Pre-Budget Submission 2016–17

Department of Treasury, Commonwealth Government

Early Childhood Australia

About us:

Early Childhood Australia (ECA) is the national peak early childhood advocacy organisation, acting in the interests of young children, their families and those in the early childhood sector. ECA advocates for quality in education and care as well as social justice and equity for children from birth to eight years. We have a federated structure with branches in each state and territory. In 2013, ECA celebrated 75 years of continuous service to the Australian community.

Find out more at: www.earlychildhoodaustralia.org.au

Or contact: Chris Steel, Policy & Research Manager
Early Childhood Australia
Ph: 02 6242 1800
Email: csteel@earlychildhood.org.au
Executive summary

Adopt a public health approach to enhance early childhood development

Parents and the home environment have the most significant impact on a young child’s development. Supporting families to understand and support early learning warrants more social investment. Programs such as ‘Let’s Read’, ‘HIPPY’ and online resources such as the ‘Raising Children’ website are all worthwhile but the overall number of parents reached is limited and it can be very difficult to influence entrenched parenting views or practices. There are also emerging issues, such as the prevalence of mobile devices and the impact this can have on verbal communication between parents and young children, which require a nimble and pre-emptive approach to avoid children missing out on early language development.

ECA urges the Federal Government to adopt a holistic public health approach to supporting parents with young children with more investment in communication activities that inform parents and influence community expectations through broad scale communication campaigns. Some key messages that could be promoted in this way would include:

- educating parents on the importance of childhood vaccinations
- the importance of talking to babies and toddlers—serve and return relationships, and how this contributes to healthy brain development and attachment
- tips for reading to children to maximise literacy development
- explaining the importance and value of preschool
- promoting responsible use of technology and the importance of modelling behaviour—turning off your phone at meal times etc.

This approach would warrant a cross-disciplinary approach involving multiple portfolios and the appointment of a high-level advisory group with early childhood development expertise across parent education, public health, family support and early childhood education.

Early childhood professionals and parents make a winning team

Early childhood professionals have a unique contribution to provide effective support to parents and carers, including information on early childhood development and support with difficulties such as sleep, nutrition, challenging behaviour etc. Educators are in regular (sometimes daily) contact with families which means they are very well placed to support public health approaches and reinforce key messages. This requires ongoing professional development and the engagement of educators in family support programs.

With federal government funding for early childhood professional development programs coming to an end this year we recommend that provision be made to invest in building the capacity of educators to support parents.
Quality early learning builds future prosperity for Australia

In addition to supporting families, Australia can enhance its future prosperity over the long term by investing in quality early learning. Access to quality early learning amplifies children’s development. Longitudinal studies from Australia and overseas find that children who attended quality early learning had higher grades at school. The longer children spend in early learning programs and the higher the quality, the better the grades, and the more likely children were to continue on an academic pathway.

However, in Australia, too many children are missing out on the benefits of early learning both in early childhood services and in the home. Australia lags behind other developed countries in terms of the participation of children in early learning, with only 62 per cent of three-year-olds participating in early learning programs (OECD, 2015, p. 322). This is contributing to Australia’s poor performance in education testing compared with other countries.

Our future depends on how we invest in our children today

Early learning is a matter for Australia as a nation; it affects our country’s future prosperity, both social and economic. Using our national resources to create smarter early learning policies is a responsible way of assuring a stable and prosperous future for our country. If we invest now in the health and development of our children, the whole country benefits. For example, just providing vulnerable children with access to quality early learning would add $13.3 billion to GDP by 2050 (PWC, 2014).

All children benefit from high-quality early childhood experiences (Barnett, 2008; Burger, 2010) therefore universal provision is pursued by countries with strong early childhood education and care (ECEC) programs. Universality of ECEC provision also avoids issues of stigmatisation among groups of children and encourages participation. Once children are engaged in early childhood programs, vulnerabilities become evident and each child’s development can be supported, either by educators and teachers in the service or through the support of outside professionals. When children are not engaged in these services, vulnerabilities may be difficult to identify unless the family is regularly engaged with other early childhood support programs.

