

1. Introduction

This submission is offered in response to the Australian Productivity Commission's Inquiry into Early Childhood Education and Care (ECEC).

The Commission has been tasked with conducting an inquiry into the ECEC sector in Australia and making recommendations that will support affordable, accessible, equitable and high-quality ECEC that reduces barriers to workforce participation and supports children's learning and development.

The Inquiry is being conducted in recognition that ECEC is an essential part of Australia's education system and is integral to Australia's economic prosperity as a powerful lever for increasing workforce participation, and that it has important developmental, social, and educational benefits for Australian children.

As an epidemiologist, Distinguished Research Professor in the University of WA's School of Paediatrics and Child Health and as the author of more than 350 published papers in scientific journals, I support the notion that high-quality, universally accessible ECEC can assist with positive early childhood development and provides a foundation for our children's future well-being and success.

However, I note that at present our ECEC system and our disconnected early childhood development systems create barriers for many families and worryingly, completely fail our most disadvantaged children.

This must change, and this Inquiry must extend its consideration of the ECEC sector beyond the narrow parameters of its function as a market and as a service, taking into account its fundamental role in the development and wellbeing of our children and our society.

The Commission and its officers have been invited by this Government to undertake a critically important task, and I call on them, with the support of submissions such as this one, to live up to the moment with which they have been entrusted.

2. General Comments

2.1 Locating this submission within the 'legislative instructions' of the Productivity Commission

This Submission will respond to the Terms of Reference of the Productivity Commission's Inquiry into Early Childhood Education Australia, and it will make general and more expansive comments that speak to the founding intent of the Commission's work as expressed in its 'legislative instructions'. Specifically, it will speak to the Commission's instructions to:

- Improve the productivity and economic performance of the economy.
- Recognise the interests of the community generally and all those likely to be affected by its proposals.
- Have regard to Australia's international commitments and the trade policies of other countries.
- Ensure Australian industry develops in ecologically sustainable ways.

2.2 Improve the productivity and economic performance of the ECEC sector.

For the Inquiry to improve productivity in Australian ECEC services it must first form an understanding of productivity that is contextually relevant to this unique sector.

Productivity can be understood to describe the relationship between the inputs and corresponding outputs within a system. Accordingly, to consider productivity in ECEC context it must understand the unique inputs and outputs of the sector.

2.2.1 ECEC Inputs

Inputs into the ECEC sector extend beyond the investment of capital, labour, and materials.

The primary input into ECEC is the investment of our children's most developmentally significant years – a time when more than 1 million neural connections are being formed and the brain grows to 90% of its adult size.

This input is unique to the ECEC sector and must be held at front of mind in the Commissions Review. ECEC must be understood not only as an investment **in** our children, but as an investment **of** our children.

There is no 'redo' of the early years, and how those years are invested is critical to every aspect of children's lives and to our collective future.

2.2.2 Outputs from ECEC

The outputs of the ECEC sector extend beyond the provision of services.

The primary output of the ECEC sector is the developmental gains of the children it serves. These gains are cognitive, social and emotional, and physical. They help shape engagement, health and learning behaviours and they have a direct impact on the capacity of children, our society, and our economy to thrive into the future. Put simply ECEC is about ensuring most of our children can participate fully in our future societies.

Importantly, these outputs are delivered over an extended timeline that extends well beyond the transactional provision of the ECEC service itself. Accordingly, the comprehensive and sustained use of data is critical to understanding and measuring those outputs (see section 2.5).

2.2.3 General comment on productivity in ECEC

More than 20 years ago, we (a large group of child and youth health researchers and practitioners) were alarmed by the rapid increases in the new morbidity and wicked problems in Australian children.

The suicide rate in males aged 15-19 rose 4-fold between 1980s and 2000 and 2-fold for girls. More children had developmental disorders and a range of mental health problems, other than suicide.

More children were unable to navigate the school system and when we introduced a national measure of early child development (AEDC) the social divide between wealthy and poorer areas was increasing and disturbing. The AEDC data also showed the worrying differences between geographic locations.

We made clear that investing in the early years was an important vehicle to improve our society, socially and economically. That call to invest in early childhood care and education was international, with most OECD countries, the World Bank, and others – making the argument that it would be the way to improve whole of society outcomes.

But this argument, based on extensive research, and with the best interest of our society in mind, was countered by governments around the world with a myopic focus on GDP and wealth creation. The early interventions we called for were not delivered in ways that were strong enough to counter this excessive capitalist agenda. We naively underestimated the power of the huge corporations which were so negatively affecting our children's health and wellbeing. The fossil fuel, alcohol, tobacco, media, fast food and sugar industries have been far more powerful than our research and evidence to nurture our children. Our poorly coordinated and piecemeal ECEC services were no match for these damaging factors. Hence the risk factors for poor outcomes increased and the preventive factors decreased.

