

**National Office** PO Box 86, Deakin West ACT 2600

**T:** 02 6242 1800 **F:** 02 6242 1818

**E:** [eca@earlychildhood.org.au](mailto:eca@earlychildhood.org.au)

**W:** [www.earlychildhoodaustralia.org.au](http://www.earlychildhoodaustralia.org.au)

**Patron** Her Excellency Ms Quentin Bryce AC  
Governor-General of the Commonwealth of Australia

**ABN** 44 950 767 752

# Pre-Budget Submission

## Priorities for the 2014–15 Federal Budget from Early Childhood Australia

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**January 2014**

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**Early Childhood Australia State and Territory Branches**

**ACT** PO Box 396, Woden ACT 2606 **NSW** PO Box 24, Erskineville NSW 2043 **NT** PO Box 41936, Casuarina NT 0811 **QLD** PO Box 685, Spring Hill QLD 4004  
**SA** PO Box 380, North Adelaide SA 5006 **TAS** PO Box 306, Sandy Bay TAS 7006 **VIC** PO Box 2080, Richmond Sth VIC 3121 **WA** 275 Abernethy Rd, Cloverdale WA 6105

## Contact

Samantha Page  
Chief Executive Officer  
Email: [spage@earlychildhood.org.au](mailto:spage@earlychildhood.org.au)  
Phone: (02) 6242 1800

## About Early Childhood Australia

Established in 1938, Early Childhood Australia (ECA) is the largest and most authoritative peak body in the early childhood sector. ECA's vision is that every young child is thriving and learning. Our role in achieving this is to promote the rights and interests of all young children and to support the delivery of high-quality early childhood education and care.

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## Summary

There is good evidence to suggest that early intervention and prevention programs in the areas of maternal, child and family health; early childhood education and care; and family support programs can improve outcomes for children, particularly those from disadvantaged backgrounds.<sup>1</sup>

ECA makes this submission to the 2014–15 Budget in the context of the Productivity Commission's ongoing Inquiry into Child Care and Early Childhood Learning. ECA has welcomed this root and branch review of the system. It will enable a thorough look at how the system can best meet Australia's needs into the future and there are a number of areas that genuinely need reform.

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<sup>1</sup> Council of Australian Governments (COAG) (2009) *Protecting children is everyone's business: National framework for protecting Australia's children 2009–2020*.

## Introduction

According to the Australian Early Development Index<sup>2</sup>, one in 10 Australian children are developmentally vulnerable on two or more domains and data collections show that the majority of Aboriginal and Torres Strait Islander children are more likely to be developmentally vulnerable than non-Indigenous children. Downstream this increases the risk of children struggling at school and ultimately dropping out of formal education without the skills for lifelong learning and wellbeing. We have the opportunity as a nation to address this.

There is a breadth of evidence that demonstrates the significant benefits that children can gain from participation in high-quality early learning programs. As summarised by Oberklaid & Moore (2007):

*There is now extensive evidence demonstrating that the care and education of young children (birth–eight years) greatly impacts on their health, wellbeing and resilience throughout their lives. The early years are a time of rapid brain development and a secure, nurturing environment provides a solid base for learning. A child’s learning and development is a critical foundation for success in schooling and later life.<sup>3</sup>*

Australia’s performance in the delivery of quality early childhood education and care needs improvement. In 2013, the Organisation for Economic Co-operation and Development (OECD) ranked Australia 28 (of 45 developed nations) for participation in child care and public investment in child care—well below countries such as New Zealand (position 9), the UK (position 4) and the USA (position 24)<sup>4</sup>.

There are two things that need to be done:

1. Increase participation in early childhood education and care amongst children aged three to five years old, particularly children from a disadvantaged background.
2. Improve the consistency and quality of early childhood education across Australia through the *National Quality Framework* and workforce development.

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<sup>2</sup> Australian Early Development Index (2012) A snapshot of early childhood development in Australia 2012, p.5.

<sup>3</sup> Oberklaid, F. & Moore, T. (2007) Early childhood is everybody’s business, *The Melbourne Review*, 3(2), 44–52.

<sup>4</sup> Organisation for Economic Co-operation and Development (2013), *Education at a Glance*, p. 286.

## Priority 1: Improve participation rates

It is important to have accessible and affordable services. Every child deserves to have access to *high-quality* early childhood education and care. Families should have absolute confidence that their children are receiving quality education delivered by suitably qualified educators and teachers.

Funding for the National Partnership Agreement on Universal Access to Early Childhood Education must be continued beyond 2014. As outlined by Urbis Social Policy<sup>5</sup> Access to quality early childhood education in the year before primary school dramatically improves the education outcomes of children. The intention of making some form of education available to all Australian children is highly commendable, and must be continued beyond 2014.

### **Recommendation 1: Continue support for Universal Access to Early Childhood Education and Care Partnerships beyond 2014.**

The current system of child care payments is very confusing for parents and many do not understand their entitlement. There is still a high proportion of families receiving Child Care Rebate (CCR) three months in arrears—meaning that they bear the full cost of child care as an out-of-pocket expense (for a family with two children in 50 hours of long day care with no Child Care Benefit [CCB] eligibility this is likely to be over \$1000 per week) and receive the 50 per cent rebate three months later.

