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Highlight: In a sign the Albanese government is preparing a complete overhaul of the sector, Early Childhood Education Minister **Anne Aly** said the entire system has to change.

Body

The groundwork for a complete overhaul of the childcare system will be mapped out on Friday to set Australian children on a better path for life.

In a sign the government is preparing to tackle barriers to childcare affordability and accessibility, the responsible minister **Anne Aly** said the entire system has to change.

[Link to Image](#)

Alex Ellinghausen

"It's incredibly exciting because you think about the ability to change a child's life. What could be more important than that?" the minister for early childhood education said.

The government is holding an early years summit on Friday, bringing together experts in the field to discuss current issues and what the government should do to overhaul its approach to children broadly, and early childhood education more specifically.

UNICEF **Australia**'s chief advocate for children, Nicole Breeze, said removing or radically adjusting the activity test, which requires a family seeking a subsidised early childhood care place to show they have a certain amount of work or study, would be an easy way to quickly boost the number of children getting care.

"We need bold and ambitious reforms if we are to shift the dial and ensure all Australian children have a fair start in life," she said.

The government's childcare subsidy, which will kick in from July 1 and cost \$5.4 billion over four years, will boost the base rate of the government share of the cost from 85 per cent to 90 per cent and reduce the extent to which subsidy is withdrawn as family incomes rise.

At last year's job's summit, Victorian Premier Daniel Andrews pointed to childcare reform as "perhaps the biggest lever that we can pull, the biggest contribution that we can make to economic prosperity".

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The Productivity Commission will soon start examining reform options in its [wide-ranging investigation into the sector](#), which will also look at barriers to access, learning outcomes and how it contributes to economic growth and productivity.

[Link to Image](#)

Rhett Wyman

Launching the review, Treasurer Jim Chalmers and Education Minister Jason Clare said reforms to the sector would follow the tradition of Labor's introduction of universal Medicare and universal superannuation.

"The government is committed to identifying solutions that will chart the course for universal, affordable early childhood education and care," they said at the time.

Aly said there was "no way" the early childhood education sector could continue under current policy settings.

"If it was just left, it would mean increased fees for parents, it would mean more workers leaving the sector and fewer workers coming into the sector, and it would mean collapse of the sector," she said.

"So we have to look at some form of reform. What that looks like, that's what I'm relying on the Productivity Commission to come up with."

Research by UNICEF found **Australia** ranked 32nd out of 38 OECD countries on child wellbeing. The latest figures from the Australian early childhood development census - show one in five children (22 per cent) were developmentally vulnerable.

Breeze said a lack of equal access to early childhood education and care was a critical factor in those results, largely affected by the cost of care.

About nine million Australians (about 35 per cent of the population) live in so-called childcare deserts, according to research from Victoria University's Mitchell Institute. Those deserts are areas where there are more than three children for every early childhood education place.

Opposition early childhood education spokeswoman Angie Bell said the government's \$4.7 billion early childhood education package will not help more families get places in centres.

"If you live in a thin market or child care desert - where there is next to no access to early learning - this extra subsidy will not help," she said.

"We call on the government to do more to ensure all families have access to early childhood education, not just those living in our major cities."

Professor Leslie Loble, co-chair of the Centre for Policy Development's early childhood development initiative, said the terms of reference for the Productivity Commission review signalled the government was willing to look at overhauling the way the sector is run and funded.

"As important as increasing that subsidy rate was, this to me sets the frame for a very fundamental recognition that the market isn't working as effectively as we'd like."

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Graphic

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Minister for Early Childhood Education **Anne Aly** said reform will be guided by the Productivity Commission's findings.

Prime Minister Anthony Albanese during a visit to Manuka Childcare Centre in Canberra.

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