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Lost children

Condemning children to long-term disadvantage

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Summary

Children's early development has a decisive impact on their later lives. The research evidence confirms that early childhood education and care play a crucial role in fostering children's development and wellbeing. Early childhood education and care are especially beneficial for children who have developmental difficulties or are socio-economically disadvantaged. With these points in mind, this paper asks: Which children and parents in Australia are not getting access to the child care they need? And what are the likely consequences of this lack of access?

Early childhood education and care (formal and informal care of children, including child care and preschool) are beneficial for children in general. The evidence is that quality early childhood education and care provide significant benefits for children's emotional and cognitive development, education, economic wellbeing, and health. More widely, early childhood education and care help to build social inclusion and community cohesion.

Early childhood education and care can reduce and even negate the impact of early childhood disadvantage. In Australia, one in four five-year-olds is at risk of learning difficulties because of their struggles with language and cognitive skills, physical health, or social and emotional competence, and such developmental difficulties increase their risk of poor outcomes as adults if they are not addressed. One in seven children lives in poverty, and poor economic and social circumstances launch children on to low educational and interpersonal life-paths unless there is substantial intervention. But the benefits of early childhood education and care amount to little if these children cannot actually participate in child care, preschool, and other early childhood services.

Given the benefits of early childhood education and care, the new evidence reported in this paper regarding the associations between income and child care use is particularly troubling. Using unpublished data from the Australian Bureau of Statistics (ABS), the paper documents the heavy influence that income plays in parents' access to and use of child care. Parents on lower incomes are more likely to report that cost is the main reason their children do not use the child care or additional care they want. Lower and middle income parents are priced out of child care at close to twice the rate of higher income parents. Eighteen per cent of low-income parents and 21 per cent of middle-income parents cite cost or expense as the main barrier to their use of additional child care, compared to 12.9 per cent of high-income parents. In absolute terms, 12,000 children from low-income families and 11,100 children from middle-income families are missing out on child care because of its cost, compared to 4,400 children from high-income families. The paper establishes that children from households on lower incomes are less likely to be in child care, and use less formal care than children in households on higher incomes.

In short, poorer parents are priced out of the care they need for their children, and parents in disadvantaged communities are more likely to find that no child care places are available. This entrenches the social and economic disadvantages already faced by

large numbers of children and increases the likelihood that they will experience lives of long-term disadvantage.

While the Commonwealth Government endorses the goal of access for all children to quality early learning experiences, it has been slow to make this a reality. A number of problems remain unsolved, including:

1. addressing the substantial shortfall in child care places confronting Australia's parents;
2. lessening the burden of child care fees which price many parents out of early education and care;
3. helping to improve the pay and conditions of child care staff; and
4. addressing inequalities in preschool provision.

All of Australia's children deserve a fair chance to achieve their full potential. Participation in quality early childhood education and care makes a significant, positive, and cost-effective contribution to their well-being and their adult lives. But so far, socio-economic and geographic circumstances have been allowed to govern children's access to the environments that support healthy development.

1. Introduction

Children, families and parenting have become key issues for the upcoming federal election. In recent months, both Coalition and Labor politicians have stressed their policy commitments to families. The Federal Government and the Opposition alike claim to have the greater commitment to support for parents and child care,¹ and according to at least one headline ‘Child care [is] the focus of [the] election battle’.² Key politicians have also stressed their own parenting credentials. Treasurer Peter Costello emphasised his family-man status in a January address to a world conference on infant mental health,³ while one of Mark Latham’s first public statements on becoming Labor leader was his pledge to make his two boys proud of him.⁴ Three factors have made early childhood development and care a key issue:

- the changing nature of families, communities, and workplaces;
- a growing body of evidence regarding the importance of children’s early years; and
- policy activity itself.

In a context where the major political parties share a public commitment to fostering children’s development, how is Australia actually faring in its provision of early childhood education and care?

Three and a half million children in Australia, those aged 12 years and younger, are in potential need of some form of child care, and parents are relying more than ever on carers and educators to tend and interact with their children. However, as the ABS (2003a, p. 32) reported in 2003, over 30,000 children who need formal child care or additional care are missing out because their parents cannot afford it. A further 104,100 children missed out because child care was booked out or no places were available, or parents reported that no child care existed or they did not know of any child care in their area or even whether care was available (ABS 2003a, p. 32).

Two questions guide this paper. First, which children and parents in Australia are not getting access to the child care they need? Second, what are the likely consequences of this lack of access?

Using unpublished data from the ABS, the paper documents that parents’ access to and use of child care is shaped by income. Parents on lower incomes are more likely to

¹ ‘Child-care promises stack up in race for mums’ vote.’ *The Sydney Morning Herald*, 6-7 December, 2003; ‘Labor pledges more child care places.’ ABC News Online, 13 January, 2004; ‘Labor vows extra child protection.’ *The Courier-Mail*, 9 January, 2004.

² ‘Child care the focus of election battle.’ *The Canberra Times*, 14 January, 2004. See also: ‘Howard’s baby blues.’ *The Age*, 10 January, 2004.

³ ‘Costello reaches out to parents.’ *The Canberra Times*, 15 January, 2004.

⁴ ‘Latham commits to early childhood education.’ ABC News Online, 9 December, 2003; ‘Costello reaches out to parents.’ *The Canberra Times*, 15 January, 2004.

report that cost is the main reason their children do not use the child care or additional care they want. Lower and middle income parents are priced out of child care at close to twice the rate of higher income parents. The paper establishes that children in households on lower incomes are not only less likely to be in child care but use less formal care than children in households on higher incomes.

There is now overwhelming evidence that children's early development is critical to shaping their later lives. Early childhood education and care play an important role in fostering children's development and wellbeing, providing significant and cost-effective benefits for children's emotional and cognitive development, education, economic wellbeing, and health. More widely, early childhood education and care help to build social inclusion and community cohesion.

Quality early childhood education and care are beneficial for children in general, and especially beneficial for children who have developmental difficulties or are socio-economically disadvantaged. One in four five-year-olds is at risk of learning difficulties because of struggles with language and cognitive skills, physical health, or social and emotional competence, and such developmental difficulties, if they are not addressed, increase the risk of poor outcomes in adulthood. One in seven children lives in poverty, and poor economic and social circumstances launch children on to low educational and interpersonal life-paths unless there is substantial intervention. The evidence is that early childhood education and care can reduce and even negate the impact of early childhood disadvantage and can assist in fostering the positive development of all children. But this amounts to little if children cannot actually participate in child care, preschool, and other early childhood services.

