Submission to the Productivity Commission: Inquiry into Childcare and Early Childhood Learning

Prepared by the Australian Research Alliance for Children and Youth

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Introduction

The Australian Research Alliance for Children and Youth (ARACY) is pleased to make the following submission to the Productivity Commission's Inquiry into Childcare and Early Childhood Learning.

ARACY is a national peak body for child and youth wellbeing. We focus on bringing researchers, policymakers and practitioners together to turn the best evidence on 'what works' for child and youth wellbeing into practical, preventive action to benefit all young Australians. Established in 2001, ARACY continues to build on the founding idea that the complex issues affecting young Australians can't be solved by one individual or organisation working in isolation. ARACY, along with its 3000 members, is in the business of brokering practical and innovative strategies to improve child and youth wellbeing.

ARACY advocates for investment that matches the importance of the early years and supports the further development of a world-class early education and care system for all children aged 0-5 years. This is based on the strong body of science and research that demonstrates the impact of the first five years on children's health, early learning, and social and emotional development, and therefore their opportunity, participation and prosperity across the lifecourse.

A coordinated and comprehensive policy and service framework for the early years, including universal access to high-quality and affordable early learning opportunities for all children aged 0-5 years, is central to promoting positive futures for all young Australians and securing Australia's future productivity.

In 2013, ARACY launched *The Nest* action agenda at Parliament House. *The Nest* is a national plan for child and youth wellbeing. The action agenda was developed collaboratively with ARACY's partners and identifies key priorities and effective interventions for 'turning the curve' on child and youth wellbeing. The first priority direction of *The Nest* is to improve early childhood learning and development, with the target of reducing the proportion of children who are developmentally vulnerable according to the Australian Early Development Index (AEDI).[1] *The Nest* action agenda asserts that a coordinated and comprehensive policy and service framework for the early

years, including universal access to high-quality and affordable early learning opportunities for all children aged 0-5 years, is central to promoting positive futures for all young Australians and securing Australia's future productivity.

ARACY's focus for this submission is on the impact of early childhood education and care (ECEC) on child development and wellbeing, the immediate and downstream economic impact of investment in the early years, the policy and delivery approaches that have evidence of effectiveness, and the opportunities for using data and evidence more effectively. While we acknowledge there are also important issues for the Inquiry to address in terms of ECEC accessibility, workforce development, parental participation and quality systems, this is not ARACY's direct area of expertise and submissions from some of our members will address these issues more directly and with our support.

Economic impact of investing in the early years

The first five years of children's lives offer a crucial 'window of opportunity' for human development. It is a period of intense brain development and 'hard wiring', a process which is directly shaped by early experiences and environments: "the quality of a child's early environment and the availability of appropriate experiences at the right stages of development are crucial in determining the strength or weakness of the brain's architecture, which, in turn, determines how well he or she will be able to think and to regulate emotions."[2] These early experiences have significant lifetime impacts on health and wellbeing. The World Health Organisation states that:

> "Early child development . . . strongly influences wellbeing, obesity / stunting, mental health, heart disease, competence in literacy and numeracy, criminality, and economic participation throughout life. What happens to the child in the early years is critical for the child's developmental trajectory and life course."[3]

As a result, investments made in the early years have a significantly greater return per dollar invested than those investments made at school and post-school age.[4] It is both easier and more cost effective to support the growth of healthy and resilient children in the early years than it is to respond to the impacts of developmental vulnerabilities in later life.

The longitudinal study of the High/Scope Perry Preschool cohort in the United States demonstrates the specific impacts of high quality early learning on children's life chances. The study found that "adults at age 40 who had the preschool program had higher earnings, were more likely to hold a job, had

committed fewer crimes, and were more likely to have graduated from high school."[5]

Although these results cannot necessarily be directly extrapolated to the Australian context (given differences in social policy settings), it is estimated there was a 1:7 rate of return for the initial investment in the Perry Preschool cohort. Analysis from the Rand Corporation concluded that well-designed early childhood interventions generate a return to society ranging from $1.80 to $17.07 for each dollar spent."[6]

