



Australian Government
Australian Institute of
Family Studies



Productivity Commission Inquiry into Early Childhood Education and Care

Australian Institute of Family Studies

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Introduction

The Australian Institute of Family Studies (AIFS, or the Institute) is a Melbourne-based Australian Government statutory agency. We were established in 1980 under the *Family Law Act 1975*. AIFS' mission is to conduct high-quality, impartial research into the wellbeing of Australian families, to inform government policy and promote evidence-based practice in the family services sector. AIFS includes the Australian Gambling Research Centre.

AIFS undertakes primary research and evaluation and synthesises evidence on a broad range of issues affecting Australian families. AIFS has led several key evaluation and research activities relating to the early childhood education and care (ECEC) sector, taking account of the views of families, services and other stakeholders. Further, AIFS houses a number of longitudinal studies. Of most direct relevance to this submission, these include the Longitudinal Study of Australian Children (LSAC). Our work with LSAC has demonstrated the important role of ECEC along with other services and supports and family factors that matter to children in the early years. As a consequence of this work on ECEC and children's wellbeing, AIFS has a wide view of early childhood education and care.¹

This submission first highlights some key points about the supply of ECEC and families' use of ECEC, drawing on findings from evaluation and research activities. It then provides an overview of some key AIFS projects, with links to publications, that are relevant to issues being considered in the inquiry. The Submission does not synthesise all relevant findings from AIFS work; we have provided links to the relevant reports that we recommend the Commission review for detailed findings that may inform the Commission's work on its broad Terms of Reference.

Key points

The supply of ECEC

In Australia, ECEC comprises child care (e.g. centre based or long day care, family day care, outside school hours care) as well as preschool, each providing important supports to families through children's early years to the primary school years.

- Child care is often considered to have a primary focus on supporting parental employment, and is typically structured with longer sessions of care, or flexible sessions, to support this. It differs to preschool in this respect, given preschool hours are typically more similar to school hours (although with shorter sessions and fewer days per week); consequently, preschool is less conducive to supporting parents' employment. The availability of formal child care has become increasingly important, as parental employment (most notably mothers' employment) continues to increase.²
- However, child care and preschool have similarities in their delivery of programs that benefit the wellbeing of children at all ages. This includes structured preschool programs being offered in many child care services for children at appropriate ages.

¹ Also, our "Child and Family Evidence" team produces resources that are drawn upon across the child and family sector. This includes [Child Family Community Australia | Australian Institute of Family Studies \(aifs.gov.au\)](https://aifs.gov.au) and our contribution to [Emerging Minds | Australian Institute of Family Studies \(aifs.gov.au\)](https://aifs.gov.au).

² See recent AIFS research on this topic <https://aifs.gov.au/research/research-reports/employment-patterns-and-trends-families-children>.



There is significant variation across jurisdictions in the way preschool services are delivered. In some states, preschool education is integrated with the public school system. In others, preschool is largely delivered by private and community-based providers. Nationally there is a commitment to 'universal access' to preschool, to ensure all children can access 15 hours of quality preschool program in the year before full-time school. Some states have committed to extend this to three-year old children.

Although ECEC workforce issues have not been central to AIFS research, we note that the Child Care Package evaluation highlighted challenges some child care services have in recruiting and retaining appropriately qualified educators. As reported for the evaluation, this was a significant issue for child care services in specific locations and was especially challenging for the In Home Care program. The In Home Care program aims to support families' workforce participation by providing access to ECEC where other approved child care services are not available or suitable.

ECEC and families

AIFS research on families' use of ECEC, largely focused on child care rather than preschool, highlights the strong links between decision-making about child care and mothers' employment (more so than fathers' employment). Families can face challenges with access and cost that contribute to difficulties in their engagement in employment. Some key issues that have emerged in recent work (including the Child Care Package evaluation, see more below):

- The *availability* of child care remains a problem for some families. This is to some extent related to location, with variation in supply across regions with access more difficult in some locations.
- Some families continue to report that the *cost* of child care is a barrier to using any or more child care, although in the Childcare Package Evaluation it was noted that families often do not understand child care fees and costs.
- Access to *flexible* child care is not always possible where families are seeking flexibility in the days or hours of child care. This is especially challenging for parents who work variable hours.

