



Early Childhood Australia
A voice for young children

**OUR
VISION:
EVERY
YOUNG
CHILD IS
THRIVING
AND
LEARNING**

Pre-Budget Submission 2018-19

Department of Treasury, Commonwealth Government

Early Childhood Australia

14th December 2017

About us:

Early Childhood Australia (ECA) is the national peak early childhood organisation. Our vision is every young child is thriving and learning. To achieve this vision we champion the rights of young children to thrive and learn at home, in the community, within early learning settings and through the early years of school.

Our work builds the capacity of our society and the early childhood sector to realize the potential of every child during the critical early years from birth to the age of eight. ECA specifically acknowledges the rights of Aboriginal and Torres Strait Islander children and their families, and the past and current injustices and realities for them around Australia.

We have a federated structure with branches in each state and territory. In 2018, ECA will celebrate 80 years of continuous service to the Australian community.

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

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Executive Summary

There is now strong, irrefutable evidence that early childhood development has a lasting impact across the lifespan. Young children who experience nurturing care and high quality early learning are more likely to make a smooth transition to school, stay engaged with education and experience social and emotional wellbeing through their adult life. They are less likely to drop out of education, be involved in the criminal justice system or experience persistent disadvantage. In addition to the benefits to children, quality early education can support families to engage or re-engage with the workforce that has economic and social benefits not only to their household but also to the Australian society as a whole.

ECA believes that the Australian Government should invest in delivering high quality early learning for at least two days per week to all Australian children from the end of paid parental leave until the transition to school. This would deliver substantial social and economic benefits which will be particularly significant for children experiencing disadvantage who are otherwise vulnerable to poor educational outcomes.

Early learning builds a solid foundation for children starting school, irrespective of their background or family circumstances. Importantly, the benefits also deliver economic value to society through a more capable, productive and inclusive society, and by reducing costs in later years by intervening with vulnerable children.

ECA has identified five priority areas for the 2018-19 Federal Budget designed to ensure these benefits are realised. If implemented, these recommendations would build, evaluate and strengthen investment and innovation in early learning, to ensure that all Australian children have the best start in life – as articulated in the National Early Childhood Development Strategy – Investing in the Early Years (COAG, 2009).

Summary recommendations:

1. Increase Australia's investment in early education to the OECD average.

ECA recommends that the Australian Government lifts Australia's investment in early education and care to reach at least the OECD average within three years.

2. Strengthen the new child Care Subsidy Scheme and monitor implementation.

Monitor the impact of the new child Care Subsidy Scheme, and specifically the Activity Test, with regard to the impact on vulnerable and disadvantaged families.

Increase the base entitlement of care from 12 hours to 18 hours a week, and to 30 hours for Aboriginal and Torres Strait Islander children. Increase the income threshold for the base entitlement to \$67k to \$100k per annum in household income.



3. Secure a long term funding agreement with State and Territory Governments for Universal Access to Early Childhood Education for two years before school.

The National Partnership Agreement for Early Education and Care which has successfully increased the participation of children attending quality preschool programs in the year before school should evolve into a longer term agreement that secures both Federal and State/Territory investment in preschool programs to achieve 100% participation for one year before school and increase participation for two years to international benchmarks.

4. Measure the Benefits of Early Learning Investment.

ECA believes that the substantial investment the Australian Government makes in early childhood education and care warrants the development of an outcomes framework to measure the impact of high quality programs.

In addition, ECA supports investment to implement the recommendations of the Productivity Commission's 2016 Education Evidence Base report to strengthen and extend data gathering, data systems, and research and analysis.

5. Develop a new Early Childhood Workforce Strategy.

ECA urges the Australian Government to develop a new national early childhood workforce strategy to address workforce shortages which impact on the supply of early education as well as training and development needs that underpin continuous quality improvement. Improving wages and conditions in the early childhood sector would also go a long way to addressing workforce challenges and could be considered as part of this strategy.