Canadian researchers analysed longitudinal datasets to highlight relationships between early childhood vulnerability (as measured on the Canadian Early Development Index) and high school graduation and/or entry into the criminal justice system.[7] As explained in *The Nest* action agenda:

> "Evidence from Canada shows that reducing the costs of early childhood vulnerability from their current rate of 29% to a projected rate of 20% (by 2020) would result in an increase in GDP of more than 20% over 60 years. The benefits to society associated with this reduction would outweigh the costs that are needed to bring it about by a ratio of more than 6:1. In Australia, it is estimated that reducing Australia's early childhood vulnerability from 22% to 15% (by 2020), as proposed in this action agenda, would lead to an increase in Australian GDP of 7.35% over 60 years."[8]

Impact of ECEC on child development

There is consensus among researchers worldwide that high quality early learning environments improve cognitive and wellbeing outcomes for children. The landmark British study, *Effective Provision of Pre-School Education*, demonstrated the robust link between participation in pre-school and early literacy and numeracy, as well as the link between the quality of the educational environment and impact on children's learning.[9]

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Australian data also demonstrates a clear link between pre-school attendance and academic achievement in primacy school, with the greatest benefits accruing to those who attended early education for more than one year.[10] On the basis of this evidence, ARACY advocates for:

- universal access to early education and care for all children 0-5 years; and
- investment to ensure a consistently high standard of quality in all early years settings, including through maintaining the reforms initiated by the National Quality Framework (NQF).

A comprehensive policy and service framework in the early years

In Australia, there is a significant policy and service gap for children aged 0-5, even though this is the crucial period for ensuring healthy development and establishing children's life chances. Australia has a strong, if often stretched, universal maternal and child health system. However, we do not have a coherent, holistic, universal early years system that provides a continuum of learning opportunities, early identification of health and development needs, and links to the support and services that help children and their families to thrive. The provision of 15 hours of pre-school for 4 year olds is unquestionably important, but by itself is inadequate to ensure children have the physical health, social and emotional development, and cognitive and language foundations to help them be ready to learn when they reach school.

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Neuroscience research indicates up to 80% of brain development occurs before children turn 3.[11] *The Nest* action agenda, which reflects the best available evidence and expert consensus, identifies the 'best buys' for long term value and impact are strategies which commence in the 0-3 period and prevent the down-stream impacts of poor child development.

These 'best buys' include:

- holistic, sustained nurse home visiting programs that are embedded within the universal system and provided to families who are likely to benefit from additional support. These should begin antenatally and continue until the child turns two. The programs should engage parents and children in development activities and influence factors known to positively impact school readiness and transitions;[12]
- parenting programs and early start programs for 0-3 years that enhance the home learning environment and target in-home activities that impact a child's school readiness, such as literacy and numeracy;[13]
- parenting programs which include centre-based activities for parent and child, for example dual-focused groups such as supported playgroups that influence the home learning environment;
- preventive promotional approaches (social marketing programs) to influence parental beliefs, role construction and behaviours about parenting and early learning;[14] and
- high quality preschool programs, delivered alone or within the context of other forms of early learning and care such as long day care.[15]

Proportionate universalism is a model of equitable service provision where services are available to all, but implemented with a scale and intensity proportionate to the level of need.[16] Proportionate universalism combines the benefits of universalism (where preventive services and actions are provided to whole populations) with a targeted approach (where services and actions are directed as needed at the most disadvantaged, priority or vulnerable populations).

The Nest action agenda states that "this combined approach will be the most effective for decreasing the gradient of social inequality and more equitably distributing our resources and intervention efforts."[17]

There is a clear need for a national universal platform of services for all infants and toddlers comprising the coordinated delivery of maternal and child health services, sustained nurse home visiting, playgroups, parenting programs, support for home learning and parental engagement, and accessible quality early childhood education and care.

