

ACT Government Submission

to the Productivity Commission's 2023 Inquiry into the early childhood education and care (ECEC) sector, including centre-based day care, preschools, family day care, in-home care and outside school hours care.

Overview

The ACT Government welcomes the opportunity to provide a submission into the Productivity Commission's 2023 Inquiry into the Early Childhood Education and Care (ECEC) sector. This submission identifies issues and provides suggestions for the Commission to consider as it develops 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 ACT has been at the forefront of the growing national recognition of the important contribution that the ECEC sector makes to the Australian education system and economy and to ensuring the best start in life for children. The systems that support the ECEC sector must reflect this contribution, to ensure there are no social or financial barriers to children participating in high quality early childhood education before they start formal school and through out of school hours care, supported by a professionalised, skilled and stable ECEC workforce now and into the future.

Learning begins from birth, and quality learning and development outcomes for children can only be achieved by acknowledging that every child starts with a different set of circumstances that impacts their critical early years. Access to quality early learning also supports higher adult workforce participation rates, particularly for women. Early learning is not about 'child care'; it is about setting children up for success and the life chances that flow from it. High quality, affordable ECEC is part of the fabric of a cohesive and productive society.

The key recommendations for the Commission to consider are:

- A national system that significantly reduces social and financial barriers to accessing quality ECEC, including out of school hours care, especially given the evidence base on the investment return for early childhood education later in life;
- A national system that delivers universal access to free quality early childhood education, at least for the two years before formal school, demonstrating the best use of public funding to deliver best practice in ECEC, and mirrors the social good of universally free education which is not driven by profits and shareholders;
- Professional recognition and remuneration of the education and care workforce, who are predominantly women; and
- Balancing improved access with higher quality and delivering culturally safe and supportive early learning for Aboriginal and Torres Strait Islander children.

National Policy Context

Nationally, the critical need to invest in early childhood education was detailed in the February 2018 report [*Lifting our Game: Report of the review to achieve educational excellence in Australian Schools through early childhood interventions*](#) (*Lifting our Game*). *Lifting our Game* sets out the international and national evidence that found that high quality early childhood education improved student

performance at age 15 as well as improving children's disposition to education; higher educational achievement; decreased special education placements and increased rates of school completion.¹ It also summarised the evidence of the positive impact of quality early childhood education upon health and social outcomes upon individuals as well as the economic benefit.²

The Front Project commissioned PricewaterhouseCoopers to undertake a cost-benefit analysis of Australian early childhood education programs to address a significant gap in the Australian evidence base and to contribute to the national conversation about why investment in the early years is central to national long-term productivity and prosperity. The study highlighted how attendance in early childhood education improves the likelihood of those children going on to higher education. In turn, the report considered the relationship between higher education attainment and lifetime earnings.³ For example, a Bachelor degree can increase annual earnings of 45 to 50 per cent and a Master degree can increase annual earnings of 66 to 74 per cent. Overall, the study identified that expenditure on early childhood education has a significant return on investment with approximately \$2 of benefits for every \$1 spent on early childhood education, or a return on investment of 103 per cent.⁴

ACT context

The ACT has long recognised that access to quality ECEC is pivotal to children's learning and wellbeing and provides them with a fair start to life. Since the 1940s the ACT Government has partnered with the community to develop and invest in free preschool education for children in the year before formal school. Building from one preschool to now 81 public preschools and five [Koori Preschools](#), the ACT is committed to providing universally free, high quality early childhood education for all children.

In the ACT, ECEC is provided through a range of government and non-government settings including for-profit and not-for-profit centre-based service providers, public and private preschools and early learning centres, family day-care services and play schools. Alongside these services are a range of community and health services that support the development of children in their early years.

From 2009, the ACT has provided 15 hours per week, 600 hours per year, of free preschool for children in the year before formal school (four years-old). The ACT Government funds public preschools delivered by Early Childhood Teachers, with the Australian Government contributing funding to support quality provision through the Preschool Reform Agreement 2022-2025 (PRA) (formally the National Partnership Agreement on Universal Access to Early Childhood Education). Being delivered by Early Childhood Teachers (ECT) is a critical component to the delivery of impactful and quality early learning programs.

The ACT also offers Koori Preschool across five ACT public school sites. Koori Preschool provides Aboriginal and Torres Strait Islander children aged 3 to 5 years with a play-based, culturally safe

¹ *Lifting our Game: Report of the Review to Achieve Educational Excellence Through Early Childhood Interventions*, 2018, part 3.1

² *Ibid*, parts 3.2 and 3.3.