6. Commission guidance for teachers and school leaders on early years' pedagogy and intentional teaching for learning outcomes in the early years.

Fund ECA to initiate a consultation and research process into the development of guidance for teachers and school leaders on integrating intentional teaching and play based pedagogies in early education (from birth to 8 years), referencing the Early Years Learning Framework, the Australian Curriculum and contemporary research on best practice pedagogy across early learning settings and the early years of school.



Submission

The benefits of increasing Australia's investment in early education to the OECD average

The Australian Early Development Census (AEDC) 2016 showed that in 2015, one in five Australian children were starting school developmentally vulnerable in one or more domains of child development. Disturbingly, this number is two in five children for Aboriginal and Torres Strait Islander children, as it is for disadvantaged children. In addition, the performance of Australia's school students against international standards is falling, as indicated by results of assessments such as PISA (Programme for International Student Assessment).

A quality early education system for Australia is crucial to ensure that Australia's young children develop to their full potential and to thrive in our society. Participation in high quality early learning has become increasingly important as research now points to the importance of early brain development on future academic and social emotional outcomes for children. The OECD finds consistent links between participation in pre-primary education and success in the PISA in mathematics, literacy and science; a child with no pre-primary education is 1.9 times more likely to perform poorly in education than a student who has attended more than a year of pre-primary education, even after controlling for socioeconomic status.¹ Investing in quality early learning is one of the most valuable investments a country can make.

The OECD recommended in its 2016 "Going for Growth" report on Australia noted that:

*"Improving all levels of education will be crucial to boosting the long-term productive and innovative capacity of the economy. Reform should be geared towards increasing the supply and quality of early childhood education as well as towards improving outcomes at the primary and secondary levels."*²

Australia is the fifth lowest of all the OECD countries in terms of its investment in early education and care, contributing around 0.5% of GDP into education and care prior attended by children prior to starting school.³ In addition, Australia is unusual amongst OECD countries as we have a disproportionate level of funding coming from private sources as compared to most OECD countries, with 28% of funding for preschool education coming from private sources, and

¹ Organisation for Economic Co-operation and Development (OECD). (2016) Education at a glance 2016, Paris, France: OECD Publishing at 80.

² Organisation for Economic Co-operation and Development (OECD). (2016). *Going for Growth 2016: Australia*. Retrieved from <http://www.oecd.org/eco/growth/going-for-growth-2016-australia.htm>

³ Organisation for Economic Co-operation and Development (OECD). (2017) *Starting Strong 2017: Key OECD indicators on early childhood education and care*. Retrieved from http://www.keepeek.com/Digital-Asset-Management/oecd/education/starting-strong-2017_9789264276116-en#page92



37% for early childhood education and care.⁴ Australia has relatively high funding on a per child basis, but overall funding is lower due to the part-time nature of children's participation in preschool and ECEC.

Increased investment in early education would help to deliver both higher quality education and care, and increased participation in early learning, and place Australia in a stronger position with regards to long term outcomes for children.

Australia continues to lag OECD countries in terms of participation of three and four year olds in early education and care, and in particular with regard to three year olds who have access to a high quality preschool program.⁵ Additional investment should aim to boost participation and improve access for disadvantaged and Aboriginal and Torres Strait Islander children in ECEC.

The Australian ECEC workforce is also poorly paid for the work that they do, which not only leads to hardship, but also poor workplace retention and worse outcomes for children. Further investment in the workforce by Government would lift the quality of care for children and improve outcomes.

Recommendation 1: Increase Australia's investment in early education to the OECD average.

ECA recommends that the Australian Government lifts Australia's investment in early education and care to reach at least the OECD average within three years.

Strengthen the new Child Care Subsidy and monitor its impact.

Early Childhood Australia supports many aspects of the government's new Child Care Subsidy, specifically the additional investment in early learning, streamlining the subsidy system and improvements to inclusion support.