The nation's early learning and care infrastructure has the potential to contribute substantially to this platform, while meeting the complementary

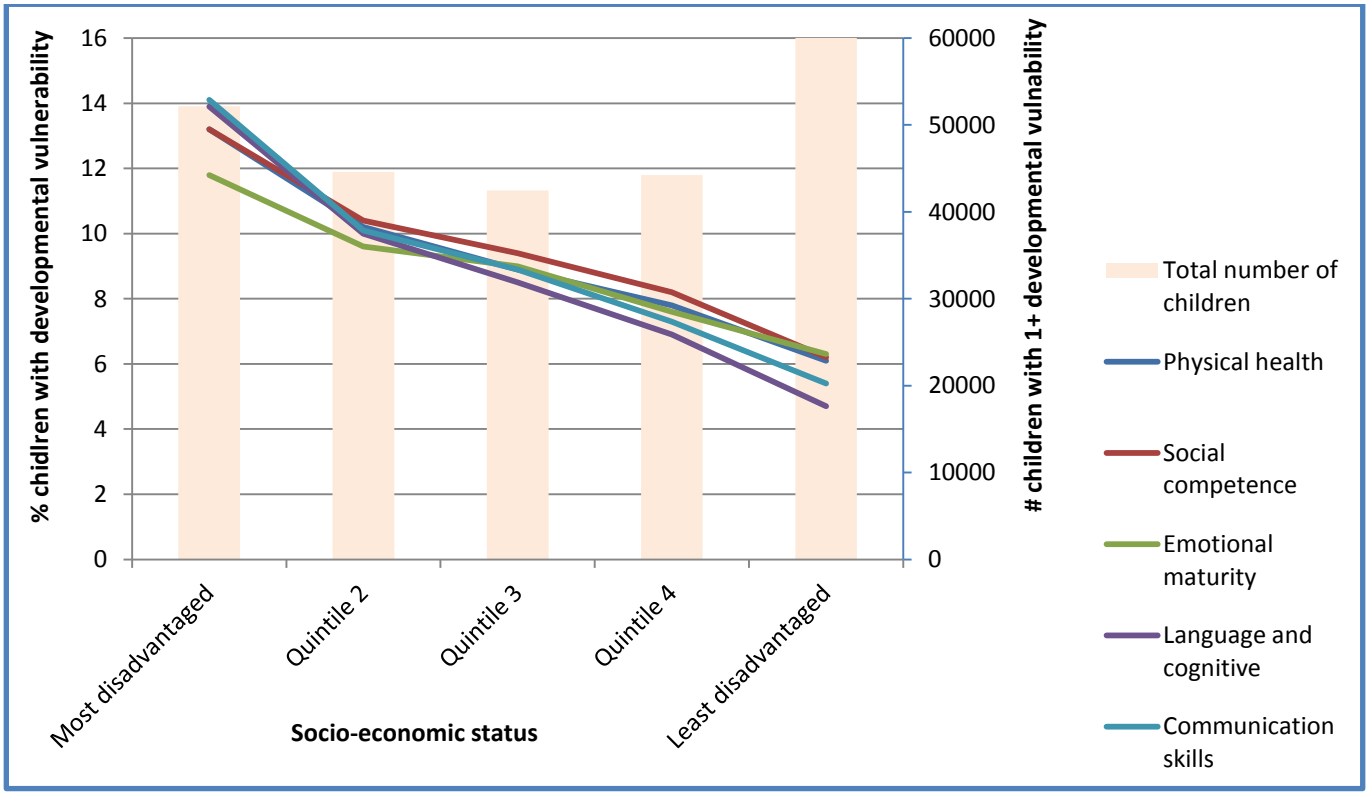
aim of enabling parental workforce participation. With the right training and ongoing professional support, staff in all forms of early education and care, including long day care and preschool, can play a significant role in addressing gaps in the service system and promoting the wellbeing of children and families.

ECEC workers are well placed to support families in their role as children's first teachers, while ECEC settings are ideal environments for the early identification of children experiencing developmental challenges and the timely referral to the early intervention support they need. Competent, trained workers are also able to recognise when families are struggling with complex issues that impact child development, and can provide a non-stigmatising referral to local services (like family support agencies, mental health services, or family relationship centres) that can help prevent issues from becoming crises.