Thus, as we predicted, many of the measures of childhood health and wellbeing are worse now than they were then and we continue to confront the tragedy of social inequity and entrenched disadvantage in our Aboriginal communities. We are seeing very worrying increases in overweight and obese children and those suffering from mental health issues.

Our children are being damaged by the uncivil nature of our society (Stanley, Prior and Richardson, 2005).

That inequity which is threatening our social cohesion sits at the heart of inequity in health and learning outcomes for children – the so-called social determinants of health - and they demand our immediate attention.

These negative impacts cost our children and our society dearly in ways that extend well beyond as narrow a measure as GDP. They come with direct costs in services that try, and routinely fail, to mop up the issues created in the early years, and with the opportunity costs of failing to maximise the potential of our children who are the workforce of tomorrow. As noted in section 3.8, the cost of late intervention has been shown to run at an estimated \$15.2billion annually.

Right now, the attention of this nation is turned to investing in the early years. A fact driven by decades of research and advocacy and highlighted by this very Productivity Commission Inquiry. That attention is a once in a generation opportunity to open the aperture of our view of the value and impact of how we choose to invest in the early years.

We must address the whole-of-society circumstances that enable or disable the development of our children. Because we know the impact of what happens in the early years has lifelong implications for their ability to learn, to contribute to the society in which they live, and to reach their genetic potential.

For that opportunity to be taken, this Productivity Commission Inquiry must not allow its considerations to be confined to questions of transactional economics alone. It must consider the lives of our children that are precious inputs into the ECEC system and the wellbeing of our society that is its fundamental output.

What is produced through ECEC must not be profit, but the capacity, health and wellbeing of generations.

Recommendation:

- This Productivity Commission Inquiry must not allow its considerations to be confined to questions of transactional economics and their impact on GDP. It must consider the lives of our children that are precious inputs in the system and the wellbeing of our society that is its fundamental output.

2.3 Recognise the interests of the community generally and all those likely to be affected by its proposals.

A most important aspect of developing effective services that work for all families is to engage with those who will be recipients of such services. The wellbeing approach being considered currently by our Federal Government has this on their agenda.

It aims to identify those values that Australians feel are important for an equitable and sustainable future for their children and their nation. The most effective services will be those which are developed and delivered with a close understanding of the variable lived experiences of the populations for which they are being planned. Whilst this underpins the rationale for the First Nations Voice to Parliament, it is also relevant for the development of services for all of us.

For this inquiry, to act in the interests of the community and those most likely to be affected by its proposals it must engage with the communities in question. Furthermore, in undertaking that engagement it must understand the power of prevention for most of today's societal problems and use data to guide it.

During the Covid pandemic the advice of scientists was valued, and evidence-based policies were implemented, driving swift and effective responses to a suite of critical challenges. The science of epidemiology was valued then, and it helped deliver positive outcomes. We must take this lesson forward and apply it to the other critical interests of our community. If we fail to do so, we sentence our community to a negative cycle of disadvantage and inequity.

We cannot allow this pattern to be perpetrated in the education and care of our children in their early years.

Recommendation:

- This Productivity Commission Inquiry must engage directly with community in order to understand its needs.

2.4 Have regard to Australia's international commitments and the trade policies of other countries.

This Commission of Inquiry must have regard for Australia's commitment to the United Nations Convention on the Rights of the child (1989) which it ratified in 1990. In particular, it should have regard for Article 18 of the Convention, which reads:

1. States Parties shall use their best efforts to ensure recognition of the principle that both parents have common responsibilities for the upbringing and development of the child. Parents or, as the case may be, legal guardians, have the primary responsibility for the upbringing and development of the child. The best interests of the child will be their basic concern.

2. For the purpose of guaranteeing and promoting the rights set forth in the present Convention, States Parties shall render appropriate assistance to parents and legal guardians in the performance of their child-rearing responsibilities and shall ensure the development of institutions, facilities and services for the care of children.

3. States Parties shall take all appropriate measures to ensure that children of working parents have the right to benefit from child-care services and facilities for which they are eligible.

Recommendation:

- This Productivity Commission Inquiry must have regard for Australia’s obligations to provide child-care services for all children.

2.5 Ensure Australian industry develops in ecologically sustainable ways.

Having an accurate, and up-to-date, understanding of community needs is critical to building the fit-for-purpose policy settings that required to ensure the ECEC sector develops in a sustainable way.