³ PricewaterhouseCoopers, [A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia](#), 2019, p.39

⁴ *Ibid*, p.44

learning program aligned with the Early Years Learning Framework (EYLF). Universal access – delivered through free public preschool and Koori Preschool – enhances children’s early learning and development outcomes and supports their transition to formal school. It also provides the ACT’s workforce with secure jobs and an opportunity to return to work for parents and carers.

In addition to ECEC and universal access, it is important to note that Out of School Hours Care (OSHC) is an integral part of the lives of many school-aged children and families in the ACT. The Productivity Commission’s Report on Government Services (RoGS) shows that over a third of children under the age of 12 have accessed OSHC in the ACT. This is the highest rate of children accessing OSHC of any state or territory. Across the country however, children with disability are underrepresented in OSHC. Feedback from families and services shows that often services are unable to meet the needs of these children due to complexities in accessing the Inclusion Support Program funding. This leaves many children and families unable to access this important service.

OSHC services contribute to the health and successful lives of children. They provide recreational learning experiences that promote supportive environments where children can build independence and apply learning in social settings. OSHC is also essential to workforce participation for many families, especially for women. It is therefore important that OSHC services are recognised in the same way as ECEC. OSHC must be accessible for all children to meet their learning needs and the needs of parents and carers in the workforce.

[Set up for Success: An Early Childhood Strategy for the ACT](#)

The existing unequivocal research evidence about the importance of early childhood education supported the ACT’s development of its own ten year, nation leading strategy for early childhood education [Set up for Success: An Early Childhood Strategy for the ACT](#) (*Set up for Success*).

Set up for Success was developed following [targeted consultation](#) with educators, early childhood experts, children, and families. It sets the ACT Government’s agenda for equitable, accessible, inclusive and connected approaches to early childhood. It is grounded in the overwhelming national and international evidence, some of which is highlighted above, on the importance of providing every child with access to quality early childhood education.

Set up for Success addresses the obvious gaps in the opportunity for all children to participate in quality ECEC regardless of location, background or socio-economic status. Under Phase One of the strategy, up to [500 free places](#) are available for priority three year-olds – those experiencing vulnerability or disadvantage – at partnered not-for-profit ECEC services for two days per week, 48 weeks per year. This targeted provision has been in place since 2020 and helps to address the [ACT Education Directorate’s 2016 review of education and care in the ACT](#) which found there was a significant disparity in the availability of low cost, high quality education and care, making it more difficult for families in the lowest two income quintiles to find an affordable service or not be able to afford an education and care service at all.

In the ACT, partnerships with not-for-profit ECEC providers are established because they generally provide other wrap around supports for children and families experiencing vulnerability or disadvantage, as well as investing profits back into their services and local communities through initiatives such as enhanced workforce supports and conditions and lower out of pocket fees.

Access and Affordability

In 2022, the median weekly cost of 50 hours of Australian Government Child Care Subsidy (CCS) approved services was \$565 per week nationally. The Australian Government's implementation of a universal 90 per cent CCS rate mid-this year is welcomed by the ACT to ensure that all families have equitable access to affordable ECEC, however the ACT believes that more needs to be done so that cost is not a barrier to accessing high quality early childhood education for all children.

The Australian Government could consider removing the Activity Test for the CCS and providing universal access to ECEC subsidies to every child from birth. The 2023 report [*Child Care Subsidy Activity Test: Incentive or Barrier to Labour Force Participation?*](#) provides evidence that the Activity Test, which limits access to subsidies for ECEC, is acting as a barrier to women returning to work. If the Activity Test was removed the labour force participation would lift by 39,620 mothers of children under the age of five, adding up to \$4.5 billion to GDP.

The Australian Government could also consider the interaction of CCS and its Inclusion Support Program (ISP). The ISP is intended to support early childhood education and care services to increase their capacity to include children with additional needs alongside their typically developing peers. Most ISP support is provided through state and territory based Inclusion Agencies, typically in the form of strategic inclusion planning support or consultation with inclusion experts.

