



Federal Budget Proposals: Early childhood education and care for Aboriginal and Torres Strait Islander children - August 2020

INTRODUCTION

Aboriginal and Torres Strait Islander children are over twice as likely to be falling behind in their developmental milestones than other children when they start school (AEDC, 2018). As such, they need special consideration to ensure that children who most need to access early childhood education and care (ECEC) are able to do so.

There is overwhelming evidence of the positive impact on the lives of children who have access to high quality early childhood education and care. Evidence is clear that the highest positive impact is for vulnerable children (Heckman, 2008; Sparling et al, 2007) and that “the highest rate of return in early childhood development comes from investing as early as possible, from birth through to age 5.” (Arefadib & Moore, 2017, p.5)

The current ECEC system is geared towards mainstream working families, rather than the needs of vulnerable Aboriginal and Torres Strait Islander children, placing them at higher risk of developing problems that will impact on their long-term health, their education outcomes and their social wellbeing. The early years provide the best opportunity to support the Government’s Closing the Gap objectives and targets.

BUDGET PROPOSALS

SNAICC has identified a broad range of measures necessary to increase access to quality early childhood education and care (ECEC) for Aboriginal and Torres Strait Islander children. This paper provides federal budget proposals for three of the measures that evidence supports as having the highest potential impact for investment. SNAICC proposes that these measures be provided for in the 2020-21 Federal Budget.

PROPOSAL 1: Provide a minimum entitlement of 30 hours of 95% subsidised care per week for all Aboriginal and Torres Strait Islander children as an ongoing measure to Close the Gap in ECEC attendance and Australian Early Development Census (AEDC) outcomes.

Currently the minimum entitlement to child care where parents do not meet the Child Care Activity Test and have a combined income under \$66,958 is 24 hours per fortnight of 85%

subsidised care. This measure increases that entitlement significantly to 60 hours per fortnight and increases affordability to encourage high take-up by lifting the subsidy to 95%. The measure also applies the entitlement to all Aboriginal and Torres Strait Islander families recognising that even those on higher incomes still face challenges to overcome issues of inter-generational disadvantage, trauma and discrimination, and should be provided with ready access to additional early learning to support efforts to Close the Gap. If the Government did choose to apply means testing to this measure, the level of subsidy should taper above a significantly higher threshold than the current Child Care Subsidy in recognition of these social and economic challenges for families.

Ultimately, SNAICC supports the calls of many leading experts and sector organisations for the provision of free universal early learning and child care to build a more prosperous, equitable and sustainable future for Australia's children. This proposal would be unnecessary if access were to be provided through a free universal system.

Rationale:

Financial returns on investments in early education have been found to be highest for ages 0-3, and diminish progressively as children become older, with interventions for disadvantaged children having the highest economic returns (Heckman, 2008). While Australia has had success in increasing the 4-year-old pre-school attendance rate of Aboriginal and Torres Strait Islander children, this has not translated into significant improved developmental outcomes (AEDC 2015, 2018). It is clear that early education for our most vulnerable children must start earlier in life to close the gap in AEDC outcomes.

Extensive international cost/benefit analysis highlights the long-term savings for Government of investing in early education for vulnerable children. Analysis of nine of the most comprehensive and credible international studies indicates that return on investment in well-designed early years' interventions ranged from 75% to over 1,000% higher than costs (UK Department for Education, 2013). A longitudinal US study of 900 disadvantaged children showed that access to early education at age 3 provided a return of \$10.83 per dollar invested, with a net benefit per participant of \$83,708. (Reynolds et al, 2011).

Currently, access to child care for Aboriginal and Torres Strait Islander children aged 0-5 is 0.75 times the rate of non-Indigenous children. To achieve parity an additional approximately 12,400 Aboriginal and Torres Strait Islander children across Australia require access. (ROGS, 2020, Table 3A.12; Table 3A.15). Data on the number of hours that Aboriginal and Torres Strait Islander children attend is not publicly available. SNAICC stakeholder surveys indicate that families have reduced hours of use since the Child Care Package began in 2018. Higher rates of unemployment for Aboriginal and Torres Strait Islander people contribute to reduced hours of access due to the application of the Child Care Activity Test.

