

STARTING NOW

The first steps to delivering the best early childhood system for Australia

Our investment in the early years should deliver a triple dividend to the nation – improving outcomes for children, supporting workforce participation and boosting the economy. Major new commitments from Commonwealth, State and Territory governments recognise that there is more work to be done if we are to fully realise the promise of this investment.

Recent Commonwealth and State announcements of significantly increased funding on the Child Care Subsidy, preschool programs, infrastructure and capacity increases as well as workforce sustainability, are important steps to address the affordability and accessibility of high-quality early childhood education and care. These commitments are critical building blocks to achieving the shared vision of universal provision.

Universal early childhood education and care should provide the backbone of an integrated early childhood development system. It is the much-needed starting point for long-term, nation building work to turn what is currently a complex and fragmented approach to the early years into a system that meets the needs of all children and families, regardless of where they live or their circumstances.

But the full benefit of these commitments won't be achieved if departments and governments act in isolation. To deliver a high quality system that is underpinned by a valued and highly skilled workforce, that brings together the range of services children and families need and can respond to children who need additional support, Commonwealth, State and Territory governments must work in collaboration. Strong incentives must also ensure all relevant Commonwealth agencies work together to secure that triple dividend.

Now is the time for all governments to work in partnership, with the sector and communities, to put the foundations in place for a new approach to early childhood development in Australia – a high quality, universal system that delivers for all children, for all families and the economy.

Designing a better early childhood development system

The evidence of the economic, educational and social dividends of investing in systemic, integrated early years reform is overwhelming and incontrovertible. But right now, we have an early childhood system that does not deliver for all children and families and, in fact, inequality is growing.

The fragmented and inequitable nature of our early childhood development system means that the early years experience varies widely for families – from state to state, region to region and even within communities. Fragmented and inaccessible services are compounded by critical shortages in early childhood professionals across the country. This means we are not seeing the developmental outcomes we should expect for all children. Nor are we realising the full potential of women's economic opportunity or reaping the flow on benefits to the nation's productivity.

The Centre for Policy Development's (CPD) *Starting Better* report set out a deliberately ambitious proposal for a national guarantee in the early years, which would be an entitlement to the high-quality services on which all children and families can rely. It's an approach that has been backed by business, unions and the sector. At its centre is universal access to low or no cost quality education and care before children start school.

Delivering universal early childhood education and care should be the core of a new early childhood development system, but it will take a decade of joint action to fully implement. The existing approach involves a mix of responsibilities between Commonwealth and States, wide variation in service systems, different starting points for reform across jurisdictions, and critical gaps in quality, access, service provision and workforce supply.

A nationally consistent entitlement won't succeed without national leadership and the collective effort of governments, early childhood services, experts and sector leaders.

Ensuring our early childhood development system delivers high-quality, affordable and connected services to all children and families and provides additional targeted support to those children who need it most, demands that governments and stakeholders work together to align how all parts of the system are funded, planned and delivered.

System redesign should be guided by five key principles:

1. Commonwealth, States and Territories have joint responsibility to steward and deliver a universal, child-focused system that provides an entitlement to high quality, accessible services for all children and families
2. A highly skilled and valued workforce underpins high quality service provision, with urgent action on workforce planning and sustainability necessary to realise the ambition of a universal system
3. Services are delivered in a way that is integrated for children and families, that builds the connection to local communities and responds to local and diverse needs, including Aboriginal and Torres Strait Islander communities as a priority
4. Fair and predictable funding arrangements enable high quality services to be delivered free or at low cost
5. There is a collective and coordinated approach to better and more transparent data, to support the role that services and the community plays in achieving improved outcomes, particularly for the most vulnerable children



We have not been getting the most out of investment in the early years

Investing in the early years is the smartest investment that we can make for children, women's workforce participation and the economy. But right now, we are failing a lot of families. More than one in five children still start school developmentally vulnerable, a statistic that has not changed since 2009.¹ Children who don't participate in early childhood education have significantly higher odds of being developmentally vulnerable compared to those who do, even when accounting for other variables.²

Yet more than a third of children under five across the country live in 'childcare deserts', with families in disadvantaged and regional areas the least likely to have access to services.³ For those families who do access early childhood education and care, the high cost results in parents – more often than not women – working fewer hours than they would like.⁴ And there can be significant variability in the quality of that education and care, depending on the service that a family can access and where they live.⁵

The quality of early learning relies on highly skilled early childhood professionals and this workforce has grown significantly over the last two decades.

