Early Childhood Development in Australia
Challenging the system

Policy Brief 2
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This policy brief provides a summary of the challenges facing the early childhood development (ECD) system in Australia today, based on findings of two reports: Australia’s early childhood development system: what we know and Early childhood development: perspectives of the system - Interviews with 35 Australian decision-makers. These were prepared as part of the ‘System Shift’ initiative aimed at building leadership and capability to work differently together to improve outcomes for Australian children. The full reports are available at: www.australianfutures.org/afp-resources/

There is clear evidence from Australia and overseas that the early years of a child’s life have a profound impact on their future health, development, learning and wellbeing. Supporting children in their early years of life brings long-term benefits to them and the whole community. While this is increasingly recognised, and while there are many past, present, and planned initiatives aimed at improving outcomes for Australian children, Australia is falling short. There is a disconnect between ambition and reality – between nationally agreed goals and what is actually happening on the ground.

Today, one in five (22.0 per cent) children enrolled in their first year of formal fulltime school are developmentally vulnerable. This means that one in five children starts school at a disadvantage, is likely to fall further behind over the primary school years and will potentially experience lifelong negative consequences in employment, income, and mental and physical health.
Why is this happening? Interviews with Australian decision makers about how the ECD system works reveals a range of key drivers:

• Inconsistencies between ECD operators across private, not-for-profit, and State, Territory and Local government-managed organisations
• Fragmentation between the types of ECD services offered, to whom they are available and how they can be accessed
• ‘Territorialism’ amongst organisations competing for a limited pool of funds from Federal, State, Territory, and Local governments
• Lack of information sharing, which prevents successful local initiatives being adopted more broadly
• Society at large not valuing Early Childhood Development highly enough

We know what needs to be done. But it will require all actors in the ECD system to work better together. Key steps include:

For ECD service providers to:

• Provide more cohesive and integrated services, with more collaboration and less territorialism
• Engage and work with parents to develop parenting skills and understand their children’s behaviour and developmental needs

For policy makers to:

• Amend funding rules to focus on outcomes
• Reform regulation and encourage consolidation in the ECD system
• Devolve responsibilities to communities where appropriate
• Enable better integration of the ECD and primary school systems
• Derive principles from local successes without forcing homogenisation

For researchers to:

• Gather and share data from Australian case studies
• Provide stronger evidence and evaluation for different ECD approaches

For communities to:

• Take ownership and respond with locally suited solutions

For everyone to engage differently with:

• Parents – to generate greater understanding of the value of ECD, and build capacity of parents to provide a positive nurturing environment
• Taxpayers – to increase how ECD is valued, for the sake of child wellbeing and Australia’s future prosperity
1 WHAT IS EARLY CHILDHOOD DEVELOPMENT?

Early childhood is generally defined as the period from birth (or prenatal) to eight years old (UNESCO, 2013; WHO, 2014). Early childhood development (ECD) relates to how well a child is tracking in their development over this period. The Australian Early Development Census (AEDC) measures this development across five domains:

- Physical health and wellbeing
- Social competence
- Emotional maturity
- Language and cognitive skills
- Communication skills and general knowledge

A range of organisations and programs has set goals and agendas for progressing ECD in Australia. Processes such as those run by Australian Research Alliance for Children and Youth (resulting in the Nest Action Agenda) and the Productivity Commission (including the Early Childhood Development Workforce report in 2011 and the recent Inquiry into Childcare and Early Childhood Learning) have resulted in clear priorities and action areas being identified (Productivity Commission, 2011; ARACY, 2013a; Productivity Commission, 2013). From this work arises a range of common and overlapping objectives. Common elements include that children:

- Are born and remain healthy
- Have material basics
- Develop within nurturing, supportive, loving and safe environments
- Are equipped with knowledge and skills for life and learning
- Have a positive sense of identity and culture
- Participate in - and are included in – society

In Australia, the ECD system is strongly influenced by the regulatory context, the division of responsibility between the three levels of government (Federal, State/Territory and local) and the way that funding is allocated. Policies related to health, the economy, workforce participation and family programs have also influenced the evolution of the system over time.

One particularly noteworthy aspect of ECD is that child care and early learning services are provided through a market service model, where a large number of services are provided for-profit by the private sector (Commonwealth of Australia, 2011). This means that Government needs to intervene where the market would otherwise fail to deliver child care. The Commonwealth Government therefore directly funds a range of services for rural, remote and Indigenous communities; for children with specified
disabilities and for families needing assistance with parenting in the home (Commonwealth of Australia, 2011).