However, ECA is very concerned that up to 127,000 families⁶ will miss out on the benefits of early education due to the Activity Test and the way it will impact on families with tenuous or irregular engagement with the workforce. ECA believes that there is a very strong economic case for providing all children with access to at least two days a week of subsidised early learning, regardless of their parents' workforce participation, to achieve their best development outcomes. Research indicates that two days a week of early learning is the minimum necessary to have an impact on child

⁴ Organisation for Economic Co-operation and Development (OECD). (2017) *Education at a Glance 2017: OECD Indicators, Australia - Country Note*, Retrieved from http://www.oecd-ilibrary.org/docserver/download/9617041ec038.pdf?expires=1513736372&id=id&accname=guest&checksum=D81E2D1200479A131E1C94B3A70A30A1_3.

⁵ Organisation for Economic Co-operation and Development (OECD). (2016) *Education at a glance 2016*, Paris, France: OECD Publishing

⁶ Phillips, B. (2016). *Distributional Modelling of Proposed Childcare Reforms in Australia*. ANU Centre for Social Research and Methods. Canberra. Retrieved at http://csrcm.cass.anu.edu.au/sites/default/files/rsss/Childcare_reforms.pdf



development outcomes, and that the benefits are significant and ongoing for children from disadvantaged backgrounds in particular.⁷ Two days per week also provides stability for families supporting employment preparation, searching and transition.

We remain concerned about the inadequate baseline of 12 hours of subsidised access for low income families and believe that this will be insufficient to provide 2 days per week. This will mean that the children experiencing the highest levels of disadvantage may miss out or access inadequate levels of early education. It is worth noting that two in five children (almost half) from Aboriginal and Torres Strait Islander background are vulnerable in one of more domains of childhood development when they start school. It is very difficult to recover from this position of disadvantage and flows on to impact on education achievement, engagement and completion as well as low rates of entry into tertiary and vocational training. Unless we address this we will continue to see systemic, inter-generational disadvantage.

ECA strongly urges the Australian Government to put in place adequate processes to monitor the impact of the new Child Care System on vulnerable and disadvantaged families, and to identify families that withdraw from ECEC, and the reasons why. In addition, ECA recommend that the Government:

- Ensure that the Activity Test is flexible enough to accommodate the needs of families, particularly those with irregular or casual working hours or who are seeking to return to work;
- Increase the base entitlement (below the Activity Test) from 12 hours to at least 18 hours per week of subsidised early learning.;
- Increase the number of baseline hours for children of Aboriginal and Torres Strait islander background from 12 hours to 30 hours
- Increase the household income threshold for the base entitlement from \$67K to \$100K to increase the number of children who have access to the minimum dose of ECEC.

Recommendation 2:

Monitor the impact of the new child Care Subsidy Scheme, and specifically the Activity Test, with regard to the impact on vulnerable and disadvantaged families.

Ensure that the Activity Test is flexible enough to accommodate the needs of families with irregular or casual workforce engagement.

Increase the base entitlement of care from 12 hours to 18 hours a week, and to 30 hours for Aboriginal and Torres Strait Islander children.

Increase the income threshold for the base entitlement to \$67k to \$100k per annum

⁷ Early Childhood Australia. (2014). *Evidence Brief on Two Days of Subsidised Early Childhood Education and Care for all Children*. Retrieved at <http://www.earlychildhoodaustralia.org.au/wp-content/uploads/2014/01/Evidence-Brief-on-2-days-care.pdf>



Secure agreement on universal preschool funding and extend this to 2 years

The National Partnership Agreement on Universal Access to Early Childhood Education (NPA) supports 15 hours per week of preschool delivered by a degree qualified educator, to children in the year before school. The NPA has successfully lifted the participation rates of 4 year olds in preschool from just 12% in 2008 to 91% in 2015, with many jurisdictions meeting the 95% participation benchmark under the Agreement.

