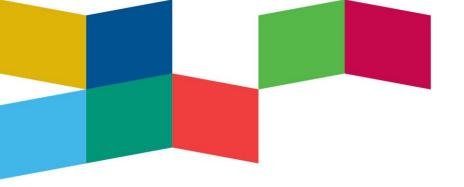


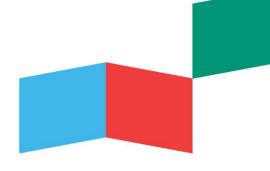
2020-2021 Pre-Budget Submission



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Foreword

Paul Mondo ACA President



As the national peak body in the Australian Early Childhood Education and Care (ECEC) sector, the Australian Childcare Alliance (ACA) represents more than 2,500 members and cares for 360,000 families throughout Australia.

We work on behalf of early learning (centre based, long day care) service owners and operators, predominantly private, as a reputable source of evidence-based advice to policy makers and a trusted source of practical guidance to service operators.

Our vision is a future where **every child in Australia** has access to high quality, affordable and sustainable early learning services.

ACA believes that, with the right policy and financial frameworks in place, Australia could be a world leader in the delivery of high quality ECEC within 5 years. This can be achieved by the four key levers: quality, affordability, accessibility and sustainability.

The benefits of high quality ECEC are now well recognised and acknowledged locally and globally across the education sector. There is an abundance of evidence¹ from studies in Australia and internationally, demonstrating the significant advantages children gain from attending quality ECEC services, which in turn flow on to their family and the wider community.

Children who enjoy quality early learning are likely to be well socialised, confident, inquisitive about the world, accepting of diversity, resilient to manage challenges and be life-long learners.

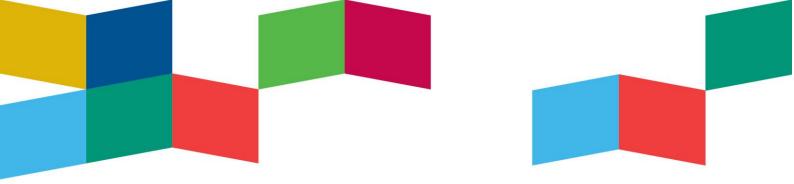
In the December quarter 2018, there were over **1.369 million children** across over **974,600 families** using approved early learning services in Australia with **over 58% in centre-based care²**, reflecting the continued demand for early learning services. But there are many emerging fault lines in workforce shortages, undersupply/oversupply of services and funding inequities that must be addressed now before the Australian Government's well-intentioned reforms to early learning (childcare) are undermined.

ACA is extremely proud of the early learning sector and we have worked tirelessly in collaboration with the Government and other peak bodies to ensure that the education and care that takes place each and every day, informed by the Early Years Learning Framework (EYLF) and the National Quality Framework (NQF), is appropriately recognised.

As the sector continues to grow in size, its benefit to young children as well as to future prospects of the Australian economy are increasingly being recognised, both by government and the general community.

 $^{^{1} \} A cademic \ Research: The \ benefits \ of \ early \ learning \ and \ a \ play-based \ environment - \ \underline{http://beststartinlife.org.au/wp-content/uploads/2019/02/References-Best-Start-In-Life-Academic-research.pdf}$

² https://www.education.gov.au/child-care-australia-report-december-quarter-2018



The critical issues and recommendations identified in the following report are presented in the context of the priorities for the 2020-21 budget.

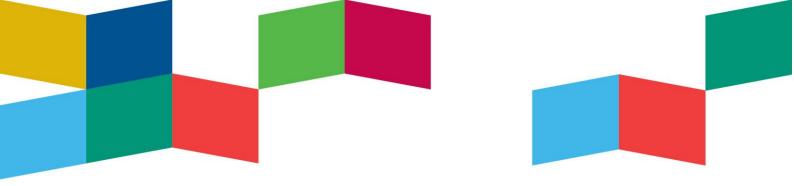
I would like to take this opportunity to commend the Australian Government for its recent decision to continue funding ACECQA. We are grateful that the government has recognized the importance of giving ACECQA the resources it needs to continue its important role of in promoting national consistency in the delivery of high quality early learning services Australia-wide, which in turn ensures that Australian families have access to consistently high quality early learning services across the country.

ACA welcomes the opportunity to contribute to the Federal Treasury's budget considerations for the 2020-2021 financial year, in the context of ensuring that **every child in Australia** has access to high quality, affordable and sustainable early learning services, and therefore the **best start in life**.

