protracted and should the property become vacant for a period, it risks being reallocated to another council or government employee and the maintenance of the accommodation may fall short of sustaining the property at a reasonable level.

The review found that there are likely to be circumstances where the cost of accommodation may be prohibitive to sustaining operations. In these cases, additional grant funding for the purpose of supporting secure housing options should be made available, however this may be best assessed on a case-by-case basis rather than being a standard funding feature of the grant.

Review finding 41

Concerns in relation to the quality and adequacy of infrastructure are widespread, with significant improvement required in many cases – especially if minimum requirements under the National Law and Regulations are to be met.

Supporting evidence for this finding is drawn from consultations and document analysis.

The evidence presented to this review indicates that the buildings from which CCCFR services are delivered vary significantly in their age, history and the degree to which their intended use is the provision of child care. Some are purpose built, but many have been repurposed. Stakeholders indicate that significant capital investment is needed in some CCCFR services to upgrade infrastructure, particularly in regional and remote locations. The consultation process also revealed the case for a stronger basis of monitoring the condition and adequacy of infrastructure and more systematically planning and provisioning for its upkeep and renewal (e.g., via an asset management plan).

Similar to previous observations in relation to compliance with regulatory requirements under the NQF, stakeholders emphasise that in some cases significant investment in building and maintaining adequate facilities will be necessary to ensure the ongoing viability of some CCCFR services in line with the regulatory expectations for the physical environment for the rest of the sector.

Many services report they require capital works, but some services state they need greater levels of business support in order to make this happen. Although additional funding may be provided by the Department to pay for the capital works, administrative and logistical barriers such as scoping the works, obtaining multiple quotes and managing contractors can be beyond services' capability, expertise and/or capacity. The management of a capital project is in many respect a specialist task that requires specialist expertise.

Challenges are amplified by the remote locations in which many CCCFR services operate and the additional cost and complexity this can bring when seeking to procure contractors and supplies for capital works and maintenance. Local supply is often limited and there can be long waits for materials and trades and, when supply is sourced, it can come with considerable cost multiples relative to capital cities and regional centres.

"Repairs and maintenance of the facilities are very expensive due to geographical isolation of the buildings, sometimes we need to wait for more than 6 months for contractors to attend to the maintenance issues".

Capital funding is widely perceived as insufficient. However, these perceptions are influenced at least in part by challenges confronted in engaging with the capital grant application process.

Review finding 42

Limited utilisation of the contingency funding to support infrastructure upgrades reflects barriers to services' participation in the application process.

Supporting evidence for this finding is drawn from consultations and document analysis.

The Department reports seldom rejecting applications for infrastructure upgrade funding. However, consultations reveal widespread need for infrastructure upgrades and services report an array of challenges in pursuing capital works programs. Gaps in information, capability and expertise hinder the ability to direct infrastructure funding to areas of need.

Review finding 43

Evidence of environmental sustainability considerations being a strong feature of decision making in relation to capital works while present was not widespread.

Supporting evidence for this finding is drawn from consultations and document analysis.

While some services supported some form of environmental sustainability at their centre, this was a much lower priority than supporting children and families. This ranged between services which had no environmentally sustainable measures, to those which had invested in solar panels or other longer-term measures. However, as with the capital grants, the administration of these works was often cited by services as something they did not have time to do.

Only 10 per cent of CCCFR service survey respondents reported that their service budgeted for environmentally sustainable infrastructure. Installing solar hot water or a heat pump was reported to be the most common infrastructure action taken by survey respondents, with 75 per cent of respondents to this question nominating this as an action they have taken, followed by community garden (38 per cent) and awning to create shade (38 per cent).

Proposed environmental sustainability guidelines are included at Appendix I.

9 Future grant design

This chapter establishes the vision for the future CCCFR grant design, drawing on the findings presented in earlier chapters. It sets out the review recommendations and critical implementation considerations.

9.1 Translating review findings to recommendations

The findings set out in previous chapters give rise to a series of recommendations regarding changes that could be made to strengthen support for services currently funded under the CCCFR grant. Ultimately, these changes would enhance opportunities and outcomes for children and families.

By applying the review's **guiding principles** to the **implications arising from the review findings** for future grant design, recommendations can be established.

9.1.1 Guiding principles

The recommendations have been developed in line with the **guiding principles** articulated in the review framework:

- simplicity
- impact
- appropriateness
- coherence
- equity
- sustainability
- efficiency
- responsiveness.

9.1.2 Implications of review findings for future grant design

Review findings under each domain give rise to a suite of implications for the future grant design, as described below.

Objectives and intent implications

The review findings demonstrate an opportunity for a redesign of the grant's objectives within the contemporary ECEC policy landscape. The purpose of the grant needs to be considered alongside other policies and programs intended to align to the Australian Government's strategic direction for ECEC, including the CCCF and other CCCF elements, the CCCFR expansion, and the Child Care Subsidy. This includes the function and objective of the grant with respect to 1) services and providers, and 2) families, communities, and children, including which cohorts should be prioritised under the grant. Clarity on the intended function of the grant as a component part of the ECEC ecosystem will support stronger articulation of the grant's objectives, and effective and efficient design of any future program.

For some services, the initial objective of being supported to transition to the mainstream system is possible and feasible, and may be considered as the next stage of the grant. For others, ongoing support to deliver viable, sustainable, high quality child care is needed – be that via a standalone grant of modifications to other funding vehicles. Any future grant should recognise the historical context of CCCFR services and the needs and expectations of families and communities they deliver services to, to ensure that any transition has minimal negative consequences to children and families who may be experiencing vulnerability, disadvantage and/or trauma.

Policy and funding design implications

This review has identified that the design of the CCCFR grant is largely a by-product of previous grants. This is due to the circumstance at the time (2017-18), where significant reform was occurring within the ECEC sector with the introduction of the new child care system. As a result, many services which relied on funding models/programs such as the BBF, NFFOCC and IAS were identified as not being sustainable under the new system without additional support – hence, the CCCFR grant was developed to ensure services under these former funding models can remain open. As a result, the CCCFR grant was designed to envelope prior funding models, rather than prospectively through a rigorous design process to identify the needs (and evolving needs) of the services under the previous models.

There is room for improvement in any future iterations of the CCCFR grant, by more carefully considering the unique needs of each CCCFR grant service, and the cohort of children and families that attend, as well as the broader community within which the service is located. There must be a stronger vision as to how the CCCFR grant is able to meet the needs of CCCFR services and the community.

Work being led by SNAICC on behalf of the Early Childhood Care and Development Policy Partnership proposes a new model for funding ACCO ECEC services. If accepted and implemented, this model should be the basis upon which future funding for these services is determined.

If not, and for other services in any event, there is a need to consider an alternative approach to determining the resources that services receive. This approach must be grounded in the policy objectives and service delivery expectations that accompany funding provision and have regard to how the cost of delivering on these objectives vary across contexts. There must be close alignment between the objectives of the grant, service delivery expectations and funding.

To this end, the cost model that accompanies the provision of this report should be utilised to determine a formula for future operational funding. This formula should feature the known drivers of cost, including community/service size and service location. The formula should feature a fixed funding floor that guarantees each service has a financially sustainable operating foundation then scale funding based on size.

Layered upon operational funding should be needs-based differentials that ensure that funding equips services with the additional resources required to address the needs of their communities (as they relate to the stated policy objectives). These differentials could take the form of loadings or supplements and should be based on the known drivers of need and disadvantage in the early years (such as indexes of vulnerability and socio-economic disadvantage).

Funding should ultimately strive to provide certainty, adequacy, flexibility and responsiveness.

Administration, governance and compliance implications

Findings from this review have emphasised that CCCFR services are not homogenous. Rather, they are intrinsically shaped by and in response to the needs of community and their local context. Given this diversity, each service will face its own unique challenges in meeting the needs of children and families, while also navigating change through adopting new legislative requirements under the FAL and meeting additional conditions under the CCCFR grant.

While legislative and grant obligations require that services are 'committed to high quality child care', this outcome is not clearly defined. Noting this, documentation requirements for Compliance and Operations Reports are relatively broad, limiting scope for meaningful assessment and targeted interventions for quality uplift.

Some CCCFR services noted facing ongoing challenges in meeting provider expectations under the FAL, particularly around administering the CCS and collecting fees from families. These challenges are relatively common among Aboriginal and Torres Strait Islander services, shaped by factors such as cultural protocols and experiences of intergenerational trauma.

The Department has sought to adopt a responsive approach to meeting the support needs of services, while also ensuring overall compliance of grant recipients. CCCFR Program Officers are responsible for supporting CCCFR services in meeting conditions under the grant, however, often provide guidance to services around other areas such as infrastructure and assets, outside the scope of their intended expertise. For some services, this is due to a lack of relevant and accessible professional development and training, with the Program Officer being the only point of call for advice.

Noting these challenges, there is significant room for a more comprehensive approach to quality uplift, targeted to the needs of each service. Adopting this approach to development in partnership with governments, services, peak bodies and local communities has the potential to meaningfully identify and address underlying barriers to delivering early childhood education and care in an effective and sustainable manner.

Resourcing and financial sustainability implications

It is clear that many services currently funded under the CCCFR grant operate in environments where mainstream funding approaches as they currently stand – principally the CCS – do not adequately support their financial sustainability. This is a function of their remote location, population density and elevated levels of need.

Additional funding safeguards are required if they are to remain financially viable. These safeguards can come from a grant such as the CCCFR. They can also come from modifications to the CCS or from dedicated funding models such as that which SNAICC has proposed for ACCO ECEC services. In most communities in which CCCFR services operate, there is very limited potential to underwrite financial viability via parent fees or to increase CCS+ACCS revenue. Through the consultations, the review learned that that services invest significant time and resources in supporting families to access CCS, but the barriers persist.

Beyond the provision of adequate funding, the achievement of financial sustainability requires adequate business support. This is among several critical functions of the support network that must sit around CCCFR services, ensuring they have the knowledge, tools and supports to effectively manage their finances.

Ensuring the sustainability of service operations also requires improvements in management of capital, property and assets. As an immediate priority there needs to be thorough review of all buildings to confirm the improvements required to ensure they meet regulatory and quality standards. This can in turn give rise to a program of capital works, which should be developed and overseen by a central coordination unit with specialist expertise, in partnership with local services and communities. There is also a need to strengthen leasing arrangements to ensure an appropriate sharing of risk, clarity on obligations and responsibilities and, ultimately, a greater level of assurance regarding the ongoing provision of fit for purpose infrastructure that is suited for the delivery of ECEC, appropriate to community and cultural norms, has a low environmental impact and is energy efficient.

9.2 Categorising the recommendations

The review findings give rise to a series of recommendations for the CCCFR grant and the services currently in receipt of it. These recommendations describe the changes required to bring the conditions under which CCCFR services operate into alignment those that this review finds are necessary in order for services to meet the needs of the communities they seek to serve (in the context of the objectives of the grant). Ultimately, these changes would enhance opportunities and outcomes for children and families.

In seeking to install a set of operating conditions that reflect the guiding principles laid out in this review, the recommendations are organised under two broad headings:

- **Repositioning CCCFR services within a reformed policy landscape** - recommendations regarding how potential changes to the wider ECEC policy environment could be driven and capitalised on to strengthen and reposition services currently in receipt of a CCCFR grant.

- **Refining the current CCCFR grant to maximise its potential** - recommendations regarding how the design and administration of the grant should be refined to maximise its potential.

9.2.1 Repositioning CCCFR services within a reformed policy landscape

Grant-based operating environments can serve several purposes in a broader policy, system and funding architecture. In this case, the CCCFR grant has served as a mechanism to compensate for the ways in which the wider ECEC policy environment is not currently equipped to accommodate services of certain characteristics.

In doing so, it has sought to support and where possible encourage the transition of these services to the mainstream policy and funding environment – that is, to a situation where a dedicated grant is no longer required. For a limited number of CCCFR services, this transition would appear possible. But progress has been slow and external factors such as COVID-19 have adversely affected its pace. Moreover, challenges experienced by most CCCFR services in the pursuit of this transition highlight the limitations of current mainstream policy settings in accommodating the circumstances under which many CCCFR services operate. These limitations are demonstrated throughout the findings of this review.

The limitations of current funding and policy settings affect services beyond the 149 receiving the CCCFR grant and are currently or recently have been the subject of a number of reviews and inquiries (see Box 1.2: ACCC and PC ECEC Inquiries).

The recommendations arising from these reviews and inquiries signal potential for the national ECEC policy environment of the future to look very different to what it does today. As a result, there is potential for the sector operating environment to change in ways that mean CCCFR services can operate and thrive outside of a dedicated grant environment in ways they cannot currently. Recommendations regarding the future of the CCCFR grant and the services currently in receipt of it must have regard to this potential. At the same time, they must recognise the uncertainty. As such, recommendations 1-4 seek to provide a basis for navigating the uncertainty given the guiding principles that this review has established – and, where possible, influencing the wider policy discourse in ways that would support services currently in receipt of the CCCFR grant and the communities they serve.

Recommendation 1

Services should be transitioned away from the CCCFR grant where it can be demonstrated that (i) the conditions required to support them in sustainably delivering high quality ECEC services that meet the needs of communities can be met; or (ii) the service offering falls outside the policy remit of the Department of Education.

- The guiding principles put forward by this review should serve as a point of reference when considering the requisite conditions.
- Recommendations arising from other processes should be examined with reference to these guiding principles and, to the extent appropriate, Government's consideration of these recommendations – the Productivity Commission's especially – should have regard to their potential to facilitate the recommendations put forward here.
- Once the future for the national ECEC policy landscape is clear, the decision framework set out at Figure 9.1 should be used as an instrument to guide decision making regarding individual services' futures.

Findings relating to Recommendation 1

- **Finding 8:** A shifting policy landscape is creating uncertainty and potential divergences between the objectives and intent of the CCCFR grant and contemporary policy directions.
- **Finding 19:** The CCCFR grant funding is not intentionally responsive or adaptive to the current or evolving needs of community; it is largely a function of historical factors.

- **Finding 35:** Analysis of the financial adequacy of the resources provided under the CCCFR grant is hampered by the uncertainty that exists in relation to the grant's purpose and intent (see findings 6 and 7).
- **Finding 36:** Notwithstanding finding 35, there would appear only a limited relationship between the funding CCCFR services receive from the Australian Government and cost of meeting the need CCCFR services face, as it manifests from both service and community characteristics.
- **Finding 37:** The financial sustainability of CCCFR services varies considerably. There are drivers on both the revenue and cost side, with the limited responsiveness of funding to costs a key driver of the financial challenges that many CCCFR services confront.
- **Finding 38:** The administration of the CCS and ACCS and the requirements families face in engaging with these funding streams mean that they are both underutilised and, in the case of CCS, increased reliance is associated with greater financial viability challenges.
- **Finding 39:** Few CCCFR services could operate in a financially viable manner if reliant purely on CCS revenue (in its current form).

Recommendation 2

The potential transition of CCCFR services not currently regulated under the National Quality Framework (NQF) to the NQF should be considered on a case-by-case basis, having regard to the service operating environment, its current capacity to meet requirements under the National Law and Regulations, and an analysis of service-level and systemic barriers to meeting the National Quality Standard (NQS).

- As part of this, the analysis should consider the needs, wants and expectations of local families and community, and whether alternate approaches to regulatory oversight and support may better achieve similar outcomes of high quality ECEC (including those proposed as part of Recommendation 4 of this review).
- The consideration of alternative regulatory approaches should occur in tandem with the consideration of alternative policy and funding environments as part of the wider consideration of the preferred future for each individual services (drawing on the decision framework for individual services, set out at Figure 9.1 in section 9.2.3).

Findings relating to Recommendation 2

- **Finding 28:** Some CCCFR services are expected to face significant barriers to meeting the National Law and Regulations, in particular around meeting workforce and infrastructure requirements.
- **Finding 29:** While there is mixed evidence within current research, CCCFR services may face broader, systemic barriers to achieving the National Quality Standard (NQS) and broader requirements under the National Law and Regulations (NQF).
- **Finding 30:** Analysis of Compliance and Operations Reports indicates varying capability and capacity across CCCFR services to prepare planning and governance documentation in line with the Minister's Rules.
- **Finding 31:** Broader workforce challenges have impacted several rural and remote CCCFR services' ability to meet obligations under the Minister's Rules, specifically around ensuring effective supervision and meeting First Aid obligations.

Recommendation 3

The potential transition of CCCFR services not currently regulated under the National Quality Framework (NQF) to the NQF should be considered on a case-by-case basis, having regard to the service operating environment, its current capacity to meet requirements under the National Law and Regulations, and an analysis of service-level and systemic barriers to meeting the National Quality Standard (NQS).

- Services and communities should be active participants in the process that determines their future.
- Time should be taken to work with each service to appraise their readiness and transition support needs in order to develop a transition plan specific to their needs, including communicating changes to the families they work with and the communities they operate in.
- This should include specific training and support on any changes to reporting systems and procedures, regulatory changes due to changes conditions of funding, and other training necessary to support services to thrive in the new environment
- Knowledge and context held by the Department and CCCFR program officers should be transmitted as appropriate to new case management support teams.

Findings relating to Recommendation 3

- **Finding 9:** There is no explicit alignment to Closing the Gap outcomes, targets and priority reforms. The degree of implicit alignment varies.
- **Finding 10:** Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.
- **Finding 11:** Service, family and community views towards the stated CCCFR objectives vary, with strong support for the objectives of improving early childhood development outcomes, but more mixed views toward the objective of increasing workforce participation.
- **Finding 12:** There are community, family, and child needs and expectations for many CCCFR services which go beyond mainstream needs of child care. CCCFR services often try to fulfil these needs.
- **Finding 19:** CCCFR grant funding is not intentionally responsive or adaptive to the current or evolving needs of community; it is largely a function of historical factors.
- **Finding 28:** Some CCCFR services are expected to face significant barriers to meeting the National Law and Regulations, in particular around meeting workforce and infrastructure requirements.
- **Finding 29:** While there is mixed evidence within current research, CCCFR services may face broader, systemic barriers to achieving the National Quality Standard (NQS) and broader requirements under the National Law and Regulations (NQF).
- **Finding 37:** The financial sustainability of CCCFR services varies considerably. There are drivers on both the revenue and cost side, with the limited responsiveness of funding to costs a key driver of the financial challenges that many CCCFR services confront.

Recommendation 4

There should be further exploration of the opportunities within the Australian early childhood regulatory landscape to support Aboriginal and Torres Strait Islander CCCFR services and families.

- In accordance with the views and preferences expressed by Aboriginal and Torres Strait Islander services, peak bodies and community members consulted in this review, this exploration may include consideration of:

- an alternate dedicated funding grant for ACCO early years services that is designed in partnership with Aboriginal representatives in alignment with Priority Reforms 1 and 2 of the National Agreement on Closing the Gap, and particularly clause 45(d)
- the development of First Nations-designed and led Learning Framework, distinct from EYLF/MTOP
- opportunities to develop an ECEC Quality Framework for Aboriginal and Torres Strait Islander services, informed by the aspirations, needs and expectations of Aboriginal and Torres Strait Islander peoples.

Findings relating to Recommendation 4

- **Finding 1:** While intensity of use by existing families increased, enrolments by Aboriginal and Torres Strait Islander children at CCCFR services grew slower than at other non-CCCFR funded education and child care services receiving CCS in the same region and national benchmarks.
- **Finding 2:** There is evidence to suggest that access to the CCCFR grant has been associated with slower growth in out-of-pocket fees and, for Aboriginal and Torres Strait Islander families, greater affordability.
- **Finding 4:** The evidence on the impact of the CCCFR grant on child developmental outcomes results is mixed. Remote areas, and areas with high Aboriginal and Torres Strait Islander populations saw the most consistent improvements in child developmental outcomes compared to other areas. In contrast, the trends were less consistent in regional and metropolitan areas, and areas with relatively lower concentrations of Aboriginal and Torres Strait Islander children.
- **Finding 9:** There is no explicit alignment to Closing the Gap outcomes, targets and priority reforms. The degree of implicit alignment varies.
- **Finding 10:** Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.
- **Finding 19:** CCCFR grant funding is not intentionally responsive or adaptive to the current or evolving needs of community; it is largely a function of historical factors.
- **Finding 29:** While there is mixed evidence within current research, CCCFR services may face broader, systemic barriers to achieving the National Quality Standard (NQS) and broader requirements under the National Law and Regulations (NQF).

9.2.2 Refining the current CCCFR grant to maximise its potential within the current policy environment

In the event that changes arising from the current policy review processes do not see the mainstream policy environment modified in ways that adequately meet the conditions required to transition all services away from a grant environment, the CCCFR grant should be strengthened and improved in order to better meet the needs of services, children and communities within the objectives of the grant. These changes are set out under recommendations 5-19.

Recommendation 5

The objectives of the CCCFR grant should be revised to align with the priorities of contemporary government policy, including greater alignment to the Closing the Gap priority reforms and targets.

- The revised objectives should:
 - consider prioritising child development outcomes, with workforce participation an additional benefit in appropriate contexts
 - position the grant as an additive and harmonious component of the national ECEC policy landscape

- explicitly consider and, where possible, define cohorts who should be a priority for the grant, including those who may face barriers to participating in mainstream ECEC²³⁹
- support progress on Closing the Gap targets where services are being delivered to Aboriginal and Torres Strait Islander children
- align to principles of Closing the Gap priority reforms, including principles of self-determination through shared decision making, building the community-controlled sector and access to data and information
- be defined with sufficient clarity that they can form a point of reference for the other design features of the grant
- be accompanied by written guidance – definitions and explanations – for terms used in the objectives, including the defined cohorts.

Findings relating to Recommendation 5

- **Finding 6:** Relevant stakeholders have limited understanding of the stated objectives of the CCCFR grant, due to lack of clarity around the grant’s intention. This has affected the ability to communicate the grant’s objectives effectively.
- **Finding 7:** The terms ‘vulnerability and disadvantage’ are not well understood across a range of stakeholders, and there is no consistent definition. The terms are often not used by CCCFR services as they can have a deficit framing that stigmatises individuals, family and whole community.
- **Finding 8:** A shifting policy landscape is creating uncertainty and potential divergences between the objectives and intent of the CCCFR grant and contemporary policy directions.
- **Finding 9:** There is no explicit alignment to Closing the Gap outcomes, targets and priority reforms. The degree of implicit alignment varies.
- **Finding 11:** Service, family and community views towards the stated CCCFR objectives vary, with strong support for the objectives of improving early childhood development outcomes, but more mixed views toward the objective of increasing workforce participation.
- **Finding 12:** There are community, family, and child needs and expectations for many CCCFR services which go beyond mainstream needs of child care. CCCFR services often try to fulfil these needs.

Recommendation 6

The revised objectives should be accessible, easily understood and widely disseminated, including to families and communities.

- This should include a detailed communications plan, backed by dedicated funding and designed in partnership with relevant peak bodies, services and community leaders which considers the needs and communication preferences of defined cohorts.

Findings relating to Recommendation 6

- **Finding 6:** Relevant stakeholders have limited understanding of the stated objectives of the CCCFR grant, due to lack of clarity around the grant’s intention. This has affected the ability to communicate the grant’s objectives effectively.
- **Finding 7:** The terms ‘vulnerability and disadvantage’ are not well understood across a range of stakeholders, and there is no consistent definition. The terms are often not used by CCCFR services as they can have a deficit framing that stigmatises individuals, family and whole community.

²³⁹ Cohorts who may face barriers to participating in mainstream ECEC identified as part of this review include Aboriginal and/or Torres Strait Islander children, children of families experiencing specific vulnerability, disadvantage, and/or trauma, children of families for whom mainstream support such as CCS and ACCS is not available or appropriate and children living in areas without existing or sustained ECEC provision.

- **Finding 11:** Service, family and community views towards the stated CCCFR objectives vary, with strong support for the objectives of improving early childhood development outcomes, but more mixed views toward the objective of increasing workforce participation.

Recommendation 7

The revised objectives should be utilised as the basis for a program logic that sets out the expected relationships between the inputs and resources of the grant and the intended outcomes leading to the objectives.

- The program logic should be developed through a co-design process involving Program Officers, relevant peak bodies, and representatives from services/providers.
- The grant needs to have more deliberate and explicit documentation and architecture to support the pursuit of the grant objectives.
- Clear articulation of how the design of the grant is able to meet the objectives set to the defined cohort(s) is key to creating this distinction.
- The design of the CCCFR grant can draw on the logic and set up used in similar grants/programs nationally and abroad.

Findings relating to Recommendation 7

- **Finding 10:** Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.
- **Finding 12:** There are community, family, and child needs and expectations for many CCCFR services which go beyond mainstream needs of child care. CCCFR services often try to fulfil these needs.
- **Finding 15:** There was no program logic or other documented grant design identified during the review, which set out the intended relationships between the grant, the activities it is intended to support and the stated objectives.

Recommendation 8

Grant guidelines should be refined and adjusted based on the revised objectives and the program logic.

- The grant guidelines should be more explicit about supports that services can seek from the grant, including examples where appropriate.
- The grant guidelines should consider the contexts in which services operate.

Findings relating to Recommendation 8

- **Finding 10:** Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.
- **Finding 12:** There are community, family, and child needs and expectations for many CCCFR services which go beyond mainstream needs of child care. CCCFR services often try to fulfil these needs

- **Finding 14:** Mechanisms through which the CCCFR grant strives to support workforce participation, beyond supporting the financial viability of child care provision and beyond the mechanisms of the CCS, are not identifiable.
- **Finding 16:** There are gaps in understanding among CCCFR services (e.g., among Directors of CCCFR services) regarding how and for what purpose the CCCFR grant funding can be spent.

Recommendation 9

A data management system should be introduced, covering grant compliance and service performance.

- Collection should occur via a proven, easy to use platform that can be accessed and used by services in a straightforward and low cost way and which ensure information required for multiple purposes is only required to be reported once.
- The development of this type of data collection architecture requires further consideration as part of the Department's wider data collection strategy.

Findings relating to Recommendation 9

- **Finding 18:** There are elements of the current CCCFR grant design that can be improved, by learning from adjacent programs/grants, both locally and internationally.
- **Finding 19:** CCCFR grant funding is not intentionally responsive or adaptive to the current or evolving needs of community; it is largely a function of historical factors.
- **Finding 25:** Despite annual reporting obligations for CCCFR services under the grant, there is limited evidence to indicate that these materials are being used to inform ongoing access to grant funding and broader quality uplift.

Recommendation 10

Clear and comprehensive reporting metrics and KPIs should be developed and implemented and collected via a suitable data collection platform.

- The metrics and KPIs should be derived from the revised objectives and program logic.
- The metrics and KPIs should be developed in consultation with representatives from services/providers and communities, Program Officers and relevant peak bodies.
- These metrics and KPIs should in turn be used to support the ongoing administration of the program, including to guide decision making in relation to funding and supports and to monitor and drive performance and outcomes.

Findings relating to Recommendation 10

- **Finding 20:** CCCFR services are seeking greater assurance in continuity of funding and greater flexibility in determining how funding meets the ECEC needs of their community.
- **Finding 25:** Despite annual reporting obligations for CCCFR services under the grant, there is limited evidence to indicate that these materials are being used to inform ongoing access to grant funding and broader quality uplift.
- **Finding 30:** Analysis of Compliance and Operations Reports indicates varying capability and capacity across CCCFR services to prepare planning and governance documentation in line with the Minister's Rules.

- **Finding 33:** A lack of prescribed criteria for service documentation for the Compliance and Operations Reports has resulted in significantly varying documents submitted by CCCFR services, especially in relation to evidence of an educational program.

Recommendation 11

All aspects of the grant design should embed a strengths-based approach, including using strengths-based language.

- This includes, but is not limited to, the revised objectives, the grant guidelines, communications about the grant, and KPIs.
- This does not preclude explicitly prioritising communities which may be facing vulnerability and/or disadvantage as beneficiaries of the grant.

Findings relating to Recommendation 11

- **Finding 7:** The terms 'vulnerability and disadvantage' are not well understood across a range of stakeholders, and there is no consistent definition. The terms are often not used by CCCFR services as they can have a deficit framing that stigmatises individuals, family and whole community.

Recommendation 12

Grant funding values should be reviewed and revised in light of the revised objectives and in accordance with the principles of need, responsiveness, flexibility and certainty.

- Grant values should be determined based on a formula that has regard to characteristics that drive variation in cost and characteristics that drive variation in need.
- The ECEC delivery costing tool that accompanies this report provides a basis for determining how grant values should respond to the operating context of services (e.g. their size and location).
- Variations in community-level need should be recognised by layering needs-orientated supplements or loadings onto this operational base.

Findings relating to Recommendation 12

- **Finding 18:** There are elements of the current CCCFR grant design that can be improved, by learning from adjacent programs/grants, both locally and internationally.
- **Finding 35:** Analysis of the financial adequacy of the resources provided under the CCCFR grant is hampered by the uncertainty that exists in relation to the grant's purpose and intent (see findings 6 and 7).
- **Finding 36:** Notwithstanding finding 35, there would appear only a limited relationship between the funding CCCFR services receive from the Australian Government and cost of meeting the need CCCFR services face, as it manifests from both service and community characteristics.
- **Finding 37:** The financial sustainability of CCCFR services varies considerably. There are drivers on both the revenue and cost side, with the limited responsiveness of funding to costs a key driver of the financial challenges that many CCCFR services confront.
- **Finding 38:** The administration of the CCS and ACCS and the requirements families face in engaging with these funding streams mean that they are both underutilised and, in the case of CCS, increased reliance is associated with greater financial viability challenges.

Recommendation 13

The grant design (including the grant value formula and grant guidelines) should ensure that fees are not a barrier to participation and that access to services is not contingent on families engaging with systems and processes where there are demonstrated barriers to doing so, including Services Australia.

- For many families, including Aboriginal and Torres Strait Islander families, this may be best achieved via a universal fee-free setting.