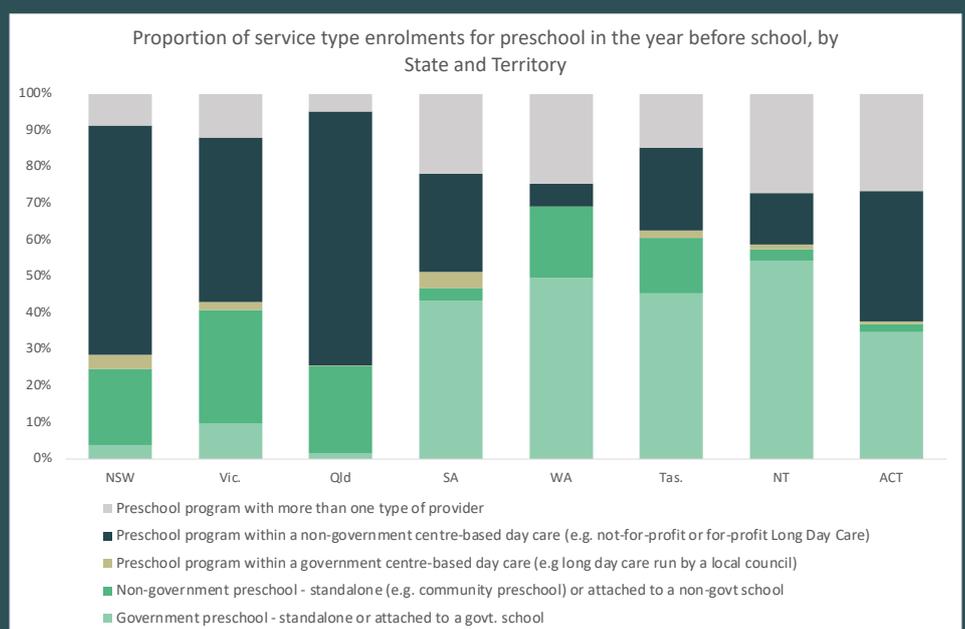
But with wages low, work insecure and career paths uncertain, we are not keeping pace with this demand. More than one in seven long day care centres nationally have sought an exemption from national quality standards because they can't get the staff to be compliant.⁶ And this problem is set to worsen still – almost three in four early childhood staff say they intend to leave the profession within the next three years because of excessive workloads, low pay, and feeling undervalued.⁷

It is not just the accessibility, affordability and quality of early childhood education and care that constrains choices and opportunities for families and children. Limitations and inconsistencies in one part of the system, such as paid parental leave or child development checks – puts pressure on other parts of the system. This compounds inequalities and leaves many families and children without the supports they need in the critical early years.

The levers to address these challenges don't sit within one portfolio and don't rest with one level of government. If we are to get the most out of our investment in the early years a new approach is needed to early childhood development in Australia.

The early childhood education landscape is different across the country

Children undertake a preschool program in the year before school in a range of settings, with the mix of service types differing significantly across jurisdictions. The graph shows the delivery profile across states and territories for year before school preschool enrolments.



ABS (2022) Preschool Education Australia, Table 2: Children Enrolled by sector and age, total

Laying the foundations for a universal system

The Commonwealth Government has committed to increased investment in the Child Care Subsidy combined with mechanisms to improve transparency and regulation of the price of child care and the relationship between service fees, profits, wages and conditions. These are important first steps to addressing the affordability and accessibility of early childhood education and care, and to achieving the Prime Minister's vision of universal child care.

A staged reform process enables this down payment investment to be made now, while the key features of high-quality, universal early childhood education and care that meets the needs of all children and families are put in place, in partnership with States and Territories. This work builds on previous national collaborative efforts and existing investments in the National Quality Framework and Early Years Learning Framework.

A staged approach also means governments can start now on the urgent action needed to build the strong workforce pipeline required to deliver a high quality, universal system.

This will enable universal early childhood education and care to be the backbone of a broader universal early childhood development system that delivers the holistic range of services and supports that help all young children and families to flourish regardless of where they live and their circumstances.



Key national priorities

- Improving affordability and accessibility of early childhood education and care
- Ensuring we have the skilled workforce to deliver high quality early childhood education and care
- Commencing joint design on a universal system

Key national priorities over the next 12 months

Improving affordability and accessibility of early childhood education and care

- Prioritise the commitment to increase the Commonwealth Child Care Subsidy by **bringing forward well-designed changes to the subsidy** to early 2023.
- Make immediate improvements to the accessibility of early childhood education and care, as part of the legislative amendments required to give effect to the increased subsidy, by **recalibrating the activity test to ensure all families can access at least three days a week of care**. Complex activity test arrangements make it difficult for families to plan and reduce access to early childhood education and care for some of the most vulnerable families whose children stand to benefit the most.
- **Expedite steps to improve transparency in the sector**, including the ACCC's work to monitor and regulate early childhood education and care providers, to ensure the additional Commonwealth investment flows through to families and to educators and teachers. It will be critical for this work to consider how the market is currently operating particularly at a local level, including the interactions between supply, cost and the price of provision and the connection to wages.
- Work with States and Territories to **align capital investments** and provide adequate operational funding to address gaps in the supply of early childhood education and care services. This should include support for not-for-profit and public provision in under-served communities, and opportunities to leverage existing public infrastructure and co-locate services on school sites.

