



Australian Council of State School Organisations Limited

Submission

to the

Productivity Commission


Inquiry into

Early Childhood Education and Care

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President
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One voice for every child in government education

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Please indicate your name if an individual, or your organisation name if you are responding on behalf of an organisation.

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The Australian Council of State School Organisations is a peak community organisation and the *One voice for every child in government education.*

Do you wish your submission to be treated as confidential?

No



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Introduction

The Australian Council of State School Organisations (ACSSO) is the voice for the families and communities of Australia's 2.6 million government school students. We are one of Australia's oldest continuously operating national parent organisations and possibly the world's oldest. We were established in 1947 to bring together various state and territory parent organisations and other families interested in public education to develop national policies that reflect how families want public education to be provided for all children. Membership varies due to differences in how our members in state and territory peak parent organisations have addressed national issues over time; however, our commitment to promoting equality and access for all young people attending government schools in Australia remains consistent.

We believe that the primary responsibility of governments, federal, state and territory is to establish and maintain government education systems that:

- positively engage with family and community at all levels of education;
- are of the highest calibre and open to all, regardless of race, gender, religion, social/economic status, geographic location, or ability; and
- can respond to changing educational landscapes by developing flexible and diverse programmes to meet all student needs.

ACSSO believes that a quality early childhood education and care (ECEC) program can assist with an effective transition period for a child and their family, which is fundamental in setting a solid foundation for future education and social outcomes.

ECEC can significantly impact a child's development by fostering more vital social skills, increased self-confidence, better coordination, creative thinking, and improved self-esteem. It lays a solid foundation for a child's life, allowing them to make new friends, cultivate independence, and learn new habits. ECEC also eases the transition to school.

The United Nations Educational, Scientific and Cultural Organisation has identified that ECEC goes beyond preparing a child for primary school. Its goal is to support the overall development of a child's social, emotional, cognitive, and physical needs, creating a solid foundation for lifelong learning and well-being. ECEC has the potential to cultivate kind, competent, and responsible future citizens.

Supporting our family on just one income is impossible for many of us. Therefore, parents must consider the financial impact of taking unpaid maternity/paternity leave and returning to work either full-time or part-time. This decision can affect your child and your family's economic well-being.

Regrettably, some policymakers still believe that caring for young children is an easy task that anyone can undertake, which is unhelpful.



Affordability of, and access to, quality ECEC services that meet the needs of families and children.

Over the last 30 years, family and work life's realities have changed dramatically. Despite significant reform, our ECEC system must help children and parents flourish and actively participate in life.

Childcare is an expensive burden for many parents, despite various forms of support. Parents still face high out-of-pocket costs even with rebates, cash benefits, and tax relief.

Despite government subsidies covering up to 85% of childcare expenses, depending on a family's economic conditions, ECEC remains a considerable burden for many families. While means-tested subsidies decreased prices for the most vulnerable families, they have been debilitating for many.

Many parents depend on their extended family's help and grandparents' love. While this can have positive effects, it can also be limiting, tense, and expensive.

In many situations, this led to parents, women, and men electing not to work or working fewer hours than they would prefer. Or it meant some parents decided not to employ ECEC services, resulting in children missing out on the developmental advantages of early learning.

The Mitchell Institute reports that "*Childcare is currently unaffordable for 386,000 Australian families, or 39% of families who use childcare*", with "*one in three families spending more on childcare than groceries to feed their family,*" and "*85% of families are spending more on childcare than on their utility bills*".¹

The changes to childcare subsidies that took effect in July 2022 made ECEC more affordable for some. However, we understand that the adjustments only affect one in every four families that use ECEC, leaving around 700,000 people worse off. High-income families are now the most likely to be able to afford ECEC, and lifting the subsidy ceiling will help them the most.

We acknowledge the Australian Government's pre-budget discussions and announcements for 2023–2024 appear promising. They will spend \$4.5 billion to provide more affordable childcare, including increasing Child Care Subsidy (CCS) rates starting in July 2023. The legislation was passed on November 23, 2022, and will result in the following changes:

- The maximum CCS rate will increase to 90% for families earning \$80,000 or less.
- CCS rates will increase for around 96% of families with a child in care earning under \$530,000.
- Large childcare providers will be required to report revenue, profits, and commercial leasing information to increase transparency in the sector.
- There will be a crackdown on fraud and non-compliance.
- An investment of \$33.7 million will be made to provide a minimum of 36 hours of subsidised ECEC per fortnight for families with First Nations children.

¹ <https://www.vu.edu.au/mitchell-institute/early-learning/assessing-childcare-affordability-in-australia>



What is affordable childcare?

[Australia must establish a reliable method of measuring childcare affordability.](#) While we have measures for affordability for other household expenses, such as housing stress for lower-income households, defined as spending over 30% of gross income on accommodation, there is no such standard for childcare affordability. In contrast, the US Department of Health and Human Services has set an "affordability threshold" for low to middle-income families, wherein childcare costs should not exceed 7% of take-home income. If the cost surpasses this threshold, the department considers childcare "unaffordable."

