

# Goodstart Early Learning

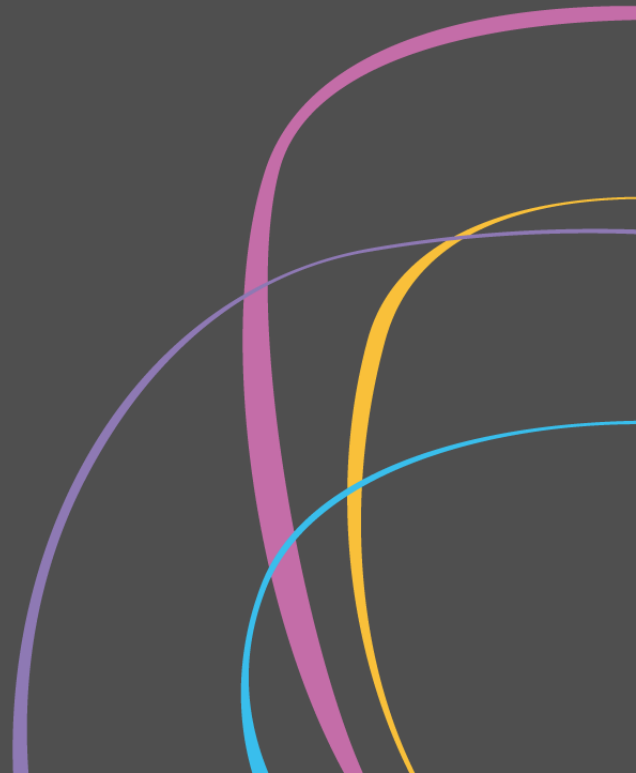
## Pre-budget Submission

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January 2017

**goodstart  
early  
learning**

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## 1. Introduction

Goodstart Early Learning is Australia's largest and only national provider of early childhood education and care. Goodstart's vision is for all Australian children to have the learning, development and wellbeing outcomes they need for school and life.

The importance of quality early learning and the positive returns to a nation's economy and productivity are well documented. Through effective investment in the early years, governments and communities have made considerable savings in regards to reduced welfare costs, crime rates and costly interventions required at later life stages. In addition, the investment has enabled greater workforce participation resulting in an increased tax base and providing a platform for future growth by developing more educated and highly qualified skilled workers for the future<sup>1</sup>.

Currently Australia is trailing other OECD countries in regards to school performance<sup>2</sup>. Analysis across OECD countries, indicates that students who attended at least one year of pre-primary education perform better than those who had not, even after differences in socio-economic backgrounds are considered<sup>3</sup>. Countries which prioritise investment in the early childhood education can be assured that they are providing their children with the necessary tools to successfully transition to school. Failing to provide this critical investment in the early years means that children do not have the necessary foundation to succeed at school and life. As a nation, we must invest in getting the foundations right so that we can have a more prosperous, cohesive and productive society. International research shows that investment in the early years pays for itself and the return on investment is multi-dimensional and generational<sup>4</sup>.

International evidence demonstrates that children benefit from a minimum dosage of 15 hours high quality early learning per week with children from disadvantaged backgrounds experiencing the greatest benefit. That is why Goodstart is calling on the Australian Government to amend its Jobs for Families Child Care package to provide a minimum of 15 hours of quality early learning for all children per week and a minimum of 22.5 hours for Aboriginal and Torres Strait Islander children and children from disadvantaged and vulnerable backgrounds.

Furthermore, Goodstart recognises the unique and important role Aboriginal and Torres Strait Islander services play in strengthening Indigenous children's understanding of culture and connections with land and community. In 2015, Indigenous children were twice as likely as non-Indigenous children to start school developmentally vulnerable on one or more, or two or more domains<sup>5</sup>. It is critical that this cycle of disadvantage is not compounded by the removal of existing early education and care services.

We call on the Australian Government to ensure the continued operation of those Aboriginal and Torres Strait Islanders services which will not be viable under the Jobs for Families package, particularly in those locations where no other service exists.

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<sup>1</sup> Garcia, J., Heckman, J., Leaf, D., Prados, M., December 2016, The Life-cycle benefits of an Influential Early Childhood Program, University of Chicago, Chicago.

<sup>2</sup> Programme for International Student Assessment PISA 2015: A first look at Australia's results

<sup>3</sup> OECD, Education at a Glance September 2016, p 300

<sup>4</sup> Moore, T., July 2014, Understanding the nature and significance of early childhood: new evidence and its implications, Centre for Community Child Health, Melbourne.

<sup>5</sup> Australian Early Development Census National Report 2015, p 32.

The Australian Government has a significant opportunity to provide a platform on which further early childhood reforms can be successfully built. Goodstart urges the Australian Government to end the uncertainty regarding universal access to preschool and to provide a long term funding arrangement to ensure all children receive a high quality learning program in the year before school.