While a proportionate universalist approach calls for greater investment in children with greater levels of need in order to achieve equitable outcomes, it is important to note vulnerability cannot be defined by 'postcode' alone. AEDI data demonstrates that while children in low socio-economic status areas are at substantially greater *risk* of developmental vulnerability, there is *a higher total number* of children experiencing vulnerabilities in middle to high socio-economic status areas (as shown in Figure 1).[18]

AEDI data clearly illustrates the need for greater investment in children experiencing and at-risk of developmental vulnerability in order to achieve equitable outcomes, but solely targeting low socio-economic status communities will not achieve population-level improvements in child wellbeing.

Figure 1: Incidence and total numbers of developmental vulnerability (as measured by the AEDI) and by socio-economic status (as measured by SEIFA)[19]



Key considerations for the development of a comprehensive policy and service framework for the early years are outlined below.

1) A system of effective perinatal and early childhood health and social care

Maternal health and wellbeing can have sustained impacts on the development of children. What parents do at home before birth to support brain development and from birth to nurture children is crucial in developing school readiness. Investment and best-practice approaches to provide access to excellent maternal and child health care, and strategies to support parents to nurture their children and help them learn, are vital if we are to optimise a child's learning and development well before they enter any formal early learning and care environments. The maternal and child health service in Australia is strong, but not consistently well-integrated with the childcare and early learning system; this is a missed opportunity.

One of the most effective interventions for preventing developmental vulnerabilities is sustained nurse home visiting, a model that is significantly under-utilised in Australia and tends not to be delivered with the intensity, duration and holistic focus comparable to international best practice.

These interventions provide a range of health, parenting, family support and early learning services to families in their home, and help link families with other local services, including early education and care. *right@home* is a randomised controlled trial being conducted by ARACY, the Centre for Community Child Health and the University of New South Wales to build the Australian evidence-base for sustained nurse home visiting. It has already undergone a pilot evaluation via a randomised controlled trial in Australia, with its core module being the only Australian sustained nurse home visiting program recognised by the US Government as having evidence comparable to other established American programs.

2) Promoting parental engagement in children's learning and development

Parents and families play a central role in children's learning and development. While high quality early learning and care services are an important influence on school readiness and longer term outcomes for children, evidence shows the child's home environment and exposure to learning opportunities in the home has the most significant impact on their learning and development outcomes.[20]

A positive, engaging home learning environment is a strong predictor of good outcomes and can help ameliorate the impacts of poverty and disadvantage. Parents are, in effect, children's first teachers and governments can do more to support them in this role. This may include such evidence-based strategies as parenting, home learning and social marketing programs that engage and equip parents to provide a rich home learning environment.

The ECEC sector can also play an important role here, given their expertise in child development and early learning and the strong relationships they build with parents of young children. The ECEC sector is an underutilised source for the provision of information and role-modelling to support children's cognitive and social and emotional development.

3) Shifting the narrative – and approach – to early learning for all

If quality early years education is to have maximum impact on child development and readiness to learn, it needs to be encouraged, supported and understood as a fundamental part of our society, alongside and just as

necessary as schooling. Currently, 'child care' is framed primarily as a resource parents use to enable them to work, rather than as a core part of all children's learning and development with an equivalent importance to school (although UK research indicates that one year of preschool has almost as much impact on academic outcomes at age 11 as the first 5 years of school).[21]

Unlike the education system, the ECEC system can be inaccessible to those who cannot afford it and difficult to access for families where the primary carer is not in the workforce. A reframing of early learning is needed, including building community understanding of quality early education and the value of participation in centre-based early learning, and reviewing fee and rebate structures to enable a repositioning of early learning as a positive and affordable choice for parents, whatever their employment status or socio economic circumstances. Jurisdictional differences in preschool participation can be linked with levels of child vulnerability (as measured by the AEDI),[22] and as such a high-quality and universally accessed early years system can yield population-level benefits.