Paul Mondo ACA President

"A solid body of research shows the cost-effectiveness of early childhood development in helping to prevent achievement gaps, boost school achievement, promote better health outcomes, improve our workforce, increase productivity and reduce the need for costly social spending."

James Heckman, Nobel Laureate in Economics



Three Year Old Preschool: A better future with earlier participation

ISSUE

There is a large international evidence base that demonstrates how experiences in the early years (0-5) impact outcomes later in life³, and in particular, that two years of preschool/kindergarten have a greater positive impact than one.⁴ Children's experiences and strengths at **age three** can have a strong influence on their health, happiness and success in **adulthood**.

ACA firmly believes that a **second year of preschool/kindergarten** gives our children a stronger start in life.

However there is **no federal funding in place** to specifically support preschoool/kindergarten programs for **three year old children** (ie. two years prior to their school commencement).

A **lack of funding for three year olds** is putting vulnerable families and the sector under enormous financial strain⁵. It has also resulted in much lower preschool/kindergarten participation levels for this age group. While 90% of Australian children in their year before school (typically four-year olds) are enrolled in a preschool/kindergarten program, this figure is only 59% for three year olds⁶.

For those children most likely to be **developmentally vulnerable**, a lack of access to two years of high quality early childhood education becomes **even more critical**.

Additionally, the lack of investment at this level is reflected in Australia's academic outcomes - the latest results from the Programme for International Student Assessment (PISA) indicate that Australian students have fallen below the OECD average in maths, and dropped in global rankings for reading and science⁷.

Our children deserve more.

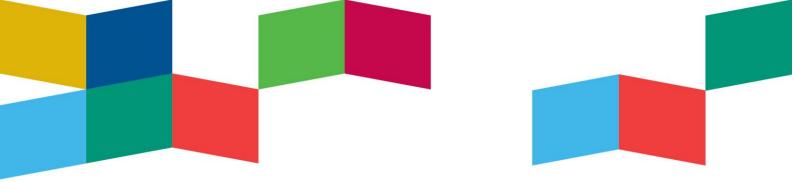
³ Academic Research: the benefits of early learning and a play-based environment - http://beststartinlife.org.au/wp-content/uploads/2019/02/References-Best-Start-In-Life-Academic-research.pdf

⁴ Mitchell Institute – Preschool: Two Years Are Better Than One - http://www.mitchellinstitute.org.au/reports/two-years-preschool/

⁵ This point is extended on page 9 of this submission.

⁶ http://www.earlychildhoodaustralia.org.au/our-work/submissions-statements/state-early-learning-australia-report-2019/

⁷ https://www.oecd.org/pisa/PISA%202018%20Insights%20and%20Interpretations%20FINAL%20PDF.pdf



We believe all children should have access to quality preschool/kindergarten programs. Additionally, parents <u>must</u> have a choice of early learning service type that best suits their work/family life needs.

LONG DAY CARE AS KEY PROVIDER

With more than 60% of children who access early learning programs in the two years before school in a long day care centre⁸, ACA believes long day care should be recognised and funded adequately, as the **key provider** of three and four-year-old preschool/kindergarten programs across Australia.

Long day care centres are the ideal learning environments for children in their two years before school.

This is because:

- The infrastructure **already exists** and this can maximise benefits in the most effective and efficient way for taxpayers. With 93% of long day care centres reporting vacancies⁹, services have the capacity to meet the needs of families with minimal further investment by government.
- Long day care offers the ideal learning environment for 0-5 year olds:
 - Delivering age/developmentally-appropriate, tailored and culturally appropriate, physical early learning environments where children can enjoy play-based learning and also be bathed, have nappies changed and sleep.
 - Long day care is highly regulated. It is delivered under the National Quality Framework and the Early Learning Years Framework.
 - Long day care offers appropriately trained and qualified educators, both from the nurturing and education aspect. Educators are well trained, with most centres having at least two degreequalified Early Childhood Teachers.

ACA believes that the practice of co-locating early childhood education programs on school sites, which takes place in Western Australia (WA) as a result of WA Government policy, **puts the needs of the children last,** and in fact **at risk** in these environments. We believe long day care is the ideal early learning setting for all children below the age of 5 years by the 1st January in the first year of their formal schooling, for all the reasons outlined above.

With over 360,000 families in our care, ACA believes all of Australia's children have the right to the best start in life.