Findings relating to Recommendation 13

- **Finding 1:** While intensity of use by existing families increased, enrolments by Aboriginal and Torres Strait Islander children at CCCFR services grew slower than at other non-CCCFR funded education and child care services receiving CCS in the same region and national benchmarks.
- **Finding 2:** There is evidence to suggest that access to the CCCFR grant has been associated with slower growth in out-of-pocket fees and, for Aboriginal and Torres Strait Islander families, greater affordability.
- **Finding 10:** Aboriginal and Torres Strait Islander families and communities feel strongly that their CCCFR service is delivering culturally appropriate care for their children, however services do not feel that the CCCFR grant is sufficient to maintain the levels of care that are required by their communities to achieve strong development outcomes for children, or to sufficiently address barriers to participating in ECEC.
- **Finding 13:** The review has not identified a formal articulation of the grant design with respect to (1) recipient eligibility criteria and its rationale and (2) the funding allocation – or grant size determination – methodology. These features appear to be very much historical artifacts.
- **Finding 16:** There are gaps in understanding among CCCFR services (e.g., among Directors of CCCFR services) regarding how and for what purpose the CCCFR grant funding can be spent.
- **Finding 38:** The administration of the CCS and ACCS and the requirements families face in engaging with these funding streams mean that they are both underutilised and, in the case of CCS, increased reliance is associated with greater financial viability challenges.

Recommendation 14

The roles and responsibilities of Program Officers should be refined to prioritise supporting administration and financial obligations under the CCCFR grant.

- In revising the roles and responsibilities of Program Officers, regard should be had to the broader system of supports that exists including providers, peaks and backbone organisations.
- As part of this, the Department should consider increasing the amount of face-to-face engagement (e.g., visits to the service) that Program Officers have with services to strengthen their capacity to meet the support needs of services.

Findings relating to Recommendation 14

- **Finding 21:** CCCFR Program Officers are the primary point of contact and support for most CCCFR services, both for the grant and broader areas of service governance, quality, and business support outside the scope of the grant.
- **Finding 22:** A lack of clarity around roles and responsibilities has meant that Program Officers are undertaking tasks beyond traditional grants administration roles, with limited or no additional training to support CCCFR services with broader queries in relation to operations, such as infrastructure and asset maintenance.

- **Finding 26:** The Department adopts a responsive, risk-based approach to monitoring and reporting with CCCFR services, supporting CCCFR services to meet their compliance obligations in a non-punitive manner, while still undertaking enforcement actions where significant risks to children’s health and safety have been identified.

Recommendation 15

Responsibilities should be assigned and/or targeted roles established to support CCCFR services in relation to specialist issues beyond the remit of Program Officers – such as leasing and asset management and legislative and regulatory advice outside of CCCFR grant obligations.

- To identify these specialist roles, the Department should undertake a stocktake around the frequency and complexity of service queries outside the scope of traditional grants administration.
- When assigning responsibilities, the Department should consider the level of knowledge or prior qualifications required to support services.

Findings relating to Recommendation 15

- **Finding 23:** To remain sustainable, CCCFR services require specialist support that is outside of the scope of roles and responsibilities of the Program Officers and is not systematically provided to CCCFR services through other government or non-government bodies.
- **Finding 40:** Of the various leasing arrangements currently in place, the Management Agreement appears to better accommodate the delivery of child care services, clearly outlining obligations of the parties to the agreement and imposing obligations on the Commonwealth and/or the operator to maintain building compliance. However, there are ways the Management Agreement could be strengthened for future arrangements.
- **Finding 41:** Concerns in relation to the quality and adequacy of infrastructure are widespread with in many cases significant improvement required – especially if minimum requirements under the National Law and Regulations are to be met.
- **Finding 42:** Limited utilisation of the contingency funding to support infrastructure upgrades reflects barriers to CCCFR services’ participation in the application process.

Recommendation 16

Recognising the unique context of each CCCFR service, additional professional development and training should be arranged to support quality uplift, including delivery across different stakeholders (e.g., sector organisations and peak bodies) and different mediums (e.g., online, in person training, written guidance and tailored intensive supports at service).

- Future professional development and training for CCCFR services should include targeted resources and supports for Persons with Management and Control (PMC) and those at Approved Provider-level (such as board members, CEOs, individuals working in council). It should be delivered through a combination of the Department’s in-house resources and external providers.
- To ensure that the professional development and training is culturally informed, delivery to services primarily supporting Aboriginal and Torres Strait Islander communities (including ACCOs) should be supported by an Aboriginal and Torres Strait Islander peak in accordance with clause 45(c) of the National Agreement on Closing the Gap.

Findings relating to Recommendation 16

- **Finding 30:** Analysis of Compliance and Operations Reports indicates varying capability and capacity across CCCFR services to prepare planning and governance documentation in line with the Minister's Rules.
- **Finding 31:** Broader workforce challenges have impacted several rural and remote CCCFR services' ability to meet obligations under the Minister's Rules, specifically around ensuring effective supervision and meeting First Aid obligations.
- **Finding 32:** While the Minister's Rules (section 49(9) of the FAL) prescribes obligations for CCCFR services not regulated under the NQF, certain obligations are subjective and open to interpretation, in particular criteria for the delivery of "high quality child care".
- **Finding 33:** A lack of prescribed criteria for service documentation for the Compliance and Operations Reports has resulted in significantly varying documents submitted by CCCFR services, especially in relation to evidence of an educational program.
- **Finding 34:** While the grant enables a range of professional development and training, and ongoing business supports for CCCFR services, it is unclear whether these efforts are targeted towards those within leadership and/or management positions, such as PMCs or Approved Providers.

Recommendation 17

To enable clearer oversight of asset and infrastructure challenges faced by services, in particular those posing a barrier to compliance with the Family Assistance Law (FAL) and/or the National Quality Framework (NQF), a quality audit of current assets and infrastructure should be commissioned and, on the basis of this, an asset management plan developed.

- The audit of CCCFR service assets and infrastructure should adopt a risk-based approach, identifying and addressing services with outstanding infrastructure or asset challenges, followed by the proactive identification and response to infrastructure concerns which may pose risk to the health and safety of children in care.
- This quality audit of service assets and infrastructure could be undertaken in partnership with infrastructure specialists, regulatory and planning experts and/or state and territory regulatory authorities.
- In adopting an ongoing asset management plan, consideration should be made to ways in which patterns of infrastructure or maintenance issues can be monitored in a systematic manner, such as through the annual reporting conditions of the grant. This can support adequate resourcing and planning for infrastructure and maintenance costs.

Findings relating to Recommendation 17

- **Finding 28:** Some CCCFR services are expected to face significant barriers to meeting the National Law and Regulations, in particular around meeting workforce and infrastructure requirements.
- **Finding 41:** Concerns in relation to the quality and adequacy of infrastructure are widespread with in many cases significant improvement required – especially if minimum requirements under the National Law and Regulations are to be met.
- **Finding 42:** Limited utilisation of the contingency funding to support infrastructure upgrades reflects barriers to CCCFR services' participation in the application process.

Recommendation 18

Reporting requirements and procedures for annual compliance checks as parts of leasing arrangements should be implemented through the introduction of a robust framework to ensure building/improvement maintenance and compliance are being adhered to by all parties.

- It is recommended that reporting requirements and procedures for annual compliance checks be implemented through the introduction of a robust framework to ensure building/improvement maintenance and compliance are being adhered to by the parties.

Findings relating to Recommendation 18

- **Finding 28:** Some CCCFR services are expected to face significant barriers to meeting the National Law and Regulations, in particular around meeting workforce and infrastructure requirements.
- **Finding 40:** Of the various leasing arrangements currently in place, the Management Agreement appears to better accommodate the delivery of child care services, clearly outlining obligations of the parties to the agreement and imposing obligations on the Commonwealth and/or the operator to maintain building compliance. However, there are ways the Management Agreement could be strengthened for future arrangements.
- **Finding 41:** Concerns in relation to the quality and adequacy of infrastructure are widespread with in many cases significant improvement required – especially if minimum requirements under the National Law and Regulations are to be met.
- **Finding 42:** Limited utilisation of the contingency funding to support infrastructure upgrades reflects barriers to CCCFR services' participation in the application process.

Recommendation 19

Any future leasing arrangements should consider the requirements that are additional to securing property use rights and tenure, such as obligations for providing early childhood education and care, and ensure that these obligations are clearly articulated.

- The Management Agreement arrangement between the Australian and NT Governments for certain properties located in the Northern Territory could be enhanced by individual property schedules which have greater clarity on parties' roles and responsibilities.
- The focus of the agreements should be on access/tenure, delivery of services, and ensuring adequate infrastructure for quality child care delivery.
- The review finds that the Management Agreement could be further enhanced through a range of measures:
 - inclusion of individual schedules for each property in the annexure of the agreement.
 - These schedules would define exactly what is being made available in terms of land only or land, buildings and site improvements, their condition at commencement and requirements upon termination of the agreement. Site specific schedules would also provide a platform for outlining property-specific sub-arrangement conditions and terms. Moreover, these schedules should specify clear obligations for all parties involved, complete with well-defined timeframes and penalties for non-compliance. It would also be critical for the schedule to clearly define the facility (and land) boundaries upon the school land and arrangements for any shared areas such as car parks, access driveways, external recreation areas, etc.
 - incorporating the explicit obligations of each party both during the term of the agreement and at the expiry of the term, addressing matters such as the ownership of improvements, specifically for any improvements that were constructed or provided after the date of commencement, and any 'yield up' activities for each party.
 - The agreement should clearly define repair and maintenance obligations and procedures, promoting transparency and accountability in property upkeep in order to

- provide compliant child care and early learning services, and forming a basis for any procedures documents for Project Officers to use for co-ordinating repairs or capital upgrades (such as the number of quotes required and the procurement processes for works).
- including reporting requirements and procedures for annual compliance checks to ensure that this objective is achieved and to manage the risks of all parties to the agreement.
 - While the Management Agreement requires the Commonwealth to ensure that the operator maintains the buildings and facilities in good condition and in compliance with the relevant building code, these procedures would also assist the Department to support the ongoing monitoring of capital works funding through the CCCFR Grant. Presently, capital funding requests are assessed through desktop assessments conducted by CCCFR Program Officers. As noted above in relation to the scope of the Program officer roles, the Program Officers in making these assessments are being asked to go outside of their normal duties and areas of expertise. The inclusion of explicit obligations and requirements for each party in terms of who is responsible for the repairs and maintenance of the Premises, and to what standard (i.e. Building Code of Australia and the National Quality Framework for Early Childhood Education and Care), as well as robust reporting procedures, will help to mitigate the risk of child care facilities being forced to close due to noncompliance or safety concerns.
 - clearly delineating the lease (or occupancy) area boundaries in the agreement (typically this would be a survey plan/lease area plan).
 - Where the child care facilities are situated within a school site, it becomes important to define the arrangements associated with the terms of access, including any provisions for shared access and/or shared facilities.
 - It is also important that the agreement used for securing property use rights and tenure extends beyond a typical lease and captures the obligations of the parties to the agreement to ensure that the objective of providing early childhood care and education is captured in the agreement.

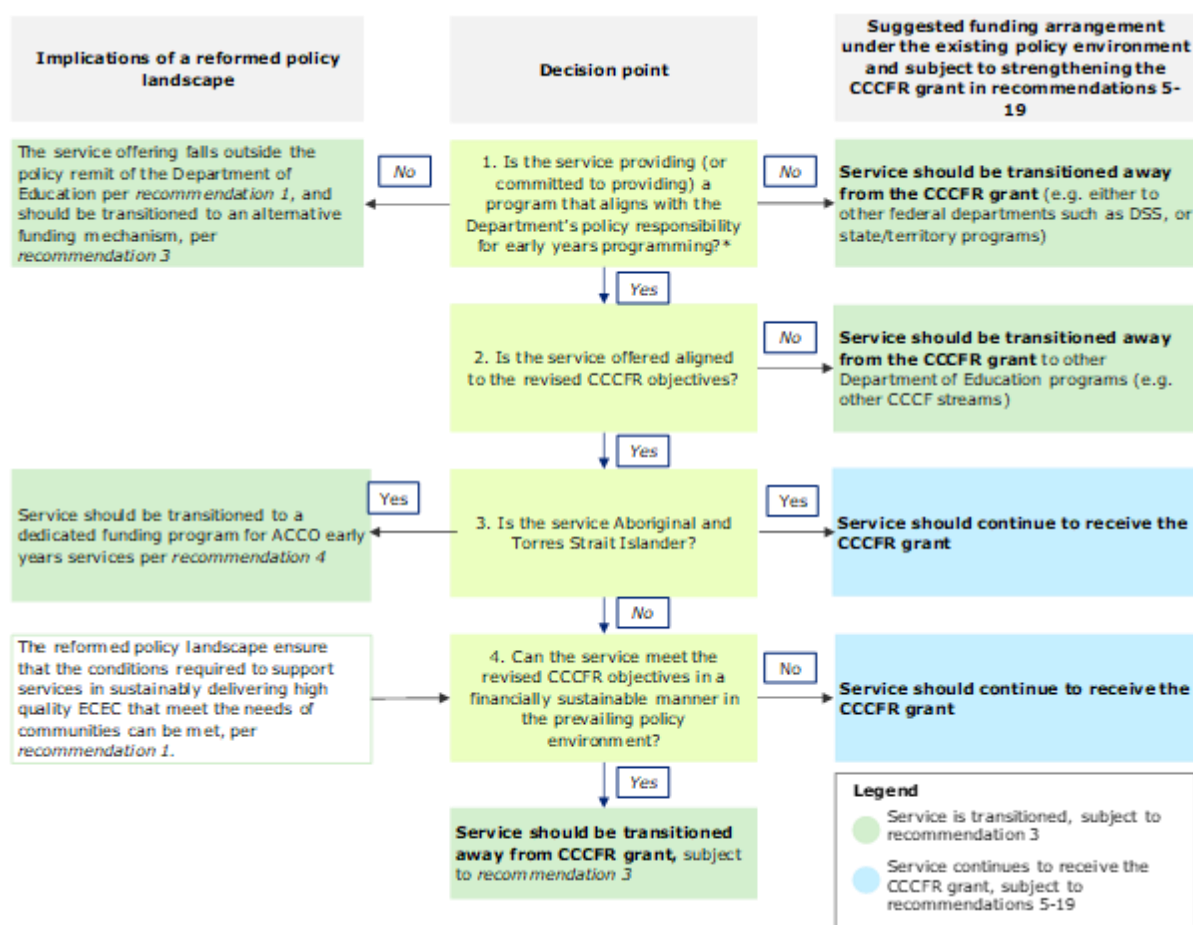
Findings relating to Recommendation 19

- **Finding 40:** Of the various leasing arrangements currently in place, the Management Agreement appears to better accommodate the delivery of child care services, clearly outlining obligations of the parties to the agreement and imposing obligations on the Commonwealth and/or the operator to maintain building compliance. However, there are ways the Management Agreement could be strengthened for future arrangements.

9.2.3 Decision framework for individual services

Regardless of whether CCCFR services as a collective are positioned within a reformed policy landscape, or continue to receive funding via the grant, individual CCCFR services should be evaluated on a case-by-case basis to determine an appropriate future funding mechanism. Per recommendation 3, services and communities should be active participants in the process that determines their future. However, the following considerations may serve as a guiding framework for evaluating a suitable future for services.

Figure 9.1: Decision framework for individual services



Source: Deloitte Access Economics (2024)

* For the purposes of the decision framework outlined above, the 'Department's policy responsibility for early years programming' refers to the Department's implied policy remit for delivering and/or financially supporting early childhood education and care (ECEC). References outlined above to the Department's policy responsibility for early years programming should be considered in light of a shifting policy landscape, as explored in Section 5.3.

This decision framework has been accompanied by a dashboard to support the Department in evaluating services against the decision points, subject to modification in light of the revision of the CCCFR objectives and policy changes that may impact the ability of services to operate in a financially sustainable manner.

9.2.4 Mapping recommendations to various service characteristics

The review recommendations provide a way forward to strengthen the grant at a program level, while considering the diversity of service characteristics. The review considers both the varied contexts of CCCFR services and some of the similarities services have in terms of need and opportunity. This review presents findings and recommendations primarily at a program or grant level, which can be tailored and applied individually to services, in recognition of their unique circumstances. The decision framework and dashboard that accompany this report are intended to support this. It specifies where findings are unique to or more pronounced in certain characteristics, including where this has been specific by the Statement of Work, such as Aboriginal and/or Torres Strait Islander services and NT leased services.

By way of general guidance to support the use of the dashboard and decision framework, Table 9.1 illustrates at a high level how materially services with certain characteristics are likely to be impacted by the recommendations.

Table 9.1: Likely impact of review recommendations on services with varying characteristics

Legend Significant impact Moderate impact No impact

For an overview of each recommendation, please refer to content earlier in this chapter.

Recommendation	Aboriginal and/or Torres Strait Islander services	Rural and remote services	Non-NQF regulated services	Services catering for refugee and migrant populations	Mobile services	OSHCs	Services attached to training and education centres	Services attached to centres for alcohol and other drug treatment	NT leased services
Recommendation 1	All services are impacted by this recommendation through consideration of the unique needs of their community.								
Recommendation 2	Former BBF/IAS services unable to transition to NQF without legislative change	Rural and remote services may face greater barriers to meeting NQF			Mobile services unable to transition to NQF without legislative change				
Recommendation 3	All services benefit from tailored transition plans that account for their unique context and the opportunity to participate in their funding and regulatory decisions and destinations.								
Recommendation 4									
Recommendation 5	Aboriginal and/or Torres Strait Islander services benefit specifically from alignment to Closing the Gap								

Recommendation	Aboriginal and/or Torres Strait Islander services	Rural and remote services	Non-NQF regulated services	Services catering for refugee and migrant populations	Mobile services	OSHCs	Services attached to training and education centres	Services attached to centres for alcohol and other drug treatment	NT leased services
Recommendation 6									
Recommendation 7									
Recommendation 8									
Recommendation 9									
Recommendation 10									
Recommendation 11									
Recommendation 12									
Recommendation 13									
Recommendation 14									
Recommendation 15		Regional and remote services face greater infrastructure issues	Non-NQF services (in NT) have more infrastructure issues		Mobile services have more complex infrastructure/asset and equipment needs				Leasing management requires additional specialist support

Recommendation	Aboriginal and/or Torres Strait Islander services	Rural and remote services	Non-NQF regulated services	Services catering for refugee and migrant populations	Mobile services	OSHCs	Services attached to training and education centres	Services attached to centres for alcohol and other drug treatment	NT leased services
Recommendation 16	Focus needed on First Nations-managed and delivered PD – covered in report	Regional and remote services noted issues with accessing PD							
Recommendation 17		Regional and remote services face greater infrastructure issues	Non-regulated services (in NT) have infrastructure issues		Mobile services have more complex infrastructure/ asset and equipment needs				Leased services face more complex infrastructure and asset arrangements
Recommendation 18		Regional and remote services face greater infrastructure issues							
Recommendation 19									

Source: Deloitte Access Economics (2024)

10 Considerations for implementation

This chapter outlines considerations for implementing the review recommendations. This includes lessons learned from the initial implementation of the CCCFR grant, interactions with existing policy and regulations, and a proposed roadmap for the recommendations.

Transition of CCCFR services to any new policy or grant environment must be carefully planned, with community-level due diligence undertaken to ensure that the needs of services and communities will be appropriately supported under and through the transition to their new funding environment.

A key learning from the experiences of services coming into the newly created CCCFR grant in 2017-18, and in transitioning or attempting to transition to the CCS over time, is that it can be a challenging period for services. It can compromise their ability to operate viably, deliver ECEC in ways that meet the needs of community and, ultimately, to generate the outcomes they are striving to achieve. This experience cannot be repeated.

This review has carefully gathered the perspectives of CCCFR services and other stakeholders, to ensure that lessons from the past and indeed present are documented and drawn upon to inform a better future for CCCFR services and, most importantly, the children and families who would like to access these services.

This chapter sets out key information to support the successful implementation of the review recommendations:

- Section 10.1 overviews lessons from the transition of services to the CCCFR grant when it was first established – to understand what measures and approaches should purposively be built into any future transition process, to ensure services, families and communities are appropriately supported on the journey.
- Section 10.2 considers, at a high level, the type of legislative and regulatory changes that may be required to implement the review recommendations.
- Section 10.3 concludes with a potential roadmap for change, setting out how the implementation of recommendations could be sequenced, after there is further clarity on the direction of national early years policy – including, but not limited to, the extent to which Productivity Commission inquiry recommendations are accepted and implemented.

10.1 Lessons learned from the transition to the CCCFR grant

There are multiple lessons that can be drawn from past experience, when considering how to optimise the implementation of review recommendations.

The review heard that the transition to the CCCFR grant has been complex and challenging for many services.²⁴⁰ In some cases, services feel they are *still* in the process of transitioning, in that they are still learning how to operate under a 'new' system, even five years on. This was also exacerbated by COVID-19 impeding services' ability to adjust, as many processes and funding mechanisms changed during the pandemic. This section explores how lessons from the time of

²⁴⁰ Supporting evidence is drawn from consultations with services, the Department and desktop review.

transition and over the following period have informed the review's recommendations and how they are most appropriately implemented to support future change.

Some CCCFR services have been operating for decades, and expressed their frustration at multiple changes in funding structures - and the associated reporting, operating and regulatory changes - over this period. This cost of change should be factored into the implementation of any new funding mechanisms for CCCFR services.

The review heard from the Department and Program Officers that there were two layers of transition:

1) The *deeming* transition (pre-CCCFR).

- Services were evaluated as to whether they were offering, or could offer, 'child care' in a way that met the Department of Education's definition.²⁴¹ If services were deemed to offer child care and opted not to take the funding, there was no alternative Commonwealth funding source. A total of 16 services closed down in the process of transitioning from BBF. In order to meet the definition of child care, and therefore to receive funding, some services had to commit to changing their operations before receiving the CCCFR grant. Examples provided to the review include a program with a youth justice intervention focus transitioning to an Out of School Hours program and various creches and Multifunctional Aboriginal Children's Services transitioning formally to centre-based day care services.

2) The *financial and operational* transition (transitioning to CCCFR)

- Once services had been deemed and altered their program offerings as required, then they transitioned to the CCCFR grant and the CCS funding system. This included new IT systems and processes, new reporting requirements, new budgeting templates, and new funding guidelines. Some services were better equipped to deal with these changes than others; particularly services with good infrastructure, internet connectivity and provider-level support such as accounting support.

Issues transitioning to the Child Care Package are well documented through the evaluation of the Child Care Package, which notes that these issues were compounded for CCCFR services.¹ The most pertinent lessons learned from these transition processes for future implementation are outlined below. These themes are additive to the Child Care Package evaluation findings and have influenced and informed this review's recommendations.

Consultation with communities and families

The review heard that there was insufficient consideration given to the views of communities about the services they needed and wanted in order to provide education and care for their children. Services and Program Officers suggested that for some communities, the relatively narrow definition of 'child care' (as stipulated by the CCCFR grant) does not meet their needs, nor is it the best way to improve child development outcomes. Moreover, some features of the way the CCCFR grant requires services to operate mean that even if the child care service is meeting its formal obligations, communities may not use it - for instance, due to fees or the expectation of leaving a child without a family member. For more detail on the links between child care and child development outcomes and community expectations for services, see Section 5.4.

Consultation on the draft program guidelines was held for approximately a month in May-June 2017. Services, providers and other key stakeholders were invited by email to provide feedback using an online survey and by email. Feedback sessions also took place in capital cities, some regional locations and webinar presentations. However, the short timeframe may have impeded services' ability to consult meaningfully with their communities, and there is no record of explicit expectation that they do so.

²⁴¹ I.e. Centre-Based Day Care or Out of School Hours Care

This theme underpins recommendations 1, 3 and 4.

Communication with communities and families

Services took on the responsibility of communicating program changes, fee changes, and changes in enrolments and data sought from families. Both Departmental staff and service providers spoke to the lack of available support, including a lack of support from Centrelink teams that was promised, in communicating such changes with their local communities. As services were also working out the impacts of the new system on their operations, they had to simultaneously support families to do so.

This theme underpins recommendations 3 and 6.

Inter-departmental decision making

As discussed in section 2.1, some services transitioned first to the P&C and then to the CCCFR grant. This impacted services' ability to plan and to communicate with their families and communities. Moreover, these services missed the period of grant agreement negotiation and capital works applications, meaning it was a 'scramble' to finalise their financial situation. Inter-departmental communication, agreeing on either which portfolios services should be situated in, or agreed joint and cross-departmental responsibilities, would support services and enable them to plan better.

This theme underpins recommendations 1, 4 and 5.

Length of time to transition

The length of time to successfully transition to the new funding system is different for each service, if it is even possible under the current policy environment. The review heard that a substantial number of services still face challenges under the new system, explored at length in chapters 6, 7, and 8, suggesting that their transition is still ongoing. While some services have made greater progress, the review heard that five years was an 'optimistic' timeframe for the CCCFR grant as a whole. This is due to the extent of the change and the level and nature of barriers that many services face.

This theme underpins recommendation 3.

Preparation for the new system

The length of time to transition may also reflect an inadequate amount of time to prepare for transition and the appropriateness and quality of supports prior to transition. Some examples of challenges associated with preparation for the new system are discussed in the Child Care Package evaluation, such as issues with new IT systems and PRODA registrations, long wait times and incorrect advice provided to families by Centrelink and administrative burden. The evaluation notes the administrative burden had a greater impact on rural and remote services, and notes that many former BBF services faced these challenges in addition to transitioning to a new funding model.

Some Department representatives also felt underprepared to support services through their transition, particularly those who did not have extensive experience under the BBF model. Services worked with both PwC transition consultants and the Department, with some services who had not engaged with PwC only engaging with the Department. In these instances, Departmental preparation would have been more critical, to enable POs to support services.

In thinking about the future direction for CCCFR services, Recommendation 2 articulates that any decision to transition services should be undertaken on a case-by-case basis, considering the local context and needs of services and communities. This would undoubtedly include ensuring that all contextual information about a service, including through existing documentation and discussions with Program Officers, be transferred to the new agency or governmental area responsible for overseeing the ongoing sustainability of the service.

This theme underpins recommendations 1, 2, 3, 4 and 5.

10.2 Potential legislative and regulatory implications

As identified throughout this review, many CCCFR grant services are not deemed within scope of the NQF under the National Law and Regulations or other state and territory residual legislation.

Several recommendations made by this review relate to the NQF, in particular the transition of CCCFR services to within scope of the NQF in circumstances where preconditions for ongoing financial and operational sustainability are met.

To achieve the implementation of the recommendations outlined in this review, consideration will need to be given to the relevant legislation and regulations informing current funding arrangements and, importantly, whether legislative or regulatory amendments are required.

10.2.1 The National Quality Framework (NQF)

Nearly all ECEC services in Australia must comply with the National Quality Framework as 'education and care services' under section 5 of the National Law (*Education and Care Services National Law Act 2010*).

Some ECEC services, including several funded under the CCCFR grant, are deemed to be 'out of scope' of the NQF as they are excluded from the definition of **education and care service** under regulation 5 of the National Regulations (*Education and Care Services National Regulations*). This includes BBF and IAS-funded services and mobile services.

Regulation 5(2) of the National Regulations: "For the purposes of paragraph (h) of the definition of "education and care service" in section 5(1) of the Law, the following classes of service are excluded from the definition of education and care service—"

- *the service provider was, in respect of the service, in receipt of funding under the Budget Based Funded program administered by the Department of Education and Training of the Commonwealth - regulation 5(2)(k)(i)*
- *the service provider was, in respect of the service, in receipt of funding under the Indigenous Advancement Strategy administered by the Department of Prime Minister and Cabinet of the Commonwealth – regulation 5(2)(ka)(i)*
- *a service providing education and care primarily to children preschool age or under that transports its equipment and materials or staff to one or more locations on each occasion that the service is provided – regulation 5(2)(h).*

The primary legislative instruments underpinning the National Quality Framework are:

Education and Care Services National Law: Referred to as the 'National Law', it establishes the legal framework governing the operation of early childhood services, outlining requirements for provider and service approval, compliance, and enforcement.

Education and Care Services National Regulations: The 'National Regulations' detail the specific requirements that service providers must meet under the National Law. They cover a wide range of operational aspects, including health and safety standards, staffing ratios, educational program requirements, and the assessment and rating process for providers and ECEC services.

The NQF operates under an applied law system, with all Australian states and territories adopting the National Law (originally passed in Victoria) or enacting corresponding legislation (such as Western Australia).

10.2.2 The Family Assistance Law (FAL)

The administration of the CCS by the Australian Government is underpinned by the Family Assistance Law (or 'FAL'), a collective term that covers the following legislation:

Component	Purpose
<i>A New Tax System (Family Assistance) Act 1999</i>	Establishes the framework for providing financial assistance to families, including Family Tax Benefit and Child Care Benefit, to assist with the financial costs of raising children.

<p><i>A New Tax System (Family Assistance) (Administration) Act 1999</i></p>	<p>Outlines the administrative processes for delivering family assistance payments, including eligibility criteria, payment methods, and the responsibilities of individuals and the government.</p>
<p><i>Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Act 2017</i></p>	<p>Reformed child care funding, replacing the previous Child Care Benefit (CCB) and Child Care Rebate (CCR) with the Child Care Subsidy (CCS) to simplify support and improve accessibility and affordability for families.</p>
<p><i>Family Assistance Legislation Amendment (Cheaper Child Care) Act 2022</i></p>	<p>Amended the FAL to further reduce the cost of child care for families, aiming to make child care more affordable and increase workforce participation by parents.</p>
<p><i>Child Care Subsidy Minister’s Rules 2017</i></p>	<p>Further guidelines and regulation for the implementation and administration of the Child Care Subsidy, including eligibility requirements and payment rates.</p>
<p><i>Child Care Subsidy Secretary’s Rules 2017</i></p>	<p>Outlines responsibilities and administrative processes for the Australian Department of Education in managing the Child Care Subsidy, including compliance and enforcement measures.</p>

10.2.3 Summary of legislative and regulatory implications

The below table provides a high-level summary of recommendations outlined in this report, including the relevant stakeholders and key regulatory/legislative considerations for implementation. Detailed legislative advice should be sought regarding specific changes to legislation.