Additional issues related to the introduction of the Child Care Package in 2018 include:

- The extent to which families understand the Child Care Subsidy (and Additional Child Care Subsidy), the Activity Test and enrolment steps. The findings from the evaluation indicated that there was widespread understanding, and most families did not experience significant difficulties accessing the Child Care Subsidy. However, concerns remained that a lack of understanding or other difficulties may have resulted in some families not applying for subsidies even if they were eligible for them. Lack of understanding of the complexities was especially noted as a concern for families experiencing vulnerabilities (such as those poor English language proficiency).
- Through the evaluation data collections, concerns were often expressed that for low-income families who did not meet the Activity Test, the number of hours of subsidised ECEC had halved with the introduction of the Child Care Package.
- There were particular and significant challenges for First Nations families arising from the transition to the Child Care Package, especially those that had previously made use of the former Budget Based Funded (BBF) Services. The former BBF services, in evaluation data collections, commonly reported about their experiences in providing



child care to vulnerable families. Concerns around parents' understanding of the Child Care Subsidy and the Activity Test, and the adequacy of 24 subsidised hours per week were key issues. Services themselves underwent significant changes to ensure they could support families through these processes, while also needing to change their business model. In addition, there was concern that the transition to the new funding model and alignment to the Child Care Package took away from the focus on child wellbeing, and the focus of many of these services in providing a culturally appropriate service for the community.

The Child Care Package Evaluation report includes more detailed information about ECEC use for all families, with additional analysis concerning families experiencing vulnerabilities. The question of access and use of ECEC for children in these families is especially relevant, as it extends beyond supporting parental employment to providing support for children's development and improves readiness for school.

Children's outcomes and ECEC

The early years of life are a critical period for child development and later development, such that early childhood education and care provides an important context in which this development may occur. There is significant interest in the relative influence of ECEC on children's development over and above other influences such as those related to parental income and household income. There is further interest in to what extent the impacts of ECEC benefit some cohorts more than others.

The Longitudinal Study of Australian Children has provided opportunities to undertake original research on ECEC for Australian children. These data have been used to explore patterns of attendance in child care and preschool, as well as opportunities to explore how this and other factors are related to children's outcomes as they grow. This study's linkages with other information, including the Australian Early Development Census (AEDC), have added to its usefulness in regard to research on these outcomes. See for example, [Preschool and children's readiness for school](#).

AIFS has new LSAC research underway that builds on available international and national evidence to examine the impact of early childhood education on academic outcomes. It is due for publication in late 2023. This research will generate unique insights about the optimal amount of early education for later academic achievement across primary and secondary school. The potential influence of children's socioeconomic circumstances, neighbourhood characteristics, and parent's education are also considered.

Three-year-old preschool

AIFS was commissioned by the Australian Government Department of Education in 2016 to undertake a [critical review of Australian and international literature](#) on the value of preschool. The review examined the key and influential evidence on the value of preschool for 3-year-olds, First Nations children and those from disadvantaged backgrounds and the applicability of the international evidence to the Australian context. The report had a number of recommendations.

- The first of these was that “the evidence is clear that disadvantaged children have the most to gain from high quality ECEC programs, and disadvantaged children (including those from low socio-economic status, culturally diverse, and First Nations families) would therefore benefit from the provision of high quality three-year-old preschool. Preschool



- programs need to be of the highest quality when they are targeted to disadvantaged children to achieve the desired long-term benefits.”
- Other recommendations related to the recommended dosage (hours per week), the nature of the curriculum, teacher qualifications, and inclusion for children and families with additional needs. (copied directly from pages 52-53 of the report):
 - Programs should have a reasonable dosage of at least 20-30 hours per week across school terms.
 - Programs should have a well thought through curriculum that is sequenced into four year-old programs and primary school.
 - Preschools should provide culturally appropriate settings for children from diverse backgrounds, including those from Indigenous, disadvantaged, and English-as-a second-language families, and children with special educational needs.
 - Teachers require appropriate qualifications and training, and further efforts are needed to up-skill the workforce.
 - The report also recommended the need for further research evidence. For example, they recommended “Australian evidence should be gathered to determine whether extending universal access to all three-year-old children would yield further benefits. The evidence base is currently not definitive on whether more advantaged children also benefit from high quality three-year-old preschool.” Further, their final recommendation was that “High quality evaluation should be embedded within any changes to the provision of preschool in order to demonstrate effectiveness against both participation in other types of ECEC and home-only care. An important component of the evaluation would be measuring success in promoting uptake of the services by the most vulnerable children in the community.”