⁸ Report on Government Services 2018, PART B, CHAPTER 3, Early childhood education and care, https://www.pc.gov.au/research/ongoing/report-on-governmentservices/2018/child-care-education-and-training/early-childhood-education-and-care

⁹ Federal Department of Education Early Childhood and Child Care in Summary Report 2018 - https://www.education.gov.au/early-childhood-and-child-care-reports



SOLUTION

We call on the government to:

- Introduce a long term, sustainable funding model to ensure that all Australian children have access to at least 15 hours per week of a quality preschool/kindergarten lead by tertiary qualified early childhood teacher, for 40 weeks per year in the two years before school with long day care as the primary partner in delivery. This would amount to approximately \$453 million a year for 3 year old children
- Extend exemption of the Child Care Subsidy activity test for children in their year before school to children in their two years before school.

BENEFIT TO FAMILIES AND TAXPAYERS

- All Australian children, including children from vulnerable and disadvantaged families, would have greater access to high quality affordable early learning services in their two years before school, which has proven to deliver greater outcomes both when they enter the school system as well as later in life. They would also be more likely to have stronger mental health and increased wellbeing and less likely to be involved in the criminal justice system.¹
- Parents and guardians would have the choice of early learning service type that best suits and supports their work/family life needs.
- Taxpayers' money is used efficiently by leveraging the resources of existing services, rather than the need for duplication and capital investment
- Avoid the magnification of the shortage of teachers through duplication.



- This approach would be a highly effective spend of taxpayers' dollars, with long term capital savings through a lower spend on human services by government in the future:
- Research has shown that by investing in quality early childhood education, children have better education, health and employment outcomes throughout their lives¹⁰. For every dollar invested now, Australia receives \$2 back over a child's life¹¹.
- Every dollar spent on high-quality, birth-to-five programs for disadvantaged children delivers a 13% per annum return on investment. These economically significant returns account for the welfare costs of taxation to finance the program and survive a battery of sensitivity analyses¹². Providing all children with a minimum level of access would reduce complexity in the system, making it easier and less expensive to administer by Centrelink.

¹⁰ https://www.thefrontproject.org.au/the-evidence

A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia, The Front Project June 2019 - https://www.thefrontproject.org.au/images/downloads/ECO_ANALYSIS_Full_Report.pdf
 The Heckman Equation - https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program/



One Year Before School: Greater certainty & equitable outcomes

ISSUE

The Federal Government is to be applauded for funding access - for all Australian children - to 15 hours per week of a quality preschool/kindergarten program in the year before school (ie. for four year old children).

It has committed a further \$453.1 million in the 2019-20 Budget to extend the National Partnership on Universal Access to Early Childhood Education until the end of 2020.

This funding brings the total Commonwealth investment in kindergarten/preschool since 2008 to \$4.2 billion.

This is highly commendable and has the potential to have a profound and lasting impact on our youngest and most vulnerable Australians and their families.

However despite this laudable support, there is no long-term commitment to the provision of Universal Access funding - as it stands the funding agreement is renewed from year to year. Additionally, the funding model is seriously flawed, resulting in a lack of national uniformity, with the state governments determining which service types receive the funding along with the amounts. This outcome means that not all Australian children are benefiting from the funding.

Since the inception of the agreement in November 2008 via the Council of Australian Governments (COAG), each state/territory government has taken a different approach to implementation. This has resulted in grossly inequitable outcomes for children, families and service providers.



SOLUTION

We call on the government to:

Introduce a long term, sustainable funding model to ensure that all Australian children have access to at least 15 hours per week of a quality preschool/kindergarten lead by tertiary qualified early childhood teacher, for 40 weeks per year in their year before school regardless of setting type.

This would amount to approximately \$453 million a year for 4 year old children.

- Modify the existing Universal Access funding model:
 - o to provide both greater certainty of funding beyond year to year agreements; and
 - deliver equitable funding to all children (ie. funding that follows the child) regardless of service type or jurisdiction. This would support preschool/kindergarten programs in all settings, including preschool/kindergarten programs delivered in long day care settings.

BENEFIT TO FAMILIES AND TAXPAYERS

- All Australian children, including children from vulnerable and disadvantaged families, would have greater access to high quality affordable early learning services in their two years before school, which has proven to deliver greater outcomes both when they enter the school system as well as later in life. They would also be more likely to have stronger mental health and increased wellbeing and less likely to be involved in the criminal justice system.¹³
- Parents would have the choice of early learning service type that best suits and supports their work/family life needs.