#	Recommendation	Relevant government stakeholders	Relevant legislation or regulation (if any)
1	Services should be transitioned away from the CCCFR grant where it can be demonstrated that (i) the conditions required to support them in sustainably delivering high quality ECEC services that meet the needs of communities can be met; or (ii) the service offering falls outside the policy remit of the Department of Education.	Australian Department of Education Australian Department of Social Services (DSS) National Indigenous Australians Agency (NIAA) State and territory governments	N/A
2	The potential transition of CCCFR services not currently regulated under the National Quality Framework (NQF) to the NQF should be considered on a case-by-case basis, having regard to the service operating environment, its current capacity to meet requirements under the National Law and Regulations, and an analysis of service-level and systemic barriers to meeting the National Quality Standard (NQS).	Australian Department of Education State and territory regulatory authorities	Requirements for Provider and Service approval, as well as broader regulatory requirements stipulated under the <i>Education and Care Services National Law Act 2010</i> and the <i>Education and Care Services National Regulations</i> . Prescribed definition of <i>education and care service</i> under Section 5 of the <i>Education and Care Services National Law Act 2010</i> , and excluded services from this definition under regulation 5 of the <i>Education and Care Services National Regulations</i> (e.g. former BBF/IAS and mobile services).
3	The transition of CCCFR services to new funding and/or regulatory environments should be pursued with input and participation from individual services and communities and governed by tailored transition plans that carefully determine an appropriate transition path for each service and the supports required to successfully pursue it.	Australian Department of Education State and territory governments State and territory regulatory authorities	Requirements for Provider and Service approval, as well as broader regulatory requirements stipulated under the <i>Education and Care Services National Law Act 2010</i> and the <i>Education and Care Services National Regulations</i> . Prescribed definition of <i>education and care service</i> under Section 5 of the <i>Education and Care Services National Law Act 2010</i> , and excluded services from this definition under regulation 5 of the <i>Education and Care Services National Regulations</i> (e.g. former BBF/IAS and mobile services).
4	There should be further exploration of the opportunities within the Australian early childhood regulatory landscape to support Aboriginal and Torres Strait Islander CCCFR services and families.	Australian Department of Education ACECQA State and territory regulatory authorities	Compliance with the National Quality Framework All early childhood education and care services in Australia are required to comply with the National Quality Framework (NQF) if:

			<ul style="list-style-type: none"> the service meets the definition of education and care service under section 5 of the <i>Education and Care Services National Law Act 2010</i>, and the service is not excluded from the definition of education and care service under regulation 5 of the <i>Education and Care Services National Regulations</i>. <p>Approved Learning Frameworks</p> <p>Under the NQF, services must implement an educational program in line with an approved learning framework (<i>section 168 of Education and Care Services National Law Act 2010</i>), as stipulated under regulation 254 of the <i>Education and Care Services National Regulations</i>.</p>
5	The objectives of the CCCFR grant should be revised to align with the priorities of contemporary government policy, including greater alignment to the Closing the Gap priority reforms and targets.	Australian Department of Education State and territory governments	N/A
6	The revised objectives should be accessible, easily understood and widely disseminated, including to families and communities.	Australian Department of Education State and territory governments	N/A
7	The revised objectives should be utilised as the basis for a program logic that sets out the expected relationships between the inputs and resources of the grant and the intended outcomes leading to the objectives.	Australian Department of Education	N/A
8	Grant guidelines should be refined and adjusted based on the revised objectives and the program logic.	Australian Department of Education	N/A
9	A data management system should be introduced, covering grant compliance and service performance.	Australian Department of Education	N/A
10	Clear and comprehensive reporting metrics and KPIs should be developed and implemented and collected via a suitable data collection platform.	Australian Department of Education	N/A
11	All aspects of the grant design should embed a strengths-based approach, including using strengths-based language.	Australian Department of Education	N/A

12	Grant funding values should be reviewed and revised in light of the revised objectives and in accordance with the principles of need, responsiveness, flexibility and certainty.	Australian Department of Education	N/A
13	The grant design (including the grant value formula and grant guidelines) should ensure that fees are not a barrier to participation and that access to CCCFR services is not contingent on families engaging with systems and processes where there are demonstrated barriers to doing so, including Services Australia.	Australian Department of Education	<p>Requirement for co-contribution to fees by families</p> <p>Requirement to collect gap fees (family co-contribution) under Section 201B of <i>A New Tax System (Family Assistance) (Administration) Act 1999</i>.</p> <p>Requirement for Customer Reference Number (CRN)</p> <p>Requirements in relation to providing a customer reference number (CRN) as part of a complying written agreement, for the purposes of Commonwealth payment towards sessions of care under the child care subsidy (section 9 of the <i>Child Care Subsidy Secretary's Rules 2017</i>)</p>
14	The roles and responsibilities of Program Officers should be refined to prioritise supporting administration and financial obligations under the CCCFR grant.	Australian Department of Education	N/A
15	To support CCCFR services in relation to more specialist issues (such as leasing and asset management, and legislative and regulatory advice outside of CCCFR grant obligations), targeted roles should be established within the Commonwealth Department of Education.	Australian Department of Education	N/A
16	Recognising the unique context of each CCCFR service, additional professional development and training should be arranged to support quality uplift, including delivery across different stakeholders (e.g., sector organisations and peak bodies) and different mediums (e.g., online, in person training, written guidance and tailored intensive supports at service).	<p>Australian Department of Education</p> <p>ACECQA</p> <p>State and territory governments</p> <p>State and territory regulatory authorities</p>	N/A
17	To enable clearer oversight of asset and infrastructure challenges faced by CCCFR services, in particular those posing a barrier to compliance with the Family Assistance Law (FAL) and/or the National Quality Framework (NQF), the Department should commission a quality audit of	<p>Australian Department of Education</p> <p>State and territory regulatory authorities</p>	<p>Physical environment and broader infrastructure requirements under <i>Education and Care Services National Law Act 2010</i> and <i>Education and Care Services National Regulations</i>.</p>

	current assets and infrastructure and, on the basis of this, develop an asset management plan.		
18	Reporting requirements and procedures for annual compliance checks as parts of leasing arrangements should be implemented through the introduction of a robust framework to ensure building/improvement maintenance and compliance are being adhered to by all parties.	Australian Department of Education State and territory governments	N/A
19	Any future leasing arrangements should consider the requirements that are additional to securing property use rights and tenure, such as obligations for providing early childhood care and education, and ensure that these obligations are clearly articulated.	Australian Department of Education State and territory governments	N/A

10.3 A potential roadmap for change

Figure 10.1 (overleaf) sets out a potential roadmap for sequencing the recommendations, after there is more clarity about the future of the national ECEC policy landscape. It is expected that this will be informed by the final Productivity Commission report due to be received by the Australian Government in June 2024, and by the recent ACCC Inquiry and the Early Years Strategy. While, collectively, this work is expected to provide some directionality and clarity, it will take time for all of the recommendations to be evaluated by the respective areas of government (including both the Department of Education and the Department of Social Services at the federal level as well as other layers of government) and for the necessary legislative and regulatory changes to be assessed and implemented.

In the interim, steps to reform the CCCFR grant should be taken cautiously, for fear they may be inconsistent and/or incompatible with the changes arising from the wider review process. Risk lies in the prospect that changes to the CCCFR grant leave it incongruent with the policy and system landscape that emerges once reform proposals are settled upon or, worse still, that these changes need to be unwound and an alternative change path set upon. The first of these would see the reform process fail to capitalise on the opportunity presented by both this review and wider process; the second would risk eroding trust and confidence, adding to stakeholder fatigue, and reducing the likelihood that the desired change can ultimately be achieved.

However, it is possible – in fact desirable – that immediate steps are taken following this review. These steps relate to both ensuring services and communities are appropriately supported while broader reform proposals are settled upon and to seizing the opportunity to pursue changes that should occur irrespective of the prevailing long term policy landscape.

1. Continue to support services that need additional funding to remain financially operational, so that they can continue to support their communities. Grant agreements should be extended until the plan for transition and/or the strengthened grant can be implemented.
2. Include additional questions in the Compliance and Operations reports. The interim period presents an opportunity to gather comprehensive information across all services relevant to making decisions about future destinations for individual services and supporting transition. Relevant questions are likely to include questions on enrolments, attendance, particular cohorts of interest, services and programs offered, and fees charged.
3. Progress planning and implementation of recommendations that should support services to improve child development outcomes regardless of the broad spectrum of outcomes of the future national ECEC policy landscape. This is likely to include professional development opportunities for service staff, facilitated by the Department, and continuing to support services to transition to the NQF on a case by case basis (with input from the service).

Box 10.1 : Transition of services to ACCO providers

This review heard that for the majority of Aboriginal and/or Torres Strait Islander communities and peoples, principles of self determination are critical, particularly in consideration of the way children are raised (see section 5.4 for more details). The review also notes opportunities to strengthen alignment with the National Agreement on Closing the Gap priority reform areas, in order to not just pursue the 'what' of closing the gap targets but the 'how'. It is understood consideration of how change is sought will be critical to achieving Closing the Gap targets and outcomes.

How change is best pursued will always be specific to the local context. In some areas, there will be no ACCO, or an ACCO will not have the capacity to act as a provider of an ECEC service. In others, it will take significant time and investment to ensure an ACCO can take on an ECEC service. For some communities, there may be a preference that an ECEC service is run by a non-ACCO provider, such as the local council, a for-profit provider or a non-ACCO, not-for-profit provider. However, this sentiment was not expressed by CCCFR services or communities as part of the consultations held throughout this review. It is likely that with adequate supports, transition time, resources, and with an approach that aligns to Closing the Gap priority reforms,

ACCO provision of services for Aboriginal and/or Torres Strait Islander communities and families is the most effective way to reach outcomes and to reflect the Australian Government’s aspirations for Closing the Gap.

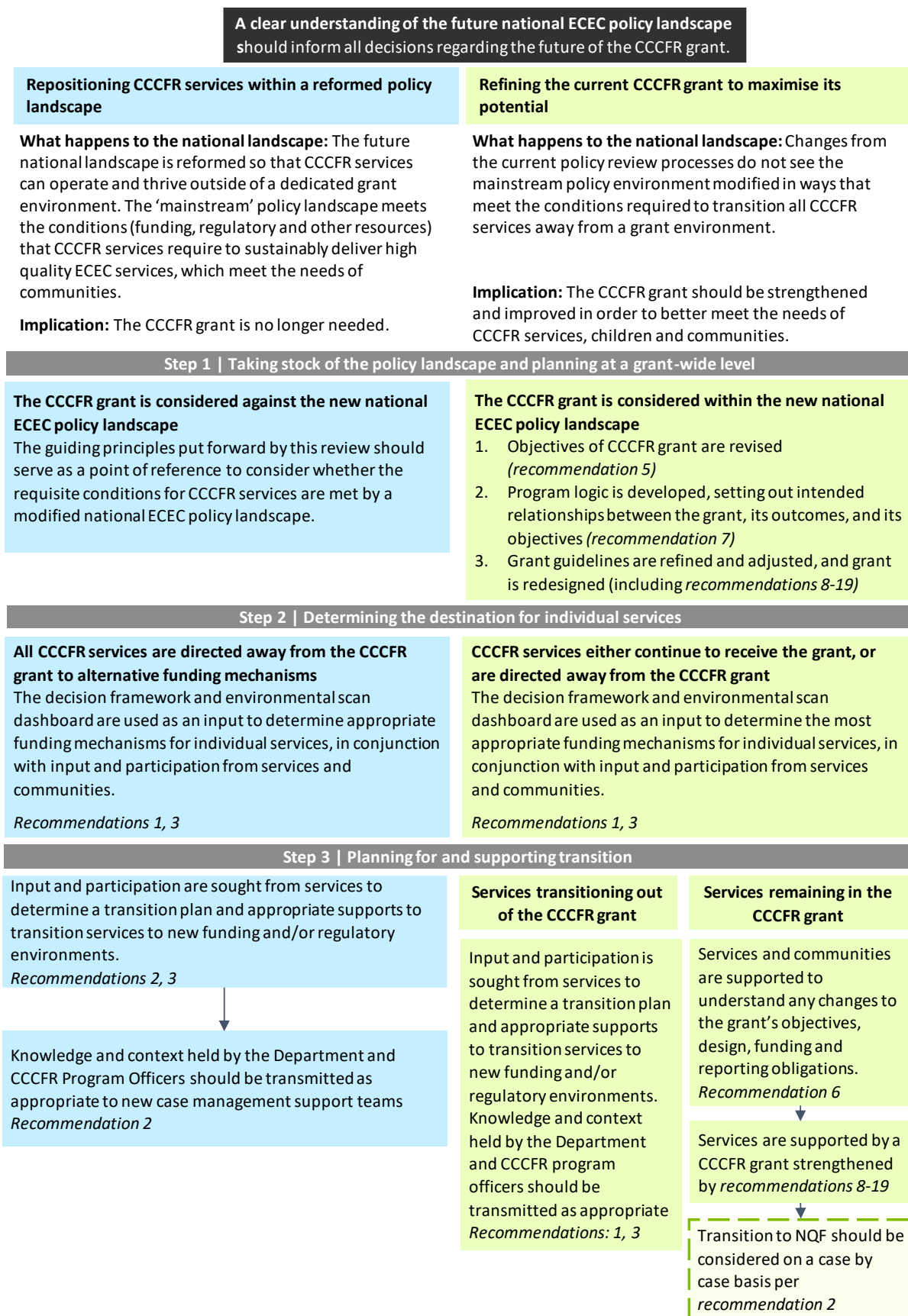
In light of this, the review recommends that Aboriginal and/or Torres Strait Islander services²⁴² are transitioned to a funding program for ACCO services which meets these needs, with the ultimate aim of transitioning these services to ACCO provision. The time taken to achieve this transition may be significant, in order to adequately support and resource change, including capability building. Therefore, it may be that Aboriginal and/or Torres Strait Islander services are transitioned to a new funding mechanism in order to best respond to their communities, *without yet transitioning to an ACCO provider*. Community consultation should explore the community’s desire for an ACCO provider and, should this be determined, appropriate agreements and supports should be put into place to progress the transition. Recommendation 3 provides principles for this transition process.

Regardless of the ultimate pathway – that is, whether CCCFR services are positioned within a reformed policy landscape, or the current CCCFR grant is refined to maximise its potential – the following principles should guide the development and application of **transition plans for individual services**. These principles have been drawn from review evidence, including lessons learnt from history.

- **Transition plans must be tailored, localised and place-based**
 - The context and need of every service is different and a tailored plan must be developed accordingly.
- **Participatory design is critical in developing transition plans**
 - Tailored transition plans must be designed with the active participation of communities, so that the knowledge and experience of the community are central drivers.
- **Sustained high-level support is required**
 - High support levels must be provided to each service in the lead up to, during, and after the transition and funds should be provisioned to ensure that this support is able to be financed.
- **Communication to communities and families by services should be supported and adequately resourced**
 - Services should be involved in communicating changes to communities and families and should be supported with a range of resources in order to do this.
 - This requires services to have access to clear information and messaging, appropriate notification of transition, in order to plan, and details of where families can seek more information on implications on their individual circumstances.
- **Realistic transition timelines are essential**
 - Transition must be governed by a timeline that reflects the level of change that the service needs to experience in order to transition to the new environment (whatever that may be).

²⁴² The complexities of defining an Aboriginal and/or Torres Strait Islander service are discussed in the review more fully. Several indicators have been provided in the environmental scan dashboard to support the Department to use several evidence sources to narrow down lists of services as part of determining the destination for individual services.

Figure 10.1: Roadmap for recommendations



Part C: Appendices and supplementary information

Appendix A Voices of services, families and community

Appendix A draws on materials previously presented to the Department as part of the **Emerging stakeholder observations report** (submitted 24 November 2023). Minor edits for clarification and readability have been made since the original report was submitted. The insights from these materials have been triangulated and integrated into the body of the draft report to build a comprehensive understanding of the CCCFR grant in design and in practice.

Principles of Indigenous data sovereignty and data governance also necessitate that the voices of the stakeholders consulted are presented just as they have been heard and with only limited moderation. This Appendix is included to preserve the integrity of the contributions made by stakeholders and honour the agency of those who have elected to share their views.

These voices presented below are drawn from the face to face and virtual interviews and online surveys with services, as well as the in-person interviews and focus groups with families and communities.

These observations below present stakeholder perspectives only, not the findings of the CCCFR review.

A.1. Consultations with families and community

Consultations with families were almost all undertaken in Aboriginal and Torres Strait Islander communities, in very remote areas. It was important in this review to capture the voices of Aboriginal and Torres Strait Islander communities and very remote communities, given the additional challenges and complexities faced by these communities and the limited opportunities for people in these communities to voice or advocate for their experiences and needs. The findings in this chapter therefore do not reflect a representative sample, particularly compared to insights drawn from consultation with services.

While the family consultations all took place in Aboriginal and Torres Strait Islander communities, this was not to the exclusion of non-Indigenous families who were using these services and actively participated in the consultations. Furthermore, a discussion of family needs was included in every consultation, including with mobile services in rural communities and centre-based care in urban settings.

Families and carers were engaged in interview by the SNAICC and Murawin teams across 20 communities in the Northern Territory, Queensland, Western Australia, and New South Wales. Bar one metropolitan city, all community consultations were held in remote or very remote regions. The vast majority of families and carers interviewed were Aboriginal or Torres Strait Islander. All consultations took place at the CCCFR funded services, of which close to half were council-run and half were ACCOs (Aboriginal Community Controlled Organisations). Families and carers were recruited to participate in the consultation process through either direct request from the service educators or through posters advertising the consultation sessions that were placed by the services on behalf of the SNAICC and Murawin teams.

A.1.1. Benefits of CCCFR grant funded services

This section sets out the perceived value of CCCFR grant funded services by listing the benefits of services to children, and then families and carers, as articulated by families and communities. This is in line with the intended outcomes of the CCCFR:

- improve early childhood development outcomes for vulnerable and disadvantaged children
- increase workforce participation by vulnerable and disadvantaged families.

Importantly, the value of child care funded by the CCCFR grant was not limited to these two outcomes, with other benefits identified by families and carers beyond early childhood development outcomes and workforce participation.

Identified benefits need to be considered in line with the barriers to using CCCFR grant funded services, as they significantly impact upon the ability for benefits to be realised. Further, it should be recognised that benefits are not realised evenly by children and families even when barriers are low, due to local contextual factors like the availability of other early learning services.

A.1.1.1. Benefits to children

The CCCFR grant objective of improving early childhood development outcomes for vulnerable and disadvantaged families is supported by the evidence collected in the family and community consultations. The first part of the section presents the ways in which consultees discussed developmental benefits, which are broadly in line with the Australian Early Development Census domains and Early Years Learning Framework.

Families and carers also raised a number of other benefits from attending CCCFR grant funded services, which sit outside of these frameworks. These include: a safe and fun environment, establishing a school routine, improved hygiene and nutrition, and connection to culture. Importantly, many of these benefits are facilitated by additional supports provided by a centre beyond standard child care, for example wrap-around services.

“I think the [service] is the best start for the little ones” - **grandmother**

Early childhood development

Parents and carers noted a positive relationship between their child’s development and their attendance at services. Where parents and carers had noted their child was behind on key development milestones, these improvements were especially noticeable.

Most parents and carers identify child care as a critical pathway to school readiness. Parents and carers acknowledge that educators would pick up on things that they themselves might not pick up on and help them connect with the relevant services to support their child before going to school.

“The service is doing more than its fair share of heavy lifting in terms of meeting the child care and child protection needs of our community” – **mother**

“When we were on waiting list to get here [the CCCFR funded Aboriginal service], we went to the mainstream. It was overcrowded, they didn’t listen, didn’t want to work with us, the families to meet developmental milestones and habits (e.g., self-soothing)” – **mother**

However, some parents who had relocated from urban to remote communities wanted a greater focus on learning than what was being delivered in the service, with one mother specifically seeking the adoption of the Early Years Learning Framework in her service.

Physical readiness for school was observed by some families in terms of improvements in gross and fine motor skills. Parents and carers spoke to the importance of their kids being around other children for their development. This was often seen through advances in physical movement (crawling and walking).

Social competence and emotional maturity were identified in consultation through the lens of playing with other kids and having a sense of self.

Learning by modelling behaviours from other kids, like caring and sharing, was observed. Parents and carers noted the increased confidence in playing with other children outside of the centre, in their neighbourhood or at community events.

Being able to play well with other children was seen as an important skill to learn for success in later life. One mother described the importance of this interactivity with other children in the service as such: "I see my main job as a parent in the first two years of life is to make my child liked by adult. No-one wants to bring up a child who's just annoying to everyone."

Developing a strong sense of self and identity, particularly in the context of growing up alongside other community members was also voiced as a key benefit.

Improved language, cognitive and communication skills were identified by families and carers, as well as advances in language skills. Parents and carers often cited exposure to both other kids and "bigger kids" as being the trigger for these developments.

"My son has slow speech development – every day I see progress, I am very proud. He would wander, not join in and walk around and eats. Now he sits with his friends and sings the ABC." – **mother**

Most parents and carers could speak to gains they had witnessed in their children since attending the service in the domains of language, literacy, and numeracy. One carer described the service as "little school before they go to big school." Parents and carers observed use of new words, counting, identifying colours, learning to write their names, and singing nursery rhymes.

A few parents spoke about how the child care centre supports children with delays in their development, disabilities, and/or complex needs. Families described the care and support which services could provide, though few mentioned the specific referrals or specialist supports which services mentioned in consultations.

Other benefits

Accessing a **safe, secure, and fun environment** was most commonly expressed by families and carers as a key benefit their children received from attending child care.

Parents and carers spoke of a dual benefit in safety – that services provide a safe and secure environment in which the children can spend their days and that the service helps educate the children about safety.

Many parents and carers spoke about the lack of safety in the home environment. A number of families cited concerns with the natural environment, particularly in regional and remote areas, for example children in the front yard playing in the grass being bitten by venomous snakes or being exposed to extreme weather events like storms. Others cited safety issues within the home such as children not understanding power sockets. One carer told a story of a child in his family who passed away after accidentally consuming medicine in the home.

Families and carers spoke of the education that children received in the services to support their safety awareness that the children would then bring back into the home – to know not to play with snakes or to know not to put electric cords into water.

An additional perspective on safety was raised by some of the kinship carers who felt that being able to access the service would prevent the children from being removed from their kin and taken into out of home care where the children's safety and wellbeing would be compromised.

"We became kinship carers out of the blue. I notified [the service director] and she found places for them within 4 weeks. She prioritised my family because she knew that if they couldn't get in, I'd have to leave my job, or the children would be moved again by DCJ." – **kinship carer**

While some parents and carers spoke of a need to update the equipment (particularly the outdoors play equipment which was often damaged by the elements), the general view was that there was a good variety of resources for kids to play with and learn from.

One community member spoke of a child who had not a single toy at home, whose only source of play was with their parent's mobile phone, and spoke of the delight and engagement this child showed on discovering all of the toys and resources at the service.

"When your child runs up the footpath [towards the centre] and you know they are being cared for, they are happy to be here" - **kinship carer**

"I was on the waitlist for ages when my two girls were little. I had to send them to mainstream services before spots at [the CCCFR service] opened up. Those mainstream spaces felt really clinical. It was the opposite [here]: you become part of the family and you don't have to worry if your children are happy and getting the care they deserve." – **mother**

The importance of **establishing a routine** of coming to a place away from home every day was seen as beneficial for the transition to school, both in establishing this routine for the child but also in establishing the routine for the parents, especially if the parents were young and inexperienced.

In areas where a full suite of early years services is available, families and carers saw child care as part of a journey to getting ready for school that starts with playgroup, moves to child care, then kindergarten and preschool.

"[child care] is a time when they open their eyes and look forward." - **grandfather**

Beyond improving physical independence and motor skills as defined by the AEDC, many families and carers discussed the **health, hygiene, and nutrition benefits** of child care.

Parents and carers spoke of the value that services deliver to children in the community in regard to forming "healthy habits" and in the access to health support that services provide. Parents and carers spoke of handwashing, teeth brushing, and toilet use as examples of good hygiene practice that was learned and embedded through the child care. The value of healthy, nutritional meals being provided to children was also seen to benefit from both the perspective of receiving the food as well as learning to enjoy nutritious food.

Finally, many parents and carers spoke of the importance of belonging and **connection to culture** and facilitating a connection to lost culture in some cases.

Many services in Aboriginal and Torres Strait Islander communities facilitated cultural education through the support of local Elders, either coming into the service or providing lessons at the local library or arts and cultural centre where children could attend. In communities where the local language(s) had been largely lost, parents and carers were incredibly complementary of these opportunities for their children to learn at such a young age, giving hope of being able to return the language more extensively through community.

In communities where local languages were still widely spoken and traditional customs still known and practiced by the educators, parents saw this as an important extension of their child's education.

Parents from outside of community also experienced the benefit of this culture, speaking to the value of their children learning traditional language and dance. One family spoke of the joy of seeing their young Fijian daughter learn to speak the local language fluently (her third language).

In some communities the service would also act as a community hub for important cultural celebrations.

[The service] is a space for the community so there are different events happening – NAIDOC and Aboriginal and Torres Strait Islander Children's Day - **mother**

"Kids are always repping [positively representing] the centre. The community love to see the kids singing and dancing at community events and raising the flag" - **mother**

"Mainstream services can't compare. I sent my child to a council pre-school, and they didn't understand the simple things that [the CCCFR funded service] staff pick up on. The service wasn't aware of my child's Aboriginality and things like kimbies [nappies]!" – **mother**

A.1.1.2. Benefits to families and carers

In line with the CCCFR objective, workforce participation has consistently been identified as a key purpose of using CCCFR grant funded services, but another benefit – improved social and emotional wellbeing – was also identified.

Facilitating employment

The CCCFR grant objective of increasing workforce participation by families experiencing vulnerability and disadvantage was supported by the evidence collected in the family and community consultations.

When asked why they send their child to the service, many parents and carers responded that the answer was needing care for the children while the parents or carers are working. While the majority of community members who participated in the consultations identified as being in part- or full-time employment, from speaking with the services' educators themselves, it was understood that this was not necessarily a representative sample of who uses the service, but rather reflective of the characteristics of individuals who opted to participate in the consultations.

Services are understood by families and carers to be facilitating employment both indirectly and directly. There are parents and carers who have full or part time employment in communities (either through self-employment, government or council employment or private employment, such as the local shop) and there are those who are employed by the child care service itself.

In remote communities, a large number of the educators are also mothers who have children who are either enrolled currently in the service or whose children were previously enrolled prior to transitioning to kindergarten, preschool or school.

When asked what options they have for child care when the service is closed, all working parents and carers cited the need to take sick leave or annual leave to care for their child.

Supporting the social and emotional wellbeing of carers

Parents and carers who weren't in full time employment or who were self-employed spoke of the importance of child care providing support to their social and emotional wellbeing through respite.

Parents and carers spoke about using the time their children are in care to practice self-care (sometimes, just sitting quietly with a tea and a biscuit) and other times engaging in social and cultural activities such as those provided by the local arts and cultural centre. Parents and carers also spoke of the time needed to maintain their family household – cleaning and shopping and alike – which was facilitated through child care.

This respite was cited as especially important for foster carers who were providing care to children under child safety orders.

Equally, some foster carers cited child care as a mechanism to support parents experiencing vulnerability, particularly inexperienced young mothers, to keep their children safe and well. This was enabled through both the respite provided and the extra advice and support that the child care workers would give to the mothers. This was viewed as a preventative measure for keeping children with their mothers and addressing circumstances that may otherwise prompt intervention from child protection leading to child removal.

Some parents and carers mentioned using the time their child was in care to also take care of their own health through visiting the clinic during these hours.

A.1.2. Drivers behind use of CCCFR grant funded services

This section sets out the drivers identified by families and carers to using CCCFR grant funded services, including accessibility, affordability, the role of local educators, perceptions of ECEC and the government, and cultural and other drivers.

All parents and carers interviewed knew families who had children that were of the appropriate age to use the service but were not doing so. As such, this section includes observations from families using services, on why other families in the community were not using them.

When parents and carers were asked what might make a difference in getting more families to attend the services many had ideas for outreach. These included open days, radio advertisements, and community meetings. Parents and carers also understood that the services were often capacity constrained, recognising that most services didn't necessarily have the staffing levels to support outreach. They were also aware of waitlist issues, and that families would feel let down if they were convinced by the value of child care and then told there was no immediate space available for their child.

A.1.2.1. Accessibility

Lack of alternative care options

In larger remote communities where there were other services available, typically families were opting not to use these as they felt they couldn't provide for their child's cultural safety.

"I put my child on the waitlist before they were born. Even though there are other service options in, I wouldn't consider anywhere else." - **mother**

However, for most families and carers, there were few alternative options.

When asked why they chose the specific child care service, typically the answer was that it was the only service in town. Where there was also a playgroup or (in the case of the Northern Territory) a Families as First Teachers (FaFT) program in the community, some families were opting to complement part time usage of the centre-based care with days at the playgroup and or FaFT.

Where there was a kindergarten or preschool available, families were typically choosing to send their child once they were of appropriate age, however this was not an option in many communities.

Some parents had used babysitters but found they were too unreliable to provide continuous care on the days it was needed, and often cancelled at short notice.