However, the ISP is not available for children participating in state or territory funded ECEC programs that do not attract CCS. This means that, for programs like the ACT's targeted delivery of quality early childhood education for children experiencing vulnerability or disadvantage, these priority children cannot receive equitable support alongside their peers in ECEC settings. For children with additional needs, this may limit their ability to participate fully and overcome barriers to inclusion within their learning environments.

Consideration could be given to whether the ISP is meeting the needs of the children and ECEC educators to enable the best possible access to services, including OSHC. As noted above, the needs of children with disability are not adequately met through the ISP, meaning many children and families miss out as services are unable to meet their needs.

No child should miss out on quality early childhood education because their families cannot afford it – everybody benefits when we maximise opportunities of successive generations.

Governments and community organisations spend a large amount of money providing early childhood development and education services. This includes centre-based early childhood education, preschool, health and community services. There are gaps and overlaps that reduce the effectiveness of money spent providing these services, reducing the possible overall benefit.

Better integrated government services, partnerships between the government and the ECEC sector would increase access and coordinated support for children and families. The development of long term, quality relations within the ECEC sector would improve the provision of both government and non-government services. Children experiencing or at risk of disadvantage are more likely to be identified and supported when services are working together.

Two years are better than one

Under *Set up for Success* the ACT Government's goal is to provide 15 hours per week, 600 hours per year of free, universal quality early childhood education for all three year-old children. The ACT is currently working towards its commitment to providing one day per week of free, quality early childhood education to all three year-olds by 2024.

This goal is evidenced by *Lifting our Game* and the 2016 report [Preschool – Two Years are Better Than One: Developing a universal preschool program for Australian 3 year olds – evidence, policy and implementation](#) which finds access to a high-quality preschool program is one of the few proven strategies for lifting outcomes for all children. Providing access to high quality preschool programs for three year-olds lays the foundation for enduring success at school and in a range of outcomes that matter for future prosperity, including literacy, numeracy and social and emotional wellbeing.

A child's brain develops rapidly in the early years, with around 85 to 90 per cent of brain development occurring in the first five years of life. Children who do not participate in quality early learning often enter school behind on their learning and development. The Australian Early Development Census (AEDC) 2021 results show that developmental vulnerability across the country has increased.⁵ This is why universal access to free, quality early childhood education for all three year-olds should be a national goal, supported in the same way that free or low cost preschool for four year-olds is supported currently through the PRA.

Professional recognition and remuneration of the workforce

As professionals, early childhood educators are significant influences on the learning and development outcomes of children. *Lifting our Game* referenced a comprehensive literature review on determinants of quality in early childhood education which found that, "overall, the most influential factors affecting quality, across age groups and service settings, are the education, qualifications and training of the workforce. Higher educator qualifications are associated with better child outcomes."⁶

Set up for Success is building the professionalism of the ACT's ECEC sector through a range of workforce development initiatives that aim to raise the profile of educators and ensure they are professionally supported. This work is informed by the 2016 [E4Kids Study](#) which provides strong evidence that the quality of educator-child interactions makes a real difference to child outcomes, especially intentional teaching practices. Services with high quality, and where educators and service directors were more highly qualified tended to provide better quality intentional teaching.

In addition, the 2018 [Fostering Effective Early Learning Study](#) presents a substantial research base on the benefits of attending high-quality ECEC for children's positive behavioural and learning outcomes. It notes that the potential benefits of ECEC depend on the quality of the service provision and, to a lesser extent, on the amount of time spent by the child in a service. The quality of many

⁵ Community Services Directorate, 2022, <https://www.communityservices.act.gov.au/ocyfs/children/australian-early-development-census#:~:text=The%20ACT%20AEDC%20results%20provide,child%20development%20in%20the%20ACT>.

⁶ *Lifting our Game: Report of the Review to Achieve Educational Excellence Through Early Childhood Interventions*, 2018, part 4.1, p.63

children's experiences and opportunities in ECEC depends on the skills, dispositions, and understandings of the early childhood adult educators.

Early childhood educators facilitating such important learning need to be better valued and recognised for their work. The 2020 report [Every Educator Matters](#) evidenced the essential nature of the ECEC workforce to Australia's economic and social prosperity. It highlighted that COVID-19 further emphasised the importance of the workforce in the lives of Australian children and their families. The way the community values participation in ECEC, which currently is more often seen as 'care' alone rather than 'education', undermines the professional role of educators. A consequence of this perception has been low tenure and high turnover in the sector for many years.