Affordability is not solely determined by income. Families with children or individuals with chronic illnesses or other ongoing challenges that require additional support have a different threshold for what is considered affordable. In some cases, a parent may choose to sacrifice their own basic needs, such as food or medical assistance, to pay for childcare and maintain a source of income.

[Developmental and educational outcomes for Australian children, including preparation for school.](#)

Preparing for school involves more than just the child; it also involves the school being ready for them. This process includes the child, their family and environment, the school, and the community. A child's readiness for school is not solely determined by their inherent abilities. Their interactions with their family and surroundings greatly impact their skills and development before starting school. Establishing a positive connection between home and school is crucial for a successful school experience.

ACSSO stresses the significance of healthy development during the early years. It sets the foundation for future educational attainment, economic output, responsible citizenship, lifetime health, strong communities, and effective parenting. Australia must take action during this critical period to ensure children have a solid foundation for future growth. Scientific evidence shows that the beginning of life establishes the tone for the rest of one's life story. Thus, the early years of childhood are a time of great opportunity and risk. Children's brains develop moment by moment through interactions with their surroundings. In the first few years of life, over one million neural connections are formed each second, a pace that is never repeated. The quality of early experiences plays a significant role in a child's brain development, providing either a strong or weak foundation for learning, health, and behaviour throughout life. Early childhood presents a critical opportunity to shape a child's overall development.

ACSSO is concerned that we frequently lose this window of opportunity for many of Australia's most vulnerable children, including children living in poverty, children on the move, children from discriminated-against communities, and children with disabilities.

When children miss this once-in-a-lifetime opportunity, they and the country pay the price in wasted potential. Failure to give children the best possible start in life perpetuates cycles of poverty and disadvantage that can last generations, undermining the strength and stability of Australian society.

[Economic growth, including through enabling workforce participation, particularly for women, and contributing to productivity.](#)

KPMG's "workforce disincentive rate" study from five years ago revealed that childcare costs, the Child Care Subsidy (CCS) rates, and our current tax and benefits system discourage women with children from returning to work. The current system tends to prevent women from seeking employment opportunities. Over the last five years, little appears to have changed.



Mothers are often forced to leave their jobs to care for their children when childcare costs become too high. This is because women in Australia typically earn less than men. When heterosexual families must decide who will work and who will not, it often makes more financial sense for the person on the lower income, predominantly mothers, to step back. Unfortunately, this has been the pattern for decades and continues to be replicated.

When a parent, usually the mother, takes time off from work to care for children, it can hinder their career progression. This can negatively affect the economy, such as the parent having fewer retirement savings and potentially needing more support later in life. Additionally, many women over 60 who are divorced or widowed and have had lower-paying jobs or little saved in their retirement funds may struggle to afford housing and become homeless.

The period of economic austerity following the 2008 worldwide financial crisis had adverse effects on sectors responsible for essential social infrastructure. As a result, families, mostly women serving as primary caregivers, faced significant challenges during the recent pandemic. The persistent cost-of-living crisis is also anticipated to impact women who earn and save less significantly.

Australian families who lost jobs or work hours due to COVID-19 struggle with expensive out-of-pocket childcare costs. The government must prioritise this issue as part of its plan to improve the country's economic situation.

Significant changes in the work landscape have decreased traditional 9-5, Monday to Friday work schedules in recent years. This change has created challenges for families with children who require suitable childcare during non-traditional or irregular shifts. Due to the demands of our working lives, many of us require overnight or weekend childcare options. However, unfortunately, most childcare centres operate only during regular business hours and have yet to adapt to these changes.

Over the past few years, the Coalition government has invested substantial funds in childcare subsidies. Despite this, the expense of early childhood services remains significant for many families.

Starting in July 2023, the Albanese Labor government plans to increase the subsidy, which is expected to alleviate some financial pressure. However, subsidy changes offer only momentary relief as childcare expenses tend to increase once again.

From July 1, 2023, eligible Australian families will receive increased childcare subsidies, reducing out-of-pocket expenses. Families who earn less than \$530,000 annually will benefit from the subsidy rate hike. The subsidy amount will depend on various factors, including the cost of care, whether the fee cap is exceeded, the parents' activity hours, and the family's income. ACSSO would like further information on how this will be achieved, and the funding source needs clarification.

The early childhood education industry, which is predominantly female, faces challenges with retaining employees due to issues with compensation and working conditions. Educators in this field often have to handle heavy workloads without proper compensation. According to a survey conducted by the United Workers Union in 2021, 73% of current and former educators surveyed plan to leave the industry by 2024 due to excessive workloads and low pay.

Making childcare more affordable for families encourages parents or single parents to return to work. This leads to increased demand for childcare services, which requires more staff to be employed in childcare centres. Since most childcare workers are female, this creates a self-generating cycle of job creation. Therefore, more primary caregivers returning to work provides more employment opportunities for child carers.



When mothers or single fathers return to work, it affects the amount of Family Tax Benefit the government must provide.

It is important to note that families who experience financial difficulties may face tough decisions about when to enrol their child in school. Transitioning from childcare to school can be expensive, and this may influence a parent's decision to enrol their child at an earlier age of 4 and a half rather than waiting an extra year and enrolling them at 5 and a half. Ultimately, making this decision can significantly reduce costs for families.