Most parents and carers said that there was no other appropriate adult in their family who could take care of their child in the absence of centre-based care. For some families they would be comfortable leaving their child with another family member for short periods. Others would not leave their child at all, as cited above, most parents and carers said they take time off work to care for their child when the centre is closed.

One senior interview (a grandfather and uncle to children in the service) spoke of the generational shift in care that had taken place in his community. When he was a young boy, before there was centre-based child care, his grandmother took care of him. He noted this doesn't happen anymore. Those who might once have taken care of grandchildren are now very elderly and there is no next generation who has taken on this responsibility.

In other communities grandparents were still providing the primary care for their grandchildren but spoke of their reliance on child care, especially if they had multiple children in their care and if they were elderly.

In one community where families were consulted there was also a bush kindergarten which was seen as a good alternative when the child care centre was closed, and they wished for greater opportunities for On Country outdoor learning through their centre-based care.

Waitlists

In remote regions with relatively higher levels of employment and larger numbers of non-local families living in communities, waitlists were a common issue. Mothers in particular spoke of their frustration of not being able to return to full time employment or not being able to maintain their businesses.

Some local families spoke of the frustration that 'whole of community' solutions weren't being explored, for example when a lack of space was restricting the capacity of a service, or that other buildings being underutilised in the region weren't being repurposed in order to prioritise the opportunities for working families.

In one remote community where there was a large non-local workforce, frustrations were vocalised over the waitlists and the perceived preference of non-local community members getting places due to their positions as essential workers in health, police, schools, etc., and the lack of transparency and communications in the bookings process [note: this was refuted by the service who said the only prioritisation given within the waitlist was for children under safety orders].

Transport to services

Most families and carers directly transported their children to the service, either walking if the community was small or by car if not. Some had drop-off sharing arrangements with other families with children in the service. Some community members felt that establishing a bus service (in services that didn't have one) would increase the number of families participating in the service.

In after school care, the bus service was a non-negotiable for most parents and carers. In one community where the bus pick-up service was reduced from five days to three days, almost all parents and carers removed their children and found alternate care.

Service closures and opening hours

In the smaller and more remote communities where service closures were more common, parents and carers spoke of their immense frustration that they were finding themselves having to use all of their sick leave and much of their annual leave to take care of their children in the event of closures. One family who moved to the community to take up roles in social services and employment support voiced that the frequent service closures are putting risk on the sustainability of their jobs and longevity in the community.

Parents and carers understood the cause of the issue was staff absences, and there were differing views as to how much the service directors themselves could influence this. Some observed that there was a relationship between staff attendance and the continuity of service directors (who typically came from outside community). Others recognised that given multiple members of a single family were often employed at a service, that this compounded the impacts of Sorry Business or community unrest on staff levels.

Some parents and carers also voiced their frustration at the lack of communication around intermittent service closures: "They could send us an email or text, instead of arriving at the centre and seeing closed doors. One mum walks here with a pram, reaches the service and then finds it closed."

In some regions, parents and carers also spoke of the knock-on effect of service closures on the wider community, limiting the delivery of other essential services: "We have lots of schoolteachers kids here so [if the service closes] they have to close a classroom, or the police station, or the doctors and nurses." Parents and carers also spoke of the concerns of future essential positions in the community being filled given the inconsistent child care delivery: "some teachers with three kids are supposed to be coming next year to the school but maybe they won't come they will be deterred."

Where parents and carers spoke of a desire for longer opening hours (earlier starts or later finishes) this was typically in services offering fewer than 8hrs. Within services running shorter days, it was generally the minority of parents and carers (namely, couples where both parties were in full time, frontline facing roles) who spoke of their desires for increased hours.

Absence of services in neighbouring communities

"People are coming over in a dingy. [Redacted] island used to have one. [Redacted] are begging for one [a child care service] – there is a massive need" – **mother**

Some parents and carers spoke of neighbouring communities that only had intermittent access to the service due to weather (e.g., floods in wet seasons cutting off road access, high winds on seas during cyclone season cutting off boat access). They felt that in order to provide sustainable child care to these neighbouring regions, that additional centres should be established where access was not subject to weather conditions.

A.1.2.2. Affordability

Fees

Most parents with children attending a service said that the fees were reasonable, and this was relatively consistent across services that charged higher or lower fees. Some charged as little as \$60 a fortnight, some charged as much as \$130 per day. Very few spoke of having difficulty paying their fees or of being in debt. This finding should, however, be understood in the context of information provided by the services in terms of paying fees. Many spoke of families accruing debts and others agreeing to pay fees, but without the intention of doing so. Given the shame attached to poverty and debt, it wasn't unexpected that families chose not to discuss the challenges around fees in the interviews.

For parents and carers who were ineligible for CSS due to visa/citizenship reasons, most still saw the fees as good value given their knowledge of fees in metropolitan regions. Some parents expressed frustration that they needed to enrol their child in full time care in order to secure a place (and pay for full time care), when they were opting to only have the child attend part time.

Other parents spoke of frustration where fees had been substantively increased and they felt they hadn't been notified sufficiently in advance: "I was sick when I got my fees. A kick in the guts. Lots of families with big bills did not know the fees were going up. Went up \$30 to \$100."

Several parents and carers cited fees as a reason for why families may be opting not to use the service, while they themselves did not believe the fees to be prohibitive. Some acknowledged that the fees, even when CCS was in place, would be prohibitive for some families, especially for those only in part time employment or those receiving Centrelink. One parent spoke of two families she knew in the community who had withdrawn their children from care due to the increased costs when fees went up.

Child Care Subsidy scheme

"It was a nightmare, so much stress and confusion" – **grandmother and kinship carer**

"My debt was running into the thousands because my child started in November, but CCS didn't kick in until February." - **mother**

"Centrelink eventually backpays you but it doesn't stop you from panicking and being stressed. I remember standing out the front of the centre saying, *I don't want to call Centrelink...they won't even take my call*". - **mother**

Not all parents who were eligible for CCS were choosing to utilise it. While parents and carers didn't cite specific reasons for why they declined to enrol in the scheme, we understand from the services that within communities where there is lower uptake of CCS, there is an expectation that child care is free, so many families were declining to pay the fees.

"As a parent I struggle – we have Centrelink it makes a difference, we still paying big fees. The fees are too high. My CCS 61 per cent but I still pay full amount ...have to get work to deduct it before they pay me...the fee is really high. I am in arrears, but they are happy to support me and my husband..." - **mother**

For those who elected to use CCS, many voiced their appreciation of the impact that it had on their overall fees. However, amongst the appreciation was clear frustration in terms of getting access to the scheme. People spoke of excessively long wait times on the phone of multiple hours, of information being incorrectly captured by the Centrelink staff, of poor communications, mistakes in payments, and complex and difficult forms.

Many parents and carers praised the child care centre staff for supporting them in their applications to receive CCS.

One local parent who had good digital literacy and good awareness of business systems (she ran her own online company) spoke of the fact that it was only through the support of a family member and a staff member that she was able to complete the process. She also understood that most local families would be accessing MyGov on their phone rather than through a laptop or PC (which they typically didn't have access too) which would add extra pressure. She also noted the

lack of reliable internet in the community would be a barrier – she herself was spending \$600 each month in order to subscribe to multiple Internet Service Providers (phone and satellite) in order to maintain her online business.

For some families, there were additional hurdles to overcome in the access of CCS such as a lack of birth certificate and Medicare card, which would be further complicated if the child was in the care of an auntie or grandparent. Families spoke however of the support that services provided additionally in helping to resolve these identity documents in order to access CCS.

“it’s a nightmare. So complex, so many barriers. The forms don’t get processed in time which puts pressure on families to pay full price. My sister had to go back to work early as they couldn’t afford to pay for that gap in the child care needs and the processing time.” - **mother**

Grandparents also talked about the additional load of being the carer for often multiple children at once and found that the systems were not set up to support them and that the cultural role of grandmothers in growing children wasn’t understood or respected (this observation extended beyond just CCS).

Some community members suggested that other families did not use the service because of the perception of the fees and a lack of understanding or lack of willingness to engage with Centrelink to receive the CCS. This was seen as the issue, rather than the cost. Many felt that this issue, where it was a case of perception, could be addressed with better outreach by services.

One family who were being supported by the service but whose child wasn’t able to be enrolled spoke of the systemic complexity of getting access to CCS and the often-conflicting advice between Medicare and Centrelink. Their two-year-old child hadn’t been able to get a birth certificate because of the backlog at Births, Deaths and Marriages. Without the birth certificate, the child also couldn’t get immunised, which was also required to get CCS.

A.1.2.3. Trust and confidence in local educators

“It is an extension of the kinship care system that our communities have sustained for 65,000 years.” – **mother**

Many parents and carers cited the fact that the educators were all local women from the community, often family, meant that they could feel confident leaving their children while they were at work or engaged in other activities.

Parents and carers spoke of respect for the educators and of feeling respected.

“Because staff are Indigenous, I feel safer bringing my kids here. They go the extra mile” – **mother**

The reflection that the educators would go above and beyond for their children and that the educators could provide not only the knowledge and resources to grow up their children, but the same amount of love and nurture that they would get at home. Examples of going out of their way to cater for individual children’s needs were noted, such as making an extra trip to pick up a child in the morning who needed a lift so they wouldn’t miss out on the day.

“It’s nice to see our own people running the service” – **kinship carer**

Families also spoke of the fact that because the educators were from the same community, they knew how to bring up their kids “the right way” – understanding the relevant cultural norms and practices that were important to foster in the early years of a child’s life in that community.

“The service’s values are in the right place: they are not-for-profit, so they aren’t obsessed with making money. They care about the holistic wellbeing of the family. This makes me confident that my child will be cared for and not treated as just another ticket or person coming in the door.” – **mother**

A.1.2.4. Perceptions and understanding of ECEC and the government

One parent when asked why families would not use the service said that some families felt the service was not safe and they were too shy to come and explore it. She herself spoke of her own process where she came and sat with her baby at the service for many months before she felt comfortable to enrol her child at the service and leave her.

Some community members cited a lack of experience with or exposure to child care leading to a gap in understanding of the value of child care as a pre-requisite to a successful school transition. It was noted that older parents tended to use child care more than young and less experienced parents and that families who had school aged children may be more inclined to enrol their younger children in child care, regardless of whether the school aged children had also used the service.

Several community members also voiced concern for parents who weren't using the services as the parents too would have benefited from the exposure and support offered by the child care staff in learning how to best support the developmental and health needs of their children.

"We live in the shadow of fear of further removal" – grandmother and kinship carer

Some families believed that others in the community were worried about bringing their children to the centre because of the centre's relationship with government (i.e., through the enrolment process, most services at least suggest at least engaging with Services Australia to access CCS, even if they don't mandate it). The fear of government intervention was said to extend from concern about having their Centrelink payments stopped or changed, through to concerns around reporting to child protection and the potential for child removal.

The complexity of the system, of navigating MyGov and Centrelink, the frequent changes and dehumanising experience was also spoken about. That many families had experience with administrative errors by Centrelink in the past, also left them without confidence that the system "would do right by them."

However, some parents and carers also felt that if these children were enrolled in child care, their likelihood of being removed would be lessened, for the parents would be more likely to get support for nutrition, health, wellbeing and hygiene, both for themselves and their children.

A.1.2.5. Cultural and other drivers

Health and wellbeing of parents and carers

One parent knew of another mother in the community who has interest in attending the service but who has struggled to follow through with the enrolment process due to their poor mental health. Parents also spoke about families who were experiencing intergenerational trauma and not able to get the support they needed within the community, which often led to them isolating themselves and their children from the service.

A.2. Consultations with CCCFR services

A.2.1. Objectives and intent

Most CCCFR services consulted find the objective [to] 'improve early childhood development outcomes for vulnerable and disadvantaged children' to be appropriate and in line with their delivery and aims, with services describing a wide variety of outcomes.

Services resonate strongly with this CCCFR objective, often seeing it as their core business. Services spoke of varying mechanisms to achieve development outcomes generally, often mentioning specialist and wrap-around supports, making referrals to other health and wellbeing supports, and liaising with both other services and families to build capability and improve developmental outcomes. For Aboriginal Community Controlled Organisations, these broader holistic supports formed part of the cultural framework that leads the approach to their services.

While identified development outcomes broadly correlate with those of the Australian Early Development Census (AEDC), Early Years Learning Framework, and Framework for School Age Care in Australia, other specific outcomes were sometimes raised by services. These relate to the

needs of specific children and families, and/or more broadly to community need. For instance, one service located on the site of an Alcohol and Other Drug treatment program facility spoke about children learning emotional regulation after experiencing volatile home environments, but also facilitating dental check-ups due to frequently seeing children with damaged teeth.

“stuff we're passionate about is the importance of first 5 years...play based brain development...that's what we're passionate about as educators”

“we do cleaning, wash clothes, head lice treatment, but encourage parents to visit and do together, to enable...empower them”

“our main thing is like for children to be safe here and nurtured and that have that sense of belonging because although obviously you know play based learning and all that sort of stuff comes into it, children aren't going to get the most out of that and thrive off that if they haven't got the basic needs being met. You know, like that feeling of security and feeling safe.”

Nearly all services reflect on the unique needs of the community they serve, with these needs often linked to experiences of vulnerability and disadvantage - although this deficit language does not always resonate with services. There is no consistent definition of vulnerability and disadvantage identified by services. In addition, some community demographics were referred to which may fall under some definitions of vulnerability and disadvantage, without services' explicitly framing these as such.

Nearly all services spoke about the unique needs of their community, often in contrast to 'mainstream' child care services. Signifiers of vulnerability and disadvantage spoken about included families experiencing financial hardship (often extreme), mental health issues, intergenerational trauma, systemic racism, government reactions to “transience” (i.e. children who move between communities with family for cultural obligations), children with disabilities or complex/additional needs and insufficient supports, remote and isolated communities, overcrowded housing, families with substance misuse issues, families with low levels of education, families with English as a second language, children being impacted by family violence, children being removed by child protection, children in out of home care, and migrant or refugee families. Some Aboriginal and Torres Strait Islander services spoke to their desire to focus more on 'prevention' rather than 'intervention' measures, by working with communities to help them heal from the intergenerational trauma caused by colonisation.

“Our service caters to young teenage parents while they attend school to gain their HSC equivalent. We currently have 70 per cent Aboriginal and Torres Strait Islander families attending the service and this generally fluctuates between 50 – 80 per cent depending on the year. We also have children attending the centre in out of home care in partnership with the Department of Communities and Justice.”

“Domestic violence, homelessness, poverty and uncontrolled mental illness are the disadvantages our children and families are faced with. Vulnerabilities for children can include having risky people in their lives, not having access to enough food, being left for periods when parents cannot get up due to mental illness, delays in speech, regulation and toileting. Child protection issues are a constant concern in this setting.”

“The level of poverty here is hard to understand until you see it. There are very few jobs here.”

Some services commented that the grant objectives are not aligned to community expectations:

“The grant objectives are well suited for long-day care model of program delivery; however this is not what community wants or expects from child care to be. Current expectations for training and qualifications of staff, policies and procedures of early learning centre, fees and the requirement of CCS/ACCS through Centrelink/MyGov are difficult to fulfill and are not welcome by [redacted] community members.”

Another comment reflected on a potential gap in the current objectives:

“Allow flexibility for remote service providers to provide other services not normally provided by mainstream providers [...] and move away for a fee for service model.”

Some services noted perceived disconnects between the objectives and the design and operations of the grant:

“I felt the grant was more successful when it was flexible as in BBF. This community doesn't have a great need for formal child care (though there is some need) and this service worked best when it used a creche model which included child care and creche type services. Families could use the service as a hub, clean, cool comfortable place to spend time, interact with other young families.”

The CCCFR grant is seen to support development outcomes for children experiencing vulnerability and disadvantage children in several ways. Services' perceptions of how the grant is delivering on this objective fall into three broad categories:

1. the CCCFR grant supports the *financial viability* of their service and without the grant these services could not continue. In thin markets, or the absence of other suitable child care, this makes the difference between children being able to access any formal child care or not.
2. the CCCFR grant enables services to improve the *quality* of their service, leading to better outcomes for children attending.
3. the CCCFR grant makes it *cheaper* for families to use their service (in comparison to subsidising on CCS alone, which would lead to higher, potentially unaffordable fees). This improves access and participation for vulnerable and disadvantaged cohorts, and therefore enables developmental outcomes. However, some services noted that in comparison to other funding models such as BBF, their fees had risen for their most vulnerable and disadvantaged families, which will be explored further in the review.

“We need to remember that our services operate to meet the needs of a community and if our children did not attend our services, they would be unlikely to access early childhood education.”

“The CCCFR funding is imperative for us to provide the high level of early childhood education and care that our families require. This funding supports improved outcomes for children by providing an individualised and targeted program with a strong focus on attachment and co-regulation.”

“We help the community is by providing child care for their children so the parents can work, or rest if there have been parties the night before, or some study.”

“So we had two children who were coming five days a week and we continue to allow them to come because this was their only consistent place they've known their whole lives.”

In many instances, services describe taking on broader roles in children's development through referrals and providing a facility for health and wellbeing supports, as other services may not be available. In particular, remote and very remote services spoke to the lack of allied or integrated health supports due to their remoteness.

However, in many cases services note that the mechanisms by which they could *best* improve development outcomes for children are not adequately supported by the grant. In addition to noting where grant settings or design could be more effective, services often have nuanced understandings of development outcomes and how to achieve them, many of which were seen as not supported by the grant at all. For instance, many providers spoke to their historical successes delivering playgroups, which are not supported by the grant.

Services have divided opinions regarding the objective [to] 'increase workforce participation by vulnerable and disadvantaged families', often depending on the local employment market.

“Less emphasis on being for families to join the workforce as there is not much opportunity for work here or people want to stay with their children while young. More emphasis is supporting families in parenting, health and hygiene, child development and bringing young families together to learn and spend time with their children.”

“Other CCCFR services operated by this provider do have families who use the service to participate in the workforce, but this community has less demand for it.”

Some services view the workforce participation objective as similar to the child development objective: part of their core business, and an outcome they enable for community. For some of these services, the mechanism for enabling workforce participation is straightforward – the service cares for children while the parent(s) or carer(s) are working.

However, the types of work undertaken are sometimes not perceived as easily aligning with the CCS activity test, for instance in regional farming communities, where work opportunities may be responsive to weather conditions. For other services, the mechanisms are more complex, for instance enabling the parent/carer to study at the co-located educational facility, in order to gain the skills to join the workforce. Another example is child care enabling mothers to participate in an alcohol and other drug rehabilitation program, as a critical step to (re)joining the workforce.

Other services, in particular ACCOs as well as other services operating in Aboriginal and Torres Strait Islander communities, felt very strongly that this objective of workforce participation was inappropriate and, in some cases, services felt it was counteractive to the first outcome of child development.

“I am challenged by the focus of the two objectives. They are at odds with each other. It’s a challenge, what is the purpose of us being there? Of course it enables workforce, but the most important is improving outcomes for children and access to child care.”

For many services in very remote Aboriginal communities, the child care service itself was seen as a key source of local employment. In areas with very few services or businesses, child care may be one of the few opportunities for employment and training available to local women.

“Like numerous times we've given parents employment here, you know to do your building or gardening or cleaning jobs and just all those little things and you know, they're trying to get back into the workforce.”

For other services, particularly those in areas of low local employment and employment opportunities, enabling workforce participation is seen as largely out of their hands. Services spoke to challenges within the broader system which mean that local community members are not participating in the workforce, and explained that child care is neither a limiting factor, nor an enabler of employment.

However, this is not a binary distinction, and in some of these services, child care may enable some parents or family members to work, often in other local services which are critical for certain other elements of the community. For instance, the children of teachers, nurses, doctors, police, and council workers.

“lots of our families do work, but they're on the farm. It might be that day the children are in, they do the shearing that day, the books, or a run into town to get machinery.”

“The main way we help the community is by providing consistent and reliable care for their children so the parents can go and work, or study.”

For some mobile services, the service itself may not be able to fully support workforce participation due to only visiting communities on particular days. The likelihood of finding work patterns or shifts which align to the specific hours and days of the mobile service is small, especially in the regional and remote communities where these services tend to operate.

Regardless of whether child care facilitates family workforce participation, services note the broader benefits for families of children attending the service. These include linking families with other services or support, providing connection and social interaction. For some services, they help to build parental capacity, and provide practical resources and support such as food, nappies, and washing clothes and bathing children.

These additional services, particularly when delivered to families experiencing complex and acute vulnerability and disadvantage, can cause significant additional workload and vicarious trauma for service staff. Services spoke to their need to train their staff in delivering high quality and appropriate education and care for children with high levels of need, but also to burnout

experienced by their additional responsibilities to their community. Services spoke of the additional training needs in community skills development, targeted cultural awareness training, and trauma-informed training.

“By providing this service, families are able to gain their HSC equivalent and move into the workforce. This service is part of a program that achieves dual generational change. Families finishing their HSC are quite often the first to do so in their families in generations. By the time families finish the program, they are usually able to move away from having support services involved and are ready to move into careers. Parents have moved into roles such as teachers, accountants, police officers, social workers, disability and aged care workers and nurses. Without a high-quality early education service, this program would not be able to achieve these outcomes.”

“We support families with parenting programs such as Circle of Security and 1,2,3 Magic. We link families to support services to assist with domestic violence, homelessness, and financial pressures.”

“We are looking at service growth and want to deliver after school care, increasing age of children we care for in times because that is what our community needs, children in year 4 that are hijacking cars because there is an age gap so as a community responsibility, we are trying to meet this need.”

“In our communities, the young mothers come to services as a social place. Where there are no safe houses in communities, the child care centre becomes this in community. But because of the relationships it doesn't impact the children.”

Some services report feeling relieved that, in their view, there appears to be a shift away from CCCFR services needing to 'transition' to the new child care system (i.e. become financially viable through CCS and ACCS, without relying on the CCCFR grant). In the initial CCCFR guidelines, reference was made to increasing services' capacity to operate sustainably under the new child care system.²⁴³ Service staff who had remained with services since the transition to CCS, ACCS and the CCCFR grant, report that it seemed the 'threat' of services needing to fully transition to CCS, ACCS and fees (real or perceived) has 'dwindled'. This is received positively, as many services spoke to their financial non-viability without additional support.

“And yes, we had this threat that after 5 years you'd become self-sustainable on your fee income and stuff, but those conversations have definitely dwindled - that might have been the 2018 strong messages but come 2019, 2020, 2021, 2022, it's definitely not the conversation that's continued because I think they've realised that services need it [the grant]. Otherwise they will fall over.”

For Aboriginal and Torres Strait Islander services, and services in communities with Aboriginal and Torres Strait Islander children and families, the initial objective of 'support[ing] services to increase participation by Indigenous children' is critical. This 2017 initial objective, while not directly referred to in the consultation questions, is clearly important to services. This was the case for most services, but the need was expressed most acutely in remote Aboriginal and Torres Strait Islander communities. The link between the CCCFR objective of improving child outcomes, and the enabling link of increasing participation was felt strongly. While participation is not enough to enable outcomes, services spoke of their ongoing efforts to encourage families to use the service and to build trust.

“CCS activity test means that vulnerable children are slipping through the gaps. They need extra support, but they are locked out. This is affecting our budgets. [We need] consistency in care.”

Some services reflect that under the CCCFR grant, there are **fewer** Aboriginal and Torres Strait Islander children and families using the service than under their former funding model delivery. There were a number of factors attributed to this, including the introduction of fees, the

²⁴³ Department of Education and Training, Community Child Care Fund - Restricted non-competitive grant opportunity (for specified services) Guidelines, (July 2017)

introduction of CCS and the associated activity test and the need to navigate Centrelink, which are further discussed in other sections below. However, services also described that beyond these changes themselves, if a majority of non-Aboriginal or Torres Strait Islander children and families use the services, this can change the service's reputation and their ability to provide a culturally safe place for families. In one instance, a service felt that their own objective, to provide care for Aboriginal children, was impacted by the funding model.

"[We were set up] by local Aboriginal Elders for Aboriginal children, as years have gone on we now cater to all children. We have 40 per cent Indigenous enrolments this has decreased since the change in the model. The reason for this is there's more requirements to access care that is the subsidy, Centrelink, higher fees. Fees increased due to a decrease in funding not affordable for all families, so we need non-Aboriginal families to cover costs."

Services reflect there are a range of activities and programs which can deliver on the CCCFR objectives and holistically meet the needs of children, families, and communities.

In reflecting on the objectives and intent of the grant, services also talked about their own objectives and how they perceive their value. Many spoke to gaps in service delivery which, if addressed, would contribute to better outcomes for children and families, despite not meeting classifications of 'child care', or directly enabling workforce participation. This is particularly true for services in Aboriginal communities, who shared how Western perceptions and definitions of child care can be culturally inappropriate and create barriers to working *with* families and communities to achieve developmental outcomes.

In very remote and Aboriginal communities child care services often fill gaps in service delivery either due to lack of supply or where lack of culturally safe and appropriate delivery leads to a similar gap in delivery. Where outcomes are not being met by other services, CCCFR funded services often described expanding their 'scope' to fill the gap and ensure families were not missing out. This was in line with their core principles, but often not in line with (and therefore, met by) their funding agreements.

"Reimagining what child care is. When we ask community member do you want child care they say yes of course. But dig deeper -what is it? Not proper understanding. We mean long day care and that's not what community means or wants...they want safe space for children to be and families and women experiencing violence. They call it child care because children can be there. Not a definition of long day care. Redefining what child care to community means."

"Combining aged care and child care activities have been great at transitioning cultural knowledge and getting the older people coming into the centre to tell stories and play games with the kids"

"Staff will send children home with extra food or wash their clothes in the centre washing machine. Staff provide holistic care to children, and this reduces the pressure on families to constantly seek out additional services and supports. This in turn, fosters a peaceful, low-stress environment within the home."

One service spoke of the need to prioritise the intake of children of families experiencing vulnerability where they had insufficient staffing to increase the number of places to meet overall demand, and the flow-on impacts of this.

Taking children into their care was seen as an important mental health provision for families and providing this care was seen as a more critical service to the community than providing care to working parents, while placing additional load on the child care educators themselves. It was also recognised that by not being able to offer child care spaces to some working families due to the capacity constraints, this then impacted parents who were working in essential roles within the community and the delivery of those essential services.

Services, and in particular those in Aboriginal and Torres Strait Islander communities, spoke about their cultural responsibility to child safety and child protection.

Many services reflected that a core part of their work was not just supporting children who were under child protection orders, but to prevent children and families from becoming vulnerable to such intervention. This placed significant additional emotional, financial and resourcing demands on the

service educators and administrators, taking on roles as advocates and support services for families navigating the child protection system.”

“We do a lot of preventative and proactive approaches to child safety and child welfare issues: it’s not about getting to point of reporting, it’s about investing in preventative measures...feeding children...all work that we do that is instrumental at child protection end...these are children who don’t end up in the system. We need to invest and understand in our families who need a little extra help. Before it gets to reporting and removal and that escalation, we give extra help to families and the trust and relationships that flow on from that.”

“Compared to mainstream these are more onerous reporting then mainstream.”

An additional barrier to preventative safety investments on behalf of the child care centres was seen to be the Activity Test that is tied to CCS. While a relaxation of the Activity test means that Aboriginal and Torres Strait Islander children can access up to 36 hours per fortnight, irrespective of activity status, services noted that 36 hours is an insufficient amount of time to be proactively engaging with families and children in order to identify and help meet their specific needs.

“[Centre] staff have observed the same child attending 5 days a week under BBF model, being forced to scale back to 2 days per week, and this increases their risk of contact with child protection.”

“The CCS activity test is limiting access for the most vulnerable children and families. Biggest impact on our families. Impacted our focus from working with community.”

“Transition to CCCFR has pushed us into a small business model. This isn’t working for our families.”

Services operating in Aboriginal and Torres Strait Islander communities (both those that identify as Aboriginal and Torres Strait Islander services, and those that don’t) often expressed the importance of investing in additional cultural programs and activities but they were challenged by the lack of funding and lack of options in the funding model to support these. Such initiatives included the establishment of a cultural advisory group that would require funding for a secretariat and fees for the Elders to attend and contribute, support to stage events during culturally significant days such as NAIDOC week and Aboriginal and Torres Strait Islander Children’s Day, and support to develop additional literacy resources in the local languages of the communities.

“[We are] being asked to report on child-focused outcomes, but CCCFR funding is limited to ‘participation’ and there is no extra funding provided to strengthen child’s connection to culture and community.”

“Not enough funds to provide the care that communities, families and children need.”

“[...] if the Government are serious about making a difference for Aboriginal and Torres Strait Islander peoples, they need to be resourcing Aboriginal communities to support their children.”

A.2.2. Policy and funding design

As part of any shift in CCCFR grant design, respondents hope to see a move from increasing workforce participation [objective 2 of the CCCFR grant] towards emphasising improving early childhood development outcomes [objective 1 of the CCCFR grant]:

“Whether the funding could be more flexible with less emphasis on formal child care to support parents to participate in the workforce, if that is not a big need in the Community, and more emphasis on the first CCCFR objective of improving early childhood development outcomes”.

One service noted the importance of flexibility of grant design to meet the needs of community:

“The review should consider the flexibility of service provision remote, staffing challenges, training and transient nature of remote residents - the review should consider early learning programs as there is an age group of kids that are not catered for by this program”.

Respondents perceive their services as serving their community in multiple ways:

“Developing skills in working with multiple and complex needs families. This is not taught enough in ECEC courses”.

“Acting as a hub for young mothers and their children”.

“Giving remote station families opportunity for their children to socialize and access an educational service on a casual basis”.

