



**Early Childhood Australia**

A voice for young children

**OUR  
VISION:  
EVERY  
YOUNG  
CHILD IS  
THRIVING  
AND  
LEARNING**

# 2015/16 Budget

## Early childhood background brief

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### About us:

Early Childhood Australia (ECA) is the national peak early childhood advocacy organisation, acting in the interests of young children, their families and those in the early childhood sector. ECA advocates for quality in education and care as well as social justice and equity for children from birth to eight years. We have a federated structure with branches in each state and territory. In 2013, ECA celebrated 75 years of continuous service to the Australian community.



## Families package

The Federal Government has indicated that it will announce a 'Families Package' funded through the 2015/16 Federal Budget.

This follows the Productivity Commission's recommendations to Government from its inquiry into Childcare and Early Childhood Learning. Key recommendations include:

- existing subsidies be abolished and replaced with a single means tested subsidy system
- an 'activity test' should apply to the subsidy system, removing support for families unless they are working, training or studying for more than 24 hours per fortnight
- funding should be continued for universal access to preschool for all children in the year before school.

The Government has been consulting with the sector on elements of the package in the lead up to the Budget. The Government has already announced the first part of that package requiring families immunise their children to receive family payments. It is currently estimated (from MYEFO) that the Government will spend \$31 billion over four years on child care subsidies and around \$7 billion in 2014-15.

## Key issues

### A new activity test

The current subsidy system provides 24 hours of subsidised early learning from families earning under around \$150,000 per year without meeting an activity test. According to the Budget papers this currently enables around 97,000 children to access early learning (in 14/15).

The Productivity Commission recommended the introduction of an activity test which would exclude children from access to subsidised early learning, unless their parents work for more than 24 hours per fortnight.

There are some exemptions for income support recipients. It is expected that, without subsidies, many families not meeting the new activity test will withdraw their children from early childhood services.

The early childhood sector is concerned that the proposed activity test would effectively exclude thousands of children from access to important early learning opportunities. This would significantly impact children's outcomes. Access to quality early learning amplifies children development, particularly vulnerable and disadvantaged children.

This also has an economic impact. Modelling from Price Waterhouse Coopers (2014) has shown that increasing the participation of vulnerable children to early learning would boost the economy by



\$13.3 billion to 2050. This is greater than modelled workforce participation gains over the same period.

Due to a significant number of families withdrawing from care, estimated to be up to 10 per cent in some services, the sector is also concerned about the viability of early childhood services, particularly in regional, remote and disadvantaged areas. The potential closure of these services would have a significant impact on the whole community.

Retaining access for two days for non-working parents also supports parents who are trying to move into the workforce. Child care is not an incentive to work, it is an 'enabler'. Parents often need to have child care arrangements before they enter work or while they are looking for work.

Early Childhood Australia recommends that the Government retain subsidises for at least two days of early learning for children, regardless of their parent's circumstances. A graduated approach should then be taken, with greater levels of subsidised access provided for more hours worked.

### **Universal access to preschool/kindergarten for all children in the year before school**

The Government currently funds the states to provide universal access to 15 hours preschool/kindergarten for all children in the year before formal schooling. This arrangement has been in place since 2009 and has been highly successful in lifting preschool participation rates across Australia.

All jurisdictions, except New South Wales, have met the goal of 95 per cent of children enrolled in preschool in the year before school. The Productivity Commission inquiry recommended that Universal Access funding should be continued and the Government provided additional funding of \$406 million through last year's budget (in the Contingency Reserve) for an extension of funding for the universal access to 15 hours of preschool.

However this only provided additional funding until the end of the 2015 calendar year. Further funding will be required to ensure children can continue to access preschool and kindergarten beyond 2015.

Without additional funding, State and Territory governments have indicated that preschool hours will be reduced, fees may increase for families and some children could lose access altogether. Teachers employed to deliver these programs are also at risk.

The early childhood sector is concerned that without ongoing funding there will be significant effects on a child's long term outcomes – and their successful transition into school.

Access to early childhood education amplifies children's development. Research from the Longitudinal Study of Australian Children shows that children that attend just one year of preschool score up to 20 points higher for reading, spelling, writing and numeracy in NAPLAN - in Year 3.

The Parliamentary Library Brief on Universal Access can be found [here](#).

Early Childhood Australia has recommended that ongoing funding is provided to ensure all children can continue access 15 hours of preschool and kindergarten in the year before school.



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## **Nannies**

The Government will make funding for nannies available under a pilot program that will target people in remote areas and on shift work. This is likely to roll out later this year (*Sydney Morning Herald*: [Funded nanny pilot program given green light](#)).

Early Childhood Australia recommends that nanny services must be properly regulated to ensure the safety and wellbeing of children. Like other early learning services, nanny or in-home care services should demonstrate that they are meeting the National Quality Standard with qualified educators and professional support and monitoring delivered through a central coordination unit.