This paper concludes that children's access to education and care is not equitable. Poorer parents are priced out of the care they need for their children, and parents in disadvantaged communities are more likely to find that no child care places are available. Thus the social and economic disadvantages already confronting large numbers of children are entrenched and the likelihood that they will be condemned to lives of long-term disadvantage is increased.

1.1 Policy initiatives

In recent years a series of major policy initiatives have focused on families and parenting, and increasingly these have emphasised the significance of children's and young people's early development for their wellbeing and the wellbeing of families and communities. This was perhaps first signalled in a substantial way in two reports released by the Attorney-General's Department in 1998 and 1999. The first, *Working With Adolescents to Prevent Domestic Violence* (National Campaign Against Violence and Crime 1998), emphasised that the period of adolescent development is crucial to the formation of healthy, non-violent relationships in later life. The second, *Pathways to Prevention: Developmental and early intervention approaches to crime in Australia* (National Crime Prevention 1999), examined the factors, both risk and protective, in children's and young people's life 'pathways', that shape their development in later life together with their potential involvement in criminal behaviour. In April 2000, the Coalition Government launched the Stronger Families and Communities Strategy, again focused on early intervention, parenting and family relationship support (Press and Hayes 2001, p. 61). State and territory governments have also undertaken initiatives in

these fields, such as the NSW Government's Families First initiative (Press and Hayes 2001, p. 61).

Government policy initiatives in the field of early childhood development and care have intensified in the last two years. In February 2003, the Commonwealth Task Force on Child Development, Health and Wellbeing (2003a) of the Coalition Government released a consultation paper, *Towards the Development of a National Agenda for Early Childhood*. This outlined three broad areas for action: early child and maternal health, early learning and care, and child-friendly communities. After a process of national consultation with peak bodies, parents and others, the paper was followed in October 2003 by the report, *Towards the Development of a National Agenda for Early Childhood – What you told us* (2003b). The House of Representatives Standing Committee on Family and Community Affairs had commenced an *Inquiry into Improving Children's Health and Well Being* on 17 October 2002, but this has now been deferred. Most recently, the Commonwealth Government extended the Stronger Families and Communities Strategy, launching the 2004-2008 strategy on 7 April.

There are wide-ranging and significant debates about such policy initiatives, and they overlap with contemporary controversies over child care, parenting, work-life balance, and family law. In the field of child care, the Commonwealth Child Care Advisory Council's report *Child Care: Beyond 2001* was followed by a Child Care Workforce Think Tank on 8 to 9 April 2003. Media debates have concerned government spending on child care, long waiting lists and the lack of child care places, efforts to increase wages among child care workers, and the impact of child care on children.⁵ In family law, the second half of 2003 saw a national 'Inquiry into Child Custody Arrangements in the Event of Family Separation', by the House of Representatives Standing Committee on Family and Community Affairs. Media debates have also been concerned with the roles of fathers and mothers in families, proposals to change the bases on which decisions about children's residence after divorce and separation are made, and the level and nature of child maintenance payments.

What makes these debates so important is the fact that children's early development has a fundamental impact on their later lives. This means that children's early development is critical not only for children themselves, but also for the wellbeing of adults, families, communities, and society as a whole. There is now overwhelming evidence that the paths children start down during their first years will have life long impacts – on their personal skills and capacities, their school performance, their employment opportunities, and their community participation. This has been substantiated by longitudinal studies of children's outcomes, research on brain development, and other research, as Section 3 describes below.

⁵ 'Fee rise to put child care beyond reach of the poor.' *The Sydney Morning Herald*, 21 December, 2003; 'Child care snub angers union.' *The Age*, 6 January, 2004; 'Rebuff for child care experts.' *The Age*, 6 January, 2004; 'Child care fees could go up 30%.' *The Age*, 7 January, 2004; 'Howard's baby blues.' *The Age*, 10 January, 2004.

1.2 Who cares for children?

There appear to be contradictory trends regarding the social recognition of the importance of children's early development and care. The Commonwealth Child Care Advisory Council's report (2001, p. 31) states that children's early years, despite their importance to society, 'do not receive the attention and support from governments or the community that they warrant.' There is, however, a growing political consensus regarding the importance of children's early development and care, and the Coalition Government and Labor Opposition have both affirmed the need to foster healthy environments for children's growth.

While the number of statements on children from political leaders continues to grow, children continue to have low status in society, as do those who care for them (Commonwealth Child Care Advisory Council 2001, p. 37). In Australia there has been an erosion in the public sense of shared responsibility for children and investment in children's futures, prompted in part by demographic changes, particularly the decline in fertility rates over the past three decades. A growing number of adults have no direct involvement in parenting nor responsibility for the development and wellbeing of children (Commonwealth Child Care Advisory Council 2001, p. 75). About 20 per cent of women now in their early child-bearing years will never have children (although only 6-7 per cent actually intend to remain childless) (Weston *et al.* 2001, p. 18). Twenty-four per cent of men and 13 per cent of women aged 18 to 54, will not have children.⁶ Partly reflecting the ageing of the population, the number of households with children has decreased, from 44 per cent of all households in 1976 to 36 per cent in 1997. By 2016, couple households without children are projected to become more prevalent than those with children (Weston *et al.* 2001, p. 21). Such changes represent a reduction in the shared experience of parenting, with an increase in the number of no-child households and of 'childless' or 'childfree' men and women.

These demographic shifts are accompanied by changes in community understandings of children and parenting. There is an increasing, although as yet minority, view of children 'as a 'lifestyle choice' rather than as an inevitable part of the life cycle: a private choice rather than a public good' (Commonwealth Child Care Advisory Council 2001, p. 40). This may translate into a growing reluctance to pay, through taxation, for others' choices, and even the claim that policy changes aimed at supporting children and families are a form of discrimination against those without children (Commonwealth Child Care Advisory Council 2001, p. 40).

1.3 Definitions

'Early childhood' is defined in this discussion as the period from birth to five years of age. The Commonwealth Government adopts the same definition of nought to five years (Commonwealth Task Force on Child Development, Health and Wellbeing 2003a), although other bodies such as the Australian Early Childhood Association and some international definitions are inclusive of the period up to eight years of age (Fleer 2000,

⁶ 'Dear old Dad isn't as young as he used to be,' *The Sydney Morning Herald*, 6 January 2003; 'A case of the reluctant male,' Editorial, *The Sydney Morning Herald*, 7 January 2003.

p. 3). This paper also adopts an inclusive definition of ‘child care’, identical to that used by the ABS, in which the term ‘refers to arrangements (other than parental care) made for the care of children under 12 years of age’ (ABS 2003a, p. 2). The term ‘child care’ therefore includes formal and informal care of children, including care which takes place at preschools. However, given that the term ‘child care’ may be understood in ways which omit preschools, the phrase ‘early childhood education and care’ is used to include conventional child care, preschool, and other forms of services for children.