The government’s current Child Care Package does not capitalise on the second round effects accruing from improving access to early learning, particularly for vulnerable children. The package may cut support for thousands of children whose parents are not participating in eligible activity and children in low income families will have their hourly subsidised access halved. This Budget is an opportunity to adjust the Child Care Assistance Package and ensure vulnerable children don’t miss out on access to early learning. Savings which have been identified in the package by reducing support for upper income earners can be reinvested to support more children to participate in the early learning that boosts their development.

To support children’s access to early learning, we believe that governments should consider an early learning guarantee to at least two days of quality early childhood education. A guarantee should also be provided for Aboriginal and Torres Strait Islander children as a matter of priority to address uncertainties in the Child Care Assistance Package.

ECA seeks to play a constructive role in the implementation of the Child Care Assistance Package and proposes to host a summit on billing practices to move the dialogue between the government and
the sector forward. A summit would involve presentations on current billing practices, cost drivers across service models, alternative approaches, innovations and the role of technology.

Summary of recommendations

Recommendation 1

The Government funds a population health campaign on child development in the first five years life, aimed at supporting greater awareness amongst parents.

Recommendation 2

Savings made in MYEFO are redirected in measures supporting the increased participation of children in early learning.

Recommendation 3

The Commonwealth invests in durable and consistent Commonwealth preschool funding arrangements.

Recommendation 4

The Government provides a guarantee that all Aboriginal and Torres Strait Islander children are provided with access to ‘NQF quality’ early learning at, at least the same level of affordability and access of the previous program while improving overall participation.

Recommendation 5

The Government commits to develop a new Early Years Workforce Strategy funding new professional development initiatives.

Recommendation 6

That the Federal Government provide financial support for a summit on innovation and technology in early childhood education and care, with a particular focus on billing practices.
Priority area 1: Supporting families

Parents and the home environment have the most significant impact on a young child’s development. ECA believes that supporting families to understand and support early learning warrants more social investment.

There is a wealth of evidence demonstrating that the role of parents and families is critical in supporting children’s developmental outcomes, factors such as the education background of parents and the home environment have a major impact on children’s early development across domains such as language, numeracy, self-regulation and executive functioning. Governments can find it very difficult to intervene in the family home, some countries such as the United States have invested heavily in home visiting programs. Compared with programs like preschool which have large group sizes, these home visiting programs can be expensive. Nonetheless there is a significant return on investment in terms of reduced future expenditure on health, crime and welfare.

There are home visiting programs operating in a number of jurisdictions across Australia but they tend to be short term (in the first few weeks or months after birth) and focused on physical health and infant attachment. Beyond this, programs such as ‘Let’s Read’, ‘HIPPY’ and online resources such as the ‘Raising Children’ website are all designed to engage families in understanding and supporting early childhood development. However, the number of parents reached is limited and it can be very difficult to influence entrenched parenting views or practices. There are also emerging issues, such as the prevalence of mobile devices and the impact this can have on verbal communication between parents and young children, which require a nimble and pre-emptive approach to avoid children missing out on early language development.

ECA urges the Federal Government to adopt a more holistic public health approach to supporting parents with young children with more investment in communication activities that inform parents and influence community expectations through broad scale communication campaigns. Some key messages that could be promoted in this way would include:

- educating parents on the importance of childhood vaccinations
- the importance of talking to babies and toddlers—serve and return relationships, and how this contributes to healthy brain development and attachment
- tips for reading to children to maximise literacy development
- explaining the importance and value of preschool
- promoting responsible use of technology and the importance of modelling behaviour—turning off your phone at meal times etc.

This approach would warrant a cross-disciplinary approach involving multiple portfolios and the appointment of a high-level advisory group with early childhood development expertise across parent education, public health, family support and early childhood education.

