

# Where to for Preschool now?

## SUPPLEMENTARY SUBMISSION TO PRODUCTIVITY COMMISSION INQUIRY INTO CHILDCARE AND EARLY CHILDHOOD LEARNING 5 September 2014 <sup>1</sup>

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The draft Report on the Inquiry into Childcare and Early Learning released by the Productivity Commission (PC) on 22 July is a comprehensive document.

- It has drawn together international and Australian evidence on ECEC and has addressed the complexity of the issues associated with the provision of quality childcare and early learning in Australia
- Notwithstanding its major focus on childcare and funding models, it presents clearly the evidence on the role of quality preschool in children's successful transition to school and later literacy attainment, and the significant proportion of preschool now delivered in the childcare system.
- It also recognises the importance of the Australian government's leadership and funding role in preschool, and recommends that this role be continued (recommendation 12.9).

We fully support these aspects of the report. Our comments below address critical areas in regard to preschool funding, preschool provision in the childcare sector, the importance of teaching qualifications and the PC's proposed funding model. We also provide comment on the PC's information request 5.1 concerning optimal hours of preschool.

### **Reduction in Preschool Funding**

Following COAG agreement in 2008 and Commonwealth funding provided through the National Partnership agreement to achieve universal access to preschool, preschool attendance is now recorded nationally and had risen to 89% in 2012 (DEEWR 2013). Despite the acknowledged importance of preschool, *there is no provision for future preschool funding from the Australian government beyond December 31, 2014*. There are no funds beyond this date in the 2014 Budget, or in the forward estimates. Australian government preschool funding provided **43%**

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<sup>1</sup> The authors, who are currently educational researchers, were Senior Executive Officers in the Commonwealth Education portfolio and prior to 2009 were involved in early childhood education policy under both Coalition and Labor governments. Their original submission to the Inquiry is No 249.

of the recurrent costs of State and Territories in 2012-13 (\$462m out of \$1.1 billion). Total preschool funding from 2015 onwards is therefore expected to drop *by more than one-third* when the Commonwealth ceases funding. In some states, such as Queensland, this funding is directly supporting the delivery of preschool in long day care (LDC). It is not known whether States might be able, or prepared, to lift their investment from 2015. Withdrawal of such a significant level of funding can be expected to impact on preschool availability, on the number of hours offered, on the quality and/or cost to parents, particularly in states such as Queensland.

It is of course a prerogative of government to determine its funding priorities. However, given its terms of reference and the weight of evidence presented in the draft Report, the PC has a responsibility to assess the impact of this withdrawal of funding by the Australian government. This is a significant weakness in the Report. (More information on preschool funding is provided in the Background note below).

### **The importance of fully qualified staff**

The draft Report could be read as weakening the requirement that preschool be delivered by a qualified ECE teacher, notwithstanding its finding that staff qualifications are the aspect of quality which has the most significant effect on children's development outcomes (p 173)<sup>2</sup>. For example, having a qualified ECE teacher is not mentioned in its specific recommendations on preschool (12.9). There is good evidence on the value of having preschool delivered by a qualified ECE teacher, and we suggest that this requirement should be clear in the final report.

We also believe that the weakening of the requirement for qualified ECE teachers for children 3 years old and younger is a backwards step, not supported by evidence. As this has received considerable attention from others, we will make no further comment here.

### **Funding model**

The proposed funding model for preschools is quite complex. It provides for the Commonwealth to fund the States and Territories on a per capita basis which is then passed on to LDC where the LDC provides preschool (p24). If the State or Territory government doesn't pass it on to the LDC the Commonwealth would pay the LDCs directly.

This approach perpetuates the artificial bifurcation of education and care. Increasingly, as noted in the Department of Education submission, the boundaries between childcare (the responsibility of the Commonwealth) and early childhood education (historically the responsibility of States and Territories) "are becoming

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<sup>2</sup> Page and table numbers throughout refer to the draft Report.

less defined and services – responding to consumer demand and government policy – are integrating education and care” (p 125).

Given this blurring, Australia needs an integrated approach. It seems more sensible for the Commonwealth, if it were to fund preschools, to fund provision in LDCs directly rather than via the States.

### **Preschool for children in Long Day Care (LDC), Family Day Care (FDC) and “nannies”**

More than 40 % of preschool enrolments were in LDC in 2013. LDC is principally funded, and will continue to be funded, by the Commonwealth. As the major funding source the Commonwealth is inevitably drawn into some policy responsibility for preschool delivered in this sector. In addition, through its role in schools funding and policy (and its interest in measuring children’s achievement at school through NAPLAN testing), it has a vested interest in ensuring that children in LDC receive a quality preschool experience so that they will be ‘school ready.’ However, *the National Quality Standards do not specifically mandate the provision of preschool of 15 hours, 40 weeks a year, by a qualified ECE teacher* in LDC. Without the Commonwealth’s engagement and leadership in this regard, there is no guarantee that LDCs will deliver, or continue to deliver, quality preschool to 4 and 5 year olds in their care. We consider that to receive Commonwealth government subsidies via parents, LDCs should be specifically required to provide quality preschool for all 4 and 5 year olds, or access to such preschool through another provider (such as government preschools).