Though this is not a review of CCS and ACCS, they are critical components to the CCCFR grant policy landscape. For some services, CCS and to a lesser degree, ACCS are able to be utilised in the way that they have been intended. However, even some of these services reflect that CCS and ACCS are inappropriate – and a potential barrier to attending – for some families and children (particularly in target demographics). In addition to being a barrier, some services note that engaging with Centrelink to access CCS can layer additional trauma onto families already experiencing complex trauma.

“Our people get knocked down by Centrelink and don’t get back up”.

“I think the review needs to consider whether the CCS model is working as it is very time consuming to manage this with at risk families (nearly all of our families). The barriers include applying for CCS when experiencing life challenges like trauma, DV, risk of homelessness etc. Applying to ACCS relies on CCS approval. The whole system is challenging for families just trying to function each day.”

For many Aboriginal and Torres Strait Islander services, CCS is incompatible with the practice of kinship caring.

“The child has to be recognised have a parent guardian that's recognised through Centrelink to be able to claim the CCS, but...you've got a lot of informal care arrangements where a child's living with extended family, but it's not formalised.”

For most services, CCCFR grant funding is perceived to be necessary to keep doors open. With the initial view in 2017 that the CCCFR funding was supplementary to CCS, and that services will eventually transition away from the CCCFR grant, there remains a reported reliance on CCS and ACCS funding to remain financially viable.

While the CCS and the CCCFR grant share common objectives, such as increasing participation in the workforce²⁴⁴, some services noted that the community in which they operate often does not support ongoing employment or even opportunities to apply for employment. This may be due to existing workforce and infrastructure limitations within the community, or complex social challenges that families may be facing, hindering the ability to work.

Given CCS eligibility is largely related to the activity test, if there is no evidence of employment or other recognised activity, there is no access to CCS. As a result, services cannot pass on the fee reduction to families, reportedly leading to reduced enrolment and attendance of children, with flow-on effects for development outcomes for children. The absence requirements under the CCS are also stated to cause issues with families remaining eligible for the CCS. While the CCCFR grant is intended to meet the needs of services in thin markets, some services reflect that it cannot compensate for the absence of CCS/ACCS.

“Absences under CCS – our families are only permitted to 42 absences per year. This is very challenging when families are facing homelessness, mental health issues and transport issues”.

²⁴⁴ Australian Government. 1.2.6 Child care subsidy (CCS) – description (2023), <https://guides.dss.gov.au/family-assistance-guide/1/2/6>

"Sickness this year has been a huge impact and under CCS families are limited to the number of sick days."

"Review/relax the absence requirements under CCS: attendance at the facility is linked to school semesters. Young parents would be on holiday during school holidays, and they will take care of the children at home as it is tenuous to travel to the centre. The absence requirement does not take into account this situation".

"The activity test related to CCS has resulted in fewer enrolments and children receiving a lesser entitlement of ECEC which means lost revenue for [the service]. Under BBF model, [we] had 30 children enrolled at the centre, attending 5 days a week on average. Under the new CCS model, parents only get 40 hours per fortnight, meaning their children are only likely to attend 1-2 days a week. 63 per cent reduction in attendance due to this requirement. [we have] a maximum capacity set at 39 children, but current attendance is 10 children per day... When children drop down to fewer days... the wellbeing of families decline."

Some services reflect that the CCCFR grant, which was based on legacy funding and designed as a transition mechanism to the CCS, has not evolved in line with changing family and community needs across Australia. As discussed, there was no initial long-term view of the CCCFR grant. Therefore, the 2017 transition to the grant from other models (such as BBF, IAS etc), was based on legacy funding arrangements. While this may have suited the needs of services at the time, services report that the landscape of child care has drastically changed since the transition. This is due to two factors: (1) the design of the CCS, and its barriers to access for some families in rural and remote communities; and (2) the changing needs of families in these communities. The need for CCCFR services has reportedly increased in some areas, however some services state that the funding has not evolved to address these needs.

"We have this funding because we have had it historically. But there are other services /programs that are same as ours. If the criteria is to increase opportunities for children, they would do it by having more services. It is one program. But no funding. There is a huge need. The grant is restricted -- closed. But these are places that need the money".

"If new design for services, still one size fits all. I have 10 communities, but they are all different. So, a wish for us to not be looked at us 10 services all get one grant. One community needs something different to another even they we're provider for both".

"CCCFR funding decreases each year. Very hard when you don't receive the gap from families. Affordable for families. We will never be able to operate from family and CCS contributions. It's impossible for us to operate as a mainstream service or business model."

Services note that in Aboriginal communities, playgroups often form a critical pathway to child care and in some cases, parents would not be willing to let their child attend care without them being present. The fact that CCCFR funding was not available to support playgroups was seen as a barrier to engaging with families in remote regions. It was noted that for families who have not previously engaged with centre-based child care, playgroup could provide a safer entry point for parents and also help them become familiar with the benefits of bringing children to spaces where they could regularly interact with other kids. For some parents, playgroups may be the only ECEC that they would be willing to engage with prior to schooling for both social and cultural reasons. Services spoke of the value they believed could be realised when an integrated model of providing both playgroups and child care could be established in a community.

Further, services in Aboriginal communities in particular noted that the standard model of child care contrasts with how community perceive child care, in terms of the integrated model a child care centre is often expected to deliver (including and beyond playgroups). People in very remote communities with only a few services may use a child care centre as a social hub, a safe house, a family centre and so on. The CCCFR funding instrument does not support this type of integrated service delivery which is critical for community.

Some services reflect that contrasting demographic groups within their local community can create challenges in terms of meeting the range of need. For example, some services report that there are two broad cohorts of residents within their community: one is transient to the area (i.e., temporary workers such as teachers/nurses/police with children); the second are local and are more likely to experience social and economic vulnerabilities. The price point at which these two cohorts can enrol their children to CCCFR services vary considerably. In these cases, services report they are at an impasse as to whether to lower their fees to ensure affordability for families, and place the service at financial risk, or charge higher fees to ensure financial viability of the service.

Services report that they generally do not understand the processes and support they can receive via the CCCFR grant. Although services reflect that they have a clear understanding of their requirements to deliver quality child care to improve early childhood development outcomes, their understanding of additional support available through the CCCFR grant is less clear. Services note that they heavily rely on the CCCFR Program Officers to provide information relating to additional funding and grant applications.

“Unless people tell us - they don't know what type of funding the child care could get”.

“Not enough clarity as to what we can spend funds on...food safety supervisor for example, we don't know if we have to go through other funding grants...consumes times applying for funding when it would be easier to take it out of CCCFR bucket.”

A.2.3. Administration, governance and compliance

This section outlines observations on administrative requirements of the CCCFR grant, and reflections on governance and compliance, as perceived by services.

Services note significant administrative burden associated with receiving funding through the CCCFR grant. These burdens are stated to be attributable to meeting several financial and broader operational obligations under the grant guidelines, the Family Assistance Law (FAL) and the Minister's Rules or other regulatory scheme. In particular, services felt that reporting and monitoring activities in relation to meeting CCCFR grant conditions placed significant time and resourcing on service leaders and staff, in addition to existing financial obligations and management activities to administer CCS under the Family Assistance Law. These additional resourcing pressure were:

- **completing grant-specific documentation on an annual basis**, such as the annual activity budgets, financial reports, minor capital works plans and annual compliance and operations reports
- **having to report on funding received from any additional grants** that the services apply for and receive to fill the gaps created by insufficient funding through CCCFR/CCS
- **complying with provider obligations under the FAL** in relation to making reasonable attempts to collect CCS payments from families
- **for services not regulated under the NQF, being unable to log serious incidents in NQAITS**, resulting in additional administrative burden through engaging directly with both their Program Officer and the relevant state or territory regulatory authority.

“We feel like sitting ducks and it is a burden on services to feel like that and operate under Minister rules, which aren't contextualized to our services.”

This administrative burden can act as barriers to action for services, particularly in improving infrastructure. Several services referred to the barrier of obtaining three quotes for undertaking capital works, which can be time consuming for all services but is particularly acute in remote areas with low numbers of trades.

“I suppose being in a small place like [town name] as well when we got the grant to do this piece along here, it was the longest process, like just trying to get three quotes...we wanna do that fence up there as well, which [Program Officer] is confident that we'll get through the grants, but it's just it was very time consuming, so we just haven't.”

Many services note that staff spend a significant amount of time supporting families with Centrelink to access CCS and ACCS. This is an additional administrative burden of the existing funding model.

“[Centre] staff assists parents and grandparents to access their CCS entitlements and ACCS via Centrelink – sometimes waiting hours whilst they are in the queue: [the service] used to have a dedicated computer in the foyer. This additional social support isn’t core business for [the service] but staff go above and beyond because they have the trust of the parents and want to make sure the children stay connected to the centre.”

While many services appreciate professional training and support provided by ACECQA, several services note that there are limited resources or training available to build educator and broader service capacity and knowledge. Some services emphasised the benefits of the Indigenous Professional Support Unit (IPSU) and other professional supports offered from previous funding arrangements and called for increased access to training and resources. With limited staff capacity and regulations around days that a centre is open, some services are unable to send staff to professional development training.

“Not enough funding for staff training such as first aid and trauma informed processes.”

“[We need] short course fundamentals that gets people working – when we don’t have a diploma level staff member then the room closes.”

Some services state that they rely heavily on their Program Officer for guidance and support in relation to operational and broader service governance matters. In addition, services are largely unclear around the scope and extent of support that should be provided by their Program Officer. As such, services varied in terms of the level of support they requested, and subsequently received from their Program Officer.

“I can’t fault CCCFR project officer who has been with us since the changeover...she has nurtured that relationship with us, and she knows how we operate; she knows to follow up with phone calls if I haven’t replied or missed reporting. She is a big advocate.”

Consultations with services also emphasised the role of the Program Officer as a vital aspect of sector support, with some services noting differing experiences and levels of support across different Program Officers they had worked with over the years. Many services who had not received an in-person visit from their Program Officer found this to be an impediment to the efficiency and effectiveness of their communications, and those who had received visits conversely spoke of highly impactful relationships.

“I always have to ring because I get no response to emails. Why can’t they come here?”

“Old officer understood our centre and visited our centre, so they knew, the new officer hasn’t made the effort.”

“There is not one [Program Officer] in remote communities. Communities that have a greater need for this support do not have access to it.”

“They act as the police for Government, humbugging [us]”

Services have mixed experiences in relation to the knowledge and capability of their governance and leadership. While some services point to their history of strong governance and service management, other services note communication barriers when engaging with their organisational leadership or governance team, such as Board Members or Council staff with little to no interaction with the ECEC service on a day-to-day basis.

Some services reflect that challenges in meeting provider obligations under the FAL are compounded by broader limitations. Some services note that they are required to provide intensive support to parents and carers to receive child care payments, including supporting families to collect documentation and relay information to Services Australia. In particular, services

note that requesting the ACCS is particularly challenging and time consuming for families and services, including having to provide evidence of “vulnerability” in order to receive funding.

“There’s so much additional work to support families [to access child care payments]. They have to ring Centrelink – and we’ll have to sit with the girl to make sure they’re able to explain their circumstance properly, so we’re sitting with them for hours while they wait for their call to be answered. They should be in the school, but they’re sitting in the office with our staff, who cannot do it on their behalf. This additional support is way more than child care”

For services regulated under the NQF, respondents report that the NQF sets a good benchmark for services:

“Service constantly reviews itself to ensure NQF is front of mind at all times”.

“I find the NQF has been good for setting that high benchmark for services to ensure regulations are being met”.

Most providers that are not regulated however, are not confident that their services can meet the requirements of the NQF.

Services were also asked about the key considerations for their service to meet NQF requirements. Of the services currently not NQF-regulated (i.e. those not regulated under the National Law and Regulations, however regulated under the Minister’s Rules and/or state or territory residual legislation), most report this is due to a lack of qualified staff to deliver the framework standards.

In considering the assessment and planning cycle and educational programming (Quality Area 1 of the National Quality Standard), one service noted that varying employee literacy (including digital literacy) may have a negative impact on their service when assessed against the NQS:

“For the service to meet NQF requirements significant training would be required to support staff to deliver framework standards for educational programming. Employee literacy and technology levels vary and may impact the ability to meet NQF standards”.

"More qualified staff with good understanding of the planning process and child development. More consideration of the training needs of local Indigenous staff in understanding and meeting regulatory and mainstream requirements"

Services also noted challenges in attracting and retaining qualified educators as having a negative impact on their ability to meet requirements under the National Law and Regulations:

“Qualified Educators to support ratio and cater to children's additional needs”.

Services also raised concerns around current infrastructure issues impacting the ability for the service to comply with regulations around infrastructure and space requirements:

“Accreditation support officer and funding as there may be facility or infrastructure upgrades required including staff training.”

Services wished to engage their staff in professional development on a wide range of subject matter, from understanding administration requirements, to training in Aboriginal and Torres Strait Islander Culture:

“Professional development specific to providing a service to Indigenous Australians, balancing Culture with mainstream requirements. A support organisation specifically designed to support Indigenous services, as per the old RRACCSU model. i.e., acknowledgement of the strengths of local Indigenous staff and acknowledgement of their training and support needs. More practical support to help services struggling to meet the objectives”.

"Support, training and professional development in understanding the administration requirements of running a centre based child care service. Especially when new staff are appointed. The systems used to administer child care are very different to the ones staff are familiar with in a school system".

Much of the current professional development opportunities are hindered by existing workforce issues:

"Access to more staff would free up staff to attend off the job training in order to improve their knowledge and skill base. At present, it is difficult if not impossible to release staff for training due to a lack of casual staff to cover shifts at the centre".

Suggestions put forward to attract more staff in the industry include:

"More funding to access for professional development and consideration to travel costs and remote locations".

"Attractive recruitment package for Team Leaders including a vehicle, RTO representatives to come to community to train staff in Cert III or Diploma".

"Literacy programs, IT support, supporting study requirements to obtain qualifications. Service would require constant monitoring and financial support to maintain this level due to remoteness of the service. E.g., daily, or minimum alternative daily travel to the service".

Program Officers play a key role in providing advice, links, and feedback on a vast range of CCCFR grant related activities. In addition to this, survey respondents state that Program Officers provide unmeasured value, through their ability to limit bureaucracy, and having an innate understanding of their services.

"Our CCCFR Program Officer is supportive of listening to our story sees our uniqueness. In addition, recognizes the cost of providing our service. We have had a face-to-face visit as well which was very meaningful for us".

"Ongoing support and consistent availability to answer enquiries and advocate for the service for example improvements to buildings / grounds / upgrades. Our Program officer is local and understands the community needs as opposed to a centralised officer in a capital city".

A.2.4. Resourcing and financial sustainability

Ways in which CCCFR funding helps to improve service delivery focuses on staff retention, training and reducing staff burnout:

"The grant is also supporting our local staff to seek learning opportunities by enrolling and studying Certificate 3 in ECEC".

"Enables us to offer more regular hours of work to staff".

However, challenges around staffing remain despite the benefits it may provide on that front:

"Grant helps hiring local staff, however attracting and retaining new qualified staff is a huge challenge".

CCCFR funding assists services with regular maintenance of their equipment:

"Supports us to upgrade capital infrastructure and ensure maintenance of the facilities".

"Upgrading our outdoor yard, purchasing electronics".

Respondents report a reliance of CCCFR funding to keep services open:

"Our service could not open without the grant".

"Without CCCFR support our service would not be financially viable and would close - its as simple and as blunt as that".

Despite this, one service operating in an Aboriginal community noted that the funding remains insufficient to cover all costs:

“The CCCFR grant is inadequate to comprehensively support all the items above. The administrative burden related to payment of fees, CCS/ACCS and children's enrolment information is unmanageable for local educators and is not well received by families”.

Whilst the above sentiment on meeting the immediate needs of service operations can be challenging, the CCCFR grant is also viewed as contributing towards building capacity more broadly within a community:

“The CCCFR grant initiative allows our service to engage younger people to work in the industry and provides first time employment and become role models that builds employment capacity in community”.

Almost all services reflect that they remain strongly reliant on the CCCFR grant to operate and many state they are reliant on additional forms of government funding to fill the gaps.

“Without the CCCFR grant our service would not be viable. We are able to use this grant to have this particular service model.”

“I know without the CCCFR, the centre wouldn't be operational. It would have closed back in 2018 or 2019.”

Reflections on the adequacy of the current CCCFR grant vary. Some services state that current funding is adequate or indeed more than adequate, whereas others state that it is substantially inadequate. For those services that state the grant is inadequate, there is a further subdivision between services that reportedly require more funding for daily operations (such as basic safety matters), and services that reportedly require more funding to expand their service delivery or respond to community need.

“While it's gratefully received, it's not enough nor does it represent the value going back to the community.”

“We make do. We do okay. We could do more with more money. We're well resourced, nice office space. We do okay. We're a whole lot more strategic in what we spend our funding on.”

“It would be nice to be adequate and have adequate funding. This is the future of Aboriginal children and communities.”

One service explained that they could only achieve the high child development outcomes they were aiming for if they reduced the total number of children attending, given current funding levels. For other services, reported under-resourcing meant that they could not provide more places to children in the community due to staffing ratios.

“Staff do reach out to increase enrolments, but we don't have enough staff to offer more places.”

“There's an opportunity to expand - 2 new communities have reached out, or more days in certain communities. I'm aware that opportunity exists, could say we have this capacity - can we do it. But the biggest challenge is the educator shortage”

While grant arrangements include contingencies for additional funding on request, services noted that the annual budget process – in particular being unable to submit a budget in deficit – means that many service costs remain invisible to the Department (while being accrued by the service itself). The frustration expressed by services exists around both the extra administration this creates having to maintain multiple budgets – one for the Department and another that is utilised by their Board/Council/auditor – as well as the lack of flexibility in being able to go into deficit one year with the view of returning to a balanced budget the following.

“Government has told us that we can't produce a budget that is at a loss. Why can't we provide real budgets that show the deficits – we can't make profit from our community.”

“If we are over (in our budget), because we estimate the real cost of delivery, it doesn’t get accepted by the Department”. As a result, there is significant administrative headache for operators to make their budgets conform to Department expectation and ideas about the cost-of-service deliver. Annual budgets have become “guesswork” for staff who know they will not be fully reimbursed for the costs.”

“Services [are] forced to work in a business for profit model.”

In addition, some services appeared unaware of the CCCFR additional sustainability grant’s function and their eligibility, further affecting their financial viability.

“We didn't have...money for wages (for the last couple of weeks of June). And in that period, like we literally had nothing, and we went to our bank, who we've been with since we opened for a loan for, was it about \$15,000 to see us through we got knocked back. Like we had nothing. We had to go and get a loan from their investment company that we're involved with, we had to go and borrow money off them. Just to ease through... That was very scary.”

Reflections on inadequacy are sometimes linked to reflections that the base operational funding through the CCCFR grant is not responsive to need. Rather, the mechanism for responding to service need is through additional grants. As noted above, however, some services report that they do not have a clear understanding about additional support available. Further, the base amount is reviewed every 12 months, and adjusted to changes in CPI. However, given staffing costs are a large component of total costs, adjusting CCCFR grant funding to CPI is reported to not cover rising staff and other child care costs not indexed through CPI. Remote services note they are disproportionately affected by this, due to the increased cost of delivery of goods and sourcing materials and labour.

“CCCFR funding needs to be substantially increased so it reflects the real cost of delivering integrated services, particularly in a regional area where costs of retaining and attracting staff, building capital works and delivering services is much higher.”

“Increase in cost of everything – food, fuel, housing – everything has gone up, but wages haven’t increased enough.”

Many services state that the CCS is not a viable mechanism for increasing the operational revenue available to them, given the child and family cohorts they serve (as outlined in section 8.1). Accessing CCS is also stated to impose administrative burden on services, which can lead to additional costs e.g. where service staff provide support to families to help them navigate the CCS system, ranging from the application process through to ongoing eligibility requirements. Notably, some services suggest they may be able to become financially viable by accessing CCS – but this would mean the profile of families accessing their service would change and they would become a ‘mainstream’ service.

“We are doing human services job the majority of time, help families apply for CCS, service operators end up doing it, drive the application for them using their information...it’s as simple as missing wrong tick and then you have a debt of \$2K before anyone realises.”

“We need more staff and then Aboriginal families should have free ECEC 5 days per week.”

Some services observe that their financial viability has fallen since the transition from the BBF model to the CCS model, even with CCCFR support. Fewer enrolments under CCS due to the activity test results in less revenue where sites are unable to lower rates or cover fee gaps.

“Vulnerable kids need the most support. This current model has set back our families from free child care. There are now more social problems and increase in the number of kids in out of home care.”

Similarly, ACCS does not support revenue for many services due to stigma associated with registering for ACCS. Services told stories of parents and carers being unwilling to register for ACCS to avoid the Government monitoring their children, or removing them.

“Our families are mostly on ACCS but those that aren’t, are invoiced but generally are unable to pay any gap fees. Those who have a gap fee to pay often struggle to find money to pay as they have limited money for food, and some are homeless. After we follow up any debts some gap fees are written off.”

“With CCS its getting them in. CCPS won't give us a letter for ACCS if we don't get CCS. But some of these women are coming directly from prison or reunification and so massive time before them coming in and getting CCS. So we actually get nothing for that time.”

Staffing is unanimously stated to be a significant cost driver for services – and also a significant challenge. Although workforce challenges are experienced across the entire ECEC sector, some CCCFR services reflect they experience these challenges more acutely. Child care centres in remote and very remote communities spoke of the experiences of social isolation, lack of services and infrastructure, safety concerns and vicarious trauma as impediments to recruiting and retaining staff, in particular, highly qualified staff from outside of community. Not all services said they had sufficient funding to offer incentives such as above award wages, but even where services offer incentives to potential candidates, these challenges reportedly persist.

“Attracting extra staff is challenging because [the service] can’t afford to pay above award.”

“Families want additional hours, but they can’t be accommodated due to not enough staffing and no additional staffing for children with additional needs.”

“We offer to pay well above the award and we offer all sorts of conditions and benefits because we are in charge of our whole community budget. Even so, we can’t get people here and are constantly in danger of reduced service and even closing on some days.”

“Casual drivers are paid better than our child care workers”

While most child care centres in remote and very remote communities had mechanisms in place to identify and recruit local staff from the community, many spoke of the challenges of training. Often to fulfill training obligations staff would involve needing to leave community for periods in excess of a week, which educators were reluctant to do as they were often also the primary carers for children in their family. Some services were also in a position where they were unable to send staff away for training because if they did, they couldn’t maintain the ratios in their absence and the services would need to close.

The lack of opportunities for remote training delivery was seen as a key barrier to building capacity in the educators in some communities and also, a significant barrier to the prospects for those services not yet regulated under the NQF.

“We advertise [redacted place] to get staff to come over. We pay for [transport] for staff to come over. We have two staff [at redacted place], and three [at redacted place]. We pay for their transport. It was a barrier for them to come into work, and it is not cheap when you pay for it every day. We also have restrictions in hours for people who work [at redacted place] due to operating hours... We can’t secure accommodation for them due to the shortages. There are houses up here for nurses and police, but nothing available.”

Some services cited additional pressures on staffing that were being caused by new child care centres being established by council or private enterprise to meet the demand for child places while the lack of supply in qualified educators was not being considered. This also put pressure on services having to pay above award rates to remain competitive with mainstream services, but without access to the additional funding to pay these above award rates.

“Council has just increased early learning in the town but done nothing to staffing...staff are shifting from centre to centre to centre, like pass the parcel, the ones that are winning out are mainstream services that can pay above award and community services can’t compete with paying above award and leave requirements.”

A number of services cited a significant factor impacting both costs and staffing as supporting children with trauma, disabilities, and/or complex needs. One provider of OSHC and vacation care said they didn't typically accept children with very high needs into their service as they require a 1:1 ratio which the service can't support (due to challenges recruiting and funding staff), however where they had brought children into the service with such needs, they had seen transformational impacts and it was something they were keen to support in future. Other services noted the additional resourcing and cost impacts of supporting children who are yet to receive a diagnosis, with services having to cover funding gaps of taking on children with different needs.

"We are six month working with a family to get diagnosed with autism, centre pushing it and making the appointments and a 1:1 worker for the child, I would say that is \$100,000 centre is out of pocket by helping one child and one family."

"The centre pays for the speech therapist out of its operational budget (i.e., it is not funded to provide this service."

"We can't turn kids away from the centre for having complex needs... Our staff ratios need to increase so we can give extra support to these children but [the service] can't get the inclusion services support for children with complex needs if they are above ratio."

"[We need] lower ratios for staff working in trauma. Our Aboriginal staff are also living the trauma in communities."

"See, we've had that we have a child with really complex needs and we had to learn keywords signing and we did get funded for it. But she came and did 2-3 hour sessions after hours with our staff to do that. And we got funded through inclusion funding, but that was like over \$3000, but we had to pay the massive overtime of wages for that... And that's why a lot of centres don't take on children with additional needs either. That was a massive expense for us."

Accessing support services in very remote communities was raised as a particular challenge. Even when NDIS funding had been secured, there may be no such services doing outreach to these communities, so the educators would find themselves having to provide additional support to these children, impacting the quality of delivery across the wider centre.

Other cost drivers reported by services vary, depending on the characteristics of the service. For example: transport is noted to be a cost driver for remotely located services; administration is a lower cost driver for services who are able to share overheads with an overarching provider. For some services, site costs may be lower due to peppercorn rent or gumnut agreements. For services which own their buildings, depreciation is not included in the CCCFR budgeting tool, and may lead to discrepancies between services' accounting practices and actual capital needs, and what they report to the Department. Depending on services' location they may need to pay more for air conditioning, or to replace outdoor equipment more regularly.

"Up until recently haven't had mobile coverage in our communities – not fully good but it's happening. DSS is rolling out mobile Wi-Fi in communities. But then need resources to access the Wi-Fi – buying phones or iPads on Centrelink is not sustainable. Buying them for services isn't too expensive but keeping up working is a lot of work. There are good educational apps but there is a local and language barrier to using a lot of them."

"To keep a centre open, for our leasing we have to keep vehicles on standby, head-office staff, the lack of flexibility in the grant that the centre is not a standalone entity is an issue. So many costs need to continue even if no child is enrolled – we need to keep the lights on in case they turn up."
"Costs are always higher in remote areas; also in remote areas there are one or two suppliers. It cost a lot of money to bring suppliers here to do work, probably another 30 per cent to 40 per cent more than a local supplier."

Many services report they require capital works, but some services state they do not have the business support to make this happen. For example, although additional funding may be provided by the Department to pay for the capital works, the administrative burden – for

example, obtaining three separate quotes; managing contractors – is reported to be overwhelming for service staff whose primary role is caring for and educating children.

One service noted that capital funding under the CCCFR should cover asset depreciation for meeting regulations and everyday 'wear and tear'.

"We need upgrades here. We had no lights in the toilet for half a year, and only just fixed now. We need stainless steel kitchen in there, we need new benchtops, it's currently chipboard and it swells. Upgrades take a while."

"[Program Officer] will support to put in for the grant, but we also need help for admin burden - not ECEC"

"Staff time does not allow for the process in getting quotes or staged work."

"We had to spend a lot of money in securing the [centre name] from vandalism. Money we spent on this could not be spent on child care...We spent close to \$60,000 on security upgrades on the centre after a number of break-ins and vandalism."

Some services did not have a strong understanding of their eligibility to apply for capital grants.

"Being able to apply for capital grants to ensure our buildings are better suited for supervision would also greatly assist us."

While some services supported some form of environmental sustainability at their centre, this was a much lower priority than supporting children and families. This ranged between services which had no environmentally sustainable measures, to those which had invested in solar panels or other longer-term measures. However, as with the capital grants, the administration of these works was often cited by services as something they did not have time to do.

Appendix B Detailed Statement of Work for the review

The review scope is defined by the Department's *Detailed Statement of Work* for the review, as set out below.

The **Final Report** and products delivered to the Agency will:

- Provide an assessment if the initial objectives of the grant can be realised. This will include a discussion and recommendations about whether they continue to be relevant or should be reframed or improved to reflect changes in policy.
- Provide an examination of various aspects of the CCCFR grant that have proved difficult to administer, and review CCCFR grant goals that have proven difficult to achieve and make recommendations on future directions or strategies to achieve CCCFR grant goals. This may include but not limited to difficulties in accessing ACCS, the transition of services to the NQF and moving to reliance on Child Care Subsidy as a major source of income.
- Consider and report on lessons that can be learnt from the administration of the current round of CCCFR grant funding and make recommendations on what improvements can be made to streamline the administration of the CCCFR grant funding in any future rounds and reduce the administrative burden for both the Agency and CCCFR services. This will include looking at the administration of previous BBF rounds, prior to the transition into CCCFR.
- Consider and report on the operation of the CCCFR grant during COVID and the extent that it did, or did not, assist services in remaining viable.
- Analysis of current and alternate funding models internationally and nationally, including block funding, with recommendations on their appropriateness to funding these services.
- Provide the Agency with an activity-based cost model reflective of the provision of child care within the CCCFR context. The model should support increased understanding by the Agency of the costs (fixed, variable and capital) of delivering child care in a range of different modalities, locations (including remote) and differing sized facilities. This model should be flexible to enable the Agency to adapt and to support scenario planning to inform annual grant allocations to services.
- A discussion and recommendation on the treatment/funding of capital (minor and major) by this grant; up to and including building replacement. This discussion will also explore the role of the CCCFR grant, if any, in:
 - a Encouraging services to operate in an environmentally sustainable fashion and support "green" capital investment. This could include, but may not be limited to, increased insulation in child care centres, support for the installation of solar panels, hot water provided by solar or heat pumps, replacement of gas or wood heating by alternatives, reduced emission policy for vehicles, etc.
 - b The provision of funding, either recurrent or capital, for staff accommodation in remote and very remote locations where the lack of housing stock or rental accommodation is preventing services from securing and/or retaining staff.
- An examination of the CCCFR grant area's continued management of properties and leases in the Northern Territory with recommendations on whether this model should continue or be replaced by another. In particular, the possibility of future funding of new services in remote locations requires identification of best practice in the management of properties and leases.