While many vulnerable Aboriginal and Torres Strait Islander children may be eligible for additional fully subsidised hours through the Additional Child Care Subsidy (ACCS), the process to apply is complex and stigmatising, and so doesn't work for our families. Sector stakeholders have consistently raised challenges to access the ACCS, noting that the need to identify families as 'vulnerable' and make support service or child protection referrals drives fear and disengagement of Aboriginal and Torres Strait Islander families. With the removal of administrative barriers through COVID-19 child care relief measures, many SNAICC stakeholders reported that an increased number of vulnerable Aboriginal and Torres Strait Islander children were accessing services or accessing greater hours of service, a gain that will be lost as they transition back to pre-COVID-19 requirements.

While there is limited Australian evidence on the necessary intensity of early education, international studies have described the benefits of 30-40 hours per week for particularly vulnerable children. A US longitudinal study found that children from low income families required attendance of more than 30 hours to experience significant gains in pre-reading skills, reading and mathematics (Loeb et al, 2007). The Abecedarian program study involved an average 40 hours of weekly attendance from infancy to age 5 and showed an 81% reduction in welfare dependency by age 30 (Campbell et al., 2012; Sparling et al., 2007). Not all families will need or choose to access 30 hours, but making them readily available will give families who need them most the opportunity to access vital early education.

A 95% subsidy will ensure affordability for many of the most vulnerable families, while maintaining a parent co-payment. This aligns with federal government policy objectives to ensure parents contribute to and value their children's early education.

Cost:

Due to the relatively low population of Aboriginal and Torres Strait Islander children and the significant numbers already accessing early education, this measure would deliver high impact to Close the Gap for a relatively modest investment.

The costing of this budget measure is complex and will require resources not available to SNAICC. Costing considerations include:

- In 2019, approximately 12,400 additional Aboriginal and Torres Strait Islander children needed to access child care to achieve parity with non-Indigenous children;
- A significant number of Aboriginal and Torres Strait Islander families already accessing child care would likely increase their hours of access when the measure is introduced;
- Implementation of the measure will need to be accompanied by support to develop the sectors and workforce to provide additional quality and culturally safe education, and promotion of community take-up. While there will be some immediate take-up, it is likely to increase steadily towards parity over a number of years in line with sector development; and

- There will always be a significant number of families who do not need and choose not to utilise the full 30 hours.

PROPOSAL 2: Fund a sector development initiative to establish regional intermediary services that support the capacity of Aboriginal and Torres Strait Islander early childhood services to deliver quality early education and development supports.

This initiative would pilot and start to scale an innovative regional Aboriginal and Torres Strait Islander intermediary service model to support community controlled early learning services to improve their quality, viability, sustainability and agency. An intermediary service would absorb some service functions and provide professional support across areas including administration, human resources, local workforce development, monitoring and evaluation, professional development, regional coordination, governance and fundraising. The intermediary service would also take a role in working with Aboriginal and Torres Strait Islander communities to broker and support development of new early learning services in locations with service gaps.

Rationale:

Evidence is clear that access increases and services are more effective for Aboriginal and Torres Strait Islander children when they are culturally safe, community-led and employ Aboriginal and Torres Strait Islander people (Bowes & Grace, 2014; Ware, 2012). Quality of early learning services is also a critical factor in determining their effectiveness (Harrison et al., 2012). Intermediary support services would assist to improve coverage and quality for Aboriginal and Torres Strait Islander services.

Coverage and capacity of Aboriginal and Torres Strait Islander early childhood services is highly limited across the country with less than 100 long day care services targeted specifically for Aboriginal and Torres Strait Islander children. There are significant opportunities to increase access to quality and culturally safe early education through direct capacity development supports to existing services, and establishment of new Aboriginal and Torres Strait Islander services in gap areas.

Building the capacity of the community-controlled early years sector is a key reform priority of the new Closing the Gap Agreement. This initiative would have a significant Aboriginal and Torres Strait Islander sector and workforce development focus contributing to federal government objectives to further employment and economic development for Aboriginal and Torres Strait Islander communities. It would work to build the sustainable local sector capability necessary to deliver on Closing the Gap targets.

