

Early childhood education and care

PRIORITIES

1. Federal Government to lead a national transition to free early childhood education and care.

Free early childhood education and care would remove cost and conditions as impediments to children's participation, simplify what is presently a complex subsidy system for parents to navigate and remove disincentives for primary carers, who are overwhelmingly women, to enter and remain in full-time employment.

2. Federal Government to work with states and territories to establish universal pre-school for all 3 and 4 year olds.

Universal pre-school for 3 and 4 year olds has the potential to improve children's cognitive, emotional and social development and their school performance.

3. Government action to boost pay, conditions, professional recognition and career pathways for early childhood educators and teachers.

High quality early education and care requires a well-trained, highly skilled professional workforce with good pay and conditions. Improved pay, professional recognition and career pathways will lead to greater stability in the industry which is currently facing a staffing crisis related to high staff turnover and difficulties in attracting professional educators.

4. Align early childhood education and care policies and delivery with 12 months paid parental leave shared between parents and legislated flexible work and leave provisions for parents and caregivers.

An increase to the OECD average of 12 months paid parental leave shared by parents, with an option of staging the leave in blocks over 2 years, would help parents to care for children in the first 2 years.

Transition to early childhood care and education with more flexible work provisions in awards could follow shared paid leave. Single parents should be eligible for 12 months paid leave in recognition of the additional burden of parenting.

5. Review the market driven system for early childhood education and care, including responsibilities for funding, delivery and standards.

A fully independent expert review into Australia's current market based childcare and early learning system should consider: the levels of government which are best suited to fund, regulate and deliver services; avenues for more diverse community control and input; the appropriateness of profit driven services, and opportunities for more direct government leadership and involvement in the sector.

6. Develop a clear national vision for early childhood education and care as a basis for funding decisions to drive improvements in standards and frame service design and delivery.

Australia needs better public and political understanding of the multiple ways a well-funded universal early childhood education and care system could play in future 'nation building':



reduce costs for rearing children; enable women's full workforce participation; foster all children's cognitive, social and emotional development and, through pre-school, assist education equity through school preparation and improved education outcomes.

RATIONALE

The counting the cost to families: Assessing childcare affordability in Australia report (August 2021) models the impact of the Federal Government's recent childcare subsidy announcement. This found that one in three families are spending more on childcare than groceries to feed their family and 85% of families are spending more on childcare than on their utility bills. The report uses an international benchmark of no more than 7% of disposable income spent on childcare to determine childcare affordability for families. Up to 50% of households spend more than 7% of their income on childcare costs.

A complex fee subsidy system, intersecting with tax and other allowances, discourages mothers' full time workforce participation, contributing to Australia having one of the lowest proportions of women in full time work in the OECD. Women constitute 38.0% of all full-time employees and 67.6% of all part-time employees.

Activity test conditions which restrict access to subsidized childcare to children whose parents either work or engage in approved activities have limited the access to childcare of some of the poorest children who could benefit the most from quality early education and care.

The Federal Government spends around \$9 billion a year on childcare subsidies. Free childcare could triple this but would be more than compensated by gains in productivity from women's workforce participation and improvements in school performance.

Relative to other advanced economies such as the UK and NZ, Australian children are significantly less likely to participate in formal childcare in the crucial developmental years of ages 3 and 4. Only 66% of 3 year old Australians are in any type of formal care compared with 100% in the UK and 95% in New Zealand. This is particularly the case with children of poor and geographically isolated families and Aboriginal children who are most disadvantaged in the formal education system. Australia has some of the most inequitable education outcomes in the OECD. There is a range of research showing that participation in 2 years of pre-school is linked with later cognitive, emotional and social development and school achievement.

The overwhelming proportion of early childhood educators are women. Their average take home pay is around \$21 an hour. Recent attempts by industry unions to make the case for work value cases have failed. There is consensus amongst advocates, researchers and most peak bodies that due to low wages, low levels of professional recognition, very limited career

pathways and worsening conditions, including staff shortages and provider expectations for unpaid work, the sector is undergoing a worsening staffing crisis with low levels of recruitment and retention and high turnover.

A recent workforce survey *Big Steps*, by the United Workers Union, found that 37% of educators did not intend to stay in the sector long-term and of this group 74% intend to leave within the next 3 years.

At 18 weeks, Australia's paid parental leave scheme, paid to the primary carer, is one of the shortest in the OECD. The average length of paid parental leave in the OECD is around 55 weeks. Despite 2 weeks paid 'dads' leave' on top of the 18 weeks, Australian fathers take very little leave and spend less time with their children than their OECD peers. In conjunction with flexible work arrangements, a staged increase to 12 months paid parental leave to be shared by both parents and taken in blocks over 2 years would help parents to care for children in the first 2 years, with supported transition to flexible care services and more formal early childhood education and care.

The current market driven system for early childhood education and care is fragmented and expensive for parents, while being dependent on multiple funding sources from state and federal governments. 50% of providers are private for-profit with around 35% private not-for-profits and the remainder a mix of state government schools, state government, local government and a few private and Catholic schools.

Pre-school and long day care services overlap and vary across states. Large ASX listed for-profit providers dominate the long day care sector, alongside small for-profit operators, large not-for-profits and some community providers. Parents are confused by the fee subsidy based on income, regular unregulated fee increases following new government funding to providers, the activity test - which especially impacts single mothers and poorer communities - and other conditions such as the number of children a family already has in childcare and pre-school.

This complexity and the confusion it creates for parents contributes to Australia's low participation rate in formal early childhood education and care relative to other OECD countries.

Government inquiries, advocates and researchers (such as the Productivity Commission Inquiry Report on Childcare and Early Childhood Learning in 2014) agree on the multiple benefits to Australia from investing in a high quality and universal early childhood education and care system. The sector is rightly seen as the major economic driver for women's workplace participation and associated productivity increases, but there is less emphasis on the related long-term benefits for children, parents (particularly equalizing with fathers the current care burdens carried by mothers), parental well-being and the community.

A national vision statement would clarify and spell out the roles early childhood education and care can play in strengthening Australia's economic life, social inclusion, education equity and well-being, and would help shape future planning and funding priorities.