ECA believes that there is now strong momentum building for a public health campaign aimed at parents to help inform them of the importance of the first five years for children’s development. This is critical to bridge the gap in public understanding about the neuroscience of brain development, and the role parents play in supporting child development at different stages in the first year of life.
For example, the literature now shows that most language is formed during the first year of life. This language development is the foundation for all later cognitive development. Strategies parents can use to amplify children’s development in the first year include reading and re-reading out loud to young children. As very young children may not yet comprehend words, the value of reading may not be immediately obvious to parents, but is nonetheless critical to child brain and language development. In the later years, this may include building awareness amongst parents about the benefits of attending government funded preschool programs for children’s cognitive and socio-emotional development.

The reason why we think a public health campaign is necessary is threefold:

- it is about child brain development and child health outcomes
- family interaction with government services during the first three years is primarily through the health system and this is trusted by parents
- the return on investment from such a campaign accrues to the health system in the future from better long-term population health outcomes.

State governments are currently examining the role of their health systems in interacting with families regarding early childhood development. For example—in 2015 this was discussed during the Victorian Government’s consultation on the ‘Education State’ and at South Australia’s National Early Childhood Reform Symposium.

We would like to work with the Commonwealth Department of Health and departments of education as well as state governments, the Australian Research Alliance for Children and Youth (ARACY) and child and maternity health experts like the Centre for Community Child Health (CCCH) to develop a joint government-funded and community-supported child development population health campaign.

**Recommendation 1**

The Government funds a population health campaign on child development in the first five years life, aimed at supporting greater awareness amongst parents.
Priority area 2: Increasing participation in early childhood education and care

Provide two days a week of subsidised access for all children

Early Childhood Australia supports many aspects of the proposed Child Care Assistance Package—particularly the extra $3 billion investment, streamlining the subsidy system and the additional support for inclusion, but it could be improved to ensure vulnerable children don’t miss out on access to early learning.

The government’s revisions to the package and other measures in MYEFO resulted in budget savings of $1.9 billion over the forward estimates.

This included:

- tightening of income tests
- a reduction in the size of the nanny trial
- the abolition of the top-up assistance for high fee services (together delivering a $400 million saving over the forward estimates)
- in addition to $500 million saved through a downward revision of program costs
- $930.6 million in savings from changes to family day care compliance arrangements.

Early Childhood Australia believes that these savings should be reinvested in the 2016–17 Budget to ensure children can access at least two days of early learning.

This investment would be more than justified by the expected second round effects. The Government’s new Child Care Assistance Package would boost the economy by $3 billion to 2020, largely funding the $3.2 billion cost of the package in the short term. The package creates net savings of $4.3 billion to 2050 by improving access to early learning and lifelong wellbeing of children as well as supporting workforce participation. Extending access to vulnerable children has the potential to boost GDP by an additional $13.3 billion to 2050 (PWC, 2014).

Recommendation 2

Savings made in MYEFO are redirected in measures supporting the increased participation of children in early learning.

Providing certainty for preschool funding

Since 2009, the Federal Government has provided top up funding under the National Partnership Agreement to provide ‘universal access’ to 15 hours preschool delivered by a degree-qualified teacher in the year before formal school. The program has seen enrolment in preschool by children in the year before school increase from 70 per cent in 2008 to 98 per cent in 2013. There is still some way to go in improving access to this age cohort, particularly increasing attendance.
We welcome the Federal Government’s commitment in the 2015–16 Budget to continue the program through an investment of $843 million in the 2016 and 2017 calendar years for preschool programs across Australia, ‘to ensure children have a strong start and a bright future’.

We would like to see more durable and consistent Commonwealth preschool funding arrangements provided beyond 2017. This will not only provide certainty to families and service providers, but also provide state governments the certainty to invest in other key early childhood programs.

For example, South Australian Premier Weatherill has committed:

‘Should COAG agree to support increased Commonwealth preschool funding, States and Territories could reinvest their savings into early childhood services for disadvantaged children, making a big difference in the lives of those kids who need our help and support the most.’ (Weatherill, 2015)

Recommendation 3

The Commonwealth invests in durable and consistent Commonwealth preschool funding arrangements.