This is the first paper in The Australia Institute’s assessment of the extent to which current policy agendas and program provision in early childhood education and care are helping children to achieve their full potential. While it draws on unpublished data from the ABS, a follow-up paper will analyse recently released data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey.

2. Children in Australia

Three and a half million children in Australia are in potential need of some form of child care. This is the population of children aged 12 years and younger. Table 1 below shows the age profile for all children under 18 years old in Australia. At June 2002, there were around 805,000 couple families and 173,000 one-parent families with at least one child under five years in Australia (AIHW 2003a, p. 226).

Table 1 The age profile of children in Australia

Age range	Number	Proportion of total population (%)
0-4	1,270,400	6
5-12	2,171,500	11
13-17	1,359,200	7
Total	4,801,100	24

(Source: AIHW 2003a, p. 219)

Profound changes in Australia's social and economic life have altered the environments in which children grow up. The basic organisation of family and community relations has shifted, resulting in a transformation of the settings in which children are raised and the identities of the people by whom they will be socialised. As the Commonwealth Child Care Advisory Council (2001, p. 40) summarises:

In a few generations a large number of children will grow up in smaller households with fewer or no siblings, without cousins, aunts and uncles, in communities populated by fewer children. Socialisation with peers will no longer occur mainly within the family, through neighbourhood or family networks, but increasingly through care and education services.

A series of demographic changes underpins this transformation. There has been a fall in total fertility rates (the number of babies a woman can expect to have in her lifetime). In 1975 fertility rates fell below the replacement level of 2.1 babies per woman (Weston *et al.* 2001, pp. 16-17), and in 2002 Australia's total fertility rate was 1.75 babies per woman (ABS 2003c). There are greater numbers of one- and two-child families. Children are now more likely to be raised in either single-parent, or dual-income two-parent, households. Between 1986 and 2001 in Australia, the proportion of children under 18 in one-parent families rose from 11 per cent to 20 per cent (ABS 1999, p. 21; Pocock 2003, p. 27). In most families with children, both mothers and fathers are in paid work. In 2003, in 62 per cent of Australian couple families with children aged less than 15 years, both parents worked in the labour force (Pocock 2003, p. 28). The same holds for single parent households, with 57 per cent of sole parents in the labour force (Pocock 2003, p. 28). Children's parents are older, with both men and women having their first children at progressively older ages (Weston *et al.* 2001, pp. 18). In 2002 the median age of all women giving birth was 30.2 years, the highest on record, while the median age of fathers was 32.5 years (ABS 2003c).

The decline in networks of family and friends is shaped also by changes in the workplace. Working hours have become less family-friendly, with an increase in the

hours of full-time workers, especially among men (Weston *et al.* 2002, p. 19). In addition, men and women are spending more time travelling to work, work effort has become more intense, and more people are working on weekends and at unsocial times of the day (Pocock 2003, pp. 22-23). People's choices of work and housing are prompting increased geographic mobility and transience. These changes have made it harder for children, parents and families to maintain networks among extended families and friends.

In the wake of such transformations, parents are more reliant than ever on carers and educators who are external to their immediate family. In June 2002, just under half of Australia's 3.1 million children aged 0 to 11 were in some type of child care (AIHW 2003a, p. 228). Increasingly, children's interaction with, and socialisation by, adults and other children is taking place in care and education services – in day care centres, in the homes of registered caregivers and other carers, and elsewhere.

Social transformations in the settings in which children grow up have prompted a range of debates about their likely impact on children, families and communities. The increase in the labour force participation of mothers has prompted concern about 'latchkey' children fending for themselves while their parents work, and spirited debates about women's and men's respective roles in raising children.⁷ There is growing attention to the impact of paid work on intimate and family relationships (Russell and Bowman 2000, pp. 24-25). Long and unreasonable hours damage women's and men's intimate relationships: they increase the likelihood of tensions and conflicts, detract from the emotional and physical energies needed for intimacy, and intensify gendered tensions regarding unpaid and domestic work (Pocock 2003, pp. 105-130). Workplace demands, on fathers as well as mothers, have a pivotal impact on children, indirectly through their influence on the quality of parents' intimate relationships and directly through their influence on children's family environments and development (Commonwealth Child Care Advisory Council 2001, p. 77).

Two questions are common to these debates: Who should raise the children, and how should they be raised? These same two questions are at stake when it comes to early childhood education and care. Long-running debates over who should care for children, and how, have centred on the formal provision of child care (Brennan 1997; Summers 2003), but these are now expanding to include other aspects of children's early development and care. Children's early development has become an important field of policy and public attention, in part because of a growing recognition of the profound and long-lasting impact this development has on children's lives and adult outcomes.

⁷ See Flood (2003) for a discussion of recent expressions of this controversy.

3. The importance of children's early development and care

Children's early development and care has a profound influence on their later lives. As a recent and authoritative overview of the science of early childhood development states,

What happens during the first months and years of life matters a lot, not because this period of development provides an indelible blueprint for adult well-being, but because it sets either a sturdy or fragile stage for what follows (Shonkoff and Phillips 2000, p. 5).

From birth to age five, children rapidly acquire the foundational capabilities on which subsequent development builds. They show dramatic progress in their linguistic and cognitive skills and their capacities for physical, emotional, social, and moral self-regulation (Shonkoff and Phillips 2000, p. 386). Their development is shaped by an ongoing interplay among sources of vulnerability and sources of resilience. Risk factors may be individual (e.g., a temperamental difficulty) or environmental (e.g., poverty or family violence). Similarly, protective factors may be constitutional (e.g., good health) or environmental (e.g., loving parents or a strong social network) (Shonkoff and Phillips 2000, p. 30). The evidence is incontrovertible that early experiences, care-giving relationships, and environmental threats all have significant impacts on children's early development (Shonkoff and Phillips 2000, p. 388).

Shonkoff and Phillips' systematic review of the research evidence documents that parents and other regular care-givers are crucial participants in environmental influences during the early childhood period. Responsive and consistent care-giving has a significant and positive influence, and children 'grow and thrive in the context of close and dependable relationships that provide love and nurturance, security, responsive interaction, and encouragement for exploration' (Shonkoff and Phillips 2000, p. 389). Care-giving relationships, both within the family and in child care settings, are important to children's development. Positive associations between high-quality child care and children's cognitive, social, and emotional development have been documented for virtually every one of the vast array of outcomes that have been assessed (Shonkoff and Phillips 2000, p. 312).