Funding for child care is also provided by Government directly through rebates and subsidies to families rather than to service providers. On a per child basis, funding for child care has reached an all-time high. By 2016-17, Government expenditure is forecast to be around $6 billion per year and rising (Productivity Commission, 2013). This has prompted calls for reforms to the current funding structure.

The mix of a market based approach and Government subsidies for child care and other early childhood services has created a system with considerable contradictions and inconsistencies which have significant implications for how the sector operates and how it could be improved, which are discussed below.

2 WHY IS EARLY CHILDHOOD DEVELOPMENT IMPORTANT?

The fact that the early years of a child’s life have a profound impact on their future health, development, learning and wellbeing is uncontroversial. There is ample evidence from Australia and overseas to support this proposition.

Research shows that investing in resources to support children in their early years of life brings long-term benefits not only to them, but to the whole community (Australian Government, 2013). These benefits extend throughout a lifetime, well beyond early childhood (Moore & McDonald, 2013).

Conversely, developmental concerns that are evident at school entry tend to continue and exacerbate over the primary school years, particularly for poorer children (Goldfeld et al., 2013). They can also have lifelong negative effects in terms of future employment and income, mental and physical health, and social and criminal behaviour (Moore and McDonald, 2013).

Put simply, ECD is not only important to the child today, but is also a predictor of future health of the individual and human capital of the nation (Australian Government, 2013).
3 WHAT IS THE PROBLEM?

In 2009, the Council of Australian Governments (COAG) agreed on the National Early Childhood Development Strategy with the vision that “by 2020 all children have the best start in life to create a better future for them and for the nation.”

We are falling short in our efforts to meet this goal.

As mentioned above, one in five children enrolled in their first year of formal fulltime school are developmentally vulnerable on one or more of the AEDC domains. This increases to a figure of one in three (32%) for children living in the most socio-economically disadvantaged Australian communities (Centre for Community Child Health and Telethon Institute for Child Health Research, 2009). For indigenous children the statistics are worse, at 43.2%.

Compared to other countries, Australia ranks poorly for 14 of 46 relevant OECD indicators. In particular, Australia still has low rates of enrolment in early childhood education by international standards. Australia ranks 30th out of 34 OECD member countries for the percentage of children attending preschool or preschool programs before starting school (ARACY, 2013b).

Within Australia, low socio-economic status and remote students have a lower quality of care in early childhood than the average (ACECQA, 2013). This includes the proportion of children enrolled in preschool in the year before full time school being lower for children from low socio-economic backgrounds.

A clear demonstration of the effect of this discrepancy is shown in NAPLAN scores of Year 3 children. The results of children who have attended preschool are significantly higher than the results of children who have not.

4 WHY IS THIS HAPPENING?

The poor results reported above are not due to a lack of effort or attention. The past decade has seen a range of reforms agreed to by State, Territory and Federal governments under the auspices of COAG. Two of the most significant reforms were agreed by COAG in 2009, reflecting a broader national reform agenda around early childhood, schooling, tertiary education, employment and workplace relations. They were the National Strategy for Early Childhood Development and the National Quality Agenda (NQA) for Early Childhood Education and Care.
Falling under the umbrella of the National Strategy for Early Childhood Development are key initiatives such as:

- The National Partnership Agreement on Early Childhood Education (NP ECE)
- The National Partnership Agreement on Indigenous Early Childhood Development (NP IECD)

The National Strategy for ECD also links with other Commonwealth Government initiatives (Commonwealth of Australia, 2011):

- A six-year National Partnership Agreement on Preventive Health, with a focus on strategies to prevent chronic diseases that commence in early childhood
- National workforce initiatives to improve the quality and supply of the early childhood education and care workforce (including an agreement to waive TAFE fees for those training to be child care workers)
- The National Framework for Protecting Australia’s Children
- A National Family Support Program, which brings together eight Commonwealth programs for children, families and parenting
- Paid Parental Leave arrangements
- The National Plan to Reduce Violence against Women and Children
- Development of an Early Intervention and Prevention Framework under the National Disability Agreement
- The National Partnership Agreement on Homelessness, with a focus on intervening early for children and their families at risk of homelessness
- The Home Interaction Program for Parents and Youngsters; and
- The Australian Early Development Index (now the Australian Early Development Census)

While the work of the past decade has seen outcomes improving in some areas, overall we could and should be doing considerably better. There is a disconnect between ambition and reality – between what has been agreed and what is actually happening on the ground.