Expanding participation

While we welcome the government’s investment in providing preschool access for children in the year before school, many Australian children are still missing out on early learning, particularly at younger ages.

We also now know that the educational gaps between disadvantaged children and their peers start to open from age three. So it is critical that there are programs to support children’s access to quality early learning at younger ages.

According to the OECD’s Education at a Glance 2015 report released this month, Australia sits at the bottom of the OECD for access to preschool for three-year-old children (OECD, 2015, p. 322). Only 62 per cent of three-year-olds are enrolled across preschool and early childhood education and care settings. Yet we know from the research that two years of early learning before formal schooling further amplifies children’s development and ability to learn at school. This compares with the OECD average of 74 per cent and European average of 80 per cent.

Australia’s poor results in international education testing are also now providing the impetus for a focus by education policy makers in Australia on improving participation in early childhood development programs that amplify children’s cognitive and social skills, before the transition to formal schooling.
Towards a universal service guarantee

Australia is unlike many nations in the world, in our absence of a legal entitlement to early childhood education and care. Eighteen OECD jurisdictions encourage access through a legal right to ECEC provision for all or certain groups of children. Eighteen participating jurisdictions offer free ECEC provision for certain age groups, which is often limited to a certain amount of hours or conditioned on a needs assessment. These countries currently provide a universal right.

There are major differences in legal entitlements to a place in ECEC across jurisdictions, which reflects the diversity of ECEC systems. In Sweden, all three- to five-year-old children may use 15 hours of free ECEC per week. England offers 15 hours per week for all children aged three to four. The starting age of one rather than from birth in some countries can be explained by the fact that in several cases, including Germany, Norway, Slovenia and Sweden, the duration of well-paid parental leave periods is around one year, in line with the legal entitlement. The time per week covered by the entitlements also differs greatly. For example, Norway grants universal access to 41 hours of ECEC, 24 hours is provided for in French pre-primary schools.

As the OECD states, ‘Legal entitlements and free provision fosters participation’. It does so because early childhood education becomes like school—a social norm, an expected part of children’s life—without the current barriers of affordability and accessibility.

Current federal financial relations mean that Commonwealth subsidies prioritise workforce participation aims ahead of children’s development outcomes. The current Reform of the Federation White Paper process is an opportunity to revaluate these relations. ECA recognises that early childhood education and care is a shared responsibility between governments, and that this is likely to continue.

Nonetheless, we believe that the Commonwealth and states and territories can work together to deliver access to early childhood education and care. The mechanism to do this may be a universal service guarantee to early childhood education.

Community service guarantees (ACOSS, 2015)

The starting point should be to clearly define the core areas of responsibility for the Commonwealth and states/territories, together with areas of shared responsibility.

The core governing principle for major programs in areas of shared responsibility should be for both levels of government to commit to ‘community service guarantees’ to ensure universal access to affordable essential community services for all, regardless of people’s incomes and where they live. These service guarantees would be would be jointly legislated, and include minimum standards for service provision of ‘service entitlements’. This statement outlines a proposed ‘division of labour’ between levels of government in implementing services guarantees.

ECA believes that COAG should consider national service guarantee to early childhood education and care. This should include an entitlement for children to access at least two days of early childhood education a week for all children, like other countries.
The ‘reform’ pathway must give sufficient consideration to the interface with Australian Government financing instruments, specifically the Child Care Subsidy.

It should focus on the outcome of improving and extending participation to children—and how this could be achieved across stand-alone preschools, long day care and the school system.

And while extended access to three-year-olds is a logical first step, policy makers should be mindful that children across the birth to five spectrum benefit from early childhood programs.

The starting point of a ‘reform pathway’ should be a national service guarantee for children to access at least two days of early childhood education per week, like other countries.