4) Placing ECEC services within a holistic platform for child development

ECEC services should be considered as part of a more holistic and integrated platform focused on all aspects of early child development. ECEC services should be better equipped to respond to the health, development and wellbeing needs of children and their families, including through consistently building relationships and linkages with specialist services, such as health and mental health services, specialists in child development providing early intervention, services that help families with the impacts of poverty, and family relationship centres.

Such a community-based, child and family centred platform would offer a whole suite of integrated services and interventions based on identification of need. This means, while all children and their families would benefit, those most vulnerable or disadvantaged would be able to access additional support.

There are some excellent examples of utilising ECEC settings as platforms for this broader range of supports – which help prevent difficulties from becoming crises, play an important role in preventing abuse and neglect, and are often crucial for child wellbeing – but it is far from the norm in Australia.

The Inquiry could look towards Scandinavia for the best models of such integrated and holistic systems, which are embedded in legislation and

operate on a national level. We know these countries consistently perform towards the top of OECD indicators for child wellbeing while Australia remains, at best, 'middle of the road'.[23]

5) Adopting an explicit focus on transition to learning environments

The previous points outlined in this document are highly likely – from the evidence – to enhance school readiness and reduce negative experiences and consequences of transition to ECEC or school environments. However, explicit focus on transition to school programs and strategies would likely enhance this further, especially since there appears to be limited and varied adoptions of transition programs across Australian jurisdictions.[24] Much of the narrative is focused on the child being 'school ready', whereas the approach should consider learning environments, including ECEC services, being 'child ready' as well.

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Best practice approaches for effective transition where services are 'child ready' should include establishing prior relationships and connections with children and their families; continuity of learning and transfer of information, skills and knowledge when moving from one environment to another; and strengths-based approaches enabling schools to build on what children have learned prior to school entry.

Data and evidence

Australia has made significant advances in data collection in the early years over the past decade. As a population-level measure of early childhood development, the AEDI is a particularly significant resource that enables us to measure the impact of major policy initiatives, such as the NQF, on outcomes for young children. The Longitudinal Study of Australian Children (LSAC) provides rich data on a range of key influences on children's outcomes across the lifecourse.

However, due to a systematic under-investment in research and evaluation in Australia, a substantial proportion of the high-quality evidence on the impact

of the early years comes from international sources. This includes crucial cost-benefit data (with return-on-investment outcomes in Australia likely to differ significantly from US modelling, due to the effectiveness of Australia's tax-transfer system and universal maternal and child health platforms), and longitudinal data on the longer-term impacts of early years interventions.

As mentioned earlier, ARACY is working with the Centre for Community Child Health and the University of New South Wales to deliver *right@home*, a large-scale randomised controlled trial of a sustained nurse home visiting program. *right@home* will provide Australian data on the impact and cost-benefit of sustained nurse home visiting, one of the most promising early childhood interventions according to international data. ARACY would strongly endorse a large-scale, cross-jurisdiction randomised controlled trial of high-quality ECEC setting to enable the collection of robust Australian data

Concluding remarks

The evidence is clear that, on its own, 15 hours of early learning for four year olds is not sufficient to ensure children are healthy, thriving and ready for school. While ECEC services have a role to play – and any enhancements within this sector are to be encouraged – they need to be part of a broader and more systematic development of a framework for all children during their early years. If Australia is serious about child wellbeing, and the long-term health, social, economic and productivity benefits this yields, then we must heed what the current evidence shows is necessary for optimal development.

If Australia is serious about child wellbeing – and the long-term health, social, economic and productivity benefits this yields – then we must heed what the current evidence shows is necessary for optimal development.

Improvements to ECEC services in themselves can have a significant impact on longer-term outcomes for the nation and we welcome the Productivity Commission's Inquiry; however, we believe such services and schools will only be playing catch-up if we do not get the whole early childhood system right.

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[23] ARACY's second *Report Card: The wellbeing of Young Australians* (2013) offers an overview of internationally comparable child wellbeing measures and, where comparable, Australia's position relative to other OECD countries. See http://www.aracy.org.au/projects/report-card-the-wellbeing-of-young-australians

[24] All jurisdictions promote concepts pertaining to successful school transition, but mostly this is focused on centre-based orientation for students and families.