



EARLY LEARNING AND CARE  
COUNCIL OF AUSTRALIA

# Early Learning and Care Council of Australia

**2020-21 Pre-Budget Submission to the Australian Treasury**

January 2020

# PRE-BUDGET SUBMISSION TO THE AUSTRALIAN TREASURY – BUDGET 2020-21

## About ELACCA

The Early Learning and Care Council of Australia (ELACCA) was incorporated in 2014 to promote the value of quality early learning and care as an integral part of Australia's education system. Our membership constitutes the largest early learning providers in the country from all parts of the sector, including both long day care and preschool/kindergartens. ELACCA represents more than 30 per cent of the not-for-profit and private providers operating over 2000 services across Australia.

As well as promoting the value of quality early learning and the need for greater public investment, we advocate the right of all children to access quality early learning and care, particularly children facing disadvantage. We do this by drawing on the broad knowledge and practical experience of our members and representing their views and issues to decision makers in government, the media and the public.

More information about ELACCA is available at: [www.elacca.org.au](http://www.elacca.org.au)

## Summary

ELACCA welcomes the opportunity to provide advice to the Government on the early childhood education priorities for the 2020-21 Budget. We acknowledge the Morrison Government's continued commitment to deliver a surplus in this year's Budget but also welcome the Prime Minister's recognition that this may be impacted by the current economic circumstances, such as the cost of recovering from the unprecedented bushfires and drought across the country.

It is the consensus view of ELACCA members that providing funding for the development and implementation of the National Early Childhood Education and Care Workforce Strategy plus long-term sustainable access to preschool are the highest order priorities for early learning in this year's Budget. To sustain and build on preschool progress achieved to date, funding should continue at current levels, at a minimum. Should current levels of investment be reduced or ceased, there will be serious consequences for children, parents, the sector and its workforce, and other government programs.

ELACCA members also share the view that all children should be supported to attend at least two days of early learning, regardless of their family's circumstance. For this reason, every child in Australia should be eligible for at least 18 hours Child Care Subsidy per week, regardless of their parent's activity. We also need to address issues with the current funding model for inclusion support, so that all children receive the support they need to engage in early learning while also supporting their parents' workforce participation.

## Recommendations

1. Assign funding for the development and implementation of the National Early Childhood Education and Care Workforce Strategy agreed at COAG Education Council in December 2019.
2. Allocate funding across forward estimates to provide long-term, sustainable funding for universal access to preschool for at least 5 years.
3. Allocate funding across forward estimates to provide funding for universal access to preschool in the two years before full-time school.
4. Across the forward estimates, allocate sufficient funding for Child Care Subsidy to provide all children with a base entitlement of 18 hours subsidy per week (across two days) regardless of activity.
5. Increase the funding allocation to the Inclusion Support Program to:
  - Match inclusion support funding to the hours a child attends early learning and care (i.e. remove the 25 hours per child limit);
  - Provide an initial, one-off 'catch-up' increase in wage subsidies to align with current award wages; and
  - Index wage subsidies on an ongoing basis, so funding does not decrease in value over time.
6. Increase funding for children and families in early learning impacted by emergencies and natural disasters, to deliver:
  - Trauma-informed professional development for early childhood teachers and educators;
  - Access to additional educator support for children and educators experiencing trauma (through the Inclusion Support Program);

- Fast and effective fee relief for families impacted by disasters through a new disaster category under ACCS Child Wellbeing.

**Recommendation 1 – Assign funding for the development and implementation of the National Early Childhood Education and Care Workforce Strategy agreed at COAG Education Council in December 2019.**

ELACCA welcomes the commitment by Education Ministers to develop a new children’s education and care national workforce strategy to support the recruitment, retention, sustainability and quality of the early childhood services workforce. A national plan is a fundamental strategy to lifting quality.

The *Lifting our Game* report identified building workforce capability as a key initiative in improving the quality of early learning<sup>1</sup>. The looming national shortage of early childhood teachers poses an immediate challenge in maintaining the current national universal access to early childhood education as well as ensuring early childhood services meet the National Quality Framework.

A national workforce strategy is needed to:

- Ensure an adequate supply of suitably qualified teachers and educators to deliver early childhood education, particularly in rural and remote areas;
- Provide the wrap around professional support and development to allow them to flourish in early childhood settings;
- Ensure there is a pipeline of future teachers in place for a national roll-out of three-year-old programs; and
- Build a continuous learning culture to underpin quality improvement in programming and pedagogy in early childhood education.