Interviews with Australian decision makers into how the ECD system is performing have revealed a range of drivers at work:

- The ECD sector is comprised of a diverse range of entities who are responsible for delivering services, including private not-for-profit organisations, private for profit organisations, and State and Territory and Local government-managed organisations.

In theory, this disparate approach should be a strength as it means services can be provided by those who are best placed to do so in a
particular area. However, in practice, it appears to be a weakness because of the fragmentation that results at all levels of the sector. This fragmentation is not only between the types of services that are offered, but by whom they are offered, to whom they are available, and how children and families can access and move between those services and are supported to achieve good outcomes.

- Funding is provided by Federal, State and Territory, and Local governments to many different organisations for many different programs.

While funding is clearly necessary in order to be able to implement ECD services, the way the system works is also a driver of negative behaviour such as “territorialism” amongst organisations who are competing for a limited pool of funds to ensure their survival. This can result, for example, in excessive amounts of time being devoted to securing funding and a reluctance to share information or work collaboratively with other organisations, rather than being able to focus on the primary objective which is to deliver the best outcomes for children.

- The lack of information sharing within the sector leads to an inability to be able to translate successes at a local level to something that can be applied more broadly. This is both a regulatory and a structural challenge.

- ECD is not valued highly enough for its own sake, by all members of society regardless of whether they have children, as opposed to linking its value to “adult” objectives such as workforce participation and productivity. Related to this are differences between researchers and the general public in the their understanding of early childhood education. For example, while researchers consider child care to be a site for child development, the public’s view is that child care is babysitting while parents work (Bales & Kendall-Taylor, 2014)

These factors are all key barriers to achieving the goal of the ECD sector and COAG, which is to deliver the best ECD outcomes possible to Australian children.
5 WHAT NEEDS TO BE DONE?

The many action plans that cover a wide range of elements within the ECD sphere provide a strong technical foundation for delivering better outcomes for Australian children. The challenge is to act on these goals and actions in a more meaningful and effective way.

Comprehensive action to improve the ECD system in Australia is clearly beyond the capacity of any single organisation. Likewise, there is no single correct approach. What is required is for all the actors in the ECD system to be able to act on what they already know needs to be done, and to do this better and in conjunction with others. In other words, it requires an understanding of what the ECD system is as a whole and to be able to work with other individuals and organisations within the ECD system to make improvements. Of course, the goal of those improvements is to produce better early childhood outcomes for children.

Looking at the main actors in the system, we can identify key steps that could be taken by them to improve the ECD system as a whole:

- **Providers of ECD services** – need to be able to change their behaviour. There needs to be more cohesion and integration in the provision of services, with less territorialism between different organisations and disciplines and much better ways of working together. ECD service providers need to work with parents in non-threatening environments to develop the skills required for appropriate parenting – to engage parents rather than alienating them.

- **Policy makers** – need to change the funding rules to allow providers to focus more on delivering better outcome-driven services and focus less on their own funding and survival. This may mean consolidation in the sector is required. Given the mixed market and subsidy based context, there is a strong need for oversight and governance (a regulator, for example). Again, this may require institutional change. Better integration is also needed of the ECD system with the primary school system to facilitate a child’s transition. Lastly, policy makers need to recognise the heterogeneous nature of local contexts and find a way to ensure quality whilst avoiding standardisation of approach at the expense of good outcomes. Context driven approaches will remain essential.

- **Communities** – need to raise awareness and be empowered to act, especially with regard to issues such as child neglect. They need to be able to respond with locally suited solutions. This may require the further devolution of ECD responsibilities to communities. Creating capacity at the community level across the system would, in many cases, overcome the need to scale up or down approaches, something
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which has been a struggle for many public and private sector service providers.

- **Researchers** – need to make providing stronger evidence and evaluation a priority. This includes learning from existing Australian case studies and linking practice and evidence more strongly. More opportunities are needed to share data within the sector and to enable evidence gathered from Australian case studies to be published and to inform activity.

We also need to engage differently with:

- **Parents** - who need to be able to provide a positive and nurturing environment for their children. This requires capacity building as well as greater awareness by parents of the importance of ECD, particularly for children of 2-3 years of age.
- **Tax payers** – if tax payers were more willing to value ECD more highly for its own sake and see it as a “common good” (rather than just focussing on the economic benefits) government might in turn be willing to support the necessary reforms to funding and institutional structures to promote greater cohesion, better service delivery and greater resources to pay for qualified and trained staff. Getting tax payers on board will require a shared narrative and common language across all the actors in the ECD system.