Australia's childcare rebate is limited to 50 hours per week. Any additional hours beyond that will be the responsibility of the parent/s to pay for in full. This can become expensive, especially with the added costs of transportation to and from work and dropping off older siblings. It may also influence families to make choices that could potentially impact their career growth and work-life balance.

As a parent, allowing a child to stay home alone or with an older sibling may become necessary. Ensuring that the child has the necessary skills and maturity to handle this situation safely is crucial. If the child is responsible and well-prepared, being trusted to stay home alone can significantly enhance their confidence, independence, and sense of responsibility. However, it is crucial to consider the real risks involved when leaving children unsupervised, as well as their comfort level and ability to handle any challenges that may arise.

[Outcomes for children and families experiencing vulnerability and/or disadvantage, First Nations children and families, and children and families experiencing disability.](#)

Children from disadvantaged or First Nations backgrounds often struggle academically due to various risk factors that can hinder their cognitive development. Unfortunately, some teachers and professionals also have lower expectations of these children, which is unacceptable. To improve outcomes for underprivileged children, interventions must address the multiple root causes of their underperformance. Adopting a two-generation early childhood care model that supports parents and children can effectively address these risk factors and improve outcomes.

The skills of early childhood professionals are essential. Those who work with young children usually have specific abilities. However, having better qualifications before starting work and getting additional training on the job is linked to providing authentic, exciting and beneficial activities for children in early childhood care and more meaningful engagement with families.

Providing children with optimal developmental support from a young age is crucial, as it can significantly impact their future. If children experience early developmental and language delays, it can affect their educational experiences and even persist into adulthood. ACSSO recognises that disadvantaged 16-year-olds are already behind their peers in development by the time they reach five years old. By age three, these children are nearly a year and a half behind their peers in language development. Moreover, five-year-olds with delayed language development have a significantly lower chance of achieving expected English proficiency by age eleven and meeting the standard for math achievement.

Recent evidence suggests that providing specialised training for early years personnel is a more effective way to enhance early childhood education rather than simply increasing the number of hours children attend or improving the physical environment. Early years practitioners play a critical role in achieving positive outcomes for the children they work with by helping them overcome obstacles and conditions that may hinder their development.



The federal government can assist early childhood professionals in several ways, including by enhancing their ability to identify children experiencing speech, language, or communication difficulties. They can also provide both theoretical and practical knowledge of child development theories. Additionally, the government can help improve engagement with parents and caregivers by developing skills to support children's self-confidence, relationships, and self-awareness through training on personal, social, and emotional development.

The Early Years Framework allows for engagement between families and centres, but funding is needed for the necessary time and opportunity for such interactions to occur.

The efficiency and effectiveness of government investment in the sector.

ACSSO views significant investment in the sector as essential and requires thorough government attention.

All parents want the best for their children, regardless of their social status. This is also true for parents in socially disadvantaged families, who do their best with limited resources to ensure their children's well-being.

Many parents have had to resort to extreme measures such as resigning from their employment, using up their savings, or taking on debt to pay for care. Regrettably, many parents are still faced with these tough choices.

But what exactly do children need? Experts from various fields, such as neurobiology, epigenetics, psychology, developmental psychology, and stress research, agree that chronic stress is the most harmful factor for a child's development. While occasional stressors can help build resilience, chronic stress caused by parental stress, violence, or a lack of emotional support in the first few years of life can severely impact a child's health and social behaviour.

Establishing a secure and dependable bond with primary attachment figures, such as mothers, fathers, or grandparents, is crucial for children. They need a strong and reliable connection where they can receive love, attention, and support during their formative years.

Research has shown that a secure bond activates an anti-stress gene at the epigenetic level, which helps individuals cope better with stress in the future. Without this bond, the adverse effects of stress can be detrimental.

In addition, children require a stimulating environment that encourages free play. Studies have revealed that children between the ages of two and five engage in physical activities more frequently when allowed to play independently. This promotes social interactions and helps children develop their independence.

The cost of the criminal justice system in Australia has increased significantly in recent decades, and providing ongoing care for incarcerated individuals is expensive. We propose that investing in high-quality early childhood education and care would be cost-neutral and positively impact state and territory budgets by reducing criminal justice system costs.

Additionally, the costs incurred once people are released back into the community are primarily unaccounted for when looking at the expense of incarceration. We understand that people with

histories of incarceration have high rates of chronic medical, mental health (i.e., schizophrenia, post-traumatic stress disorder), and substance use disorders, which tend to be costly health conditions.



Your educational level can significantly affect your job opportunities. The higher your educational attainment, the lower your chances of being unemployed. Employment Job positions often have specific educational requirements that must be met for consideration.

It is essential to provide every child with the best possible start in life to decrease health disparities throughout their lifetime. The early years, beginning in the womb, are crucial for laying the foundations for physical, intellectual, and emotional development. The experiences during this time have a lasting impact on various aspects of health and well-being, including obesity, heart disease, mental health, educational success, and economic status.