Australia is lucky to have excellent total population data sets on all births, childhoods and youth across all the domains (health, development -AEDC-, education, disability, child protection, living conditions, mental health and justice) that underpin early childhood development systems including ECEC.

This data needs to be located, properly curated, linked to enable pathway analyses and analysed nationally and by each state and territory.

To provide the ECEC agenda for all, and to measure its impact over time, these data should be used to:

1. Identify populations of children by geographic location, socio-economic status, other potential risk factors and sub-population (e.g. First Nations) to enable planning of appropriately located and properly resourced services;
2. Identify the acceptability and use of these services by all groups in the population – who are using these services and who are not? (the question ‘*why*’ then needs to be addressed);
3. Develop a regular dependable, trusted series of outcomes for all children and young people to evaluate the success or otherwise of these services. These data need to be collated and reported on annually by the proposed national body recommended in section 3.5.

Effectively measuring the outcomes of ECEC policy and service delivery is fundamental to maintaining social buy-in to services, and to sustain funding streams to support it.

This data could also become part of the national agenda to measure wellbeing as well as GDP to evaluate societal progress. Treasury has proposed a unit to assess effectiveness and these data would be important for that activity as well.

Recommendations:

- Investment must be made in collating, curating, and analysing data to inform ECEC policy and support ongoing and sustainable support and funding for ECEC.
- This Inquiry must downgrade commercial returns as the singular measure of the success of our ECEC system and richly supplement it with measures that the community really value for the sustainable and equitable wellbeing of all our children.

3. Comments on Terms of Reference

3.1 developmental and educational outcomes for Australian children, including preparation for school

As mentioned in section 2.3, my research has focussed on getting the best population data to identify the pathways in to all the major problems affecting children, families, First Nations etc with the aim of intervening to enhance preventive factors and reduce risk factors - to invest early in pathway, not waiting till the process has become irreversible where costly interventions don't work.

The developmental and educational outcomes for children are no different to other areas of wellbeing or disadvantage – they respond positively to early intervention. The support of positive developmental outcomes requires early intervention based on research and data. And those supports must be available to all children irrespective of postcode or parental income.

Without high-quality, universally accessible, early childhood support we will continue to see poor outcomes, particularly in Aboriginal, regional and remote communities. And as a nation we will continue to fall down international education rankings and to face crisis in juvenile justice like the one in my home state of Western Australia, and the one currently gripping Alice Springs.

It is no coincidence that when commenting on the unrest in Alice Springs on the 7.30 Report in February this year, Pat Turner focussed on the importance of early learning and care centres.

“We have to have proper family support, wrap around services, and we have to have an increased level of programming for children, and that is from early childhood, (to support) normal neurological development and physical development as well as their psychological wellbeing,” she said.

“I am a big advocate of early learning centres for Aboriginal kids, and for all Australian kids, the whole society would benefit from that.”

Recommendation:

- This Productivity Commission Inquiry must understand the power of intervention and apply its lessons to its considerations of ECEC productivity.

3.5 Required regulatory settings, including to manage compliance and integrity risks for Commonwealth programs.

Like most of the wicked problems which disable wellbeing, providing high quality, affordable, and universally accessible ECEC will demand whole of government, whole of society, cross disciplinary approach.

Recommendation:

- This Productivity Commission Inquiry must recommend that responsibility for the universal provision of ECEC be given to a new national body, overseen by Commonwealth and State Governments, to ensure that government response to this issue is not fragmented between jurisdictions.

3.7 the operation and adequacy of the market, including types of care and the roles of for-profit and not-for-profit providers, and the appropriate role for government.

How do we use the EYS to create environments that nurture not punish, remove barriers not create them, avoid commodifying every aspect of pregnancy, birth and childhood and does not rely on markets to provide care whilst delivering share-holder profits?

Covid certainly exposed the failure of privatised services in aged care, childcare and other welfare services. How do companies make money out of providing childcare or care in prisons? By cutting corners and not adhering to high quality standards.

This new government is giving us the best opportunity we have ever had to collectively deliver for the early years. The Prime Minister (Albanese) started his acceptance speech by promising to implement the Uluru Statement from the Heart and to provide universal early childhood education and care. And we have a Treasurer (Chalmers) committed to wellbeing over GDP to measure his budget impact.

Chalmers, in his Monthly essay said “the election was as much about new beginnings as about a wasted decade; a change of mindset more than a change of government” and “by failing to put values at the forefront of how our economies work, we leave behind reams of wasted talent, a degraded environment and social dislocation – all of which diminish the productive capacity and the ability to create value”.

To turn this situation around we need to acknowledge that profit has no place in systems trusted with the health and development of our children.