- Consideration and discussion of the most appropriate grant agreement compliance regime, including relevant legislation, to be applied to this group of services.
- Examination of the nature and current levels of support being provided to CCCFR grant providers and services, including by CCCFR Program Officers, with recommendations for alternate support models to meet the identified needs of providers and services.
- An examination of the extent to which the CCCFR Grant, applying legislation, and CCS processes and practices embed cultural safety in service delivery in alignment with the National Agreement on Closing the Gap. Make recommendations on changes that could be made to improve Aboriginal and/or Torres Strait Islander leadership, community-controlled service delivery, cultural safety and child and family participation in CCCFR grant funded services.
- A summary of consultations, broken down by service and service type with identification of issues raised.
- The final report will also include a short environmental scan of the 150+ services currently in receipt of CCCFR grant funding identifying with respect to each service an:
 - a Evaluation of the service's progress in operating sustainably under the CCS system, analysing any funding and systemic barrier in achieving this.
 - b Evaluation of the extent to which the service is providing education and child care.
 - c Evaluation of how the service might fare under alternative funding models (i.e. block funding).
 - d A recommendation as to whether the service should:
 - i. continue to be grant funded as child care.
 - ii. be transitioned off the CCCFR prior to or during any Round 2 CCCFR grant because it can operate sustainably under CCS or is no longer providing education and child care.
- A recommendation on the information required to be collected by the Agency to appropriately manage the CCCFR grant going forward, with a strategy on how this information should be collected, analysed, and reported under future grant agreements.
- Consider any legislative requirements or barriers to implement any recommendations (e.g. changes to the Minister's Rules).

Appendix C Consultation guide for CCCFR services

C.1. Questions

1. What are the key things you think the review should include?
2. Could you please tell us about your child care service and the community you operate in?
 1. What do you see as the main ways your service helps its community?
 2. Please describe any other programs or services you offer that are not CCCFR funded programs

The objectives of the CCCFR grant are to:

1. *Improve early childhood development outcomes for children experiencing vulnerability and disadvantage*
2. *Increase workforce participation by families experiencing vulnerability and disadvantage*
3. In your opinion, do the CCCFR grant objectives meet the needs of the families and communities in your area?
4. What kinds of vulnerability and disadvantage do children and families in your service's communities experience?
5. How does the CCCFR grant help your service to serve your community?
6. How could the CCCFR grant better help your service to serve your community?
7. In which ways do children accessing your service benefit?

You might think about:

- Being ready for school, being able to talk, read and count
- Being strong in their culture and who they are
- Social skills, making friends and being confident
- Being healthy, including seeing a doctor, dentist, nurse or other professional support, getting healthy meals and practicing healthy habits like hand washing
- Development outcomes, including getting any diagnosis they need

8. How much time does your service spend undertaking the following activities as part of its early childhood education and care program?

You can refer to any length of time that is easiest, such as time per day or week.

Category	Sub-category
Child care and education	Delivering early childhood education and care
	Transport to and from the service
	Outings or excursions
Professional development	Training staff internally
	Supporting staff to gain qualifications
	Training days/professional development days
Administration	Administration of the CCCFR grant

	Other administration
Maximising attendance of children and families	Running playgroups for Indigenous families
	Running playgroups for non-Indigenous families
	Outreach and access, including working with families and other services to increase enrolments
	Supporting families with CCS and ACCS applications
	Liaising with other services
	Communicating with parents and families attending the service
Other (please explain)	

9. How often does your service have to cancel or suspend delivery due to:
 - Staffing issues
 - Transport issues
 - Weather issues
 - Sorry Business
 - Community issues (vandalism, community tension)
 - Other (please explain).
10. How do you find out more information about the compliance issues and regulations? You might consider information from:
 - Your CCCFR Program Officer
 - Self directed internet searches and research
 - ACECQA
 - Other ECEC services
 - Other sources and supports.
11. *If your service is not regulated under the NQF* – What are the key considerations as to how the NQF would work for your service?
If your service is regulated under the NQF – How is your experience under the NQF?
12. What does your service need in terms of non-financial support or resources from the government? For example, training and professional development or additional administrative support
13. What kinds of things does your Program Officer do for your service at the moment?
14. What fees does your service charge?
15. Overall, to what degree is the revenue you receive (including CCS, ACCS, CCCFR grant and other funding) sufficient to cover your operating costs on an ongoing basis?
16. Is the size of the grant you receive sufficient to meet the CCCFR grant objectives and support the provision of high quality ECEC?
17. How was your experience transferring from your former funding model (Budget Based Funded (BBF), Indigenous Advancement Strategy (IAS) or Non-Formula Funded Occasional Care (NFFOCC), or other) to CCCFR?
18. Are there costs not recorded/reported in your budget based planning tool or financial acquittal data?
19. Is there anything in your budget based planning tool and financial acquittal data that you would like to provide more context on? For example, any reasons why some things might seem high or low compared to other services due to your service's circumstances?
 - a. Would you be willing for us to contact you further regarding any particular costs which seem high or low compared to other CCCFR services?
20. Please describe any planned or recent capital investment, including
 - The purpose
 - The amount
 - Sources of funding
 - Any other relevant details

21. How have costs have varied in recent years, including but not limited to, during COVID arrangements?
22. How does your service encourage retention and recruitment of staff?
23. How does your service support environmental sustainability? For example, using insulation, double glazing, solar panels, water tank, green energy provider, planting trees, awning to create shade
 - b. What is your service's budget for this?
 - c. Is this funded (partially or wholly) by the CCCFR grant?
 - d. Do you have to order from specific operators? (Energy provider for example, solar panels, etc.)
24. Do you have any other comments in respect to anything we have talked about?

Appendix D Consultation guide for families and communities

Discussion questions

1. Why do you send your child to child care?
2. Why did you choose this service?
3. Is it providing the child care you were expecting?
4. What are some of the changes you see in your child since they have started attending this service?
5. How often does your child go to this service?
6. How does your child get to this service?
7. When this child care service is not available, what other options do you have for the care of your child?
8. What do you like about this service?
9. What are some areas where this service could improve?
10. What do you do while your child is at this service?
11. Do you feel welcome and safe at this service?
12. Have you used Centrelink or MyGov to get support to access this service, or had other paperwork or forms to fill in?
13. Do you know other families with young children who don't use this service?
14. What would encourage other families to use a child care service like this one?

Appendix E Consultation guide for Departmental and broader stakeholders

E.1. Departmental stakeholders

E.1.1. Background

- Can you tell me about your role within the Department and a bit about your background?
- What are/were your key responsibilities in your role for the CCCFR Grant?

E.1.2. Objectives and intent

- In your opinion, to what extent do the CCCFR objectives address the needs of the families and communities of the services receiving the CCCFR grant funding?
- In your opinion, are the CCCFR objectives relevant to current policy direction and appropriate for the services receiving CCCFR grant funding?
- The CCCFR grant had additional objectives at the time of implementation relating to the transition to the then new child care system to:
 - Ensure continuity of child care services during and beyond any period of transition
 - Support eligible child care services to build capacity and operate sustainably under the new child care system.
- In your opinion, to what extent has the CCCFR grant met these objectives over its five years of operation?
- Thinking about recent and upcoming changes to ECEC policy, in your opinion what are the implications of changes to the CCCFR grant funded services?
 - The changes to the activity test
 - The increases to Child Care Subsidy
 - Changes to the Preschool Reform Agreement
 - Any other ECEC policy directions

E.1.3. Policy design and funding

- Are you aware of any metrics to assess current or emerging outcomes of the CCCFR grant?
- Are there any risk identification and risk mitigation strategies for the CCCFR grant?
- Has the Department identified any considerations that have affected decision making for the design and approval of CCCFR grants?
- How suitable are services identified as eligible for the grant application process? Were the PwC Financial and operational analysis tools useful in the initial funding determination?
- Based on your understanding of the transition to the CCCFR grant, why did some services transition away from the grant or shut down?

- Are you aware of any outcomes of the previous BBF services under the Department of Social Services and how that is similar and / or different to the CCCFR services?

E.1.4. Administration, governance, and compliance

- What is your understanding of the role description for the CCCFR Program Officers?
- How often do you engage with Program Officers? What is the nature of each engagement? Please provide some examples.

E.1.5. Resourcing and financial sustainability

- Can you please shed further light on the way in which current grant allocations have been determined?
- To what extent does the Department believe the current grant has provided an effective mechanism to support the achievement of the overarching objectives?
- Do you have any views regarding the merits of alternative funding approaches? Have any been considered previously?
- Do you have any other suggestions on how to improve the funding design of the CCCFR grant?

E.2. Broader stakeholders

E.2.1. Background

- What does your organisation do and how does it relate to early childhood education and care (ECEC)?
- What is your role in the organisation?
- How familiar are you with the CCCFR grant?

E.2.2. Objectives and intent

For all stakeholders, reflections around:

- Whether the CCCFR objectives meet the needs of families and communities.
- what is working well in achieving these objectives.
- how the CCCFR grant could better achieve these objectives.
- the kinds of vulnerability and disadvantage the CCCFR grant should address.

E.2.3. Early childhood education and care in Australia

For all stakeholders, reflections around:

- Current quality and access to ECEC in Australia
- Benefits of quality ECEC for children and families
- Benefits of ECEC for Aboriginal and Torres Strait Islander children, families, and broader communities
- Cultural safety of ECEC services for Aboriginal and Torres Strait Islander children
- Accessibility and inclusion of early childhood education and care
- Programs or initiatives in place with a similar intent or focus to services receiving CCCFR grant funding – *in particular, Aboriginal and Torres Strait Islander managed- and delivered services, as well as early years services supporting vulnerable and disadvantaged families.*
- What are key financial challenges being faced by ECEC services across Australia, and how might these costs be exacerbated in:
 - regional and remote communities
 - services supporting children and families experiencing vulnerability and/or disadvantage.

E.2.4. Policy design and funding of the CCCFR grant

For stakeholders with strong engagement/understanding of the CCCFR grant, reflections around:

- the transition from previous grants to the CCCFR grant, including the appropriateness of the transition.
- the current grant design or grants process
- alignment of current CCCFR funding approach to experiences or best practices in other related policy or grant settings (for example, grants for higher education research or grants for Indigenous health).
- current funding model design (e.g., appropriateness, eligibility and adequateness and scope of funding)
- alternative approaches to CCCFR funding.

E.2.5. Resourcing and financial sustainability of CCCFR services

For stakeholders with strong engagement with/understanding of the CCCFR grant, reflections around:

- the adequacy of current funding
- revision of current funding to improve the effectiveness and efficiency of the funded services.

E.2.6. Administration, governance and compliance

Note: Many CCCFR services are out-of-scope of the National Quality Framework (NQF) with oversight and compliance administered through state or territory Children’s Law or the Minister’s Rules (Section of the Family Assistance Law).

For stakeholders with strong engagement/understanding of the CCCFR grant:

- How are supports, guidance and resources around compliance and broader service capacity/capability are provided to grant recipients?
- What are current barriers faced by CCCFR-funded services in relation to compliance with:
 - The National Quality Framework (NQF)
 - Administering the Child Care Subsidy under the Family Assistance Law (FAL).

Broadly across the Australian ECEC sector:

- What are the key regulatory barriers faced by ECEC services?
- What are current barriers for Aboriginal and Torres Strait Islander-managed ECEC services in relation to compliance with the NQF and the FAL?
- What would be required to ensure that CCCFR services are able to comply with requirements under the National Quality Framework (NQF) in an equitable manner?
- Feedback around CCCFR (or out-of-scope) services which have transitioned to the NQF (or relevant state Children’s law), including the regulatory outcomes for those services.
- Other considerations needed to ensure effective oversight and regulatory support to CCCFR and out-of-scope services.

- Is there any additional feedback you would like to provide about the CCCFR grant?

E.3. List of broader stakeholders consulted for this review

A list of broader stakeholders consulted as part of this review has been included below. In some cases, multiple interviews may have been undertaken with the same stakeholder. For some states and territories, multiple stakeholders were interviewed (i.e. the respective education department and the regulatory authority were interviewed separately).

- **Commonwealth Government agencies**
 - Australian Government Department of Education

- National Indigenous Australians Agency (NIAA)
- Services Australia
- Regional Education Commissioner
- Australian Children's Education and Care Quality Authority (ACECQA)

- **State and territory government agencies (incl. both education agencies and regulatory authorities)**
 - New South Wales
 - Victoria
 - Queensland
 - South Australia
 - Tasmania
 - Western Australia

- **Peak bodies and sector organisations**
 - Goodstart Early Learning
 - TheirCare
 - Australian Literacy and Numeracy Foundation (ALNF)
 - Isolated Children's Parents' Association (ICPA)
 - Reconciliation Australia
 - Thrive by Five
 - Community Early Learning Australia (CELA)
 - Community Connections Solutions Australia (CCSA)
 - Early Learning & Care Council of Australia (ELACCA)
 - Family Day Care Australia
 - Queensland Children's Activities Network (QCAN)
 - Community member from Early Childhood Policy Partnership (ECPP)

Appendix F Online survey of CCCFR services

F.1. Introduction

What is the project?

The Australian Government Department of Education has asked Deloitte Access Economics, in partnership with SNAICC and Murawin, to review the CCCFR grant.

The purpose of the review is to understand:

- How effectively the CCCFR grant is meeting its current objectives and
- How the CCCFR grant can be refined to maximise its potential.
- If the current funding model continues to be appropriate (and if a different funding model would be better)

The review is gathering evidence from many sources, including speaking to services, families and the government. The review will help to make sure child care and education funding works well for all families and help more children to benefit from access to child care.

Deloitte Access Economics is a national economics firm, with significant experience in undertaking policy reviews and evaluations in early childhood education and care.

SNAICC – National Voice for our Children is Australia’s national non-government peak body for Aboriginal and Torres Strait Islander children.

Murawin is a national, Indigenous-led consultancy.

How to take part in the review

As part of this research, you are invited to complete this survey about your service's operations and experiences as a recipient of the grant. The aim is to gather information about operations, costs and activities, and the way these interact with the CCCFR grant and its objectives. This will supplement information available from existing sources.

Participation is voluntary; however, services are strongly encouraged to take this opportunity to have your voices heard, and contribute to data that will help shape the future of the CCCFR grant.

If you have any questions about the survey or need support completing it, please email cccf@deloitte.com.au.

The survey format and your privacy

The survey format

The survey has two sections. The first section asks about:

- Your service's delivery and context
- Your experiences with the CCCFR grant
- Administration of the grant
- The objectives and intent of the CCCFR grant, and whether they meet the needs of services, families, and communities.

Services are welcome to submit only the first section of the survey, which forms a core pillar of the CCCFR review research. It is anticipated to take up to 60 minutes to complete. Please have any data on your service ready for you to refer to during the survey.

The second section of the survey is an additional opportunity for services to provide more detailed data regarding costs and service delivery. It will be used with existing financial data to understand the specific costs and funding needs of services.

The second section of the survey is anticipated to take an additional 30-60 minutes to complete, depending on services' existing data. It may be helpful to have additional documents such as your latest Budget Based Planning Tool, Financial Acquittal, other accounts and annual reports to answer these questions.

The survey and your privacy

The survey questions will help with the development of a detailed dataset which will help us investigate the costs of delivering child care in CCCFR services.

Your data will be collected and stored securely by the Deloitte Access Economics team through the Qualtrics survey platform. The results of the survey will be aggregated across all services, so no individual participant or service can be identified by organisations other than Deloitte Access Economics.

At no point are you required to provide sensitive personal information, such as information about your ethnicity, health and wellbeing or sexuality or identifying personal information about individual educators or families engaged with your service.

If you do choose to include sensitive or private information in your free-text answers (e.g., because it is relevant to the survey questions), your participation in this survey is your consent for Deloitte Access Economics to collect and process that sensitive personal information.

You have various rights in relation to your personal information, including the right to seek access to, or to correct, your information. More information about how we will handle your personal information, how you can lodge a complaint, how you can contact us and how you may access and seek correction of your information is set out in Deloitte's privacy statement.

For any other privacy related enquiries, you can contact Deloitte's privacy team at privacy@deloitte.com.au.

Please acknowledge you have read and understood the information above, and consent to the collection of the data you include through this survey, to proceed. We will process any data submitted through this survey when the survey closes on 29th September 2023, even if you have not finished the whole survey.

I have read and understood the information above, and consent to the collection of my service's data

Service details This section is to check some details we have for your service. If the details are incorrect, please select 'this is wrong' and provide the correct detail.

Service Name: $\{e://Field/RecipientFirstName\}$

- This is correct
- This is wrong

Display This Question:

If Service Name: $\{e://Field/RecipientFirstName\}$ = This is wrong

What is the correct name of your service?

Service is regulated under the NQF: $\{e://Field/NQF\}$

- This is correct
- This is wrong

Display This Question:

If Service is regulated under the NQF: $\{e://Field/NQF\}$ = This is wrong

Is your service regulated under the NQF?

- Yes
- No
- Unsure

What are the key things you think the review should include?

Could you please tell us about the type of child care your service provides and how it is tailored to the needs of children and families and the broader community?

What do you see as the main ways your service helps support the communities where you operate?

Please select all that apply

- Providing child care for local children
- Improving early childhood development outcomes for children who may be experiencing vulnerability and/or disadvantage
- Offering a preschool or kindergarten program
- Helping families who may be experiencing vulnerability and/or disadvantage to work through offering child care
- Reducing barriers to accessing child care for children and families who may be experiencing vulnerability and/or disadvantage
- Connecting children families with health and other support services
- Employing local staff
- Other (please give details)

Which non CCCFR-funded programs or supports does your service offer? (other than child care)

Please select all that apply

- Parenting workshops and programs
- Cultural programs
- Library/book lending
- Nutrition programs/food bank
- Health screening and programs
- Family support services (such as counselling and social work services)
- Adult education and training
- Other (please give details) _
- None

F.1.1. Objectives and intent of the CCCFR grant

This section aims to understand how the objectives of the CCCFR grant meet the needs and expectations of services, families, and communities.

The objectives of the CCCFR grant are to:

1. Improve early childhood development outcomes for children experiencing vulnerability and disadvantage
2. Increase workforce participation by families experiencing vulnerability and disadvantage

How well do the CCCFR grant objectives meet the needs of the families and communities where you operate?

	Not well at all	Not very well	Quite well	Extremely well
1. Improve early childhood development outcomes for children experiencing vulnerability and disadvantage	●	●	●	●
2. Increase workforce participation by families experiencing vulnerability and disadvantage	●	●	●	●

What kinds of vulnerability and disadvantage do children and families experience where you operate?

Please use this space for any additional comments you have on the CCCFR grant objectives (optional)

How important is the following for children at your service?

	Not important	Somewhat important	Very important	Not applicable
Being ready for school - being able to talk, read and count	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Being strong in their culture and who they are	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social skills - making friends and being confident	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to health, community, and social services - such as seeing a nurse, dentist, speech pathologist, or social worker	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Keeping healthy - accessing nutritious food and hygienic practices at the service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please use this space for any additional comments you have on how children service benefit from your service (optional)

F.1.2. Your service and the CCCFR grant

This section aims to explore how your service is able to use the CCCFR grant to meet the needs of children, families and communities.

For each of the below, how much does the CCCFR grant help your service?

Please indicate how much the CCCFR grant helps your service for all items that apply

	Does not help	Helps a bit	Helps a lot	Not applicable
Improve the quality of child care	●	●	●	●
Improve access and inclusion of child care	●	●	●	●
Ensure the service is financially viable	●	●	●	●
Reduce the universal cost of child care	●	●	●	●
Allow targeted fee reductions or fee waivers (in addition to CCS/ACCS)	●	●	●	●
Employ local staff at the service	●	●	●	●

Please use this space to describe any other ways the CCCFR grant helps your service, or to provide any further detail on your answers above (optional)

How could the CCCFR grant be improved to help your service meet the needs of the communities where you operate?

Please indicate a score for all items that apply

	Would not help	Would help a bit	Would help a lot	Not applicable
Increased funding	●	●	●	●
Changes to grant conditions	●	●	●	●
Increased support to recruit, retain and/or train staff	●	●	●	●
Support to increase the cultural competency of our service	●	●	●	●
Support for infrastructure and/or transport challenges	●	●	●	●
Increased support around business and financial management	●	●	●	●
Increased support and training around service leadership, governance and management	●	●	●	●

Please use this space to describe any other ways the CCCFR grant could be improved, or to provide any further detail on your answers above (optional)

Please use this space to describe any other important benefits for children at your service, or to provide any further detail on your answers above (optional)

F.1.3. Compliance and regulations

This section asks questions about the CCCFR grant conditions, services' obligations under the grant, the Ministers Rules (if applicable) and the Family Assistance Law (FAL), and service's

feedback on their ability to transition to the National Quality Framework (NQF) in the future.

Where would your service go for information and advice about the following items?
Please select all that apply

	CCCFR Program Officer	Internet	ACECQA	Advice from community or families	Local regulatory authority	Child protection agency	Inclusion support agency	Unsure	Other
Administering the CCS and/or obligations under the Family Assistance Law									
CCCFR grant conditions (e.g. reporting)									
Ensuring children's health and safety									
Being inclusive so all children can participate									
Responding to indicators of child abuse and/or neglect									
Developing a Quality Improvement Plan (QIP)									
Service leadership and governance									
Creating policies and procedures									
Your service's ability to transition to the National Quality Framework									

Please use this space to describe any other sources of information for these items, or to provide any further detail on your answers above (optional)

Display This Question:

If NQF = Service is not regulated under the NQF

And Is your service regulated under the NQF? != Yes

Or If

NQF = Service is regulated under the NQF

And Service is regulated under the NQF: $\{e://Field/NQF\}$ = This is wrong

Do you feel your service could meet the requirements of the National Quality Framework (NQF), including being assessed against the National Quality Standard (NQS)?

- Definitely not
- Probably not
- Maybe
- Probably yes
- Definitely yes

Display This Question:

If NQF = Service is not regulated under the NQF

And Is your service regulated under the NQF? != Yes

Or If

NQF = Service is regulated under the NQF

And Service is regulated under the NQF: $\{e://Field/NQF\}$ = This is wrong

What are the key considerations as to how your service could meet the requirements of the NQF?

Display This Question:

If NQF = Service is regulated under the NQF

And Is your service regulated under the NQF? != No

Or If

NQF = Service is not regulated under the NQF

And Service is regulated under the NQF: $\{e://Field/NQF\}$ = This is wrong

Is your service able to meet the overall requirements of the National Quality Framework (NQF), including being assessed against the National Quality Standard (NQS)?

- Not well at all
- Slightly well

- Moderately well
- Very well
- Extremely well

Display This Question:

*If NQF = Service is regulated under the NQF
And Is your service regulated under the NQF? != No*

Or If

*NQF = Service is not regulated under the NQF
And Service is regulated under the NQF: $\{e://Field/NQF\} = \text{This is wrong}$*

How is your experience under the NQF?

What additional professional development, resources, training and/or guidance do you feel would enhance the quality and overall sustainability of your service?

What kinds of things does your CCCFR Program Officer do to help your service?

F.1.4. Fees and funding

What fees does your service charge?

Please give a dollar value and specify the time period the fees refers to, for example per day or per term.

Please also describe any specific arrangements your service has, for example a free trial period, or reduced fees for certain demographic cohorts.

Overall, to what degree is the revenue your services receive (including CCS, ACCS, CCCFR grant, fees and other funding) sufficient to cover your operating costs on an ongoing basis?

- Our service's operating costs are far higher than our revenue
- Our service's operating costs are slightly higher than our revenue
- Our service's operating costs are about the same as our revenue
- Our service's revenue is slightly higher than our operating costs
- Our service's revenue is much higher than our operating costs

Is the grant amount you receive enough to meet the CCCFR grant objectives and support the provision of high quality child care?

- Yes (please explain)
- No (please explain)
- Unsure (please explain)
 - Somewhat (please explain)

How was your service affected by the transition from your former funding model Budget Based Funded (BBF), Indigenous Advancement Strategy (IAS) or Non-Formula Funded Occasional Care (NFFOCC), or other) to the CCCFR grant? If you were not present during the transition, how would your service operate under a block funding model?

Does your service generate CCS subsidy funding from all children?

- Yes
- No
 - Unsure

Is your CCCFR service funded by other sources?

- Yes
- No
 - Unsure

Do you cross fund child care with funding from other programs?

- Yes
- No

Please use this space for any other comments on the amount of funding and revenue your service receives and/or generates

Thank you for completing the core questions for services receiving CCCFR funding.

The review will use detailed financial and operational data held by the Department, collected from your service's reports on the CCCFR grant, including financial acquittal reports and annual compliance and operations survey data.

If you would like to provide additional, more detailed information on the activities and costs your service incurs, please click 'continue the survey'. **This is optional.**

If you are satisfied that your financial and operational data held by the Department is representative of the activities and costs your service incurs, please click 'finish the survey'. You will have an opportunity to include any additional comments as free text.

- To continue survey, click here
- To finish survey, click here

Skip To: Q55 If Thank you for completing the core questions for services receiving CCCFR funding. The review will... = To finish survey, click here

F.1.5. Additional questions -Day to day delivery

How many **hours per week** does your service spend undertaking the following activities as part of its child care program?

For activities not undertaken weekly, please multiply the total amount of times this occurs per year by the average number of hours each. Then take this figure and divide by 52 for the hours

per week.

	Amount of time
Delivering child care (direct facing delivery)	
Transporting children to and from the service	
Outings or excursions	
Training staff internally	
Supporting staff to gain qualifications	
Training days/professional development days	
Administration of the CCCFR grant	
Administration of CCS	
Other administration	
Running playgroups for Indigenous families	
Running playgroups for non-Indigenous families	
Outreach and access, including working with families and other services to increase enrolments	
Supporting families with CCS and ACCS applications	
Liaising with other services	
Communicating with parents and families attending the service	
Other activities not listed that is commonly undertaken by your service (please describe)	

Please use this space for any other comments on the activities your service runs and how often, including how often your service needs to suspend delivery

F.1.6. Fees and funding

Are there costs not recorded in your budget-based planning tool or financial acquittal data?

- Yes
- Maybe
- No

Display This Question:

*If Are there costs not recorded in your budget based planning tool or financial acquittal data?
= Yes*

Please describe the costs not recorded in your budget-based planning tool or financial acquittal data, including what they are for and how your service meets these costs.

Is there anything in your budget-based planning tool and financial acquittal data that you would like to provide more context on?

Would you be willing for us to contact you further regarding any particular costs which seem high or low compared to other CCCFR services?

- Yes
- No

Please describe any planned or recent capital investment, including

- The purpose
- The amount
- Sources of funding
- Any other relevant details

How have costs have varied in recent years, including but not limited to, during COVID arrangements?

F.1.7. Recruitment and retention

Do you offer any incentives or subsidies for staff to encourage recruitment or retention?

- Yes
- No
- Unsure

Display This Question:

If Do you offer any incentives or subsidies for staff to encourage recruitment or retention? = Yes

What kinds of staff recruitment or retention incentives or subsidies does your service offer?

- Above award salary
- Relocation costs
- Retention bonus
- Additional paid leave
- Free or subsidised housing
- Free or subsidised child care
- Other (please describe) _____

Display This Question:

If Recruitment and retention incentives = Above award salary

Please provide details for your service's recruitment and retention incentive: **Above award salary**

- What is the value of the incentive in dollars?
- Please describe which educators are eligible for this incentive
- Please use this space for any other comments on this incentive

Display This Question:

If Recruitment and retention incentives = Relocation costs

Please provide details for your service's recruitment and retention incentive: **Relocation costs**

- What is the value of the relocation costs in dollars?
- Please describe which educators are eligible for this incentive
- Please use this space for any other comments on this incentive

Display This Question:

If Recruitment and retention incentives = Retention bonus

Please provide details for your service's recruitment and retention incentive: **Retention bonus**

- What is the value of the retention bonus in dollars?
- Please describe which educators are eligible for this incentive
 - Please use this space for any other comments on this incentive

Display This Question:

If Recruitment and retention incentives = Additional paid leave

Please provide details for your service's recruitment and retention incentive: **Additional paid leave**

- How much additional paid leave is offered?
- Please describe which educators are eligible for this incentive
 - Please use this space for any other comments on this incentive

Display This Question:

If Recruitment and retention incentives = Free or subsidised housing

Please provide details for your service's recruitment and retention incentive: **Free or subsidised housing**

- What is the value of the housing in dollars?
- Please describe which educators are eligible for this incentive
 - Please use this space for any other comments on this incentive

Display This Question:

If Recruitment and retention incentives = Free or subsidised child care

Please provide details for your service's recruitment and retention incentive: **Free or subsidised child care**

- What is the value of the child care in dollars?
- Please describe which educators are eligible for this incentive
 - Please use this space for any other comments on this incentive

Display This Question:

If Recruitment and retention incentives = Other (please describe)

Please provide details for your service's recruitment and retention incentive: **Other**

- What is the value of the incentive in dollars?
- Please describe which educators are eligible for this incentive
 - Please use this space for any other comments on this incentive

Display This Question:

If Do you offer any incentives or subsidies for staff to encourage recruitment or retention? = Yes

Please use this space to describe any other retention or recruitment strategies your service has, or to provide any further detail on your answers above

Display This Question:
 If Do you offer any incentives or subsidies for staff to encourage recruitment or retention? = No
 Or Do you offer any incentives or subsidies for staff to encourage recruitment or retention? = Unsure

Do you think your service would be able to better retain or recruit staff if it were able to offer any of the below items:

	Definitely not	Probably not	Probably yes	Definitely yes	Not Applicable
Above award salary	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Relocation costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retention bonus	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Additional paid leave	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Free or subsidised housing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Free or subsidised child care	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Display This Question:
 If Do you offer any incentives or subsidies for staff to encourage recruitment or retention? = No
 Or Do you offer any incentives or subsidies for staff to encourage recruitment or retention? = Unsure

Please use this space to describe any other possible staff retention or recruitment strategies, or to provide any further detail on your answers above

F.1.8. Environmentally sustainable infrastructure

Does your service budget for environmentally sustainable infrastructure?