Goodstart welcomes the opportunity to provide this submission and would be happy to further discuss it and its recommendations.

## **Key Recommendations**

Goodstart Early Learning makes the following key recommendations.

- 1. The Australian Government to amend the Jobs for Families Child Care package to guarantee funding for quality early learning for a minimum of 15 hours per week per child and a minimum of 22.5 hours per week for Aboriginal and Torres Strait Islander children and children from vulnerable and disadvantaged backgrounds; and increase the base entitlement income threshold from \$65, 710 to \$100, 000.**
- 2. The Australian Government to take into account the considerable savings which have accrued as result of the delayed implementation of the Child Care Package, the increased compliance measures and improved forecasting (MYEFO) and direct these to funding the new Child Care package and remove the artificial reliance on cuts to Family Tax Benefits.**
- 3. The Australian Government to provide dedicated funding to support those budget based funded services that have been identified as unviable under the proposed Child Care package and yet have been identified as providing a much needed service for their community.**
- 4. The Australian Government to provide long-term funding certainty for quality early education for all children in the year before school, regardless of the service type they attend.**

## 2. Priorities for the 2017-18 Budget

Goodstart Early Learning is Australia's largest and only national provider of early childhood education and care. This submission outlines what we believe to be the key budget priorities for the 2017-18 Budget.

### Jobs for Families Child Care Package

The Jobs for Families Child Care Package remains a key priority and will deliver more affordable child care for the vast majority of families which rely on child care to support workforce participation.

Evidence demonstrates that children benefit from a minimum dosage of 15 hours per week in order to support them in achieving their developmental milestones. There is also research available to suggest that this can be delivered over 2 days per week or multiple shorter sessions over a week. While 15 hours has been recognised as a minimum for the majority of children, evidence also demonstrates that children from vulnerable and disadvantaged backgrounds benefit from more hours of high quality early learning and care<sup>6</sup>. As such, Goodstart recommends that the Australian Government guarantee funding for a minimum of 15 hours for all children attending child care and 22.5 hours for Aboriginal and Torres Strait islander children and children from vulnerable and disadvantaged backgrounds. This will assist in providing children with the necessary foundation skills they require to successfully transition to school. It will also assist in increase their protective factors by developing their social, emotional and cognitive skills through a quality early learning program.

Goodstart urges the Government to amend the Child Care package and increase the base entitlement income threshold from \$65,710 to \$100,000. This would provide early learning for the bottom 40% of families which account for 56% of children who are likely to start school developmentally vulnerable. This would also assist in providing greater consistency with family tax benefit thresholds. We know that children who start school behind their peers are likely to stay behind and more costly and intensive interventions are required to support them.

**Recommendation 1: The Australian Government to guarantee funding for quality early learning for a minimum of 15 hours per week per child and a minimum of 22.5 hours per week for Aboriginal and Torres Strait Islander children and children from vulnerable and disadvantaged backgrounds; and increase the base entitlement income threshold from \$65,710 to \$100,000.**

### Savings to be directed to the Jobs for Families package

Families have been waiting for over four years for child care relief. Families and the early childhood education sector have welcomed the increased quality which has been brought about with the implementation of the National Quality Framework. However, the current child care rebate has remained capped at the 2008 level of \$7500 and as a result many families now report hitting the cap earlier each year and some are delaying having other children or are taking out additional loans to cover the cost of child care<sup>7</sup>.

<sup>6</sup> Loeb, S, Bridges, M, Bassok, D, Fuller, B & Rumberger, RW 2007, 'How Much is too Much? The Influence of Preschool Centers on Children's Social and Cognitive Development', *Economics of Education Review*, vol. 26, no. 1, pp. 52-66.

<sup>7</sup> Smart Start survey findings 2016

The Australian Government has already accrued significant savings as a result of the delay in passing the Jobs for Families legislation, with \$1.1 billion saved as a result of postponing commencement by one year. In addition, the recent child care compliance measures have secured upwards of \$500 million per year. The already introduced cuts to family payments equate to approximately \$1.2 billion in 2018-19 and this is in addition to the \$620 million worth of cuts that were passed in 2014-15. Furthermore, the improved forecasting of child care costs as outlined in the December 2016 MYEFO statement has identified further savings of \$724 million in 2016-17 (\$7.6 billion over the four years to 2019-20)<sup>8</sup>.

The Australian Government should direct these identified savings towards funding the Child Care package and remove the artificial reliance on cuts to family tax benefits as the only means to fund this important reform. Modelling from Price Waterhouse Coopers (PWC) demonstrates that the package will pay for itself in three years and generate approximately \$1 billion in increased taxes and welfare savings. Furthermore, PWC advise that savings generated from the package will exceed the costs of within 10 years<sup>9</sup>.

It is time for Government to acknowledge it has the necessary savings and it is time to fund the package.