Commercialisation results in failed care. A recent example was the release of data on the percentage of childcare and early learning centres that did not have a full complement of qualified staff. The report showed that one out of every six private centres was falling short on that measure. In the not-for-profit sector it was significantly lower, at one in ten.

These are things that must change if Australia is to live up to this moment of opportunity and build a world class early childhood system that will benefit all families for generations to come.

We do not have to choose between the health of our economy and the wellbeing of our children – the two are inextricable. Rather, we have the chance to create the Australia that we want to live in, and it starts with investing in our children.

Recommendation:

- This Productivity Commission Inquiry, with input from the ACCC Childcare Inquiry, must examine the impact of a market-based model on the delivery of ECEC in this country and explore opportunities to reshape ECEC delivery through a model that prioritises quality and universal accessibility over profit.

3.8 impacts on the economy, including workforce participation, productivity and budgetary implications.

There must be a real understanding by those in power that early pathway investment is **far** more cost-effective, humane and sensible than huge costly ineffective spending at the ends of pathways.

The costs of not implementing effective early interventions, reducing risk and increasing preventive strategies are now enormous in many wealthy countries. The significant increases in poor outcomes mentioned earlier have been estimated at \$15.2 billion¹ per annum with costly (and mostly ineffective) services in health(overweight), mental health, education, child protection, disability, and justice.

I give the disastrous example of youth justice in most Australian states and territory, where the clearly researched and understood pathways into youth crime are being ignored with policies and practices that are exacerbating the situation alarmingly.

We know that in the only juvenile detention centre in WA, nearly 90% of children aged 10 to 18 years, have serious neurodevelopmental disorders (Bower et al, 2019). These include Foetal Alcohol Spectrum Disorders (FASD), intellectual disability and ADHD, with many of these children having their disabilities worsened by early life trauma. A large proportion of these children are Aboriginal.

If similar studies had been done in NT, Qld and Tasmania, there would have been similar levels of problems. The Banksia study also showed that the staff were not trained to manage these children who have behaviour problems which are made worse by the punitive detention experiences they have (Passmore et al, 2019).

We know that these pathways are mostly **preventable** by:

- i) early intervention in pregnancy and the early years to prevent FASD and other disabilities;
- ii) early assessment and remediation in high-risk families and children;
- iii) investing in a range of suitable diversionary programs to avoid children being detained; and,
- iv) if in detention, delivery of appropriate therapeutic programs based on the neurodevelopmental assessment of each child.

It is anguishing that politicians and bureaucrats who are aware of these pathways, still put them in punitive environments which ensure that they will never improve but come out more damaged and more dangerous to the public. The costs to the community and taxpayers is much greater compared with intervening earlier, and it's more humane.

The pathways which are resulting in more Aboriginal youth unrest and aggressive behaviours today (in WA, NT, Qld) could have been interrupted if the former national Coalition government had not defunded the 75 Aboriginal Community Controlled Child and Family Centres around the country. These centres were culturally rich, provided a range of services to enhance the health and wellbeing of children and supported families. They were the most effective (and cost-effective) early childhood strategy for Aboriginal people and resulted in a range of improvements including increases in Year 12 completions (Closing the Gap data) nationally.

The impact on our society and on our economy of not addressing these issues early and effectively cannot be overestimated. And the same is true of early childhood education and care.

Recommendation:

¹ How Australian can invest in children and return more; A new look at the \$15b cost of late action.
<https://www.minderoo.org/thrive-by-five/#resources>

- This Productivity Commission Inquiry must focus its attention on the broad areas of social impact that failing to properly invest in ECEC can disastrously effect – including youth justice, disability, child physical and mental health, education and child protection.
- This Productivity Commission Inquiry must understand the power of early intervention and apply its lessons to its considerations of the economic and productivity impacts of proper investment in ECEC.

3.9 A pathway for implementation.

Aboriginal controlled family centres in places, like those in Fitzroy Crossing in WA, and Thomas Town, in Victoria, provide a valuable example of a pathway for implementing high quality and universally accessible early childhood education and care. Places where **all** parents and children are welcome, where properly trained professionals form a web of trusted relationships with families, where culture is important, and where children can have all their needs met.

How wonderful it would be if centres like these were in every Australian community.

Instead, we saw funding to 75 centres like this cruelly cut by the Federal Government in 2014, along with the introduction of policy settings that impede access to early education and care to many of those who would benefit from it the most. Policies that have, I would argue, contributed to the rise in juvenile offending in our most disadvantaged communities.

Recommendation:

- This Productivity Commission Inquiry must recommend the restoration of funding to Aboriginal Controlled family centres and explore the extension of their underlying model in all communities.