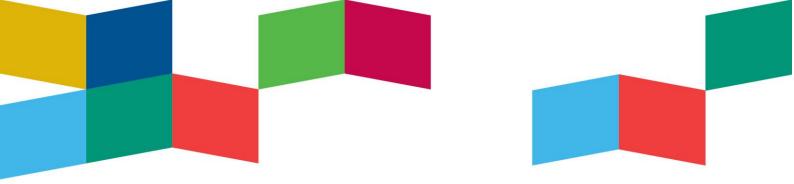
¹³ https://www.thefrontproject.org.au/the-evidence



- This approach would be a highly effective spend of taxpayers' dollars, with long term capital savings through a lower spend on human services by government in the future:
- Research has shown that by investing in quality early childhood education, children have better education, health and employment outcomes throughout their lives¹⁴. For every dollar invested now, Australia receives \$2 back over a child's life¹⁵.
- Every dollar spent on high-quality, birth-to-five programs for disadvantaged children delivers a 13% per annum return on investment. These economically significant returns account for the welfare costs of taxation to finance the program and survive a battery of sensitivity analyses16. Providing all children with a minimum level of access would reduce complexity in the system, making it easier and less expensive to administer by Centrelink.

¹⁴ https://www.thefrontproject.org.au/the-evidence

¹⁵ A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia, The Front Project June 2019 - https://www.thefrontproject.org.au/images/downloads/ECO_ANALYSIS_Full_Report.pdf
¹⁶ The Heckman Equation - https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program/



New Child Care Subsidy: Affordability & why our most vulnerable children need support

ISSUE

The Child Care Subsidy (CCS) was designed, mainly, to increase workforce participation, particularly of mothers. This is an incredibly important policy driver and the government should be acknowledged.

However efforts now need to focus on how best to harness the benefits of early childhood education.

Too many children are missing out on a **minimum level of subsidised access** to early learning services because their often struggling families do not meet the activity test¹⁷.

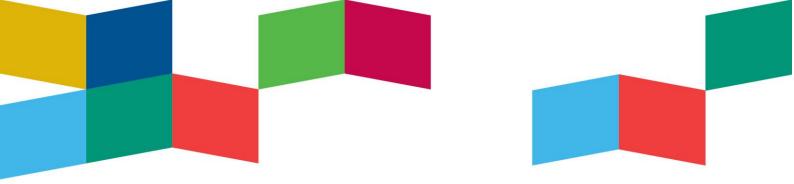
Additionally, the activity test is difficult for all families to navigate and is unnecessarily complex, particularly for those families with varying work hours, along with those not proficient in English. The turnaround time for families applying for a Customer Reference Number (CRN) and CCS can be up to two months.

For those families that have benefited from the introduction of the CCS, this financial benefit is quickly being eroded with increased operating costs not yet reflected in the calculations of the subsidy.

The CCS indexation rate, over the last two years, has not kept up with the respective hourly rate increases for the workforce under the relevant awards. This leaves many providers with unwieldy and unsustainable costs they cannot cover without imposing those increases on families.

In two parent families both parents, unless exempt, must meet the activity test. In the case where both parents meet different steps of the activity test, the parent with the lowest entitlement determines the hours of subsidised care for the child.

¹⁷ The number of hours of subsidised child care that families have access to per fortnight is determined by a three-step activity test, which assesses the number of working hours of both parents or the primary carer, along with other activities such as study, volunteer work, hours spent looking for work, etc.



To further exacerbate this, the two cases before the Fair Work Commission (the ERO work value case and the Modern Award Review), which relate to the hourly rate under the *Children's Services Award 2010* and the *Educational Services (Teachers) Award 2010*), may have an significant impact on affordability for families, as has been acknowledged by major political parties.

Families are not in a position to bear the cost of any increases.

The Hon. Dan Tehan, Minister for Education has recently committed to a review of the CCS. ACA supports this review and recommends the following factors as items for consideration during this review:

- Industrial relations outcomes (changes to Modern Award Review, Children's Services Award or Educational Services (Teachers) Award, outcomes of the Equal Remuneration Order (ERO) and Work Value case currently before the Fair Work Commission).
- Other increased operational costs such as rent, insurance, equipment, catering, etc, which are reflected in the latest Consumer Price Index (CPI).
- Different rates for different age groups, to reflect the additional costs of delivery for lower child to educator ratios as stipulated under the National Quality Framework (NQF).

We believe the rate should be adjusted when the outcomes of these legal cases are known, while also taking into account the Consumer Price Index (CPI) adjustments.