For example, insulation, double glazing, solar panels, water tank, green energy provider, planting trees, awning to create shade, etc.

- Yes
- No
- Not sure

Display This Question:

If Does your service budget for environmentally sustainable infrastructure? For example, insulation,... = Yes

What is your service's annual budget for environmentally sustainable infrastructure?

Display This Question:

If Does your service budget for environmentally sustainable infrastructure? For example, insulation,... = Yes

Is this funded (partially or wholly) by the CCCFR grant?

- Yes - fully funded by the CCCFR grant
- Yes - partially funded by the CCCFR grant
- No
- Not sure

Display This Question:

If Does your service budget for environmentally sustainable infrastructure? For example, insulation,... = Yes

Do you have to order environmentally sustainable infrastructure from specific operators?

- Yes
- No
- Not sure

Has your service implemented any of the below actions to support environmental sustainability at your service relating to the infrastructure?

Please select all that apply

- Insulation
- Double glazing
- Solar panel
- Water tank
- Solar hot water or heat pump
- Green energy provider
- Planting trees
- Community garden
- Awning to create shade
- Other (please describe) _____

Please use this space for any other comments on your service's environmental sustainability, or to provide any further detail on your answers above

Please review and submit the survey. If you have any other comments related to the survey, you are encouraged to write these below.

Do you have any additional comments in respect to the survey or the CCCFR grant review?

Thank you for participating in the CCCFR grant review.

Appendix G Sampling process for service consultations

This appendix sets out the approach to sampling that was undertaken to generate a representative sample for the service consultations.

To generate a representative sample for the in-person and virtual service consultations, Deloitte Access Economics followed the below process.

Four key service characteristics – service size, remoteness, proportion of Aboriginal and Torres Strait Islander children and regulation status – were selected. These characteristics are regarded to be of significant influence on the day-to-day operation of the services. It is expected that services that vary in these characteristics would operate in different contexts, therefore potentially offering different and unique insights.

To create a representative sample, the four characteristics were used to categorise the CCCFR services into different strata. More specifically:

- For **service size**, a service can be small, medium, or large. Service size is based on the licenced capacity of the services as reported in the Compliance and Operations Reports.
 - The largest one-third of services are defined as large services, the smallest one-third defined as small services, the rest as medium services.
- For **remoteness**, a service can be metropolitan, regional, or remote. The remoteness of the service is based on the geolocation of the service and their ARIA category. The ABS categorises the ARIA scores into five different categories of remoteness: Major city, inner regional, outer regional, remote, and very remote.
 - For the stratification, services that are in an inner regional or outer regional area are defined as regional, services that are in a remote or very remote area are defined as remote.
- For **proportion of Aboriginal and Torres Strait Islander children**, a service can either have a high proportion of Aboriginal and Torres Strait Islander children enrolled, or a low proportion.
 - On average, a CCCFR service has 43 per cent of enrolments being Aboriginal and Torres Strait Islander children. Services that have higher than 43 per cent enrolment by Aboriginal and Torres Strait Islander children are defined as having a high proportion of Aboriginal and Torres Strait Islander children.
- For **regulation status**, services were categorised across two types:
 - Services regulated under the National Law and Regulations (i.e., the National Quality Framework).
 - Services not regulated under the NQF, however are expected to comply with the Minister's Rules under the FAL.

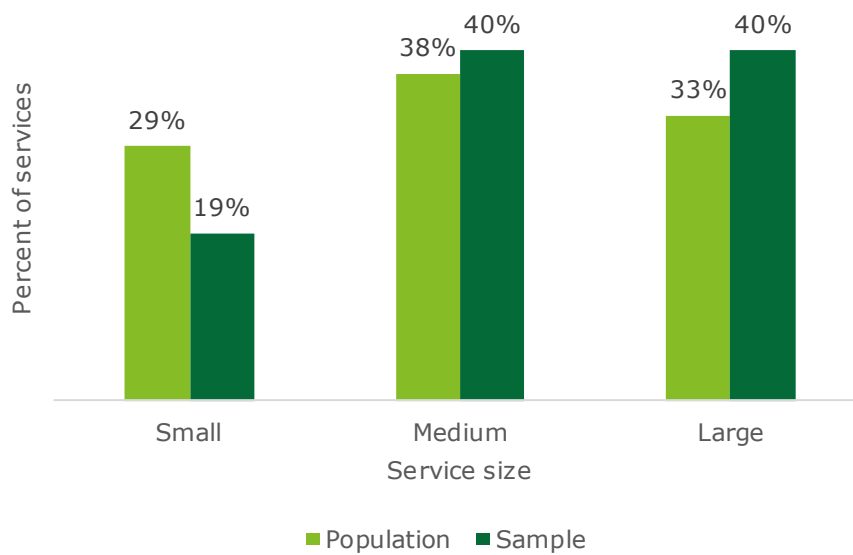
Note: while services not regulated under the NQF may be considered regulated under the relevant state/territory residual legislation, these services were included within the second (Minister's Rules) category for the purposes of early sampling.

The four characteristics create a total of 36 strata. Among the 36 strata, 29 are non-empty (that is, there is at least one CCCFR funded services within the strata). There are only 12 strata with at least five services. It is imperative for the sample to aim, to the best extent possible, to contain at least one service from each stratum such that no important and unique insights from the services operating in conditions significantly different from the others would be missed. Once that is achieved, the sample then aims to include more services from the strata that have more services.

The consultation sample contains services from 28 out of the 29 non-empty services. The only non-empty strata that is not represented in the final consultation sample is small x metropolitan x low proportion of Aboriginal and Torres Strait Islander children x regulated service.

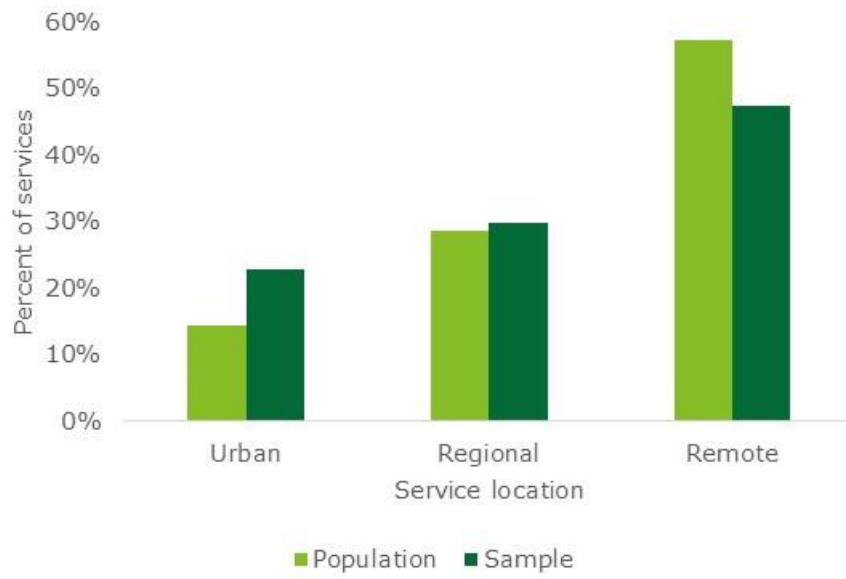
The following charts show how the consultation sample compares to the full population of CCCFR services. While it is impossible to ensure that the distribution of service characteristics matches exactly with that of the entire population of all CCCFR services, it is important to ensure the distribution within the sample does not differ unreasonably from that in the population.

Chart G.1: Service size comparison between sample and population



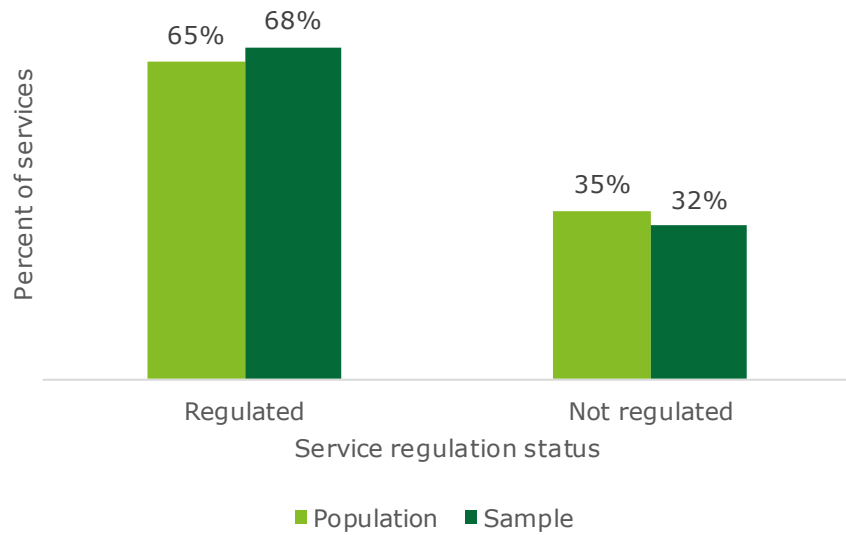
Source: Deloitte Access Economics analysis

Chart G.2: Service remoteness comparison between sample and population



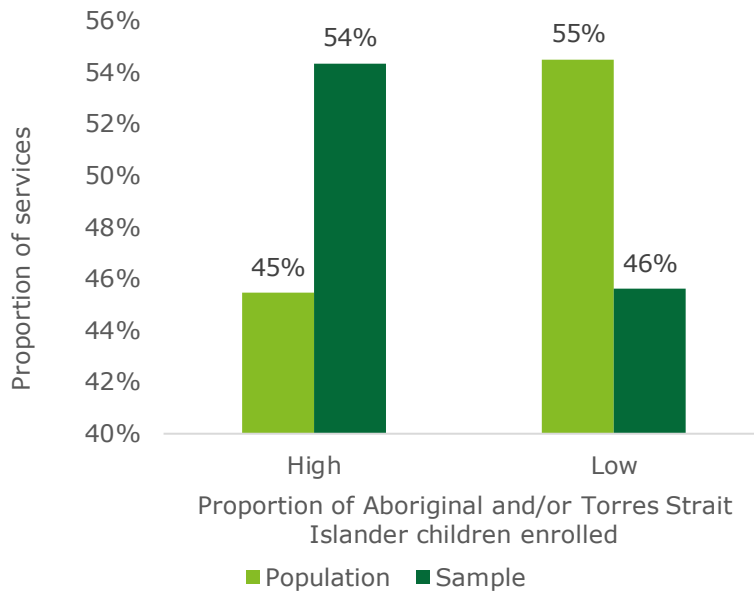
Source: Deloitte Access Economics analysis

Chart G.3: Regulation status comparison between sample and population



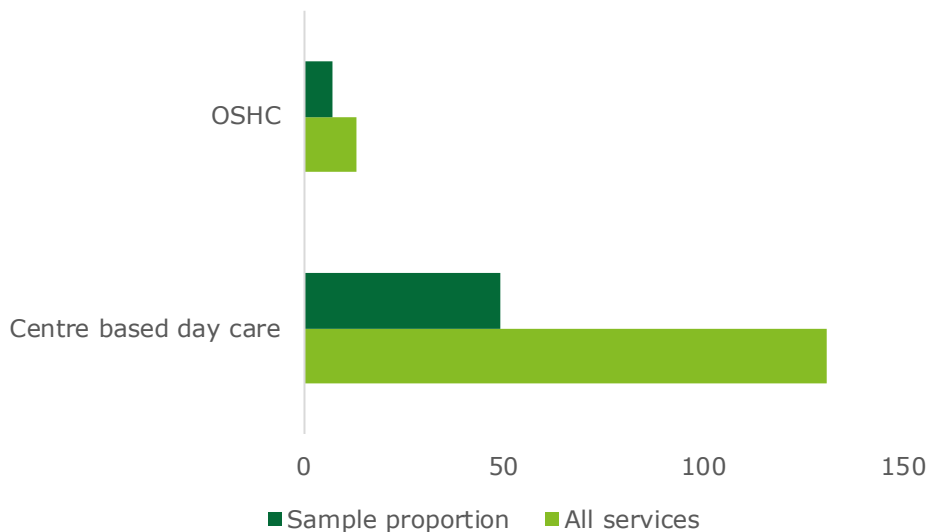
Source: Deloitte Access Economics analysis

Chart G.4: Proportion of Aboriginal and Torres Strait Islander children comparison between sample and population



Source: Deloitte Access Economics analysis²⁴⁵

Chart G.5: Service type comparison between sample and population



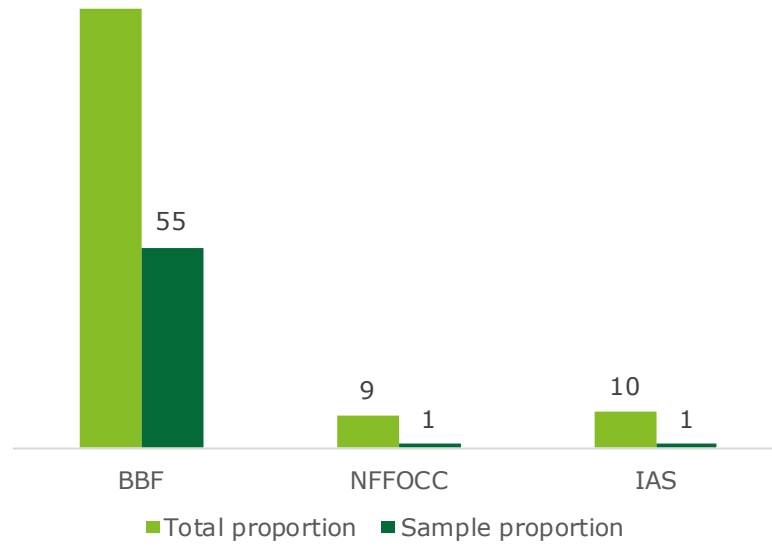
Source: Deloitte Access Economics analysis

Note: Services funded through the CCCFR grant are generally centre-based day care (CBDC), outside school hours care (OSHC), vacation care or mobile ECEC services. Additional service types outlined above are captured from survey responses and will be further analysed to determine the most appropriate service and/or

²⁴⁵ Proportion of Aboriginal and/or Torres Strait Islander children enrolled is sourced from 2022-2023 Compliance and Operations Data. High here means over the average enrolment (43 per cent), and low is below the average enrolment.

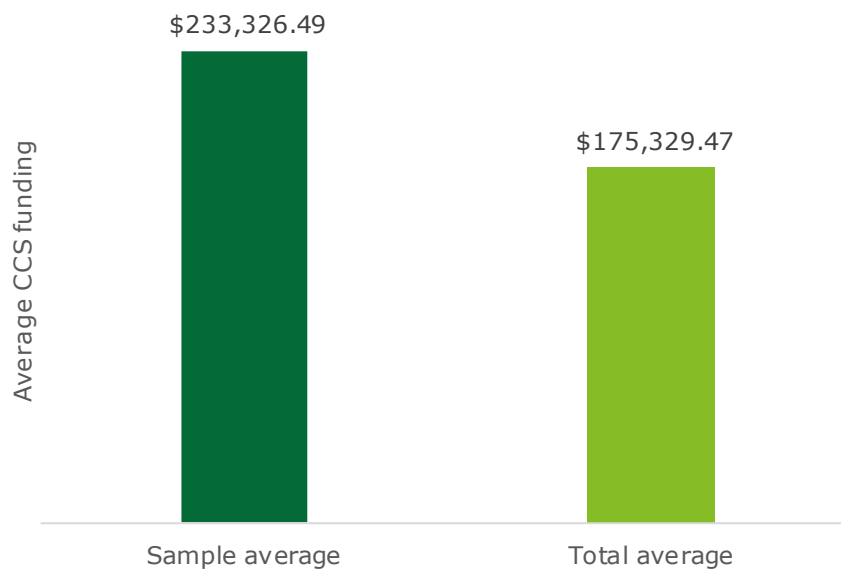
primary care type.

Chart G.6: Previous funding programs comparison between sample and population



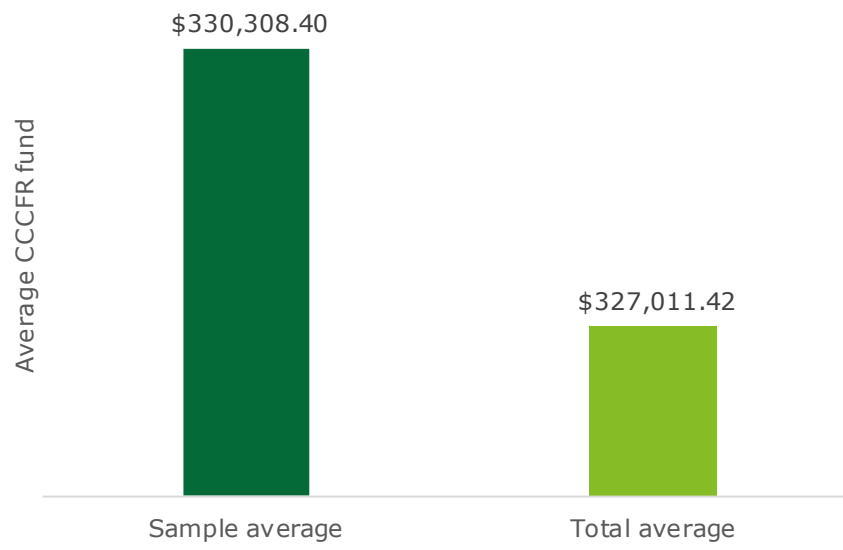
Source: Deloitte Access Economics analysis

Chart G.7: Average CCS funding amount comparison between sample and population



Source: Deloitte Access Economics analysis

Chart G.8: Average CCCFR funding amount comparison between sample and population



Source: Deloitte Access Economics analysis

Appendix H Summary of approach to multi-criteria analysis

In undertaking an assessment of CCCFR services' overall compliance with obligations under the Minister's Rules, the review team analysed relevant documentation from Compliance and Operations Reports materials (e.g., service documentation) to determine whether legislative obligations have been met at point of submission to the Department.

H.1. Types of evidence

The assessment of an education and care service's compliance with relevant legislative and regulatory frameworks requires the collection of evidence across different mediums.

As an example, the process of assessment and rating (A&R) undertaken by state and territory regulatory authorities often involves an authorised officer visiting the service and requesting key documentation in line with specific regulations, speaking with staff and children at the service, and importantly, observing educators to assess the educational practice being delivered at the service. This gathering of evidence across different mediums recognises the complex nature of compliance as both the management and governance of policies and processes, as well as their delivery in practice.

For the purposes of this review, only service response and uploaded documents as part of the 2023 Compliance and Operations Reports have been considered when evaluating service compliance with the Minister's Rules.

H.2. Multi-Criteria Analysis (MCA) as an assessment tool

To understand the extent to which relevant CCCFR services are compliant with their legislative obligations under the Minister's Rules, this evaluation has assessed available service documentation and adopted a Multi-Criteria Analysis (MCA) to evaluate each service's compliance across key aspects of the Minister's Rules.

As a general exercise, an MCA involves the assessment of a particular option or options against a set of pre-determined, relevant criteria, with each criteria assigned a particular weighting in line with its relevance and importance to the context of the subject matter and intent of analysis.²⁴⁶

However, it is important to note that MCA as a tool for assessment has several limitations, most notably around perceived challenges in maintaining objectivity within the analytical process. This is due to the design of an MCA being guided by those undertaking the analysis, as the researcher is assumed to adopt their own subjective views around relevant criteria for inclusion and analysis.²⁴⁷

Within the context of assessing CCCFR services' compliance with the Minister's Rules, these challenges around subjectivity are present when considering which obligations are included for assessment, the types of documentation and/or responses to analyse and the associated weighting adopted for each theme (e.g., tailored, individual educational program) or individual indicator (i.e.,

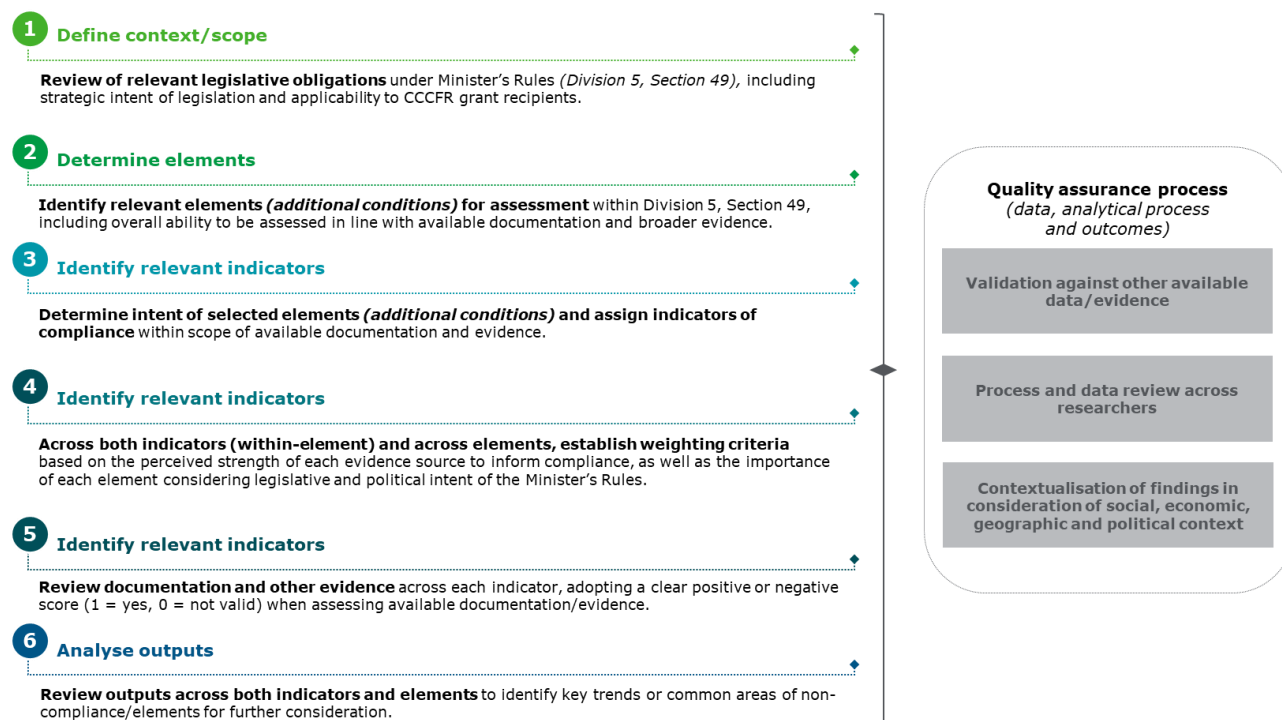
²⁴⁶ UK Department of Communities and Local Government, *Multi-criteria analysis: a manual*, (2009) <https://eprints.lse.ac.uk/12761/1/Multi-criteria_Analysis.pdf>

²⁴⁷ DiStefano, M. J., & Krubiner, C. B., 'Beyond the numbers: a critique of quantitative multi-criteria decision analysis' (2020) *International Journal of Technology Assessment in Health Care* 1

document/response). In considering these challenges, the use of multi-criteria analysis within this report should be seen as a useful tool to understand broad capability or capacity challenges facing CCCFR services as a whole, and may not be suitable as a definitive, decision-making tool in relation to an individual service (at least, without undertaking further engagement and analysis of other available service documents and reports).

A high-level overview of the approach to MCA undertaken for this review has been included below.

Figure H.1: Approach to Multi-Criteria Analysis to assess service compliance with Minister’s Rules



Source: Deloitte Access Economics (2023).

It is important to clarify that this approach of evaluating compliance with the Minister’s Rules through document analysis is inherently limited in its ability to assess the additional conditions of the Minister’s Rules which would require ongoing observation of practice at a service level.

As such, documentary analysis and assessment of service compliance through an MCA will encompass specific elements under the Minister’s Rules, and should be considered as a reflection of a service’s ability to provide evidence of compliance rather than a real-time assessment of a service’s ability to meet obligations under the Minister’s Rules on an ongoing basis.

An overview of relevant obligations under the Minister’s Rules (Division 5, section 49) for CCCFR services not regulated under the NQF, as well as the suitability of elements and level of inclusion within the MCA, has been outlined in Table H.1 below.

Table H.1: Relevant obligations under Minister’s Rules and scope of inclusion within Multi-Criteria Analysis

Overarching obligation	Ref.	Legislative wording (<i>Child Care Subsidy Minister’s Rules 2017, part 4, division 5, section 49</i>)	Inclusion	Rationale
Commitment to high quality child care	(2)	<p>"The provider must, in the opinion of the Secretary, be equipped to provide high quality child care at the service appropriate to the needs of families and the community having regard to the provider’s ability and commitment to:</p> <p>a) provide a tailored, individual education program based on each child’s knowledge, ideas, culture, abilities and interests; and</p> <p>b) develop a program that acknowledges and strengthens the cultural identity of children to whom care is provided at the service; and</p> <p>c) ensure children are adequately supervised at all times; and</p> <p>d) ensure reasonable precautions are taken to protect children from harm or injury and any hazard likely to cause harm or injury; and</p> <p>e) ensure that at least one staff member who holds a current approved first aid qualification is on duty and present at the service at all times that care is being provided by the service; and</p> <p>f) do anything else the Secretary considers necessary or appropriate for the provision of high quality child care at the service."</p>	Partial	<ul style="list-style-type: none"> • Documentation assumed to provide adequate evidence against (2)(a,b &e). • Documentation of appropriate policies and procedures assumed to infer 'reasonable precautions are taken to protect children from harm or injury' (2)(d), however unable to assess the existence of 'hazards likely to cause harm or injury'. • Documentary analysis unable to determine 'supervision of children at all times' (2)(c).
Serious incidents	(3)	<p>"The provider must implement appropriate arrangements to manage serious incidents (see subsection (4)), including (without limitation) notifying the Secretary in writing within 24 hours after:"</p>	Partial	<ul style="list-style-type: none"> • Documentation of policy and/or procedure in relation to serious incident considered to be element of 'implementing appropriate arrangement' • Documentary analysis unable to determine practice of

				staff/service if serious incident were to occur.
Work health and safety	(5)	<p><i>"The provider must do the following things as part of managing workplace health and safety in relation to the service:</i></p> <p>a) <i>if required under the WHS laws to report to the Regulator a notifiable incident arising out of the provision of care by the service, the provider must also:</i></p> <ul style="list-style-type: none"> i. <i>immediately, or as soon as possible afterwards, give written notice of the incident to the Secretary, together with a copy of any written notice given to the Regulator; and</i> ii. <i>give the Secretary, within 14 days after the incident occurred, a report detailing the circumstances of the incident, the results of investigations into its cause, and any recommendations or strategies for prevention in the future;</i> <p>b) <i>give the Secretary written notice with full details of the following:</i></p> <ul style="list-style-type: none"> i. <i>any suspected contravention of the WHS laws relating to the provision of care by the service within 24 hours after becoming aware of the suspected contravention;</i> ii. <i>any cessation or direction to cease work under the WHS laws relating to the service due to unsafe work, immediately, or as soon as possible, after the provider is informed of any such cessation or direction;</i> iii. <i>any workplace entry under the WHS laws by a WHS Entry Permit Holder, or an Inspector, to any premises of the service where care is being provided, within 24 hours of becoming aware of any such workplace entry;</i> 	No	Service obligations under s49(5)(c) relate to response to WHS incident, and therefore not suitable for documentary analysis.

		<p>iv. any proceedings against the provider, or any decision or request by the Regulator given to the provider, under the WHS laws, within 24 hours of becoming aware of any such proceedings, decision or request;</p> <p>c) provide the Secretary with copies of all notices and correspondence issued to the provider by any person under the WHS laws, within 24 hours after receiving any such notice or correspondence.”</p>		
Insurance	(8)	<p>"The provider must, at all times, have in place the following insurance policies:</p> <p>a) workers compensation insurance in relation to the service as required by law; and</p> <p>b) a current policy of insurance providing adequate cover for the service against public liability with a minimum cover of \$10,000,000."</p>	Yes	<ul style="list-style-type: none"> Relevant certificates of insurance able to inform compliance with s49(8)
Quality Improvement Plan	(9)	<p>"A provider is required to have, within 6 months after the approval of the service, a written Quality Improvement Plan that:</p> <p>a) is available to view by the Secretary on request; and</p> <p>b) assesses the service's strengths and weaknesses against each of the 7 key quality areas of the National Quality Standard of the National Quality Framework."</p>	Yes	<ul style="list-style-type: none"> Determination of compliance against s49(9) is inferred to be the existence of a QIP relevant to the service, including evidence of assessment across seven (7) Quality Areas.
	(10)	<p>A provider is required to review annually the Quality Improvement Plan referred to in subsection (9) by reassessing the service's strengths and weaknesses against each of the 7 key quality areas referred to in paragraph (9)(b), indicating progress and areas for improvement.</p>	Partial	<ul style="list-style-type: none"> Annual review of QIP determined through service's response to relevant questions Compliance and Operations Report.

Documentation selected for analysis

The analysis relied on survey responses and documentation submitted to the Department as part of the Compliance and Operations Reports by CCCFR services in March-April 2023. This evidence base ensured that the evaluation was grounded in actual service submissions, reflecting their ability to meet compliance requirements of the CCCFR grant.

It is important to note that this analysis only considers initial documentation submitted to Program Officers as part of the Compliance and Operations Report survey portal and does not include subsequent communication or documentation submitted from services to Program Officers.