Cultural contexts and ECEC

While conducted more than twenty years ago, the AIFS [Child care in cultural context](#) study may provide some insights of use in this Inquiry. The report from this study highlights the role that culture has in parents’ decision making about early childhood education and care, also noting that cultural differences may emerge through other pathways such as through influences on parental employment decision-making.

Considering migrant families and employment, parents’ employment may be impacted by their own beliefs regarding non-parental child care, as well as opportunities for work that may be constrained by English language proficiency and mismatch of education qualifications to available jobs. Cultural differences in parental employment patterns have been frequently reported for Australia. For example, [research on mothers’ employment](#) using LSAC by AIFS found that among mothers with children aged up to 11 years, being overseas-born with poor English language skills was associated with considerably lower employment rates. Being overseas-born and English-speaking was also associated with relatively low employment rates compared with Australian born, non-Indigenous mothers. Employment rates were lower among First Nations mothers also.

From the Child Care Package evaluation, issues raised relating to child care access by culturally and linguistically diverse families centred on two key themes. One was the difficulties for these families in understanding, and therefore accessing, child care assistance due to literacy challenges. The other was the perceived inadequacy of the amount of subsidised care families had access to via the low-income exemption to the activity tests. Service providers were concerned that this had implications for children’s English language acquisition as well as making their transition to school more difficult.



Understanding cultural influences on decision-making about employment requires a nuanced perspective that takes account of specific cultural backgrounds and local area opportunities and constraints. The Building a New Life in Australia: Longitudinal Study of Humanitarian Migrants offers some potential to understand these issues further, particularly with a new wave of data collection currently underway. However, to fully explore parental decision making about child care and parental employment, more detailed research into migrant families' experiences is required.

Child care during COVID-19

The child care sector in Australia, as in other countries, was significantly affected by the COVID-19 pandemic in 2020. These effects were partly related to restrictions and health concerns and partly related to changes in parental employment and finances.

AIFS Families in Australia Survey collected information about families' use of child care and how use was affected by COVID-related restrictions. An AIFS report "[Towards COVID normal: Child care](#)" used data collected May-June 2020 and November-December 2020. Some of the key findings from this research were:

- In response to COVID impacts but ahead of the introduction of the Child Care Fee Relief Package, many children had been withdrawn from child care, both formal and informal. At May-June 2020, 26% of parents with children under 13 years were using approved or formal care, compared to 52% before COVID, and 14% were using grandparent or other informal care compared to 38% before COVID. By the second survey, in November-December 2020, the rates of formal child care use were similar to those reported for before COVID.
- Among families that stopped or changed care arrangements up to May-June 2020, the main reasons were concerns for children's health (44%) and because parents were at home (32%).

Key AIFS resources on ECEC

This section highlights some past AIFS research and evaluation activities, with links to published findings. Detailed findings from these activities may be especially useful to the Inquiry.

Child Care Package Evaluation

Our most recent large scale project on ECEC was leading the [Evaluation of the Australian Government's Child Care Package](#).³ The Child Care Package included the introduction of the Child Care Subsidy (replacing previous subsidies, with a new Activity Test, income test and hourly fees caps) and a new Child Care Safety Net, comprising the Additional Child Care Subsidy, the Inclusion Support Program and the Community Child Care Fund. It also involved regulatory change, a new IT system and the incorporation of some 'Budget Based Funding' services into the main child care system. The evaluation of these changes involved a vast program of data collection from families, the child care sector and stakeholders, and included extensive analysis of administrative data relating to child care. Evaluation findings have fed into

³ AIFS led the consortium with the ANU Centre for Social Research and Methods, the UNSW Social Policy Research Centre and the Social Research Centre



the Government's decisions about changes to child care policy, and the final report was published in 2022.

This report provides insights on topics relevant to the Terms of Reference, covering findings related to:

- Affordability and access.
- Parents' workforce participation.
- Families experiencing vulnerabilities.
- The supply of ECEC, sector viability and business models.