The interaction between brain development and children's experience and environment plays a crucial role in influencing their long-term outcomes. Several insights are important in understanding how these processes work. First, there is a highly influential period for brain development from birth through to the early years of childhood. Second, brain development is strongly shaped by the child's environment. In fact, early experiences have a decisive impact on the architecture of the brain. Early interactions directly affect the way the brain is 'wired' – the ways in which connections between neurons are created and reinforced (Hart *et al.* 2003, p. 8). Early experiences and environment thus directly influence children's psychological makeup and personal capacities, through their influence on the 'sculpting' of the brain's pathways (Commonwealth Child Care Advisory Council 2001, pp. 31-34). In this way, therefore, the interaction between brain development and environment has a significant influence on the child's future educational, social, economic and health outcomes (Najman *et al.* 2004, p. 1148).

3.1 Fostering children's development

Without intervention or assistance, children with developmental difficulties in their early years are likely to show poorer outcomes as adults. Longitudinal research finds that children with poorer cognitive, emotional, and interpersonal skills and lower levels of mental health will have less opportunity in adult life to participate in more skilled occupations, earn higher incomes, and take up a range of life opportunities (Najman *et al.* 2004, pp. 1154-1155). If children are showing emotional or behavioural problems at age three or four, they are at increased risk of psychiatric disturbance in their teens. If a child has mental health problems, these are likely to continue into adulthood. Moreover, the research finds that child behaviour problems are linked to health outcomes among adults such as obesity, drug abuse, poor mental health, and crime (Najman *et al.* 2004, p. 1149). Similarly, Hart *et al.* (2003, p. 35) emphasise that:

Children who have endured negative early life experiences are more likely to experience mental and physical health problems, participate in delinquent activities, drop out of school and face prolonged unemployment.

Children with poor starts in their early years are disadvantaged in their later lives as the cumulative effect of such lack of skills and knowledge becomes increasingly constraining and difficult to overcome (Fleer 2000, p. 19, citing Yelland 2000). One of the starkest examples of the negative impact of a deprived environment on children's brain development can be seen among Romanian orphan children. At the end of the Ceausescu regime in Romania, two per cent of children had been reared in grossly inadequate environments for nurturance, such as under-staffed orphanages. These children showed less neuronal development in their brains, and lagged far behind other children in their physical growth, language development, and social and emotional competence (Hart *et al.* 2003, pp. 9-10).

Given the importance of early development, it is troubling to find that significant numbers of Australian children have developmental difficulties with potential long-term impacts. A large-scale survey of five-year-olds in Western Australia found that more than a quarter of children displayed such difficulties. The study surveyed the teachers of more than 4,300 pre-primary school students at 121 schools in the northern metropolitan area of Perth. Teachers assessed the five-year-olds using the Early Development Instrument (EDI), which measures five developmental domains: social competence, emotional maturity, language and cognitive skills, physical health and wellbeing, and communication skills/general knowledge (Hart *et al.* 2003). Among Western Australian children, 13 per cent were at 'high risk' of having learning difficulties, as they performed within the bottom ten per cent in two or more of the five developmental domains. Twenty-six per cent of children in total were 'vulnerable', in that they scored in the bottom ten per cent in one or more of the EDI domains (Hart *et al.* 2003, p. 18). EDI surveys have also been conducted among children in Canada, and it is noteworthy that Australian children had lower averages than their Canadian counterparts in every category.

Australian data also indicates that particular populations of children are at heightened risk of poor developmental outcomes. According to 1998 estimates, about 300,000 children aged 0 to 14 years have a disability, giving a disability rate of 75.4 per 1,000 children in this age group (Al-Yaman *et al.* 2002, p. 61). Fifteen per cent of boys and

14.4 per cent of girls aged 4 to 12 years have some type of mental health problem (Al-Yaman *et al.* 2002, p. 194).

While the early development of children plays a significant role in adult outcomes, it is not the case that educators and policy-makers only have ‘one shot’ at intervention. Among children, the effects of early deprivation can be mitigated by later, albeit still early, intervention. Among the Romanian orphans described above, those children subsequently placed in foster care showed a dramatic catch-up in language development and social and emotional competence, while the children who stayed in the orphanages continued to lag far behind (Hart *et al.* 2003, p. 10). Nevertheless, the earlier the intervention, the more effective it is likely to be.

Given that children’s early development is a long-term determinant of individual and social outcomes, the role of children’s carers and the carer environment becomes vital, performing a central role as architects of children’s development. They may provide care that is functional or dysfunctional, and environments that are stimulating and emotionally and physically supportive or deprived and unsupportive. In either case the experience will have long-term impacts on the child, not just on individual opportunities, but also on broad social outcomes (Commonwealth Child Care Advisory Council 2001, p. 34).

3.2 The benefits of early childhood education and care

Programs in early childhood are shown to have effects in at least four domains: emotional and cognitive development, education, economic wellbeing (public assistance, income, and related matters such as criminal behaviour), and health (Karoly *et al.* 2001, p. xix). As Fleer (2001, pp. 17-24) summarises, a substantial international literature documents that early childhood education and care programs lead to benefits in:

Emotional and cognitive development

- Greater emotional competence and positive socialisation
- Increased intelligence quotient (IQ)
- Increased development of other cognitive skills

Education

- Better preparation for school
- Higher achievement-test scores, e.g. in literacy and numeracy
- Lower use of special education
- Higher grade retention, and fewer year repetitions
- Increased secondary school completion
- More settled behaviours

- Higher aspirations for education and employment, motivation and commitment to schooling

Economic wellbeing (income, public assistance, and crime)

- Higher occupational achievement and income
- Greater home and car ownership
- Lesser use of public assistance and welfare
- Fewer arrests for crimes
- Lesser chronic delinquency and anti-social behaviour

The longer the period of time spent in early childhood programs, the greater the increase in these benefits to the child (Fleer 2000, p. 18). In addition, early childhood education and care have a particularly important role in lessening the effects of social disadvantage among children. (Section 5 below returns to this issue.)

The evidence is that preschool programs play a key role in improving school outcomes among children. Experiences of quality preschool environments

improve children's ability to think and reason as they enter school, enabling them to learn more and learn sooner... these children's initial academic success on entering school appears to keep them on track. In addition, motivation fostered by success and positive support provided by parents and teachers gives the child confidence to persevere. (Raban 2000, p. 31)

Among disadvantaged children, access to preschool assists them to make a successful transition to school. Schools respond more positively to such students because they are 'easier' to teach, parents are impressed with their progress, and children adjust to school more quickly having entered with a pre-existing peer group from preschool (Raban 2000, p. 31).