Individual state efforts to address workforce development, while identifying the right targets, do not have sufficient resourcing or fire power to address the challenges that the sector faces, which is why a national approach is essential. Therefore, we recommend the Australian Government commits funding to both the development and implementation of a national workforce strategy for early childhood education.

**Recommendation 2: Allocate funding across forward estimates to provide long-term, sustainable funding for universal access to preschool for at least 5 years.**

In Australia, national investment in preschool – alongside the introduction of the National Quality Agenda – has achieved significant progress over the past decade, with increased enrolments, dosage consistency and quality improvements. However, there is still more to be done to make sure that all Australian children have access to affordable, quality preschool, regardless of where they live or their family’s circumstance.

We need continued, long-term national investment in preschool because:

- There is a wealth of evidence about the long-term social and educational benefits of preschool for children, particularly vulnerable and disadvantaged children.
- The objectives of the National Schools Reform Agreement are unlikely to be achieved without correlating investment in the early years.
- Early childhood education boosts educational achievement, workforce participation and tax revenue, producing a return on investment of 2:1<sup>2</sup>.
- “An additional 33 million hours are worked across the economy by parents returning to work in the year their children attend early education.”<sup>3</sup>
- In our federated system, there is a fundamental role for the Australian Government in continuing to drive national consistency in preschool access, quality and affordability. Preschool access and affordability shouldn’t differ depending on what state you live in.

<sup>1</sup> Lifting our Game (2017), <https://earlychildhood.qld.gov.au/about-us/publications-and-research/lifting-our-game>.

<sup>2</sup> The Front Project, “Economic Analysis of early childhood education in the year before school”.

<sup>3</sup> Ibid.

A reduction or withdrawal of preschool funding in early learning would inevitably mean families' fees will increase by at least \$30 a week, possibly more in some settings, as state and territory governments reprioritise their own investment. This will erode any improvements in the affordability of child care achieved since the introduction of the Child Care Subsidy.

We therefore recommend that the Australian Government allocate at least five years funding for preschool in the 2020-21 Federal Budget, so all Australian children can access quality early learning before they start school.

**Recommendation 3 – Allocate funding across forward estimates to provide funding universal access to preschool in the two years before full-time school.**

The evidence is compelling that two years of quality early childhood education provides a substantial benefit for children compared with one, especially for children facing disadvantage.<sup>4</sup> For children facing disadvantage, establishing solid participation patterns earlier (e.g. at age three) can enhance participation at age four.

In response to this evidence and the many international precedents being set, many states and territories have committed to or are implementing a second year of preschool. In the absence of Australian Government policy and funding leadership, implementation is reinforcing the variation across jurisdictions and the different experiences of children. Notably, both Tasmania and Victoria recognise the importance of partnering with the LDC sector in delivering a second year of ECE, whereas New South Wales and the Australian Capital Territory are only funding delivery in the community preschool sector.

Without leadership to support a nationally consistent roll out of a second year of preschool, the education gap between the 'haves' in the larger states and the 'have nots' in the smaller states is set to widen. For this reason, we recommend the Australian Government provide adequate funding for two years of preschool for all children in the years before full time school, with consideration to a targeted roll-out initially.

**Recommendation 4 – Across the forward estimates, allocate sufficient funding for Child Care Subsidy to provide all children with a base entitlement of 18 hours subsidy per week (across two days) regardless of activity.**

All Australian children should have access to at least two days of affordable early learning, regardless of their family's circumstance. Currently, children will not have access to any subsidised early learning if they have one parent not working unless their family has a very low income (less than \$67,000 per annum) or they are participating in preschool in the year before school. This means that many children are missing out.

The Child Care Subsidy (CCS) should provide all children with a base entitlement of 18 hours subsidised early learning per week because:

- The benefits for children accessing at least two days of high quality early learning per week is well-established in research.<sup>5</sup>
- The current CCS24 safetynet (minimum entitlement for low-income families) does not provide enough subsidised hours (24 per fortnight) to deliver a high quality, affordable and commercially viable early learning program delivered for two days per week.
- The safetynet cliff in subsidised hours creates affordability barriers and financial disincentives for two parent, single income households (i.e. families with a stay at home parent) earning over \$67,000 per annum.
- Providing a base entitlement to all children is cost-effective in that it reduces red tape and administrative burden resulting from the current activity test exemptions for CCS24 families and the preschool exemption.