There are a number of leading examples of intermediary support services in the early childhood and other community and health service sectors that have proved effective to build the capacity of Aboriginal and Torres Strait Islander services. An example in health service delivery space is the Institute of Urban Indigenous Health (IUIH) in South-East Queensland. Established in 2009 by four Community Controlled Health Services, supporting 5 clinics, it has now expanded to support over 20 health clinics and leads the planning, development and delivery of comprehensive primary health care services to the Indigenous population in the region. IUIH has an \$86 million annual turnover, 60% Indigenous staff and 50% of Indigenous people in the region accessing their services. A recent independent evaluation by Nous Group found that factors leading to highly effective outcomes include: cultural integrity; a regional approach delivering significant returns on investment; and a systems approach that embeds care into a regional health eco-system (Nous Group, 2019). Another example in the early childhood space is the continuing work of World Vision alongside 14 Aboriginal communities to establish new Aboriginal early years services funded through the Indigenous Advancement Strategy in remote regions where there was previously no service available.

Cost:

SNAICC estimates that piloting, evaluation and establishment of up to 3 Aboriginal and Torres Strait Islander regional intermediary support services supporting an initial cohort of up to 40 Aboriginal and Torres Strait Islander early years services, would require a government investment of \$6 million alongside a philanthropic investment of \$2.1 million over the forward 4 years. Government investment would primarily cover service infrastructure and operational costs and increase as the number of regional intermediaries grows: 2020-21 - \$700,000; 2021-22 - \$800,000; 2022-23 - \$1.8 million; 2023-24 - \$2.7 million.

Philanthropy would invest in the design and development of the model and consultancy services to support service development and pilot evaluation. Government investment in operational costs would be ongoing beyond the 4-year establishment period, and consideration should be given to program expansion based on success after that time.

SNAICC is already engaged in a process of research and development in partnership with Social Ventures Australia for Aboriginal and Torres Strait Islander early years intermediary support services, and the early process has attracted significant philanthropic interest and commitments that would complement government investment. Charitable trust and in-kind support of \$285,000 is already committed, and a further \$1.2 million is applied for and under active consideration, with at least 7 different charitable trusts committed or considering investments in the model.

While there are some high initial establishment and infrastructure costs for intermediary support services, cost efficiency develops quickly over time as intermediaries provide

sustainable support for an increasing number of services, and grow a sector that provides high savings resulting from improved educational, social and health outcomes.

PROPOSAL 3: Introduce an alternative community focused funding program for Aboriginal and Torres Strait Islander ECEC services that recognises their unique role to provide cultural integrated early childhood development supports to children, families and communities

This measure proposes to create an alternate funding stream for Aboriginal and Torres Strait Islander early years services that funds them not only to provide child care services, but also the range of wrap-around supports that families and children need to thrive in the early years.

Rationale:

A user-pays, individual child focused funding model of child care is ultimately an ineffective means to address the broad family, community, cultural and social factors that inhibit the early childhood development of Aboriginal and Torres Strait Islander children.

The Child Care Package fails to understand and recognise that Aboriginal and Torres Strait Islander ECEC services have a different purpose to other services. Their aim is to support the wellbeing of the most vulnerable children and families in the community by reducing the service access barriers that many Aboriginal and Torres Strait Islander families experience in the mainstream system.

The Child Care Subsidy system presents additional barriers for families and unnecessary administrative burdens for services for Aboriginal and Torres Strait Islander children.

These issues are all the more evident in rural and remote Aboriginal and Torres Strait Islander communities where high rates of poverty and lack of employment opportunities mean that there is no viable child care market. Since the introduction of the Child Care Package, Centre Directors and staff have undertaken many hours of additional, unfunded administrative and support work to assist families to enrol and access subsidies, at a financial cost to services and a wellbeing cost to staff.

The Community Child Care Fund (CCCF) fills the viability gap and enables a continued level of services for a significant number of Aboriginal and Torres Strait Islander services that have access to it. However, **the CCCF currently operates as a stop-gap measure to continue child care provision in non-viable markets within a system that is misaligned to the needs of Aboriginal and Torres Strait Islander families, in lieu of establishing a fund that is designed and dedicated to support the provision of integrated Aboriginal and Torres Strait Islander early childhood services.** A new funding model is needed that provides both a base entitlement for Aboriginal and Torres Strait Islander children attending any ECEC service,

and a separate community focused funding program designed for services that primarily support Aboriginal and Torres Strait Islander children, families, and communities.

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