More broadly, we suggest that the final report ensure that its recommendations are fully consistent with the evidence on the importance of preschool. At present the necessity of ensuring access to quality preschool is omitted from requirements on “nannies” or other dedicated carers, such as family day care. We suggest this be included, noting that while this may not always be possible (for example, in rural and remote areas), it should be expected wherever preschool is available.

### **Final report and recommendations**

Overall, we consider that the final report in regard to preschools should:

- draw out the implications of the Commonwealth’s withdrawal from leadership and funding of preschools, in particular the potential impact both on costs to parents, especially in the States that currently channel the Australian government funds through the childcare providers (Queensland, NSW and Victoria), and on hours offered and access to quality preschool.

- recommend that to be eligible to receive a childcare subsidy, carers of 4 and 5 year old children, including nannies, LDC and FDC providers, be required to ensure that the children in their care receive one year of preschool (delivered by a qualified ECE teacher to a total of 15 hours each week for 40 weeks a year) before they transition to formal schooling.
- strengthen the recommendation 12.9 on page 53 that “the Australian Government should continue to support the states and territories for all children to attend an approved preschool program in the year prior to school for 15 hours per week, for 40 weeks a year”, by incorporating that this program should be *delivered by a university qualified ECE teacher*.

**Report’s Information request: 5.1** *What are the optimal hours of attendance at preschool to ensure children’s development and what is the basis for this?*

There is little direct evidence on the appropriate weekly “dose” of preschool for children. The 15 hours a week, 40 weeks a year, that has been implemented in Australia through the National Partnerships over 2008-2014, was suggested in discussions during 2006 when preschool was part of the human capital reforms at COAG. The OECD had found that “dose” (mixed with other factors such as educational qualifications of the teacher) was important, but that most countries who had implemented schemes had in fact adopted much higher weekly doses - for example many European countries provided more than 20 hours. The 15 hours can be seen as a piece of pragmatic policy, less than international practice, but still a moderate increase on what most States and Territories were already providing in 2006-7.

Since then, OECD work has confirmed that preschool “dose” matters (see OECD,2012, pps 18, 34-35). Most of the evidence so far is that the *duration* of programme participation matters and is associated with long term intellectual gains and future achievement. Benefits include

“greater vocabularies, word analysis, math achievement and better memory (Belsky *et al.*, 2007; Glass, 2004). Higher “dose” programmes also have more visible long-term impacts, as they more often reduce “fade out” effects (Eurydice, 2009). As an example, the OECD PISA study found that an extension of participation in ECEC of one year leads to an improvement of ten score points in PISA.”(OECD 2012,p37).

### **Background on Reduction of Preschool Funding.**

As noted above, more than 40% of preschool enrolments now occur in long day care centres, underlining the significance of the formal childcare sector for preschool delivery. Enrolments in this integrated model of education and care are likely to continue to increase, since this model is often preferred by working

parents for convenience and affordability. Currently the Australian government is providing \$660m over 18 months to the States and Territories for preschool delivery. Children in long day care (and their parents) can benefit from that funding in two ways depending on the State they live in and the childcare/early learning they use:

- In some states the funding is paid to long day care providers to support the delivery of 15 hours of preschool a week by a qualified ECE teacher (this occurs primarily in Queensland and Victoria).
- In some places the states put the funding directly into the government and/or community preschool system and children attending long day care or other care arrangements are taken by parents or the day care to the state run preschool.

However this funding will cease at the end of 2014, and no further provision was made in the May 2014 Budget. The impact on Commonwealth government outlays is limited as the universal access payments represented less than 8% of total its ECEC outlays in 2012-13 (Table 4.2). However the impact on preschool provision is likely to be significant: in 2012-13 the States and Territories spent around \$1.1b on preschools *including* the Commonwealth contribution of \$0.462b (p 123 and Figure 4.4). Overall 43% of State and Territory *recurrent expenditure* on preschools was funded by the Commonwealth government in 2012-13 (Table 4.5, p 151). The situation varied considerably between states. For example, “in Queensland (where preschool services are generally privately owned), Universal Access funding from the Australian Government provided 98 per cent of government funding for recurrent preschool expenditure” (p 152). Total preschool funding (capital and recurrent) from 2015 onwards is therefore expected to drop *by more than one-third* when the Commonwealth ceases funding. This will have a dramatic impact on provision, particularly in states such as Queensland.

The implications of this are not addressed in the draft Report. It notes (p 561) that: “The counterfactual of withdrawal of this funding has not been considered”. Given the withdrawal is a fact, it should be made explicit and the implications worked through by the Commission.

## Reference

Department of Education, Employment and Workplace Relations (DEEWR) 2013. *Child Care in Australia*, Canberra, August.

OECD 2012. *Starting Strong III. A Quality Toolbox for Early Childhood Education and Care*. Paris.