Another issue is many service providers make the decision not to charge certain families while waiting for their CCS application to be finalised, only to discover that the eventual CCS back-payments are paid to the family rather than the service provider, in contradiction to the Productivity Commission's advice on this scenario.

The unintended consequence is that the service provider is often left substantially out of pocket with very little recourse. The eventual consequence is that service providers are unlikely to assist in similar circumstances in the future, thus excluding vulnerable children from access to quality early learning services.



ACA believes that every child in Australia must have access to high quality, affordable and sustainable early learning services and therefore the best start in life. This includes those children from **vulnerable and disadvantaged backgrounds**.

SOLUTION

The solution is simple:

- Amend the CCS to support all Australian children, allowing all families access to at least 18
 hours a week of subsidised high quality, affordable early learning services.
- Increase the CCS hourly rate once the Fair Work Commission has made its rulings, as a direct response to this outcome.
- Increase the CCS hourly rate following the CCS review, taking into account all of the factors recommended above to be included in the scope of this review.
- Reduce the turn-around time for families applying for a Customer Reference Number (CRN) and then applying for the CCS.
- Provide more support for families from Culturally and Linguistically Diverse (CALD) backgrounds to navigate the complex CCS application process.
- Provide funding to allow for an IT solution that allows back-payments to be paid to the service on behalf of the families to reduce out of pocket fees.

BENEFIT TO FAMILIES AND TAXPAYERS

- All Australian children, including children from vulnerable and disadvantaged families, would have greater access to high quality affordable early learning services. which has proven to deliver greater outcomes both when they enter the school system as well as later in life. They would be also more likely to have stronger mental health and increased wellbeing and less likely to be involved in the criminal justice system.¹⁸
- Parents would have the choice of early learning service type that best suits and supports their work/family life needs.
- Families would have a much simpler, easier process to access immediate subsidised early learning services.

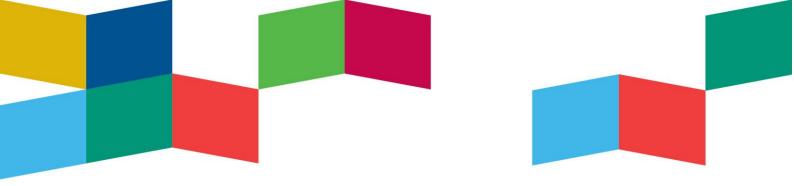
¹⁸ https://www.thefrontproject.org.au/the-evidence



- This approach would be a highly effective spend of taxpayers' dollars, with long term capital savings through a lower spend on human services by government in the future:
- Research has shown that by investing in quality early childhood education, children have better education, health and employment outcomes throughout their lives¹⁹. For every dollar invested now, Australia receives \$2 back over a child's life²⁰.
- Every dollar spent on high-quality, birth-to-five programs for disadvantaged children delivers a 13% per annum return on investment. These economically significant returns account for the welfare costs of taxation to finance the program and survive a battery of sensitivity analyses²¹. Providing all children with a minimum level of access would reduce complexity in the system, making it easier and less expensive to administer by Centrelink.
- The provision of a **simpler**, **easier process** for families would translate to far less administration for the Department of Human Services (Centrelink), creating substantial operational cost savings.

¹⁹ <u>https://www.thefrontproject.org.au/the-evidence</u>

²⁰ A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia, The Front Project June 2019 - https://www.thefrontproject.org.au/images/downloads/ECO_ANALYSIS_Full_Report.pdf
²¹ The Heckman Equation - https://heckmanequation.org/resource/research-summary-lifecycle-benefits-influential-early-childhood-program/



Early Learning Workforce Strategy

ISSUE

Sourcing early childhood educators and Early Childhood Teachers (ECT) poses a significant problem for our members Australia-wide, with undersupply exacerbated by the requirement for an additional ECT for centres from 2020 and oversupply of the number of services in many areas. In regional and remote Australia, this challenge is almost impossible to manage.

The Australian Government predicts that the sector will need to fill an additional 29,000 ECT jobs in Australia by 2023. If action is not taken soon, one-third of preschool/kindergarten services will not have a trained teacher on staff within four years.22

The early learning sector is already struggling to meet the demand for well trained, competent Early Childhood Teachers and early childhood educators, with not enough entrants into the sector to meet demand. There is no Federal Government early learning workforce strategy to support the growing demand of vocationally trained educators and tertiary trained teachers.

The quality of vocationally trained educators has long been an issue impacting the provision of high quality early learning for Australia's children. Whilst some headway has been made in eradicating poor quality Registered Training Organisations (RTOs), many employers still find a high variance In the quality and job readiness of many vocationally trained educators.