ECA believes that payments of CCR should be weekly or fortnightly, or directed to services in the same way that the CCB is paid to reduce parents' out-of-pocket expenses. This would also help to increase understanding regarding the cost of child care and the value of the rebate.

This small change would have minimal impact on the Federal Budget but it has the potential to make a significant difference to families and potentially improve debt management and cash flow for services. Families that currently receive CCR on a quarterly basis often don't recognise how this reduces the fees they are paying for early childhood education and care (ECEC), and directing payments to services will demonstrate what a significant difference the rebate makes.

### **Recommendation 2: Pay the Child Care Rebate weekly or fortnightly or directly to early childhood services to improve cash flow and reduce out-of-pocket expenses to parents.**

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<sup>5</sup> Urbis Social Policy (2011) Evaluation of the National Partnership Agreement on Early Childhood Education: Annual progress report 2010. Canberra: Department of Education, Employment and Workplace Relations

The shortage of care in some areas is due to the increase in demand—nationally, demand is growing at over 8 per cent per annum<sup>6</sup>, which is a major challenge and in some areas this statistic is even higher. Clearly, more needs to be done to enhance the capacity of the sector and improve access in these areas but this must not be at the cost of ensuring quality outcomes for children.

Some localities across Australia are experiencing, or are expected to experience, rapid growth while other communities are experiencing stable population which is insufficient to support quality ECEC services without additional government support. This is resulting in pockets where families are finding it very difficult to access early childhood education and care. These ‘hot spots’ are particularly prevalent in areas where operating premises are difficult to secure either because of a scarcity of land, space suitable for ECEC or capital available to establish ECEC services.

The decision to build an early childhood education and care centre, as with any business decision, requires careful planning and research. ECA recommends that the government consider establishing a capital investment scheme that provides interest-free or low-interest loans to experienced service providers (not-for-profit, public and private) to establish or expand facilities in areas of need due to market failure. This could be a cross-government initiative in which local government establish which areas have unmet need and commit to fast-tracking planning approvals when state and federal government can provide investment resources to build sector capacity in the form of low interest or no interest loans for capital investment to build new facilities or expand existing services. In metropolitan areas, this could be combined with support to work with large employers who may be able to make space available for the development of service settings. In rural and remote areas the scheme might also support the expansion of mobile services or other flexible delivery models.

**Recommendation 3: Identify areas of market failure where demand outstrips the supply of early childhood services causing access issues for families and offer no-interest or low-interest capital loans to experienced service providers willing to establish new services (or expand existing services) in these areas.**

ECA supports the government’s review into the early childhood education and care system led by the Productivity Commission, which will provide a significant opportunity to reform the child care funding system to meet both workforce participation and early childhood development objectives. Any savings measures implemented before the Productivity Commission has begun to undertake its review would make it difficult for the Commission to provide advice to government on meaningful and much needed reform of the ECEC system. It may also have unintended consequences for families, services and the economy.

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<sup>6</sup> Department of Education, Employment and Workplace Relations (DEEWR) Office of Early Childhood Education and Child Care (2010) *State of child care in Australia*. Canberra, ACT: Australian Government.

**Recommendation 4: The Budget should not make any changes to Government Child Care assistance or the Child Care Services Support Program (CCSSP), other than those listed above, pending the outcomes of the full review being undertaken by the Productivity Commission. Changes to any of these will potentially have significant effects on supply, availability, affordability and flexibility of early childhood education and care.**

## Priority 2: Implement the *National Quality Framework (NQF)*

The implementation of the NQF is a significant part of the solution. This will raise the standards of early childhood education within Australia, and early research suggests that the changes are already having a positive influence. While a high-quality early education program can provide an important head start for children as they make the transition to school, poor-quality education programs can provide limited benefit or even cause children to perform less well.<sup>7</sup> It is paramount that the NQF is continually implemented across the nation to ensure that the one million children currently engaged in early learning are afforded the best possible start to their education.

**Recommendation 5: Maintain a commitment to high-quality early childhood education and care, including full implementation of the *National Quality Framework* within the timeframes agreed by the Council of Australian Governments in 2009.**

While the majority of early childhood services are meeting the requirements of the NQF or working toward them, we recognise that some services in rural, regional and disadvantaged communities are experiencing difficulty in attracting and retaining early childhood teachers (ECT). To address this, ECA has proposed to the Assistant Minister for Education the Hon Sussan Ley MP that \$65 million from the retained Early Years Quality Fund (EYQF) be used to establish and administer an incentive program for ECTs in these areas. This scheme would be similar to the General Practice Rural Incentives Programme which supports the provision of doctors in rural and remote areas. The scheme would cover relocation costs and improved wages for teachers in designated communities. The \$65 million would cover up to 1000 ECTs over a four year period, including administration costs. This would be delivered to ECEC services within the two year period required under the EYQF, but could be applied over a number of years.