Exploring the impact of ECEC on the developmental and educational outcomes for Australian children was not in scope for the evaluation. The scope of the evaluation was the child care sector, rather than preschools.

In addition to the overall evaluation, AIFS also led the consortium to evaluate the [Inclusion Support Program](#) and the [In Home Care program](#).⁴ These evaluations provided more detail about those programs and contain findings that relate to the accessibility of ECEC to children from more vulnerable cohorts.

Child Care Flexibility Trials Evaluation

The Child Care Flexibility Trials were conducted by the Australian Government in 2013 and 2014. These trials focused on meeting the child care needs of parents who worked non-standard or variable work hours and who may have had difficulties finding care that supported such work hours. AIFS was commissioned to evaluate the trials and the findings were published in the AIFS report [Flexible child care | Australian Institute of Family Studies \(aifs.gov.au\)](#). This report describes what trials were undertaken, and learnings from them. A more in-depth research report ([Flexible child care and Australian parents' work and care decision-making | Australian Institute of Family Studies \(aifs.gov.au\)](#)) explored further the decision-making of parents in relation to flexible child care and parents' work.

Access to early childhood education

Two Access to Early Childhood Education and Care Services projects were commissioned by the Department of Education and undertaken by AIFS in 2011-2013. The focus of these research projects was finding out more about gaps in access to and participation in preschool programs by Australian children aged 4–5 years old. This project examined participation in standalone preschools as well as preschool programs delivered through the child care system.

- The first project ([Access to early childhood education in Australia | Australian Institute of Family Studies \(aifs.gov.au\)](#)) reviewed the definition of “access” to preschool and discussed possible approaches to measurement of access. It also used survey and census data to identify issues and factors affecting access to preschool services.
- The second project ([Access to early childhood education in Australia: Insights from a qualitative study \(aifs.gov.au\)](#)) went deeper into the question of what barriers there might be to preschool participation, including consideration of how participation is affected by different delivery systems. The research involved qualitative interviews with parents in Victoria, South Australia, Tasmania and Western Australia.

⁴ See also the full reports from these evaluations [In Home Care Evaluation Report | Australian Institute of Family Studies \(aifs.gov.au\)](#) and [Evaluation of the Inclusion Support Program | Australian Institute of Family Studies \(aifs.gov.au\)](#)



In terms of learnings for this Inquiry, these projects showed that the children missing out on preschool were more often represented among disadvantaged families, and whose children are perhaps in greatest need of preschool to achieve school-readiness. First Nations children and children of parents from non-English speaking backgrounds were less likely to be participating in preschool, according to analysis undertaken for this report. In the second report, different perspectives were evident concerning reasons for non-participation in preschool. However a commonly reported difficulty related to parents' ability to manage the hours of preschool around their other commitments, notably those relating to their employment.

Recommendations – research and evaluation

Consistent with the final recommendation of the [critical review of Australian and international literature](#) on the value of preschool cited above, it is important that recommendations for changes to ECEC delivery are accompanied by recommendations for related evaluation and research.

The Longitudinal Study of Australian Children (LSAC) has been and continues to be especially relevant to research on ECEC in Australia. LSAC commenced in 2004 with 2 cohorts of 5,000 children each, aged 4-5 and 0-1 years, and is now up to the 10th wave of data collection, with the children now teens and young adults.

To capture family and child experiences of the current ECEC setting, or any changes to ECEC, we recommend the expansion of LSAC:

- A new birth cohort for LSAC would provide for rich research opportunities, allowing comparison of a new cohort to those of the current study.
- Extending the current study by following the offspring of the current LSAC cohort, allowing detailed intergenerational research on the impacts of ECEC.

In addition, improving access to administrative data about children's use of child care would provide opportunities to better understand families' use of child care, potentially exploring links with children's outcomes through data linkage.

More generally, regular cross-sectional data collections that explore work and family decision making, including information about child care, parental employment and other work-family policies would improve researchers' capacity to inform on trends and patterns in relation to ECEC in Australia. This information is not currently available in any national cross-sectional studies.

Summary

AIFS has a long history of undertaking research and evaluation on early childhood education and care, and we have used this Submission to highlight some relevant findings with links to the relevant reports. We value the opportunity to contribute to the evidence base on what works for families and children in this important area, and hope this submission supports the Productivity Commission's consideration of its Terms of Reference.