3.3 Saving dollars

There is a growing consensus that investments in early childhood are cost-effective (Fleer 2000, p. 29). One of the best-known analyses of the long-term impact of three early childhood programs concerns Perry Preschool in Michigan. Children who went through this program, and a comparison group, were tracked through to age 27; those who had been through early intervention showed better school performance, higher employment, less welfare dependence, and lower involvement in criminal activity than the control group (Karloly *et al.* 2001, p. xxii). Summarising the benefits and costs of the Perry Preschool program, Schweinhart (2003, p. 5) notes that the average cost of the program in American dollars was \$14,716 in current terms, while the program yielded public benefits of \$105,324 per participant, a cost-benefit ratio of 7.16 to 1. Sources of benefit per participant, to the age of 27, included;

- \$68,584 saved by the potential victims of crimes never committed, based on the typical in-court and out-of-court settlements for such crimes;

- \$15,240 in reduced justice system costs;
- \$10,537 brought in by increased taxes paid by preschool-program participants because they had higher earnings;
- \$7,488 saved in schooling, due primarily to reduced need for special education services, and despite increasing college costs for preschool-program participants; and
- \$3,475 in reduced welfare costs. (Schweinhart 2003, p. 5)

Other studies of the long-term impact of early childhood programs have found that they produced savings of between US\$3.70 and US\$5.10 for every dollar spent (Karoly *et al.* 2001, pp. xxii-xxiv). It is worth noting that many of the benefits of early childhood intervention can be seen only in the long term. In the Perry Preschool program, savings did not accumulate to match the level of program costs until the participants were 20 years old (Karoly *et al.* 2001, p. xxiv).

Investing in the early years clearly serves the public interest. The positive development of children is associated with community wellbeing and cohesion, while their poor development is associated with crime, violence, homelessness, and other costs to families, relationships, and communities (Commonwealth Child Care Advisory Council 2001, p. 40). Furthermore, investing in children's early years is more effective than intervening later in life to deal with such problems as mental illness, unemployment, social exclusion, crime, and drug abuse. Putting this another way, paying for early childhood education and care is significantly cheaper than paying for the consequences of inaction (Commonwealth Child Care Advisory Council 2001, p. 130).

3.4 Promoting social inclusion

The value and significance of early childhood education and care can be understood in terms of its contribution to 'social inclusion' (Friendly and Lero 2002, pp. 6-9). This framework incorporates a recognition of the benefits to children, adults, and communities of early childhood education and care, as outlined above, but extends this in emphasising the wider role of these services in fostering community participation and interaction, economic and occupational opportunities, and social equity. Social inclusion refers to the ability of all children and adults to participate in society as valued, respected, and contributing members. Achieving social inclusion involves developing the talents, skills and capacities of children and adults to participate in the social and economic mainstream of community life. Social inclusion can be understood in terms of five critical dimensions or cornerstones:

- *Valued recognition*: Conferring recognition and respect on individuals and groups;
- *Human development*: Nurturing the talents, skills, capacities, and choices of children and adults to enable them to live a life they value and to make a contribution both they and others find worthwhile;

- *Involvement and engagement*: Having the right and the necessary support to make and be involved in decisions affecting oneself, family, and community, and to be engaged in community life;
- *Proximity*: Sharing physical and social spaces to provide opportunities for interactions, if desired, and to reduce social distances between people; and
- *Material well being*: Having the material resources to allow children and their parents to participate fully in community life (Friendly and Lero 2002, p. ix).

Early childhood education and care contribute to social inclusion in four ways as they:

- (1) Enhance children's wellbeing, development and prospects for lifelong learning;
- (2) Support parents in education, training, employment and child-rearing;
- (3) Foster social solidarity and social cohesion; and
- (4) Provide equity for diverse groups in society.

First, quality early childhood education and care services have a positive and profound effect on child development (Friendly and Lero 2002, p. 6). The evidence is that high quality services enhance children's development of talents, skills, and capabilities in childhood and that these effects persist into adulthood (Friendly and Lero 2002, p. 7).

Second, early childhood education and care services 'support families by helping reduce social exclusion linked to poverty, unemployment and marginal employment, disempowerment and social isolation' (Friendly and Lero 2002, p. 7). Access to early childhood education and care services is essential in reducing poverty by allowing parents, whether in sole parent or couple families, to gain further education, participate in training, and be employed. Without reliable access to early childhood education and care, parents (and often women in particular) are compelled either to stay out of the paid labour force or work at poorly paid and part-time jobs, and some are forced into poverty and dependence on public assistance (Friendly and Lero 2002, p. 8). In turn, poverty has long-term effects on children's development and well being. Access to quality child care is beneficial also for children of non-working parents, in providing access to forms of learning and social development that may not be available in the home (Senate Community Affairs References Committee 2004, p. 216). This is especially important for children whose families are dealing with disadvantage, homelessness, family violence, or other problems.

Third, as community institutions, early childhood education and care programs have the capacity to encourage neighbourhood, community and interpersonal cooperation and social solidarity (Friendly and Lero 2002, p. 8). Children are directly involved in this, in that child care and preschool foster their understanding and broaden their experience of diversity and difference. But early childhood education and care also facilitate parents' participation in common activities and strengthen community solidarity, and this can be particularly important for parents new to a neighbourhood, parents from diverse ethnic or socio-economic backgrounds, and others (Friendly and Lero 2002, p. 8).

Fourth, early childhood education and care services assist in providing equity for diverse groups in society. For children with disabilities, access to such services can lessen inequalities in their life chances. For women, access is also an important equity and social justice issue as it facilitates their participation in the public sphere; thus it can be seen as a basic citizenship right for women (Friendly and Lero 2002, pp. 9-10).

3.5 The question of quality

The benefits to children of access to early education and care depend, of course, on the quality of the care being provided. Summarising a range of reviews of child care, Shonkoff and Phillips (2002, p. 307) report that ‘the effects of child care derive not from its use or nonuse but from the quality of the experiences it provides to young children.’ As they state:

Not surprisingly, the basic elements of high-quality care closely resemble the qualities of good parenting. Children’s basic needs for consistent, sensitive, and stimulating care transcend the difference between home and child care (Shonkoff and Phillips 2002, p. 326).