**Recommendation 2: That the Australian Government take into account the considerable savings which have accrued as result of the delayed implementation of the Child Care Package, the increased compliance measures and improved forecasting (MYEFO) and direct these to funding the new Child Care Package and remove the artificial reliance on cuts to Family Tax Benefits.**

#### Funding for Aboriginal and Torres Strait Islander early childhood services

The recent review of budget based funded and mobile services undertaken by Price Waterhouse Coopers on behalf of the Australian Government, has identified some services which will not be viable under the proposed Child Care package. Whilst current funding arrangements have been extended through until July 2018, there remains no long term funding solution for some remote services which will not be viable under the new legislation.

In many of these instances, the existing service is the only available child care and early learning service available and without its continued operation, families and communities will be further disadvantaged<sup>10</sup>. It is imperative that the Government commit to providing dedicated funding for those Aboriginal and Torres Strait Islander services operating in remote communities where no alternative early childhood education and care service exists. It is also important for there to be a recognition of the unique role Aboriginal and Torres Strait Islander services play in strengthening children's respect and understanding of their community and heritage<sup>11</sup>. This in turn assists in

<sup>8</sup> Treasury, 2016-17 Mid-Year Economic Forecast Outlook, 19 December 2016, p 45

<sup>9</sup> Price Waterhouse Coopers, Economic Impacts of the Proposed Child Care Subsidy Final Report, February 2016.

<sup>10</sup> For example Baya Gaiwy in Fitzroy Crossing, Western Australia has been advised that it will not be viable under the proposed Child Care package. No other early childhood education and care service exists for 260 kilometres and the Government is yet to commit to providing a long term funding solution for this vital service.

<sup>11</sup> Sims, M., May 2011, *Early Childhood Education and Care services for Indigenous children prior to starting school*, Closing the Gap Clearinghouse, Australian Institute of Family Studies.

developing their confidence and language skills and setting children up for a successful transition to school.

While early childhood education and care enables workforce participation, it also plays a vital role in redressing disadvantage. This has been well established and is acknowledged in the Explanatory Memorandum to the Jobs for Families legislation. Aboriginal and Torres Strait Islander services play this vital role in communities and it is essential that where no other early childhood service exists, funding is provided to enable their continued operation.

**Recommendation 3: The Australian Government to provide dedicated funding to support those budget based funded services that have been identified as unlikely to successfully transition under the proposed Jobs for Families package and yet have been identified as providing a much needed service for their community.**

*Long term funding certainty for Universal Access to early childhood education*

Parents, families and early childhood education and care providers are tired of the ongoing uncertainty regarding universal access funding to support children in the year before school participate in a quality early learning program.

Since 2009 there has been a drip-feed approach to funding this critical investment and it is time the Australian Government committed to providing long term funding certainty so that children, parents and providers can support children to develop the necessary skills they need to successfully transition to school.

It is also important that the funding follows the child and is available regardless of which service type the child attends. It has been disappointing to see that in the current and previous National Partnership Agreements, states and territories have not been held to account for their preferential treatment of one service type over another despite clear statements in the Agreement that *all* service types will be supported.

With the current Agreement ending this year, it is critical that Government commit to long term funding for universal access to provide certainty for children, families and providers.

**Recommendation 4: The Australian Government to provide long-term funding certainty for quality early education for children in the year before school, regardless of the service type they attend.**

# Behind Goodstart

Goodstart was created by a partnership of organisations who saw the potential of early learning to transform Australia. They wanted to address one of the key sources of many future problems—poor early childhood experiences.

It made perfect sense for these groups to pool their energy and invest in early learning to fix the root cause of so many social problems.

**benevolent**  
SOCIETY

Formed in 1813, The Benevolent Society is Australia's first charity. It is a not-for-profit and non-religious organisation that helps people, families and communities achieve positive change through support and education.

**SVA**  
social ventures australia

Social Ventures Australia is a non-profit organisation established to improve the lives of people in need. It focuses on keys to overcoming disadvantage including great education, sustainable jobs, stable housing and appropriate health, disability and community services.

  
Brotherhood  
of St Laurence  
Working for an Australia free of poverty

The Brotherhood is a not-for-profit organisation that works to alleviate and prevent poverty through research, services and advocacy. It is a non-government, community-based organisation that supports people experiencing disadvantage at all stages of life to build a better future for themselves and their families.

**MISSION  
AUSTRALIA**

Mission Australia is a non-denominational Christian community service organisation that aims to reduce homelessness and strengthen communities across Australia. It works to help people secure jobs, receive an education, find housing and develop important life skills.

**Goodstart would like to acknowledge the funding and support provided by:**

Australian Federal Government  
New South Wales Government  
Northern Territory Government  
Queensland Government  
South Australia Government  
Tasmania Government  
Victoria Government  
Western Australia Government

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