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<sup>4</sup> Mitchell Institute (2016) "Two years of preschool are better than one" <http://www.mitchellinstitute.org.au/reports/two-years-preschool/>

<sup>5</sup> Mitchell Institute Report (2016) [Quality Early Education for All](#); Australian Institute of Family Studies (2016), [A Critical Review of Early Childhood Literature](#).

We therefore recommend that the Australian Government provide all children with access to a base entitlement of 18 hours CCS per week (across two days), regardless of their parent's activity or income.

**Recommendation 5 – Increase the funding allocation to the Inclusion Support Program to:**

- **Match inclusion support funding to the hours a child attends early learning and care (i.e. remove the 25 hours per child limit);**
- **Provide an initial, one-off 'catch-up' increase in wage subsidies to align with current award wages; and**
- **Index wage subsidies on an ongoing basis, so funding does not decrease in value over time.**

The Inclusion Support Programme (ISP) assists early childhood education and care services to include children with additional needs alongside their peers, through provision of tailored inclusion advice and support from Inclusion Agencies (IA) and access to funded support and specialist equipment, where required. Currently, ISP funding is targeted to children with a diagnosed disability. However, the Australian Government is currently considering welcome changes to the ISP Guidelines that will broaden the eligibility criteria to include undiagnosed conditions, such as trauma-related behaviours.

These proposed changes to the ISP Guidelines – if adopted – will be highly beneficial for children and families in meeting the objectives of the Inclusion Support Programme. However, for the ISP to truly meet the needs of children, families and educators, the following changes are required:

- 1) Match funding to attendance: Remove the 25-hour individual cap and 40 hour shared funding cap for an additional educator and match funding to a child's enrolled hours, to support a child's participation in early learning and their parent's workforce participation.
- 2) Align educator wage subsidies with award wages: Apply a one-off 'catch up' increase to the wage subsidy to align with current award wages (\$25.00/hour).
- 3) Index funding for educator wages: Index the wage subsidy annually, in line with increases in the award, so it does not continue to lose value in real terms.

As well as impacting a child's early learning participation, access to this funding has an economic benefit, as it supports parents' workforce participation. This is especially true for parents caring for children with a disability or other inclusion support needs who often show lower workforce participation than other parents.

For this reason, we recommend increased funding to the Inclusion Support Program to match funding to participation and reintroduce indexation so that the subsidy does not lose value, over time.

**Recommendation 6 – Increase funding for children and families in early learning impacted by emergencies and natural disasters to deliver:**

- **Trauma-informed professional development for early childhood teachers and educators;**
- **Access to additional educator support for children and educators experiencing trauma (through the Inclusion Support Program);**
- **Fast and effective fee relief for families impacted by disasters through a new disaster category under ACCS Child Wellbeing.**

In a country as vast and diverse as Australia, natural disasters have become the norm, rather than the exception. In the past year alone, Australians have experienced floods, cyclones, drought, bushfires and major storms. Each of these events have impacted early childhood services, with many services supporting children and families who have lost their homes and still more centres forced to close or adjust activities in response to emergency situations.

These disasters have highlighted the need for services to be able to provide timely support and fee relief to affected children and families, which we were able to do simply and effectively under the previous child care subsidy system. There are three mechanisms that would help teachers and educators better support children and families:

- 1) Deliver trauma-informed practice support and professional development to help build the resilience of early childhood teachers and educators who are supporting children and families impacted by the current disasters.
- 2) Provide access to additional support for children and educators experiencing trauma by creating a new stream of support under the Inclusion Support Program for children and services in communities impacted by natural disasters. This funding should provide additional educator support for children and to provide additional support for centre teams who may also be impacted by the disaster.
- 3) Improve the flow of fast and effective fee relief to families impacted by disaster by implementing a new category of support for children impacted by natural disasters under Additional Child Care Subsidy (ACCS) Child Wellbeing. Services should be able to initiate and approve up to 13 weeks of ACCS Child Wellbeing to provide immediate fee relief for disaster affected families.

Early childhood education services already have close relationships with children and families in areas impacted by disaster, so are best placed to provide timely and effective financial and emotional support. We therefore recommend the Australian Government provide additional funding for early childhood-specific professional development, additional educator support and fee relief for families impacted by emergencies and natural disasters.

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