Ensuring we have the skilled workforce to deliver high quality early childhood education and care

- Prioritise workforce sustainability challenges in the early childhood education and care profession as part of the upcoming Jobs and Skills Summit, including **proposals that can be implemented over the short and medium term to lift pay and conditions** across the country. Without collective effort and national collaboration, there is significant risk that workforce shortages will be improved in some areas while exacerbated in others.
- Work in collaboration with States and Territories to deliver the National Children's Education and Care Workforce Strategy, with turbocharged investment to amplify successful programs and address wages and conditions as an important first step. Sustained change will require a shift away from small-scale and piecemeal action, to a **joined up approach that mobilises governments, employers and unions** to deliver new career pathways and qualification models, ongoing professional development and improved remuneration.
- Ensure proposed amendments to the Fair Work Act, including the statutory Equal Remuneration Principle, allow for **effective equal pay and work value cases**, addressing impediments to effective bargaining and better reflecting the professional value of the work performed by early childhood educators and teachers.
- **Prioritise training for early childhood educators and teachers** as part of commitments to Free TAFE and VET subsidies, as well as investment in early childhood teaching degrees to support those already working in the sector to upskill, with a focus on high quality and flexible delivery and increased support for work placements, mentoring and specialisation in birth to five education practice.
- Invest in the quality of early childhood education and care through **funding for professional development** for teachers and educators to deliver the enhanced Early Years Learning Framework, which is due for release shortly.

Commencing joint design on a universal system

- Obtain early **agreement from all First Ministers** to work together on a universal early childhood education and care system as a national priority and shared responsibility.
- Under the auspices of First Ministers:
 - establish a **joint body to commence work on the development of a simpler, fairer system** for high quality, universal early childhood education and care, regardless of setting, with the highly skilled workforce to deliver it. This work should be consistent with the design principles set out on page 2 and include joint Commonwealth and State responsibilities and funding commitments. It should also include consideration of the appropriate statutory functions required to ensure accountability for holistic outcomes delivered through universal early childhood education and care.
 - appoint a **Special Commissioner to conduct the Productivity Commission inquiry**, the scope of which should be focused on providing the information and analysis needed to support the delivery of the Commonwealth's objective of universal child care. It should be clear that the purpose of such a universal system is a dual one: early learning and care for all young children as well as supporting parental workforce participation. The inquiry should examine how funding ensures delivery of quality outcomes for children and equitable, accessible and affordable services for families. An independent panel should be established to support the Commissioner's work, with the inquiry reporting within 12 months.
 - commence work on the **national early years strategy which should have a well-connected early childhood development system and a guarantee for children and families at its core**. The strategy should set out how well-designed early years investments will interact to support all children and families. This includes early childhood education and care, paid parental leave, maternal and child health, income support, NDIS and child protection.

Commencing joint design on a universal system [continued]

- In the first instance, a taskforce should be established to support the development of the national early years strategy, **bringing together all critical Commonwealth portfolios** including education, social services, health, employment and skills. This work should also connect with efforts underway on measuring wellbeing as part of the Commonwealth budget process.
- Commence **negotiations with ‘reform ready’ States and Territories on how a universal system would be delivered**, starting in priority locations and mapping gaps in service provision. This should include further investments in innovative place-based approaches that support local capacity building, address local needs and incentivise integrated service delivery.

Moving to transition and scale

The priorities over the next 12 months should set out the pathway to embed a high quality universal early childhood education and care system over the next decade.

A phased approach to implementation would see the transition to a universal system over the next 3-5 years and the system at scale in ten years. This is because it will take time to ensure we have the highly skilled workforce in place to deliver a universal system and have filled the gaps in service supply.

Staged reform also provides an opportunity to connect other essential supports in the early years, including expanded paid parental leave, child and maternal health services and family support services, over time, and to embed delivery approaches that build the ownership of local communities and respond to local needs.

Now is the time to reap the triple dividend from our investment in the early years.

There is significant momentum for change from families, business and early childhood services, which is matched by the priorities of Commonwealth, State and Territory governments. This is the opportunity for governments to work together, with the sector and communities, to achieve ambitious, nation building reform – a universal, high-quality early childhood development system on which every family can rely.

The Starting Better Guarantee

In February 2022, CPD launched *Starting Better*, a landmark report setting out a deliberately ambitious decade-long reform to deliver a **national guarantee for families and children** and harness the benefits of early years investment for children, families and the economy.

