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SUBMISSION TO THE PRODUCTIVITY COMMISSION PUBLIC INQUIRY INTO CHILDCARE AND EARLY CHILDHOOD LEARNING

1. I am an Economist at the Australian National University's (ANU) Arndt-Corden Department of Economics (ACDE) within the Crawford School of Public Policy, where I am currently completing my PhD. I teach graduate-level courses in public policy, economics, and econometrics and my current research focuses on how structural changes in the economy relate to social and human development. I am not an early childhood expert and have developed the views below by synthesising existing evidence and applying the principles of human development and, to a lesser extent, economics, to the public policy problems at hand. The views below are my personal views and not those of ACDE, the Crawford School, or the ANU.
2. My submission jointly relates to the third and fourth points in the Scope of the Inquiry of the Terms of Reference: whether there are any specific models of care that should be considered for trial or implementation in Australia, and options for enhancing the choices available to Australian families.
3. I do not comment on the other points on which the Commission has been requested report on, including the contribution that access to affordable, high quality child care can make to workforce participation, participation and child development. I consider the international academic and policy literature on early childhood development to be nearing consensus and a critical input for the Commission to draw from in making its recommendations, e.g., James Heckman's research program, the wide range of quality experimental evaluations, and the research and advocacy of international organisations, as in the 2015 Human Development Report.
4. **Recommendation:** the Commission should consider reform options for Australia to move towards universal public provision of early childhood education.
5. **Shift the policy debate from care and participation to education and early childhood development:** If the Commission accepts the evidence on the contribution of education and development focused early childhood interventions to children's learning and development over the life cycle and its spill-over effects to the economy and society, early childhood education requires the same conceptual treatment as primary and secondary education, at least in terms of universal access, quality standards, and a competitive market-based system.
 - a. I note that there is no consensus on early learning pedagogy and that this is a vibrant area of educational research. However, this debate does not detract from the evidence that, from the objective of maximising overall societal welfare and the return on public expenditures, equitable access to early interventions (of different types) is preferred to a system with heterogeneous access largely associated with socioeconomic characteristics.
6. **Remove workforce participation barriers related to child care and education by design:** If workforce participation is a policy priority of the current and future Governments, and this is constrained by childcare affordability and access, then, by definition, a universal system removes these constraints. Breaking the link between access and workforce participation and education is critical in moving the current debate away from the 'care' and child-minding based system and towards a focus on child cognitive development and quality.
7. Other benefits of moving towards a universal early childhood education system include:

- a. High value for public money and return on investment: Early childhood investment provides some of the highest returns on investment, and generates large positive externalities.
 - b. Improved simplicity and efficiency: Reducing the transaction costs associated with current duplicity and complexity would likely yield major operational efficiencies in the long run.
 - c. Increased Equity and opportunity: Current access issues disproportionately affect women and lower income groups, and early childhood interventions are widely recognised as great equalisers of social mobility and opportunity.
 - d. Quality guaranteed: A public early education system, similar to primary and secondary schooling, would ensure nationally consistent minimum standards of care and educational quality for all Australian children in their most important years of cognitive development.
 - e. An impetus for market development and competition: Demonstrated demand and uptake from a public system would create a need for service differentiation. It would serve as an impetus for private educators to enter the market and provide higher quality or niche services at a fee, creating competition and reducing the public expenditure burden as the sector develops from an appropriate cost and quality baseline.
8. This submission has provided some high-level arguments in support of moving Australia closer to a system of universal quality public early-years education. I believe this to be the 'first-best' policy setting to optimise children's learning and development and increase participation in the workforce, particularly for women. There are many administrative, political, and other challenges associated with the proposal, and marginal or 'second-best' policies will likely be necessary (e.g., progressively extending the public primary school age back to integrate early education into the mainstream system—the Australian Capital Territory Government has taken small steps in this direction).

I am happy to discuss any of the points above further or give evidence at a public hearing.

Yours sincerely,

Ryan B. Edwards