
**Financing the Future:
An equitable and sustainable approach to
early childhood education and care**


Never Stand Still Faculty of Arts & Social Sciences

Early Years Seminar Series: Research to Policy to Practice
**Investing in Early Childhood – the future of early childhood
education and care in Australia**
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2 (a) Strengths of current system

- Subsidies available to all who qualify and find a place
- National Quality Framework
- Children of non workforce participants qualify for CCB
- 'Universal access' strategy
- Integration of home-based options (FDC and In-Home Care)




Overview

- 1) The case for reform
- 2) Strengths and weaknesses of current arrangements
- 3) Lessons from international experience
- 4) Directions for reform:
 - Early Learning Subsidy (short term)
 - Universal, low fee or no fee ECEC (long term)
- 5) Developing and sustaining a longer-term vision



2 (b) Weaknesses of current system

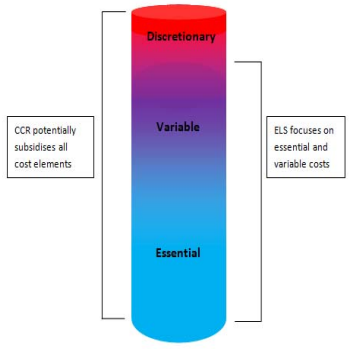
- Subsidies are complex and confusing
- Many vulnerable and low-income families miss out
- Ongoing cost pressures and lack of affordability
- Financing does not support professional wages
- Poor/inefficient targeting of funds - subsidies linked to fees




1. The case for reform

- Problems with affordability and flexibility
- Rising costs to government
- Disadvantaged children missing out
- Potential to increase women's workforce participation
- Absence of a funded workforce strategy
- Limits of market-oriented solutions







3. Lessons from international experience

- Importance of quality (i.e. trained, properly remunerated educators)
- Free provision for 15-20 hours per week in year or two before school becoming normative
- *Any* fee is a barrier (though not the only one) for some families
- High, uncapped subsidies unique to Australia
- Value of connecting in-home child care to service hubs



Impact of ELS (2)

(2) For society / government

- Public subsidies better targetted
- Improved incentives for second earners to increase number of hours/days employment
- Focuses government spending on essential costs; limits public subsidies for luxury and premium service elements



4. Directions for reform

SHORT TERM: EARLY LEARNING SUBSIDY

1. To be applied to *reasonable costs* (not provider fees)
2. To be paid directly to providers
3. 100% for most vulnerable children & children being raised for by grandparents
4. 90% for low-income families
5. 35% for high-income families
6. Children to be eligible for ELS regardless of parents workforce participation - but possible review of 24 hours

7. LONG TERM: LOW-COST, HIGH QUALITY ECEC PROVIDED THROUGH A 'UNIVERSAL PLUS' PLATFORM



Longer term: universal, low cost ECEC

1. Is ECEC designed to deliver: private investment or social investment?
2. More supply-side funding and local planning - greater use of preschools?
3. Low fee (or no fee) ECEC for 20 hours in year before school
4. Extend this offer down the age range until aligned with end of PPL
5. Establish targets and time frames
6. PPL and ECEC are part of a policy continuum providing *cash, time* and *services* to support families with children from birth to 12 years



Impacts of ELS

(1) For Families:

- All families using reasonable fee services would be better off, or no worse off
- Out of pocket costs substantially reduced for low- and middle-income families
- Families worse off are those using 1 or 2 days of high cost ECEC (approx. \$150/day)



Concluding thoughts

- A long-term ECEC strategy needs to have *children's rights and interests* at its core
- It needs to support parents, educators and all others involved in the raising of young children
- It requires an integrated suite of offerings that include *TIME, CASH and SERVICES* to support families with young children
- It needs a workforce strategy addressing: wages and conditions, recruitment, retention, career paths and work/life balance
- Productivity Commission has provided a solid platform reflecting the financial and policy constraints established by government
- This is a political process - it is up to us to advance the agenda!