Just like healthcare and school education, a national guarantee in the early years would be an entitlement that every Australian can rely on. It’s an approach developed in partnership with **CPD’s Early Childhood Development Council**, is backed by business, unions and the sector, and is a priority area for state and territory governments.

The core elements of the guarantee are:

- more paid parental leave, shared between partners
- universal access to maternal and child health care, consistent across all states and territories, with additional support for families who need it
- universal access to 30 hours or three days of low or no cost quality education and care before children start school, including two years of preschool education
- extra support for families to navigate the system and
- more effective transitions from early learning to primary school.

This is based on the evidence of what has the greatest impact, connecting all parts of the early childhood development system from the day a child is born until the early years of primary school, and combining universal services with bespoke support to meet families’ needs and aspirations.

[Read the full report here.](#)

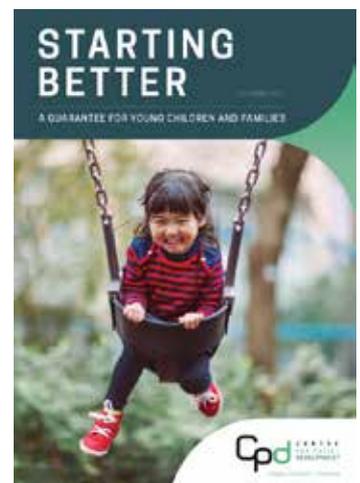
Blueprint for implementation

First 12 months: Foundations	By 2025: Transition	By 2030: Scale
<p>Deliver commitments to increase the child care subsidy, and mechanisms to regulate and monitor the price of child care and improve sector transparency</p> <p>Align capital investment to address gaps in ECEC supply, including through non-profit and public provision, and opportunities to leverage existing public infrastructure and co-locate services on school sites</p> <p>Prioritise actions and investment to address sustainability and supply of the ECEC workforce, including as part of the Jobs and Skills Summit, investments in Free TAFE and university places, and immediate improvements to pay and conditions</p> <p>Establish a commitment from First Ministers to work together on a universal early childhood education and care system as a national priority and shared responsibility, with a joint body commencing work on the design of a simpler, fairer system</p> <p>Appoint a special commissioner to conduct the Productivity Commission inquiry, supported by an independent panel, to examine how to deliver universal ECEC, including how funding ensures quality, equity, accessibility and affordability</p> <p>Commence work on the national early years strategy, which should focus on an well connected early childhood development system and guarantee for children and families, supported by a taskforce bringing together all critical Commonwealth portfolios</p>	<p>Universal early childhood education and care system enshrined in legislation</p> <p>A simpler, fairer system in place for early childhood education and care, regardless of setting, together with the statutory functions to ensure accountability for the outcomes of universal ECEC</p> <p>Full implementation of the national workforce strategy and joined up approach in place to deliver new career pathways and qualification models, ongoing professional development and improved remuneration</p> <p>National commitment to two years of preschool education, and additional targeted supports in place for vulnerable children</p> <p>Expansion of other critical early years services and supports commenced, including paid parental leave and nationally consistent approach to maternal and child health checks</p> <p>Transition commenced with 'reform ready' States and Territories in priority locations, including further investments in innovative place-based approaches that build local capacity</p>	<p>Scale up the universal early childhood education and care system and refine design with the aim of a mature, fully embedded system by 2032</p> <p>Full expansion of paid parental leave and maternal and child health checks</p> <p>Innovative local approaches are embedded and inform system design</p> <p>Co-location models are expanded, as part of local early years planning</p>

Endnotes

1. AEDC (2022) [AEDC 2021 National Report](#)
2. Sincovich et al. (2020) [The relationship between early childhood education and care and children's development](#) (AEDC Research Snapshot). Note: higher odds of developmental vulnerability apply to four out of five AEDC domains: Physical Health and Wellbeing, Social Competence, Language and Cognitive Skills, and Communication Skills and General Knowledge
3. Hurley et al (2022) [Deserts and oases: How accessible is childcare?](#) Mitchell Institute, Victoria University
4. Wood et al. (2020) [Cheaper childcare: A practical plan to boost female workforce participation](#), Grattan Institute; Chief Executive Women (2020) [Enabling economic recovery through accessible early childhood education and care](#)
5. ACECQA (2022) [NQF Snapshot Q1 2022, Overall Ratings](#)
6. ACECQA (2022) [NQF Snapshot Q1 2022, Waivers](#), W6: Proportion of services with a staffing waiver by jurisdiction and service sub-type
7. United Workers Union (2021) Exhausted, Undervalued and Leaving: The crisis in Early Education

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[Read Starting Better here](#)