Indicators of the quality of early childhood education and care may be structural (carers’ qualifications, experience, and wages, staff-child ratios, group size, and so on) or process-based (the quality of interactions and social relationships between staff and children) (Fleer 2000, pp. 32-33; Press and Hayes 2001, p. 29). In turn, the quality of the services depends on matters of funding, staffing, regulation, and accreditation. For example, there is very significant variation in levels of state and territory funding for children’s services. In 2002-2003, spending on children aged 0 to 12 years ranged from \$102 per child in NSW to \$472 per child in the Northern Territory (SCRCSSP 2004, p. 14.29).⁸

The evidence is that the quality of child care and preschool services in Australia is uneven. This has been documented particularly in relation to staffing. There is a national shortage of child care workers; they are typically paid low wages and are burdened with limited career paths and low status in the community (AIHW 2003a, p. 242; Commonwealth Child Care Advisory Council 2001, p. 37). Child care workers are paid an average of \$14 an hour, less than the amounts paid to librarians, plant nursery workers, waiters, and garbage collectors.⁹ There is widespread variation in the extent to which child care workers at particular programs have relevant qualifications and appropriate training in early childhood education and care (AIHW 2003a, pp. 248-250). While just over half the staff in Australian Government approved child care programs have formal qualifications, the proportions range from 54.4 per cent in Tasmania to 38.4 per cent in the Northern Territory (SCRCSSP 2004, p. 14.21). The quality of care

⁸ Spending here includes administration expenditure, other expenditure on service provision, financial support to families, and net capital expenditure on child care and preschool services (SCRCSSP 2004, p. 14.29).

⁹ ‘We deserve more than toy town wages, say carers.’ *The Weekend Australian Financial Review*, 23-28 December, 2003.

provided is affected by shortages of trained staff, the increased use of casual and part-time staff, and high staff turnover (Press and Hayes 2001, p. 46).

In this context, in April 2003 a Government-commissioned think tank on the child care workforce recommended increased government spending to improve the pay and conditions of early childhood personnel (Commonwealth Department of Family and Community Services 2003). However, the Commonwealth Government rejected this proposal. While it agreed that child care workers should be appropriately remunerated, it stated that 'it is not up to governments to determine, however, what the remuneration should be' (Commonwealth Department of Family and Community Services 2003, pp. 75-76). At the same time, unions around Australia are pursuing cases to increase the wages paid to child care workers. In the wake of both the think tank report and union campaigns, Children and Youth Affairs Minister, Larry Anthony, warned that significant pay rises for staff in child care services would increase parents' out-of-pocket expenses, and suggested that modest wage increases should be funded by parents through higher child care fees.¹⁰

While there appears to be little Commonwealth Government interest in assuming responsibility for improving the pay and conditions of staff in early childhood education and care, the Government has taken responsibility for issues of quality assurance and accreditation. All Commonwealth-supported long day care centres, family day care schemes, and outside school hours care services are subject to accreditation through the Commonwealth Government's National Child Care Accreditation Council (AIHW 2003a, p. 248). Close to 90 per cent of such centres are accredited, while many of the remainder are undergoing accreditation (AIHW 2003a, p. 249). The just-released *Stronger Families and Communities Strategy 2004-2008* signals that Australia's Quality Assurance System may be extended to other forms of care such as in-home care (Commonwealth Department of Family and Community Services 2004, p. 16).

However, there is criticism from some early childhood educators that mandatory minimum standards for accreditation are inadequate – that they set too low a bar for standards of staffing, qualifications, and education.¹¹ In addition, there is growing disquiet regarding the quality of education and care available in centres run by private-for-profit child care companies. (See Section 4.1 below for discussion of their emergence.) Some parents and educators fear that the commercialisation of child care creates incentives to reduce standards of education and care to maximise profit, and that children's wellbeing is being traded off against the financial interests of investors and shareholders (ABC 2004a; ABC 2004b). One of the two biggest child care companies, ABC Learning, pursued legal action in 2003 to relax laws on staff ratio requirements (ABC 2004a).¹² Debates over the quality of public versus private services for children

¹⁰ 'Fee rise to put child care beyond reach of the poor.' *The Sydney Morning Herald*, 21 December, 2003; 'Child care snub angers union.' *The Age*, 6 January, 2004; 'Rebuff for child care experts.' *The Age*, 6 January, 2004; 'Child care fees could go up 30%.' *The Age*, 7 January, 2004; 'Howard's baby blues.' *The Age*, 10 January, 2004.

¹¹ 'When making money is child's play.' *The Sydney Morning Herald*, 4 October, 2003.

¹² See also 'When making money is child's play.' *The Sydney Morning Herald*, 4 October, 2003.

are likely to intensify as the share of child care provision managed by commercial operators increases.

The remainder of this discussion leaves aside issues of the quality of early childhood education and care. It focuses on questions of access and availability, while taking for granted the belief that children and parents should be able to access and afford *quality* education and care.

Early childhood education and care can play a central role in fostering children's development and creating a socially inclusive society only if certain characteristics of public policy and service delivery are present (Friendly and Lero 2002, p. 10). One of these characteristics is access: the ability of parents and children to gain access to child care, preschool, and other services associated with early childhood education and care. What do patterns of access look like in Australia, and to what extent are particular families or communities excluded from the benefits of these services? The discussion returns to these questions after a short section summarising the patterns of availability and use of child care and preschool in Australia.

4. The use and provision of early childhood education and care

In Australia, the provision of early childhood education and care involves differing systems in each of the states, and there are significant variations in funding, government responsibility, and even terminology. This section provides a brief overview of the current state of affairs.

As discussed above, this paper adopts an inclusive definition of ‘child care’ in which the term refers to any arrangement, other than parental, made for the care of children under 12 years of age. Following the ABS, ‘child care’ includes formal and informal care of children:

Formal child care refers to regulated care that takes place away from the child’s home, for example preschool, a child care centre, family day care and occasional care. Informal care refers to non-regulated care that takes place in the child’s home or elsewhere. It includes care by family members, friends, neighbours, paid babysitters and nannies (ABS 2003a, p. 2).

While the following discussion of children’s participation in child care thus includes preschool attendance, the section after this focuses on preschool in particular.

4.1 Child care

Child care and other services for children have had a wide variety of rationales over time and context. In Australia, initial care and education work among young children in the 1890s was motivated by a philanthropic desire to improve working-class family life and ‘save children’. By the 1950s, it was intended to foster children’s development, but not to support women’s participation in the labour force. Most recently, child care has been motivated in part by the need to support parents in their work and family choices and as part of the provision of a ‘social wage’ (Brennan 1997, pp. 6-10; Press and Hayes 2001, pp. 16-18). Rationales for early childhood education and care have focused on such diverse concerns as children’s well-being, mothers’ participation in paid work, the alleviation of poverty, women’s equality, support for ‘at risk’ children, equity for children with disabilities, and sustaining social cohesion (Friendly and Lero 2002, p. 5).