6 **CONCLUSION**

A great deal of time and work over many years has gone into developing the technical ECD framework in Australia, comprising a range of programs, visions and goals. Unfortunately, this effort is not being adequately translated into what is happening on the ground, leaving one in five children in Australia developmentally vulnerable. Given the importance of ECD to our children and society as a whole, this is not good enough.

At present, we can see where many of the problems lie but it is nobody’s job to fix them.

If we are not able to better understand the way the ECD sector works and bring key participants together to consider how the sector can change so that it operates more effectively, then ECD outcomes for Australian children will never improve. If that is the case, we will be selling our children and our entire society short. It will be another instance of knowing what needs to be done but not having the will to do it.
REFERENCES


ABOUT THE SYSTEM SHIFT INITIATIVE

The System Shift initiative is taking a systems approach to building leadership and capability to work differently together to improve outcomes for children.

System Shift is an initiative of the Australian Futures Project, Australian Research Alliance for Children & Youth, Benevolent Society, Goodstart Early Learning, ten20 Foundation and Mitchell Institute for Health and Education Policy. Our shared goal is to reduce the proportion of children identified as developmentally vulnerable on the Australian Early Development Census at age five from 22% (2012) to 15% by 2020. This is consistent with the Nest National Plan for Child and Youth Wellbeing Action Agenda.

Many organisations and initiatives are using many different approaches to improve outcomes for Australian children. The System Shift initiative is not about duplicating existing work or developing targets or action plans. It is focussed on building leadership and capability so that the early childhood development (ECD) system as a whole can deliver better outcomes. This is crucial for an issue that crosses many sectors and siloes, from education and health through to family services, parenting and productivity.

Working differently together will take time. System transformation can only happen if individuals and organisations in the system transform. This initiative is therefore designed to build leadership and new capabilities in:

1. Thinking in systems (including systems literacy; observing mental models, systemic structures, and patterns / trends)
2. Designing for impact in the context of complex adaptive systems (including innovation, prototyping, evaluation, and adaptation)
3. Acting for impact in the context of complex adaptive systems (including collaboration and systems leadership)

The initiative has been co-designed around an open but guided process of engagement and convening. It builds on extensive ongoing work across the Early Childhood Development community as well as consultation and analysis. It is bringing together a diverse range of stakeholders from across the system in order to draw on their knowledge, experience and capacity to find and build solutions that otherwise wouldn’t be identified in isolation.

The initiative will culminate in a two-day retreat in June 2015. Thirty innovative practitioners from local communities around Australia as well as service providers, funders and decision makers in Early Childhood Development (broadly defined) will explore the practical ways in which local communities are already dealing with many of the challenges described above, as well as potential transformative actions for the broader system.
ABOUT THE AUSTRALIAN FUTURES PROJECT

The objective of the Australian Futures Project is to build Australia’s capacity to make decisions for a flourishing shared future in the 2020s and ‘30s. We are about making long-termism easier. Our vision is an Australia with:

- **Broad Leadership**: A wide range of Australians engage in a mature and respectful debate about the society they want Australia to become and the key steps we need to take to get there given our current situation and the global trends that are likely to shape the future.

- **Active Contribution**: Citizens and organisations at all levels of society and across all sectors and disciplines contribute to a flourishing shared future and take accountability for the future Australia they are creating by their action and inaction, rather than relying on or blaming others.

- **21st Century Competence**: Australians and Australian institutions at all levels have the necessary relationships, knowledge, skills, and experience to enable inspired leadership, informed decisions, and cross-sector action in a complex and fast-changing world.

- **Functioning Relationships**: There are functioning relationships: between government, citizens, experts, media, and business; between politicians and bureaucrats; and between levels of government.

We are a multi-sector, non-profit, and non-partisan initiative. We engage broadly and work collaboratively. We work in two ways:

- **Social Labs**: supporting groups working on complex societal issues to build their own capacity.

- **Incubator Initiatives**: finding, testing, and building improvements to Australia’s decision-making system.

We magnify our insight, reach, and impact by drawing on contributions from our partners and an extensive network of leaders and thinkers across Australia and overseas. The overall project is guided by an Advisory Board, while each of our major initiatives is guided by a voluntary steering committee. The Australian Futures Project is funded largely through philanthropic sources. Major supporters include La Trobe University, the Vincent Fairfax Family Foundation and the Gourlay Charitable Trust. A full list of supporters is available on our website. Please visit [www.australianfutures.org](http://www.australianfutures.org) for more information.