While ECA welcomed the announcement in the lead up to the 2017-18 Budget that the National Partnership Agreement would be extended by a further 12 months with an additional \$429.4 million over two years until the end of 2018, we believe that the next Budget cycle should a long-term funding model for preschool to deliver certainty, and increase participation and attendance of children in quality early learning in the year before school.

In addition, the time has come to extend the reach of ambition to delivering the same level of high quality preschool to 3 year olds across Australia. Australia is in the bottom third of OECD countries for enrolment of 3-year-olds in early childhood education⁸, with only 69% of three year olds enrolled in early education and care. Of that, only 15% are currently enrolled in a preschool program.

Australia's performance in the delivery of quality early childhood education and care needs improvement. Currently, one in five Australian children present as vulnerable in one or more domains of social, emotional or cognitive development when they commence school.⁹ This number is two in five children for Aboriginal and Torres Strait Islander children.

Quality early learning is vital for all children, and its greatest benefits accrue to disadvantaged children.¹⁰

In its 2016 report, *Preschool - Two Years are Better Than One*, the Mitchell Institute says:

Access to a high-quality preschool program is one of the few proven strategies for lifting outcomes for all children. Evidence shows that two years of preschool has more impact than one, especially for the children most likely to be developmentally vulnerable. It is time for Australia to pursue a national commitment to ensuring all 3 year olds have access to high-quality early education by offering a second year of preschool.

⁸ (OECD). (2016) Education at a glance 2016, Paris, France: OECD Publishing.

⁹ Australian Government (2016) *Australian Early Development Census 2015*, Retrieved from <https://www.aedc.gov.au/about-the-aedc/aedc-news/article/2016/03/08/2015-summary-findings>

¹⁰ Fox, S and Geddes, M. (2016) *Preschool – Two Years are better than one: Developing a preschool program for Australian three year olds – Evidence, policy and implementation* (Mitchell Institute Policy Paper no 3/2016). Melbourne, Vic.: Mitchell Institute.



ECA is aware that throughout 2017 work has been progressing through COAG as to the benefits and possibilities of extending funding to support the delivery of universal access to two years of preschool. We support the need for work to identify delivery gaps and opportunities, jurisdiction-specific opportunities for delivery, and costing. We understand the complexity of the different delivery models across State and Territory jurisdictions that need to at a commitment to be considered in any longer term agreement. Nevertheless, we encourage the Australian Government to secure an agreement with State and Territory Governments to deliver 600 hours of high quality preschool for 2 years prior to school through the universal access platform.

Recommendation 3: Secure a long term funding agreement with State and Territory Governments for Universal Access to Early Childhood Education for 2 years before school.

The National Partnership Agreement for Early Education and Care which has successfully increased the participation of children attending quality preschool programs in the year before school should evolve into a longer term agreement that secures both Federal and State/Territory investment in preschool programs to achieve 100% participation for one year before school and increase participation for two years to international benchmarks.

Measure the Benefits of Early Learning Investment

International data consistently demonstrates the benefits of early learning, and there is a breadth of evidence that demonstrates the significant benefits that children can gain from participation in high-quality early education and care (ECEC) programs.

The first five years are when children develop important skills for lifelong learning, including the underlying cognitive skills required for later literacy and numeracy development, as well as social and emotional skills, such as participate in groups, cooperate and negotiate, and regulate their emotions. Early childhood educators and teachers utilise intentional teaching strategies and play-based pedagogy in rich learning environments. Early educators have a unique opportunity to identify early signs of developmental delay or social-emotional problems in order to trigger timely assessment and early intervention, ensuring that children are given the best possible opportunities for their individual needs well before they commence primary school.

The OECD identifies that children who attend high quality ECEC have better outcomes later in life, and that disadvantaged children can benefit the most from attending.¹¹ Indeed the research indicates that interventions for disadvantaged children are more effective when children in in their “development window”, and that intervening later is less efficient.¹²

¹¹ OECD (2017) at 146

¹² OECD (2017) at 146



The PWC report '*Putting a value on early childhood education and care in Australia*' (2014) found that the benefits to GDP from children participating in quality early learning stood at more than \$10 billion cumulative to 2050¹³. Additionally, the benefits of increased participation of vulnerable children are estimated to be \$13.3 billion cumulative to 2050.