The Federal Department of Employment Report (April 2017)²³ and the NSW Department of Education's Early Childhood Education Workforce Review (October 2017)²⁴ have confirmed labour shortages for both Certificate III, Diploma and Degree qualified educators and teachers.

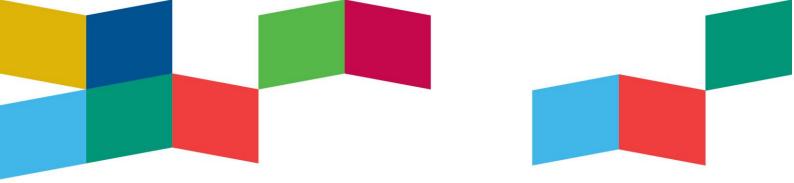
²² Executive Summary, Upskilling in Early Childhood Education Report, Futuretracks and FrontProject -

https://www.futuretracks.org.au/images/downloads/UpskillReport.pdf

²³ Federal Department of Employment Report (April 2017),

https://docs.jobs.gov.au/system/files/doc/other/241111earlychildhtchrnsw 2.pdf

²⁴ NSW Department of Education's Early Childhood Education Workforce Review (October 2017), https://education.nsw.gov.au/media/ecec/pdf-documents/2017/ Workforce-Literature-Review.pdf



New modelling indicates that one third of all preschool/kindergarten may lack a qualified teacher in the next four years if this issue is not addressed. 25

ACA would like to acknowledge the Australian Government's commitment to establishing a *Skills Organisations Pilot Program* under the Delivering Skills for Today and Tomorrow²⁶ initiative, which will trial new approaches to address this issue. ACA endeavours to work with the pilot program as a sector stakeholder to help in addressing some of the early learning sector's concerns.

The former *Long Day Care Professional Development Program* (LDCPDP) allowed early learning service providers to meet their specific professional development needs to support the National Quality Framework, adhere to the National Quality Standard and deliver the Early Years Learning Framework or other approved learning framework.

The funding had an enormous positive impact on the training of staff in the early learning sector.

The LDCPDP funding concluded on 30 June 2017 and no further funding initiative was introduced to ensure a longer-term solution to the professional development requirements of the early learning sector.

There is no Federal Government funding in place to support the professional development of Australia's early childhood educators and teachers.

SOLUTION

We call on the government to allocate funding to a national early learning workforce strategy that aims to ensure an adequate supply of quality early childhood educators and teachers for the sector.

This must include:

- Government policy that will deliver a consistent level of high quality vocational training courses with the required outcomes, to ensure that Australian young children receive the best quality early childhood education and care
- Addressing the desperate shortage of degree qualified Early Childhood Teachers (ECTs) in the wake of the 2020 change in NQF requirements regarding early childhood teachers. Government policy could reduce barriers for existing Diploma qualified educators who may wish to upskill to a teaching degree.
- Government funding for the professional development of early childhood educators and teachers i.e. A program similar in concept to the LDCPDP with the same distribution model that allows early learning service providers to determine the most appropriate training needs for the staff in their own services.

²⁵ One-third of all preschool centres could be without a trained teacher in four years, if we do nothing, <u>Megan O'Connell</u>, Honorary Senior Fellow, University of Melbourne - https://theconversation.com/one-third-of-all-preschool-centres-could-be-without-a-trained-teacher-in-four-years-if-we-do-nothing-120099

²⁶ https://www.budget.gov.au/2019-20/content/factsheets/download/fact_sheet_skills_package.pdf



BENEFIT TO FAMILIES AND TAXPAYERS

- Australian children deserve the best quality we can provide them in terms of education and care. Continuity of training allows our children to access to the best of early childhood teachers and early childhood educators without parents facing undue pressure on the fees.
- If all centres can access a quality and well-trained workforce, they will not be a risk of 'failing' the government's National Quality Framework despite having done all they can to meet the criteria.

- If properly funded and facilitated, this initiative will underscore the government's commitment to early learning as a destination career for many young Australians who, right now, choose primary school teaching as their career goal.
- In remote and regional Australia, more professionals will be drawn to the region and allow more centres to be opened in towns and centres, which right now, fail our children due to the lack of an appropriately skilled workforce.
- Rural families would have access to the same quality early childhood teachers/educators in quality long day care centres as their city counterparts.
- These reforms would enable the government to fulfil its own reform agenda on demanding an increase in the quality of carers in long day care centres.



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