To provide a clear comparison across CCCFR services, indicators for assessment were only considered where all services were expected to submit document or evidence. Noting this, other documentation collected as part of the Compliance and Operations report, such as Transportation and/or Excursion policies (*where applicable*) have not been considered within this analysis.

To assess whether services’ transportation offerings meet expectations under the Minister’s Rules, the Department may wish to consider undertaking a similar analysis of transportation policies collected as part of the Compliance and Operations Reports.

Weighting of evidence for Multi-Criteria Analysis (MCA)

MCA adopts a weighted approach to assessment. In the context of compliance with the Minister’s Rules, the use of weighting acknowledges the varying degrees of impact that different legislative obligations have on the overall quality and safety of a child care service.

Note: The review determined the relevant weighting for each element and underlying indicator as part of this MCA in line with the following principles:

- The review adopted a risk-based approach when determining the relative weighting (e.g., educational program, insurances), in line with the perceived risk of harm or hazard to children.
- In considering the relative weighting of indicators under each Element, weighting the existence of documentation above aspects requiring interpretation, noting the broad nature of services and documentation.

For the purposes of this analysis, the following elements and associated weightings were determined by the review team, including a brief rationale for their proportionate weighting.

Element	Weighting	Rationale
Tailored, individual educational program (as per s50(a))	20%	Tied to objectives and intent of CCCFR and strong impact on child developmental outcomes.
Ensure reasonable precautions are taken to protect children from harm or injury	40%	Critical elements to ensure overall child health and wellbeing, particularly in response to harm or hazard and ensuring adequate supervision.
Arrangements to manage serious incidents	25%	
Insurances	15%	While important for operational and financial sustainability, limited day-to-day impact on child safety in response to risk/hazard
Quality Improvement Plan	10%	While critical tool on supporting other elements outlined above, limited

day-to-day impact on child safety in response to risk/hazard.

When analysing services' ability to meet each element, the following indicators were adopted. Furthermore, evidence within each element was weighted in line with their assumed importance

Tailored, individual educational program	
Indicator	Weighting
Responses to 'High Quality Care' descriptors within Compliance and Operations Report	30%
Educational program uploaded with Compliance and Operations Report	50%
Indication or reference to tailored, individual, or child-centred approaches within educational program, such as:	5%
<ul style="list-style-type: none"> reference to individual child and/or cohort of children evidence of child-level planning and/or evaluation. 	
Response to "Our educational program includes activities that acknowledge and strengthen the cultural identity of children in our care."	5%
Indication or reference to cultural identity within educational program	5%
Indication or reference to assessment and planning cycle (or similar) reflection of child learning and development within educational program	5%
Ensure reasonable precautions are taken to protect children from harm or injury	
Indicator	Weighting
Responses to supervision question within 'High Quality Care' question within Compliance and Operations Report	20%
Response to "Our service ensures the environment is safe for children, so they are protected from harm or injury. This includes daily safety checks and ensuring all dangerous and sharp items are locked away from children." (Q20)	20%
Awareness and implementation of National Principles for Child Safe Organisations	20%
Number of serious incidents within last year	20%
Response to "we have at least one staff member who holds a current first aid certificate..." under Q20	20%

Arrangements to manage serious incidents	
Indicator	Weighting
Serious Incident Procedure uploaded	70%
Reference to relevant reporting requirements (e.g. Department of Education and state/territory regulatory authority within Serious Incident Procedure).	30%
Insurances	
Indicator	Weighting
Workers Compensation Certificate uploaded	50%
Public Liability Insurance Certificate uploaded	50%
Quality Improvement Plan (QIP)	
Indicator	Weighting
Quality Improvement Plan uploaded	65%
Response/s around review and assessment against 7 Quality Areas (Q19)	35%

Methodology for document coding and analysis

In nearly all indicators, the primary focus for analysis was on the receipt of necessary documentation, rather than an in-depth assessment of its quality. This approach was adopted because many services are not regulated by the National Quality Framework (NQF), and as such, are not assessed against prescriptive criteria or indicators on an ongoing basis, such as the National Quality Standard (NQS).

In reviewing relevant documentation in relation to the indicators above, the review team adopted a coding scheme to determine the completeness of submitted documentation and survey responses.

Evidence source	Code	Application
Survey responses	Yes (1.0)	Where service has noted "yes" or affirmative response to survey question.
	Partial (0.5)	Where service has noted "partially" or moderate response to survey question.
	No (0.0)	Where service has noted "no" or low response to survey question.
Quality Improvement Plan (QIP)	Yes (1.0)	Service has uploaded a QIP with information included about the service.
	No (0.0)	Service has not uploaded a QIP or has uploaded an empty QIP template.

Each Quality Area under the QIP	Yes (1.0)	Assessment of service against Quality Area has been made, including implementation of strategies for quality improvement.
	Partial (0.5)	Assessment of service against Quality Area has been made, however no evidence of strategies or implementation for quality improvement.
	No (0.0)	No assessment has been made against the Quality Area
Insurance and Workers Compensation documentation	Yes (1.0)	Documentation showing evidence of current and adequate insurance policy/coverage in line with obligations under Minister’s Rules.
	No (0.0)	No evidence available of current and/or adequate insurance policies.
Serious Incident Procedure	Yes (1.0)	Service has uploaded a Serious Incident Procedure, including explicit reference to reporting obligations to Australian Government Department of Education under the CCCFR grant.
	Partial (0.5)	Service has uploaded evidence of Serious Incident Procedure, however does not include explicit reference to reporting obligations to Australian Government Department of Education under the CCCFR grant.
	No (0.0)	Service has not uploaded evidence of a Serious Incident Procedure relevant to the individual service.

For indicators relating to the Educational Program, the following coding approach was applied:

Indicator	Code	Application
Educational Program uploaded with Compliance and Operations Report	Yes (1.0)	Where service has uploaded a document showing evidence of an educational program at the service (e.g., a weekly schedule of educational activities)
	Partial (0.5)	Where a service has uploaded a document which implies an educational program at the service, however does not explicitly show that an educational program is being delivered (e.g. an empty template or provider’s educational policy)
	No (0.0)	Service has not uploaded educational program documentation or other evidence indicating an educational program
Indication or reference to tailored, individual, or child-centred approaches in educational program, such as: ● reference to individual child and/or	Yes (1.0)	Evidence of child-centred approaches within educational program documentation, notably: <ul style="list-style-type: none"> • references to individual children within documentation • references to planning and/or critical reflection in relation to learning and development of children
	Partial (0.5)	Where a service has uploaded a document which implies individualised or child-centred approaches at the service, however does not explicitly provide evidence through documentation (e.g. an empty template or provider’s educational policy)
	No (0.0)	Educational program does not include references to individual children or individualised planning.

cohort of children**• evidence of child-level planning and/or evaluation.**

Indication or reference to cultural identity within Educational Program	Yes (1.0)	Educational program documentation indicates or references cultural identity within Educational program, including: <ul style="list-style-type: none"> any reference to Aboriginal and/or Torres Strait Islander language within programming any reference to Aboriginal and/or Torres Strait Islander knowledge and/or history within programming any reference to cultural identity or diversity within educational programming any reference to days of significance relating to cultural diversity or identity, including NAIDOC week, Harmony Day or other days of significance.
	No (0.0)	Educational program documentation does not include any indication or reference to cultural identity.
Indication or reference to assessment and planning cycle (or similar) reflection of child learning and development	Yes (1.0)	Educational program documentation includes reference to assessment and planning of child learning and development, including: <ul style="list-style-type: none"> reference to learning outcomes from the Early Years Learning Framework (EYLF) in relation to service activities any reference to broader developmental outcomes any reference to critical reflection or planning to support learning or development.
	Partial (0.5)	Where a service has uploaded a document which implies that assessment and planning is being undertaken as part of the educational program at the service, however does not explicitly show that an educational program is being delivered (e.g. an empty template or provider's educational policy)
	No (0.0)	Service has not uploaded educational program documentation or other evidence indicating an educational program

Note: In assessing the following aspects of the educational program as prescribed under division 5, section 49(2) of the Minister's Rules, the review adopted a broad approach to interpreting documentation provided through the Compliance and Operations Report.

This included assessing documentation as meeting the indicators outlined above if any material includes reference to individualised/child-centred approaches, cultural identity and assessment and/or planning. The approach to interpreting documentation has been outlined in the table above.

Further, it is critical to note that expectations around delivering 'high quality child care' as outlined in the section 49(2) of the Minister's Rules are at the opinion of the Secretary of the Australian Government Department of Education, and as such, do not prescribe explicit definitions for terms such as 'tailored, individual educational program' or 'cultural identity'.

Therefore, while these references are reflective of terminology adopted through the Early Years Learning Framework (EYLF) and the NQS, they should not be interpreted as synonymous for the purposes of assessment for this MCA.

Appendix I Environmental sustainability guidelines

The objective of this appendix is to provide high-level recommendations and guidelines to encourage CCCFR services to operate in an environmentally sustainable fashion and support “green” capital investment.

These guidelines include key principles around energy efficiency and renewable energy, sustainable transport, waste reduction, water efficiency, diet and green spaces to provide holistic environmental considerations for CCCFR services.

These guidelines should apply, where possible, to both the refurbishment of existing services and new builds – to help ensure that decisions are made with reference to long-term environmental sustainability.

ENERGY

Electrification

- ▶ Undertake the **removal of gas appliances** in the service to make savings, protect children’s health and significantly reduce carbon dioxide emissions (See “Did you know?” section below)
- ▶ In kitchen, favour **electric-based cooktops** (induction) rather than gas for health and environmental benefits
- ▶ As part of the removal of gas appliances, install **air source heat pump hot water system** to greatly reduce greenhouse gas emissions and energy use: it can be used year-round and is extremely efficient (solar hot water systems is vastly better than gas hot water but not as efficient as an air source heat pump hot water).

Energy efficiency

- ▶ Undertake **energy audits** to gather information about energy usage and identify areas for improvement.
- ▶ Install **high-quality insulation** and **double-glazed windows** to reduce the amount of energy needed to maintain a comfortable temperature inside the child care service – it will keep heat inside in winter and outside in summer.
- ▶ Make use of **natural ventilation and pedestal, desktop or ceiling fans** as they use significantly less energy than air conditioning.
- ▶ Install **energy efficient appliances** (e.g., <https://www.energy.gov.au/households/energy-rating>).
- ▶ Use resources and equipment as efficiently as possible. For example, nominate ‘**Power Rangers**’ that check all lights/heat/AC are turned off before leaving classrooms for lunch/breaks/end of day and keeping doors and windows closed when artificially heating or cooling a space.
- ▶ Change lightning for **LED** (Light Emitting Diode) for a premium efficiency lighting option. Choose better light quality than older lightning solutions wherever possible.

Renewable energy

- ▶ Install **solar panels** (or increase the number of solar panels on the child care roof if energy needs are not met) to reduce reliance on non-renewable energy and decrease overall carbon footprint.
- ▶ Explore Green Power tariff options with electricity retailer.
- ▶ **Shift loads to daytime hours** when the sun is shining to ensure appliances are powered by the solar PV and not from electricity imported from the grid.
- ▶ Research the **feed in rate on the electricity tariff** (check which one provides the better rate per kWh when exporting electricity from the solar panels on the grid).
- ▶ Explore the **inclusion of batteries** as battery costs continue to decline and the return on investment quicker.

Did you know?

- If every Australian household equipped with gas went all-electric, it would save more than 30 million tonnes of CO₂ emissions over the next ten years and significantly reduce their energy bills.²⁴⁸
- Gas stove use is estimated to cause 12 per cent of childhood asthma in Australia.²⁴⁹

SUSTAINABLE TRANSPORT

- ▶ Promote sustainable transport (e.g., walk to school, cycle, use public transport or implement car sharing/pooling).
- ▶ Explore partnerships with local/council transportation initiatives to reduce environmental impact and costs for families.
- ▶ When the CCCFR service has a bus shuttle, ensure best route is taken to collect children.
- ▶ When the bus needs replacement, favour hybrid or fully electric buses.

WASTE

- ▶ Undertake waste and litter audits to gather information and identify areas for improvement.
- ▶ Include the whole child care community in the process of developing a “Waste Wise” child care through the principles of “Rethink/Refuse, Reduce, Reuse and Recycle”.
- ▶ Minimise landfill waste and maximise recycling and composting (e.g., nude lunches, recycling bins, worm farms, use of biodegradable nappies and wipes, etc.). Worm farms are educational and fun for children.
- ▶ Include additional waste bins, e.g., batteries, electrical items, soft plastics, etc.
- ▶ When capital work happens, implement responsible waste disposal practices.

WATER

248 Suckling, E., 2023, All-electric homes are better for your hip pocket and the planet. Here's how governments can help us get off gas, The Conversation, <<https://theconversation.com/all-electric-homes-are-better-for-your-hip-pocket-and-the-planet-heres-how-governments-can-help-us-get-off-gas-207409>>

249 Knibbs, L., Woldeyohannes, S., Marks, G., Cowie, C. 2018, Damp housing, gas stoves, and the burden of childhood asthma in Australia, The Medical Journal of Australia, <<https://www.mja.com.au/journal/2018/208/7/damp-housing-gas-stoves-and-burden-childhood-asthma-australia>>

- ▶ Educate child care staff, children and communities on the importance of water as a precious natural resource and the natural processes (e.g., droughts and floods).
- ▶ Become “Water Wise”, turning off taps and bubblers.
- ▶ Implement water-efficient systems to minimise water consumption (e.g., water-efficient taps, showerheads if showers on facilities).
- ▶ Use rainwater harvesting such as water tanks to minimise water consumption for landscaping.

GREEN SPACES & BIODIVERSITY

- ▶ Engage with Aboriginal and Torres Strait Islander communities to care for country and get their support / advice in applying landscaping strategies that will promote native flora and fauna.
- ▶ Incorporate green spaces with native vegetation to enhance biodiversity, provide shade and reduce the air temperature by a few degrees.
- ▶ Encourage an appreciation of the natural environment through learning experiences (e.g., curriculum, excursions and incursions; create an herbarium so children can learn about native plants’ names; the same could be done with photos or drawings of native insects, birds, mammals, and reptiles).

GREEN PURCHASING

- ▶ Purchase environmentally friendly paper for printers and photocopiers (FSC certification)
- ▶ Purchase environmentally friendly alternatives for items like toilet paper, hand towels, tissues, serviettes, cutlery (e.g., Who gives a crap).
- ▶ Use more environmentally friendly products for cleaning (e.g., phosphate-free).
- ▶ Identify a collection point for plastic bags.

DIET

- ▶ Shift the child care menu from meat heavy to a plant-rich diet has great benefits for climate, nature and health.

Did you know?

- Research shows that meat-based meals have 14 times higher environmental impact than vegan meals and replacing animal-based ingredients is more effective than sourcing ingredients locally²⁵⁰
- The more meat we eat, the higher our risk of diabetes, heart disease and strokes. Conversely, the more fruits and vegetables we eat, the lower our risk for these diseases and the lower our body mass index.²⁵¹

²⁵⁰ Takacs, B., Stegemann, J., Kalea, A., Borrion, A., Comparison of environmental impacts of individuals meals – Does it really make a difference to choose plant-based meals instead of meat-based ones?, Journal of Cleaner Production, (2022), <[²⁵¹ Tello, M., Eat more plants, fewer animals, Harvard Health \(2018\), <\[258\]\(https://www.health.harvard.edu/blog/eat-more-plants-fewer-animals-2018112915198#:~:text=Science%20has%20shown%20us%20over,lower%20our%20body%20mass%20ind ex.></p></div><div data-bbox=\)](https://www.sciencedirect.com/science/article/pii/S0959652622043542#:~:text=On%20average%2C%20m eat%2Dbased%20meals,environmental%20impact%20than%20vegan%20meals.></p></div><div data-bbox=)

Appendix J Leasing arrangement summaries

J.1. Land lease arrangement summary

Table J.1: Land Leases

Parties	Landowner: Land Trust c/- Central Land Council Lessee: The Commonwealth of Australia Department of Education (represented by EDTL)	
Arrangement	The land is vested in the Land Trust who grants to the Lessee a lease of the Premises for the permitted use. The Land Councils represent the Land Trusts, responsible for administering the Land (and Buildings) on the Land Trusts behalf. The Executive Director Township Leasing (EDTL), assisted by the Office of Township Leasing (OTL) is the representative of the Lessee (Department), responsible for administering the leases on the Lessee's behalf.	
Obligations of the Parties	Landowner: 1. Grant an interest or right to use the land and buildings for the permitted use.	Lessee: 1. Pay all rates, charges and taxes 2. Pay all utilities and other charges 3. Responsible for the maintenance and repair of any buildings, infrastructure and other improvements on the premises, subject to fair wear and tear
Financial Consideration	Rent based on 10 per cent of the unimproved land value (new unimproved capital value). Annual rent review to CPI with a revaluation every fifth year.	
Term	20 to 40 years	
Permitted Use	Early childhood education and care and other uses reasonably incidental to those purposes.	
Operational Expenses	The Lessee is to pay all rates, charges and taxes in respect of the Premises and any building located upon the Premises. It is also the Lessee's responsibility to pay electricity, water and gas. The Lessee is also responsible for the maintenance and repair of any buildings, infrastructure, and other improvements on the Premises, subject to fair wear and tear and the Lessee's normal policies as to maintenance, repair and replacement of remote buildings, infrastructure and other improvements.	
Capital Expenditure	Lessee must seek approval from the Lessor for any demolition or erection of any buildings, infrastructure or whether structures on the premises, or any removal of adult trees. Lessor must not unreasonably withhold consent for any request by the Lessee. If approved, the Lessee is responsible for the costs.	
Upon Expiry	Buildings, infrastructure or other improvements on the Premises will become the property of the Lessor, excluding those constructed upon the premises after the commencement date (similar with any plant, equipment, machinery, furniture or	

	<p>other chattels). The Lessee may remove any buildings, infrastructure or improvements that it constructed after the commencement date prior to the expiration date, provided that the Lessee will make good any damage caused by such removal.</p> <p>Without any demand for possession by the Lessor, the Lessee may remain in occupation of the premises on a monthly tenancy</p>
Other	Lessee will use its best endeavours to ensure maximum use of Aboriginal sub-contractors for the supply of goods or services in relation to the premises

J.2. Memorandum of Understanding arrangement summary

Table J.2: Memorandum of Understanding

Parties	The Executive Director of Township Leasing (EDTL); and The Commonwealth of Australia (represented by Department of Education and Training)	
Arrangement	The MOUs relate to leases in the Central Land Council (CLC) and Northern Land Council (NLC) region, and leases located within townships, of the Northern Territory that have been granted to the EDTL, or who EDTL holds a township lease over, for premises (land and building) that will be occupied by the Department or a nominee of the Department. The MOUs between the EDTL and the Department document how the OTL will administer these Leases on behalf of the Department.	
Obligations of the Parties	<p>Party: EDTL</p> <p>1. To administer and manage the Leases on behalf of the Department. This may mean paying the rent or lease expenses and being reimbursed by the Department.</p>	<p>Party: Department (Commonwealth)</p> <p>1. The Department will pay the EDTL the Administration Fee on each anniversary of the MOU commencement date.</p> <p>2. All responsibilities fall on the Department including yield up and repairs and maintenance requirements.</p>
Financial Consideration	The Department will pay the EDTL the Administration Fee for each lease on each anniversary of the MOU Commencement Date. Under the NLC and CLC region leases, this fee is \$1,000 per lease per annum.	
Term	Unknown commencement date due to the unsigned copy of the MOU we were provided, with expiry date of 30 June 2026 for the MOU of the NLC and CLC leases. The MOU agreement for the Township leases has a term of 20 years, however the commencement date is unknown due to the unsigned copy of the MOU we were provided.	
Permitted Use	<p>NLC and CLC MOUs: Permitted Use means early childhood education and care centre.</p> <p>Township MOU: Permitted Use means purposes associated with reducing community violence, including the provision of temporary emergency accommodation (primarily for women and children) as well as for training, counselling, mentoring and community meetings and for purposes reasonably incidental to these uses.</p>	

Operational Expenses	<p>Department to pay all outgoings including rates, duties and taxes (unless the Department premises is not separates, then Department pays its percentage). EDTL may pay these lease expenses, but the Department is to reimburse them.</p> <p>Repairs and maintenance must be to a level that meets the standards and requirements under the Building Code of Australia. Department must, at Department's expense, maintain, repair or replace all Improvements and Services on the premises (including any works of a capital or structural nature).</p>
Capital Expenditure	Department must not make any alterations or additions to the premises, improvements or services without express written consent of the EDTL.
Upon Expiry	All improvements and services will become the property of the EDTL at the end of the term. The Department must yield up the premises, improvements and services at the end of the term in a clean and tidy condition subject to fair wear and tear. The Department may request that the EDTL consent to the Department removing the improvements from the premises at the end of the term (no later than 6 months before expiry).
Other	<p>The parties agree the infrastructure and other improvements on the Premises will be insured by the EDTL.</p> <p>Representatives of the Department and the OTL will meet once every three months (or at such other intervals as agreed between the parties) to monitor the ongoing administration of the Leases.</p>

J.3. Management Agreement arrangement summary

Table J.3: Management Agreement

Parties	<p>Operator/Tenant: Commonwealth of Australia (represented by the Department of Education)</p> <p>Landowner: Northern Territory of Australia (represented by Department of Education (DoE))</p>	
Arrangement	<p>The Commonwealth has, pursuant to various Capital Works Funding Agreements with Northern Territory Government, provided funding to Northern Territory for the construction of child care facilities on Northern Territory school land. These Capital Works Funding Agreements were not provided in the review. The Commonwealth now wishes to enter into an arrangement with Northern Territory for the operation and maintenance of the child care facilities constructed on the on the Northern Territory school land subject to the terms set out in the agreement. Northern Territory has agreed to enter into an arrangement. The Commonwealth then engages a person or organisation to operate and manage the child care service out of the facility. Commonwealth's obligation to select, enter into an agreement with, and fund a service provider to manage and operate the child care service.</p>	
Obligations of the Parties	<p>Operator/Tenant:</p> <ol style="list-style-type: none"> 1. Department of Education must select, enter into an agreement with, and fund a Service Provider to manage and operate the child care. 2. Support the service provider to maintain the building and outside play area to a standard that continues to meet the requirements under the 	<p>Landowner:</p> <ol style="list-style-type: none"> 1. Ensure cyclical maintenance is carried out for mechanical and electrical fixed assets 2. Repair or replace mechanical and electrical fixed assets if deemed unusable through major fault.

	<p>Building Code of Australia and the National Quality Framework for Early Childhood Education and Care.</p> <p>3. Ensure the service provider maintains the building and outdoor play area, repairs any damage to the facility and outdoor play area, and is responsible for the whole of life repairs and maintenance excluding mechanical and electrical fixed assets</p>	
Financial Consideration	None	
Term	20 years	
Permitted Use	Child care	
Operational Expenses	<p>Tenant is responsible for all outgoings.</p> <p>Tenant is responsible for the ongoing repairs and maintenance excluding mechanical and electrical fixed assets.</p>	
Capital Expenditure	Nil.	
Upon Expiry	Nil.	
Other	Shared spaces and/or facilities with the school to be negotiated between the Service Provider and the school.	

Appendix K Methodology for outcomes analysis

This appendix outlines the methodology that underpin the analysis on CCCFR outcomes (Chapter 5.1), including:

- **Child care participation**, including both in child care and preschool programs, and trends in a key driver of participation – affordability.
- **Early childhood development outcomes** as proxied by the prevalence of developmental vulnerability upon entering primary school.
- **Workforce participation outcomes** for the primary carers of children who engage with the CCCFR services.

In order to estimate the causal impacts of the CCCFR grant, the analysis would look to compare the observed outcomes of services, children and families in the CCCFR grant with a suitable 'counterfactual' where the service did not receive CCCFR funding.

This would ideally be completed through the use of randomised controlled trials, where child care services (that are otherwise similar) are randomly assigned as either being in the CCCFR grant, or not being in the CCCFR grant. Subsequent observed differences in outcomes between the two groups over time could be attributed to being a part of the CCCFR grant. The random assignment is important in determining a causal link as it reduces selection bias and the presence of other factors that may contribute to a group of services choosing to be in their CCCFR grant, and their subsequent outcomes.

While the analysis described above represents the 'gold standard' for determining a causal link between the CCCFR grant and its intended outcomes, such analysis is not feasible given the structure and history of the CCCFR grant. In particular, services are not randomly assigned to participate.

In such instances, a plausible counterfactual for the participating CCCFR services needs to be constructed to isolate the effects of CCCFR funding. This would involve matching CCCFR services with non-CCCFR services that are otherwise similar in characteristics that can drive outcomes (e.g., cohort, location and size). Any observed differences in outcomes between the CCCFR service and its counterfactual non-CCCFR service is then expected to be being in the CCCFR grant (or other non-observed characteristics). While this type of analysis can establish statistical associations, the findings cannot be considered *causal* in nature.

The analysis that has been undertaken in this study adopts the above principles but the 'counterfactual' that can be constructed is limited by the available data. While the CCS data allows CCCFR services to be identified and compared to non-CCCFR services that operate in the same community, there are limited variables in the dataset on child developmental outcomes and parental workforce participation. Consequently, in those instances, alternative datasets, such as the AEDC or ABS Census have been used. In those instances, the scope of comparison is broader – comparing SA2s that have CCCFR services, with similar SA2s that do not have CCCFR services – as data is not available at the service level.

Further details on the available datasets for each of the outcomes, and implications for the comparison analysis that was undertaken is given in Table K.1. Further details on the approaches at the service-level and SA2 level are provided below, including any potential limitations.

Table K.1: Analysis undertaken by outcome measure

Analysis	Dataset	Key variables	Level of data disaggregation	Comparison
Child care participation	CCS data	Child care fees Service usage and hours	Service level	CCCFR services, with non-CCCFR services within the same region.
	AEDC data	Preschool participation		
Early childhood developmental outcomes	AEDC data	Developmental vulnerability Preschool participation	SA2 level, which is typically expected to represent a community that interacts together socially and economically	SA2s with CCCFR services, with neighbouring SA2s that do not have CCCFR services
Workforce participation	ABS Census of Population and Housing	Primary carer labour force participation		

Service level analysis

For trends in child care usage and fees, the analysis compared trends in CCCFR services, with counterfactual non-CCCFR services that operate within the same SA2. Doing so controls for factors that are common to the SA2, which is typically recognised as being sufficiently small to represent communities and comparable in size to suburbs.

Consequently, given broadly similar external circumstances, observed trend differences in CCCFR services and non-CCCFR services could potentially be attributed to the CCCFR grant. This analysis may not pick up differences in demographic and other trends within an SA2 (e.g., where a particular service operates in an area with higher birth rates compared to another neighbouring area).

SA2 level analysis

Where it is not possible to identify specific services in a dataset, the analysis compares differences in outcomes for SA2s with CCCFR services, with neighbouring SA2s²⁵² without CCCFR services. There are 113 SA2s with CCCFR services, which represents 5 per cent of all SA2s.

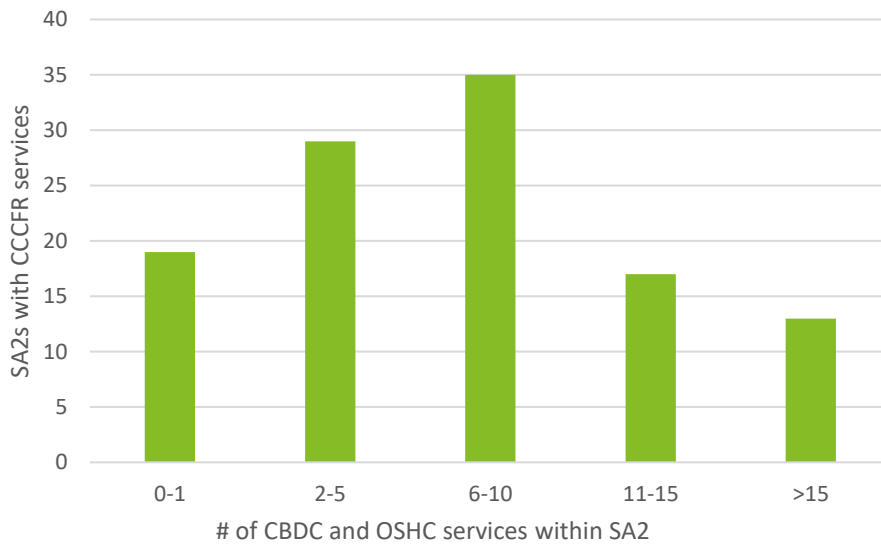
Difference-in-difference analysis is undertaken by comparing outcomes following the introduction of the CCCFR grant with outcomes before the grant. This aims to identify the potential impact of the CCCFR outcome in *changing* outcomes, which controlling for other factors that might lead to differences in starting outcomes between the comparator SA2s.

Given that there are differences in demographic trends across SA2s, the analysis compares rates across SA2s. That is, the proportion of children who are developmentally vulnerable or the proportion of children who are participating in preschool, rather than the growth in the absolute number of children.

As SA2 analysis does not distinguish between CCCFR and non-CCCFR services, the results may also capturing the effects of other services. Chart K.1 shows the distribution of SA2s with CCCFR services by the number of CBDC and OSHC services located within the SA2, with 17% of SA2s having no alternative child care services.

²⁵² In this study, similar SA2s are based on SA2s within the same SA3.

Chart K.1: Distribution of CBDC and OSHC services in SA2s with CCCFR services



Source: Deloitte Access Economics (2024) using ACECQA data. Based on 2023 ACECQA register, which may differ from the number of services historically.

Given the above data limitations, the SA2 analysis is *descriptive* in nature, and does not support causal claims. The SA2 analysis cannot determine whether observed differences across SA2s are the result of the presence of the CCCFR service or, moreover, the CCCFR grant. Inferences can be made but definitive conclusions cannot be reached.

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