There has been a profound change in the nature of child care provision in Australia since the early 1990s. Commonwealth expenditure has shifted from spending on service provision (operational subsidies and capital funding) to spending on measures that reduce the costs of child care for parents (fee subsidies) (AIHW 2003a, p. 269). In the 1980s, direct funding for child care services and fee subsidies for parents had been available only to non-profit services but in 1990, the Commonwealth Labor Government extended the availability of fee subsidies to families using for-profit services (Press and Hayes 2001, p. 18). Overall Commonwealth Government expenditure on child care doubled in real terms between 1991-1992 and 1998-1999 (AIHW 2003a, p. 243).

More recently, the Coalition Government removed direct services subsidies (operational subsidies) to non-profit long day care and outside school hours care, and from January 2001, new places for family day care and outside school hours care were opened to the private sector (Press and Hayes 2001, p. 19). The current provision of early childhood

education and care is by a mix of government, non-government not-for-profit, private for-profit, and private not-for-profit organisations (Press and Hayes 2001, p. 21). By June 2001, two-thirds of long day care centres were owned by private-for-profit bodies. 2001 also saw the first floating of private-for-profit child care businesses as public companies on the stock exchange (AIHW 2003a, pp. 234-235). Writing in 2001, Press and Hayes (2001, p. 21) note that most centre-based long day care (73 per cent) was provided by the private sector. However, most other early childhood services were provided by state governments, local government, and the non-profit sector (Press and Hayes 2001, p. 21).

Private-for-profit operators now run over half the early childhood centres providing all day care (ABC 2004b). The two biggest private child care companies, ABC Learning Centres and Peppercorn Management, saw their share prices increase seven-fold and nine-fold respectively over the past two years (ABC 2004a). They have bought up more than 600 child care facilities around Australia, and each week more than 50,000 children spend time at one of their centres (ABC 2004a). About 60 per cent of the revenue received by corporate child care centres comes from government child care subsidies (ABC 2004b).

Over 1.5 million children aged less than 12 years, representing 49 per cent of all children of this age in Australia, use some type of child care, 45 per cent for less than ten hours per week and a further 27 per cent for 10 to 19 hours per week (ABS 2003a, pp. 3-4). Over the last ten years, while there has been no change in the overall numbers of children using care, there has been a significant change in the types of care available. Numbers of children using only formal care have increased considerably while those using informal care have demonstrated a corresponding fall in numbers (AIHW 2003a, p. 229).

4.2 Preschool

Every state and territory in Australia offers preschool education to children in the year prior to entry to the preparatory or reception year of school and close to 240,000 children attend (as at June 2002); most (148,000) are aged four, while 46,200 are aged three and 43,000 are aged five (ABS 2003a, p. 14). Usually children in the preschool year are aged four, although the actual age of entry varies from state to state. Children attend for between 10 and 12.5 hours per week. All states and territories except Queensland offer a full-time pre-primary (preparatory) school year, and, in the majority of systems, preschool education is the responsibility of the state or territory Department of Education (Australian Education Union 2001b, p. 1). Preschool is called 'kindergarten' in some states.

Over the past three decades, funding for preschool provision has moved from being largely the responsibility of the Commonwealth Government to being the responsibility of the various states and territories. In the 1970s the Commonwealth contributed close to two-thirds of the funding for the provision of preschool education but this commitment was steadily wound back by successive Coalition governments, until finally a Labor government abolished Commonwealth funding support for preschool education in 1985 (Australian Education Union 2001a, p. 2). The Commonwealth Government does still provide some minor support for preschool provision, including funding to Queensland for the preschool year since other states are funded for a

preparatory or reception year, and supplementary funding for preschool education for Aboriginal and Torres Strait Islander children (Kronemann 2003, p. 9). There is wide variation across the states and territories in the levels of funding for preschool provision (Australian Education Union 2001a, p. 2).

Moving to international comparisons of funding for early childhood education and care, Australia has lower rates of expenditure than most other OECD countries. Comparative international data on recent funding levels is not available. Nevertheless, a 2001 review by the OECD using 1998 data, demonstrates that of 27 countries, Australia's public expenditure on pre-primary education as a proportion of GDP is the third lowest (OECD 2001, p. 189).

Table 2 Public expenditure for pre-primary education as a percentage of GDP, 1998, in declining order¹³

Denmark	0.86	United States	0.36
Hungary	0.69	Spain	0.34
Sweden	0.59	Mexico	0.32
Norway	0.58	Iceland	0.31
Poland	0.52	Portugal	0.24
Austria	0.47	Canada	0.23
Belgium	0.45	New Zealand	0.21
Czech Republic	0.45	Switzerland	0.20
Belgium (Flem. Com.)	0.44	Japan	0.09
Italy	0.42	Korea	0.04
United Kingdom	0.42	Australia	0.03
Finland	0.40	Turkey	0.01
Germany	0.36	Ireland	0.00
Netherlands	0.36		

(Source: OECD 2001, p. 189)

Early childhood education and care have had diverse rationales throughout Australia's history. But, as Section 3 outlined, there is overwhelming evidence that early childhood education and care bestow substantial benefits on children, on individuals' long term outcomes as adults, on families and communities, and on the wider society (Friendly and Lero 2002, p. 5). Are children and families in Australia gaining access to the education and care services they require, and what does it mean if they are not?

¹³ The data refer to pre-primary education, which is limited to organised centre-based programs designed to foster learning and emotional and social development in children from three years old to compulsory school age. Day care, play groups and home-based structured and developmental activities may not be included in this data.

5. Social disadvantage and social inclusion

The contributions made among children, adults, and communities by early childhood education and care are well established. But such benefits are irrelevant if children are unable to participate in early childhood services. If they are simply not available to large numbers of children, and if the children most in need of education, care, and support cannot access them, the benefits of early childhood education and care are greatly diminished. In other words, *access* is a vital element in public policy and service delivery.