The states and the Commonwealth can cooperate to make this outcome a reality. Subsidies designed to support workforce participation, like the proposed Child Care Subsidy, can also be built upon this guarantee or be complementary to it.

This will not only guarantee that Australia’s investment in quality early learning will amplify all children’s development, particularly at school, but boost Australia’s long-term economic growth—from which everyone stands to benefit.

**Guaranteeing Aboriginal and Torres Strait Islander children access to early learning**

Access to early learning is a critical part of ‘closing the gap’ on Aboriginal and Torres Strait Islander disadvantage. Aboriginal and Torres Strait Islander children are more than twice as likely to be vulnerable in two or more domains in their first year of school compared with other Australian children as measured in the Australian Early Development Census (AEDC). This means that children are already behind when they reach school, with later interventions being more costly and less effective.

COAG’s Closing the Gap target is 95 per cent enrolment in early learning for all Indigenous four-year-olds by 2025. Only 75.4 per cent of Indigenous four-year-olds were enrolled in early childhood education in 2014, according to the ROGS report. This compares to 97 per cent for the general population.

If the government is to address these vulnerabilities, every Aboriginal and Torres Strait Islander child needs to have access to quality early learning, not just in the year before formal schooling, but also for younger children. A literature review by the Australian Institute of Family Studies suggests that disadvantaged and vulnerable children should have access from age two (AIFS, 2014).

This means that funding must support the growth of children accessing early learning. For this reason alone, the capped Budget Based Funded (BBF) program must end. It has constrained the growth of children’s participation in early learning services. It is also no longer acceptable for Aboriginal and Torres Strait Islander children in those services to have a different quality standard than other Australian children.

Aboriginal and Torres Strait Islander children Budget Based Funded services will transition to mainstream funding under the Child Care Subsidy. These services may also be assisted by the Community Child Care Fund, though there is very little detail on the operation of the Fund. In
principle, the Fund will support the funding of more services for Aboriginal and Torres Strait Islander services.

We support the government’s approach in working intensively with Aboriginal and Torres Strait Islander services during the transition to new funding arrangements. Nonetheless, the transition created uncertainty about the continuity of services for children. There is concern that this will not be provided on an ongoing basis, even in areas of market failure like remote areas.

Many Aboriginal and Torres Strait Islander families are currently not engaged in recognised activity, making it difficult for these families to qualify for Child Care Subsidy. The Secretariat of National Aboriginal and Islander Child Care (SNAICC) estimates that at least half of the Indigenous families now using early childhood education and care would not meet the activity test.

The likely consequence of BBF services moving to the Child Care Subsidy model, even with Community Child Care Fund support, will be that many Aboriginal and Torres Strait Islander children who are attending full-time services (up to five days per week) currently ‘may drop back to 12 hours per week unless they are exempt from the activity test or there is a more targeted approach to ensuring their eligibility for support is not reduced’.

Some Aboriginal and Torres Strait Islander families will also be facing out–of-pocket costs for their child’s attendance in early learning for the first time. This may act as a barrier for Aboriginal and Torres Strait Islander children in accessing early learning, at a time when we need to be improving the growth of participation.

The government can resolve these transition uncertainties by outlining the outcome of the program. The focus of the program must be on improving the participation of Aboriginal and Torres Strait Islander children on current levels. We suggest that the government could commit to a guarantee for Aboriginal and Torres Strait Islander children, that ‘all Aboriginal and Torres Strait Islander children are provided with access to “NQF quality” early learning at, at least the same level of affordability and access of the previous program while improving overall participation.’

As the program parameters are not yet known, such a guarantee would remove some of the uncertainty faced by services. It would also assure the sector that the government is working towards the improved developmental outcomes for children under the program, rather than workforce participation goals. It would signal to the public that the government will do ‘whatever it takes’ to ensure that this outcome is achieved.