The Productivity Commissions report into the National Education Evidence¹⁴ base identified that "there is a growing body of international evidence on the benefits of quality ECEC, but there is limited evidence for the Australian context." They identify that linked data could be used to advantage to explore issues such as:

- how ECEC attendance (in terms of both hours and days) affect children's outcomes, including subsequent school achievement, and;
- how ECEC programs benefit different groups of children and families.

ECA supports the development of an outcomes framework to better measure the effectiveness of high-quality ECEC in Australia, and allow for the establishment of targets to drive systemic improvement and inform research priorities. Ensuring we have more extensive education data, including information about the relative effectiveness of different service models, pedagogies and approaches to promoting access and supporting families, and information that tracks a child's journey through early learning to school, is critical to improving the Australian education system and developing effective government policies.

There are some large data collections that could be incorporated, including the Australian Early Development Index (AEDI) and the National Assessment Program encompassing Literacy and Numeracy (NAPLAN) testing, PIRLS, TIMMS and Programme for International Student Assessment (PISA) testing.

There is also the potential to develop future measures on outcomes such as student progression, retention/completion, subject choices and social/emotional wellbeing – all of which have major long term impacts on Australia's future productivity, workforce readiness and population health.

Currently there are significant gaps in the data available. There would be value in the Australian Government acting on the Productivity Commission's report on improving the measurement of educational outcomes, specifically by resourcing:

- higher quality administrative data systems that connect early learning to school;
- the agencies that conduct the Longitudinal Study of Australian Children and the Longitudinal Study of Indigenous Children to establish new cohorts of children at regular intervals;

¹³ PricewaterhouseCoopers (PwC). (2014). *Putting a value on early childhood education and care in Australia*. Australia: PwC.

¹⁴ Productivity Commission. (2016). *National Education Evidence Base: productivity commission Inquiry Report Vol 1, No 80*. Canberra, ACT. Commonwealth of Australia.



- greater data sharing/linkage and access for approved organisations and for approved purposes;
- an institution to be responsible for the implementation of the evaluative research framework, which is accountable to, and funded by, all governments;
- the creation of an online metadata repository for education data collections; and
- the sector to plan and manage the workforce more effectively by implementing gathering of data as proposed by the Australian Institute for Teaching and School Leadership, with that dataset to be extended to cover all education, not only the school years.

Beyond the extent to which ECEC contributes to educational outcome it would also be useful to measure impacts such as:

- Addressing Australia future workforce skills such as creativity & collaboration,
- Reducing disadvantage and vulnerability,
- Supporting families to participate in the workforce and balance both work and family responsibilities, and
- The contribution of the ECEC sector to Australia's economy.

Recommendation 4: Measure the Benefits of Early Learning Investment.

Develop an outcomes framework for the early childhood education and care system to better measure the impact of higher quality programs at the individual and system level.

Implement and fund recommendations of the Productivity Commission's 2016 Education Evidence Base report to strengthen and extend data gathering, data systems, and research and analysis.

A new early childhood workforce strategy

The quality of ECEC is dependent on the quality of the staff providing the services; it has been demonstrated that level of qualification is the single most important determinant in delivering high quality education and care to young children.¹⁵ The Australian ECEC workforce is continuing to under a period of rapid professionalisation, and requires support to lift qualification levels, ensure professional development and develop strong career pathways.

¹⁵ Goodfellow, J. (2007). 'Childcare provision: Whose responsibility? Who pays?' *Kids Count: Better early childhood education and care in Australia*, 248 and Productivity Commission. (2014). *Childcare and Early Childhood Learning and Inquiry Report*, Volume 2, at 310.