**Recommendation 6: Establish an incentive program for Early Childhood Teachers to work in regional and disadvantaged communities.**

ECA believes that strong professional support is the best way to improve understanding of this aspect of the NQF. With the introduction of any new system, training and support is required to ensure that implementation is successful. The previous government put in place two major initiatives to support the transition to the NQF; the Professional Support Coordinators and the *National Quality Standard* Professional Learning Program (NQS PLP).

As the Productivity Commission noted in its Inquiry into the Early Childhood Development Workforce:

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<sup>7</sup> Elliott, A. (2006) *Early childhood education: Pathways to quality and equity for all children*, Australian Education Review. Melbourne: Australian Council for Educational Research.



*ECEC staff will require leadership and support to enable them to gain the most from the new policies, particularly in the transition period, given the paradigm shift in the way programs are planned and delivered, and in how a service is now expected to be managed. Especially in small, stand-alone services, where staff can be quite isolated, appropriate support is vital.*<sup>8</sup>

We are concerned that, since the Workforce Inquiry, one of the key initiatives which assisted services to understand and implement the NQF will be discontinued.

### **The National Quality Standard Professional Learning Program (NQS PLP)**

The early childhood education and care (ECEC) sector in Australia is not part of a centrally-resourced system like the primary and secondary education sectors. Consequently, services and educators can be quite isolated and lack easy, affordable access to professional support and learning. In order to overcome this problem, the previous government funded ECA to establish the *National Quality Standard Professional Learning Program (NQS PLP)*.

The NQS PLP pioneered the development of quality-assured resources to explain and embed good practice related to the NQS. The NQS PLP provided an opportunity for educators to engage in professional learning and increase their understanding of the NQS through an online hub that could be accessed from work or home, at any time of the day or night. All resources in the program were provided to users free of charge. The program was highly successful in achieving unprecedented levels of engagement. We estimate that more than one-third of all educators working in the ECEC sector accessed NQS PLP resources, including:

- more than 27 000 subscribers to the NQS PLP fortnightly e-newsletter
- more than 29 000 Facebook users
- 4000 people registered on the online forum, which received more than 1.6 million views.

Between June 2012 and December 2013, the NQS PLP website recorded almost one million visits. The learning videos produced for the program registered more than 1.4 million views or downloads. All material produced for the program can be accessed at:

[www.earlychildhoodaustralia.org.au/nqsplp/](http://www.earlychildhoodaustralia.org.au/nqsplp/)

Feedback from users was overwhelmingly positive, with praise for both the format of the program (online) and the quality of the content. Evaluations have demonstrated that NQS PLP resource materials were frequently downloaded or printed for use in staff development and service enhancement. ECA is also aware of materials being widely used in academic teaching programs and vocational training courses to explain elements of the NQS and provide examples of good practice.

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<sup>8</sup> Productivity Commission (2011) *Education and training workforce: Early childhood development*. Melbourne: Australian Government.

The government ceased its funding of the NQS PLP in December 2013. Based on extensive feedback from the sector, ECA believes that discontinuation of the program will leave a substantial gap in the professional support and development available in the sector.

**Recommendation 7: Maintain funding for the NQS Professional Learning Program.**

A stable, skilled and professional labour force is widely acknowledged as vital to ensuring high-quality ECEC, but educators continue to be poorly paid for the significant work they do. While some employers are able to offer above award wages and conditions, many qualified educators working full-time hours earn less than \$39 000 per annum which is 65 per cent of the average wage. This causes real hardship and keeps the status of early childhood education low. Addressing educators' low wages is crucial to completing the quality reform process and essential to ensuring the future viability of the sector which supports Australian families and children.

ECA recognises that the Fair Work Commission is the avenue for wage increases to be determined. However, we are concerned that without some form of government supplementation, any increase will impact on families.

We urge the Australian Government to work with the sector to find a solution.

**Recommendation 8: Work with the early childhood sector to support appropriate increases in remuneration levels without increasing costs to families.**

The early childhood sector is one of the fastest growing sectors in Australia (8–9 per cent growth in recent years). The sector needs assistance to increase the supply of qualified practitioners and create satisfying careers to retain talent. ECA has welcomed plans contained in the Early Years Workforce Strategy to promote the sector and training opportunities. We recommend also considering increasing the assistance provided to students undertaking training in early childhood education—including proposals for fee assistance for educators pursuing a career in long day care. There is also the potential to extend subsidies currently available to Diploma students to Certificate III students. There is a diversity of scholarships offered in the health workforce arena that might help to inform new scholarship options for the ECEC sector.

**Recommendation 9: Underpin the Early Years Workforce Strategy with national schemes such as debt waivers and professional training scholarships.**

## Conclusion

The early childhood education and care sector is of critical importance to the balance of the national economy. A quality early learning program will improve the educational outcomes for future generations while raising productivity levels—particularly amongst females returning to the workforce sooner. The recommendations made within this submission recognise the difficult fiscal environment which currently faces the Federal Government. However, by addressing the issues facing the ECEC sector by implementing these recommendations within the 2014–15 Federal Budget, the government will improve the outcomes of Australian children and in turn, improve the prospects of the nation in the long-term.