Under *Set up for Success*, the ACT is progressing work to broaden the regulatory framework to include all ECTs, regardless of which setting they are employed in. This acknowledges the importance of teacher registration in recognising the skills and experience of all degree qualified educators and increases professional pathways across the Territory.

The ACT is committed to improving the professional recognition and remuneration of the ECEC workforce, but it cannot do this alone. There needs to be a national approach for it to work. Ensuring all ECEC educators are appropriately recognised and remunerated and have access to quality professional learning and development opportunities, promotes quality teaching and increases staff retention. Recognising and valuing the workforce as skilled professionals promotes better conditions, increases attraction and retention, and ensures workforce stability. The majority of the sector's workforce are women. Supporting this workforce fundamentally ensures women's work is valued and promotes greater economic security for them.

[The importance of quality and culturally strong services](#)

Improving quality standards in ECEC, particularly educational quality, should be a focus for all governments and is founded in the strong evidence that shows the quality of educator-to-child interactions makes a significant difference to children's early learning and development outcomes. In fact, the best performing ECECs – those Exceeding National Quality Standards – have Educational Leaders with an ECT degree present at the service.⁷

Culturally strong services are also critical for the healthy growth and development of Aboriginal and Torres Strait Islander children. Research evidence highlights the importance of early childhood services that are culturally affirming, and which build a positive cultural identity and improve outcomes. Realising this requires moving away from the notions of quality embedded in universal early childhood education with its assumption that these work for all children, to reflecting and incorporating 'the culturally based beliefs, values and practices, including child-rearing practices, of individuals, families and communities using that service'.⁸

Barriers to Aboriginal and Torres Strait Islander children's participation in ECEC include out of pocket costs, a limited awareness of services, administrative complexity, lack of transport or locally

⁷ AECEQA, *Quality improvement research project* (2019)

⁸ Guilfoyle, A. , Siggers, S. , Sims, M. R., & Hutchins, T. (2010). Culturally strong childcare programs for Indigenous children, families and communities. *Australasian Journal of Early Childhood* , 35(3), 68-76.

available services, poor child health, a perception that the child is too young to participate, a lack of confidence in the value of early education services or fear of racism and judgment.

Aboriginal Community Controlled Organisations (ACCOs) provide integrated services within their communities. ACCOs that provide early childhood education, provide culturally safe, holistic and integrated services for Aboriginal and Torres Strait Islander children and their families. Evidence is showing that ACCOs are getting better outcomes for Aboriginal and Torres Strait Islander children.

Therefore, there is an opportunity for government to consider supporting a national ECEC system that delivers more ACCOs providing early childhood education. Further, investing in Aboriginal and Torres Strait Islander educators has shown to have significant impact on strengthening community trust, engagement, and communications with flow on effects for improving attendance rates and cultural safety. This is evidenced at Jervis Bay School, where an Aboriginal Education Officer was engaged to support children's ability to manage change, and to foster a sense of belonging to their community. Between 2018 and 2021 there was a decrease in developmental vulnerability across 4 of the 5 AEDC domains for kindergarten children at the school, and a corresponding decrease in the percentage of children vulnerable in one or more and two or more domains over this time.

The ACT's targeted provision for 3 year-olds includes a higher proportion of Aboriginal and Torres Strait Islander children than the general population in the ACT. Allowing ISP support for these children will help achieve targets under the National Agreement on Closing the Gap. Targets 3 and 4 (children are engaged in high quality, culturally appropriate early childhood education in their early years; children thrive in their early years) will be directly supported. Other targets around educational achievement, economic participation, justice and statutory system involvement and wellbeing will be indirectly supported through the benefits that quality early learning delivers over the life course.

Conclusion

If the Australian Government is committed, in the same way that the ACT is committed, to effectively supporting affordable, accessible, equitable and high-quality ECEC that reduces barriers to workforce participation and supports children's learning and development, our national system and economic investment must reflect this.

The ACT has an evident and long-standing commitment to investment in the ECEC sector and the delivery of free, universal access to quality early childhood education for children. Time spent in quality ECEC is vitally important for ensuring every child, regardless of their circumstances or background, can develop the learning, strengths and interests that allow them to access an education that sets them up for success. Further to this, access to affordable, quality early childhood education and care, including outside of school hours care, supports workforce participation in both the sector and more broadly.

Reform and investment at a national level presents an opportunity to enhance the current approach to ECEC and to raise the profile of the sector across all jurisdictions.