The Early Years Workforce Strategy 2012¹⁶ reached the end of its life in 2016. A new strategy that addresses the ever-changing characteristics of the early childhood workforce and ongoing challenges should be developed as matter of priority for the Government.

The 2016 Workforce Census identified that the average length of experience in the ECEC sector for paid contact staff was just 6.6 years, indicating a high staff attrition and movement into different sectors. 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, most educators are on wages that are significantly lower than the workforce average. Certificate III qualified educators earn only \$21-\$22 / hour, around half the average workforce wage.¹⁷ Low wages causes real hardship and keeps the status of early childhood education low. Addressing educators' low wages is crucial to lifting quality and essential to ensuring the future viability of the sector which supports Australian families and children.

ECA recognises the Fair Work Commission avenue to determine wage increases, however we believe that without some form of government supplementation, any increases in pay will impact on families. There is a role for the Government to work with the early childhood sector, and to invest in the early childhood workforce, to ensure recognition of the early childhood workforce through adequate remuneration.

The levels of qualification in the growing ECEC workforce are gradually increasing; the 2016 Workforce Census reported that 85.2% of paid contact staff having an ECEC related qualification; of this, 11.9% are degree qualified, 34% have an advanced diploma and 38% are at a Certificate III/IV level. 14.8% have no ECEC related qualification. However, while the workforce census shows that paid contact staff are continuing to up-skill, a new workforce strategy should consider how the Government can facilitate ongoing professional development, and potentially give consideration to particular regions and populations where access to professional development is difficult (such as rural and regional areas, or in indigenous communities) and where staff retention is poor. With the end to the Early Years Quality Fund in June 2017, and the cessation of the professional Support Funding, ongoing funding for professional development has not been identified. A Workforce Strategy could help identify where professional development funding could be best utilised, and how it could be best delivered.

¹⁶ Standing Council on School Education and Early Childhood (SCSEEC) (2012). *Early Years Workforce Strategy: The Early Childhood Education and Care Workforce Strategy for Australia, 2012-2016*. Carlton, Vic. Education Services Australia.

¹⁷ Fair Work Commission. (2017) *Pay Guide - Children's Services Award 2010*. Retrieved at <https://www.fairwork.gov.au/ArticleDocuments/872/childrens-services-award-ma000120-pay-guide.docx.aspx>



Recommendation 5: Develop a new Early Childhood Workforce Strategy.

ECA urges the Australian Government to develop a new national early childhood workforce strategy to address workforce shortages which impact on the supply of early education as well as training and development needs that underpin continuous quality improvement. Improving wages and conditions in the early childhood sector would also go a long way to addressing workforce challenges and could be considered as part of this strategy.

Intentional teaching and play-based pedagogy

The education of young children is a continuum of educational and care outcomes from birth through to the school years. As Australia moves towards extending high quality educational programs into the early years, early educators understand that it is important to maintain age appropriate and play based pedagogical practices. Indeed, play-based learning benefits children throughout the early childhood years, and extending into the early years of school.

However, with a growing focus on the educational benefits of early learning, and improving outcomes for children in literacy, numeracy and science in the later years of school, early educators could benefit from further guidance through an early years curriculum as to how to deliver the learning outcomes in the years birth to eight years using age appropriate teaching practices, and in particular, through play. As children move into the school settings, and engage with the Australian curriculum, play-based pedagogies are sometimes misunderstood or inadequately implemented, resulting in a 'push down' curriculum. Currently there is limited guidance to teachers working with both the Early Years learning Framework and the Australian Curriculum.

Recommendation 6: Commission guidance for teachers and school leaders on early years' pedagogy and intentional teaching for learning outcomes in the early years.

Fund ECA to initiate a consultation and research process into the development of guidance for teachers and school leaders on integrating intentional teaching and play based pedagogies in early education (from birth to 8 years), referencing the Early Years Learning Framework, the Australian curriculum and contemporary research on best practice pedagogy across early learning settings and the early years of school.