The government will have to review certain program parameters in development to ensure this is achieved. For example, ECA particularly supports Aboriginal and Torres Strait Islander families being exempt from the activity test due to the high concentrations of vulnerability in their communities. In remote communities there is also a lack of work for families to enable them to meet the activity test. Providing an exemption would remove complexity and support greater engagement of Aboriginal and Torres Strait Islander communities in the mainstream subsidy model.

Recommendation 4

The government provides a guarantee that all Aboriginal and Torres Strait Islander children are provided with access to ‘NQF quality’ early learning at, at least the same level of affordability and access of the previous program while improving overall participation.
Priority area 3: A plan for the early childhood development workforce

The professional development of the workforce is critical to delivering quality early learning that amplifies children’s development.

Early Childhood Australia is calling on the government to commit to a plan to support the early childhood workforce.

The current Early Years Workforce Strategy 2013–2016 is due to expire this year. Professional development programs and initiatives for early childhood professionals are also due to finish, and there is no clear plan to make further professional development opportunities available.

Funding for the Long Day Care Professional Development Programme is due to expire in June 2017 and no new grants under the program will be distributed. The $200 million program was created from the previous government’s $300 million Early Years Quality Fund, which was designed to boost wages of early childhood educators. This Fund was only available to staff in long day care centres, not other early childhood educators, so the benefit of the fund was limited to part of the workforce. New services are not allowed to apply for funding under the scheme.

The government has also announced it will no longer fund Professional Support Coordinators from July as part of its new Inclusion Support Programme.

A range of other major programs have also ceased, including:

- The National Partnership Agreement on TAFE Fee Waivers for Childcare Qualifications—expired on 31 December, 2014.
- HECS-HELP benefit: The Higher Education Contribution Scheme and Higher Education Loan Program (HECS-HELP) benefit provided incentives for graduates of particular courses including early childhood degrees.
- National Partnership Agreement on Productivity Places Program—expired 30 June, 2012

The above programs were available to cover the breadth of early childhood qualifications required, as well as focusing on the critical process quality areas under the *National Quality Framework*.

Following the cessation of these major professional development programs and strategies, there is now a significant gap in support for professional development. A long-term national strategy is now needed to ensure professional and career development for early childhood professionals, who perform a vital role in amplifying child development and contributing to Australia’s future prosperity.
The government is committed to increasing the quality of early learning under the National Quality Framework—and this requires all long day care centres to have at least two degree-qualified teachers by 2020. This requires government support.

The OECD has also recommended that governments have greater focus on monitoring staff quality. They also suggest a focus on improving process quality—the implementation of the curriculum, the interactions between staff and children, and the overall quality of instruction and care. The foundation for process quality is professional development.

We call on the government and all political parties to commit to an early childhood workforce strategy and new professional support initiatives to improve the quality of early childhood services and to continue to support quality improvement over the next four to ten years.

This long-term strategy must recognise that early childhood professionals are poorly paid and plan for responses to the current Equal Remuneration Case currently being considered by Fair Work Australia.

**Recommendation 5**

The government commits to develop a new Early Years Workforce Strategy funding new professional development initiatives.
Priority area 4: Supporting innovation

There has been considerable commentary in the media and in sector consultations on the likely impact of the proposed Child Care Subsidy reforms and deregulation of operating hours. It has been argued that long day care services need to be more flexible in their billing practices. It has also been suggested that a more sophisticated understanding of costs, pricing and billing is needed to model or predict the likely impact on families. While ECA’s primary focus has been on the impact of the Families Package on children, we do understand that the impact on providers will have flow-on effects.

ECA seeks to play a constructive role in the implementation of the Families Package and proposes to host a summit on billing practices to move the dialogue between the government and the sector forward. The proposed summit would involve presentations on current billing practices, cost drivers across service models, alternative approaches, innovations and the role of technology.

This could also explore the role of technology in early childhood education more broadly and the potential benefits for productivity gains, cost reductions and quality enhancement.

Recommendation 6

That the Federal Government provide financial support for a summit on innovation and technology in early childhood education and care, with a particular focus on billing practices.
References