The goal of universal access to early childhood education and care has been endorsed in international and Australian reviews and even in government policy. The thematic review of these services conducted by the OECD concluded that eight ‘policy lessons’ must be adopted if early childhood education and care policy is to be effective. One of these is the OECD’s recommendation for ‘A universal approach to access, with particular attention to children in need of special support’ (OECD 2001, p. 11).¹⁴ This emphasis on universal access is echoed in Australian reviews. For example, Raban (2000, p. 39) stresses that, ‘Services for preschool children should be available for each and every child, not only those identified as ‘at risk’’. The Commonwealth Government too recognises the desirability of universal access to childhood services, and in the consultation paper it released in February 2003 spelled out its own objectives for early learning and care which included ‘access for all children to quality early learning experiences, especially in the year before formal school entry’ (Commonwealth Task Force 2003a, p. 6). To what extent then is Australia living up to this national and international goal of universal access to early childhood education and care?

5.1 Access to early childhood education and care

According to parents in the Child Care Survey conducted by the ABS (2003a), close to six per cent of children aged 0 to 11 are not having their child care needs met. While this is a minority, it amounts to 174,500 children in total aged under 12 years. These children require formal child care or additional care and are not able to access it (ABS 2003a, p. 6).¹⁵ Unmet need for child care is highest among younger children: 8.6 per cent of children aged 0-4 years (106,400 children) require child care or additional care, compared to 3.7 per cent of children aged 5-11 years (68,000 children) (ABS 2003a, p. 29).

¹⁴ The eight recommendations of the OECD thematic review are for:

- (1) A systematic and integrated approach to policy development and implementation;
- (2) A strong and equal partnership with the education system;
- (3) A universal approach to access, with particular attention to children in need of special support;
- (4) Substantial public investment in services and the infrastructure;
- (5) A participatory approach to quality improvement and assurance;
- (6) Appropriate training and working conditions for staff in all forms of provision;
- (7) A systematic attention to monitoring and data collection; and
- (8) A stable framework and long-term agenda for research and evaluation (OECD 2001, p. 11).

¹⁵ Remember here that ‘child care’ is defined broadly to include any ‘arrangements (other than parental care) made for the care of children under 12 years of age,’ and thus includes formal and informal care and preschool care (ABS 2003a, p. 2).

Parents' work commitments are the primary reason that they require child care or additional child care: 41 per cent of children require care for this reason, and a further six per cent do so because their parent(s) are either looking for work or undertaking work-related study or training (ABS 2003a, p. 7). This means that a total of 82,000 children require formal care or additional care for work-related reasons (ABS 2003a, p. 31).

Access to early childhood education and care is influenced by four factors: its affordability, availability, suitability, and quality (Press and Hayes 2001, p. 30). ABS data reveal that the first two of these four factors constitute the most important barriers limiting access to child care by Australian parents. The fact that it was booked out, no places were available, or it was too costly were the most frequently provided reasons for parents' failure to find required formal child care or additional care (ABS 2003a, p. 32). From data in the ABS Child Care Survey it appears that:

- over 60,000 children have missed out on child care because it was either booked out or no places were available;
- another 30,200 children missed out because child care was too expensive for their parents;
- close to 22,000 children could not use child care because parents reported that no such facility existed in the area or they did not know of any;
- a further 21,200 children did not use child care because their parents did not know whether such care was available (ABS 2003a, p. 32).

The Commonwealth Government assists parents with their child care costs through the Child Care Benefit (CCB), a system of fee subsidies. The CCB is either paid directly to the child care service, reducing the out-of-pocket fees paid by parents, or received by parents as a lump sum at the end of the financial year (AIHW 2003a, p. 245). The cost of child care to parents therefore is the gap between the fees charged by the service and the CCB amount for which the family is eligible (Poppo and Martin 2003, p. 6). Families with incomes of \$30,806 or less receive the maximum CCB rate of \$133 per week for 50 hours of care for one child not at school, or \$2.66 per hour of child care. Among families on higher incomes, CCB tapers down to a minimum rate of \$22.35 per child for 50 hours of care per week, or \$0.44 per hour. If families with one child in care have an income of \$88,344 or more, they are eligible only for the minimum rate of CCB (AIHW 2003a, p. 245).¹⁶ In 2002, of the 540,000 families who received the CCB, about 36 per cent were paid the maximum rate for the number of hours of child care they used, while around 14 per cent received the minimum rate (AIHW 2003a, p. 246).

However, most parents receiving the maximum CCB still pay some of the costs of child care, because child care fees generally are higher than the maximum amount of assistance available. As the AIHW (2003a, p. 245) summarises:

¹⁶ These figures were accurate for the 2002-2003 financial year.

At May 2002, a family with one child in care full-time at a long day care centre and receiving the maximum CCB of \$129 per week for 50 hours of care, would have had child care costs of \$57 per week (\$186 less \$129).

The average 'gap' fee for full-time day care is over \$50 per week, and even many low-income families pay this much for full-time care (ACOSS 2004, p. 4).

While the ABS publishes data on the extent of unmet need for child care in its Child Care Survey, little is known about *which* families struggle to access such care. In order to investigate this further, The Australia Institute commissioned unpublished data from the ABS that provides additional detail on parents' child care needs.

Income and parents' unmet need for child care

Parents' unmet need for child care is strongly shaped by income. Table 3 below draws on unpublished data on parental income from the ABS to break down parents' unmet need by three income categories.¹⁷ In this table, 'weekly income' in couple families refers to total income received from all sources by the couple. In one parent families, 'weekly income' refers to total income from all sources of the lone parent (ABS 2003a, p. 46).

Table 3 Main reason for not using formal child care or additional care, by parents' weekly income

	Less than \$800		\$800 to less than \$1400		\$1400 and over		Don't know / Not stated	
	No. of children ('000)	%	No. of children ('000)	%	No. of children ('000)	%	No. of children ('000)	%
Main reason required (additional) for								
None exist/don't know of any in area	7.5	11.74	6.3	11.95	6.1	17.89	1.9	7.98
Cost or too expensive	12.0	18.78	11.1	21.06	4.4	12.90	2.9	12.18
Booked out or no places	23.1	36.15	19.2	36.43	12.5	36.66	6.2	26.05
Other service related	5.1	7.98	5.8	11.01	4.5	13.20	1.3	5.46
Child related	2.0	3.13	1.0	1.90	1.6	4.69	1.2	5.04
Other	4.7	7.36	5.3	10.06	2.4	7.04	5.4	22.69
Don't know whether available	9.5	14.87	4.0	7.59	2.7	7.92	5.0	21.01
Children who required (additional) for	63.9	100.00	52.7	100.00	34.1	100.00	23.8	100.00

(Source: ABS 2003a, p. 32)

About one-fifth of parents on low and middle incomes who require care or additional care report that the cost is the main reason they cannot use the care they want. Close to 19 per cent of low-income parents and over 21 per cent of middle-income parents cite cost or expense as the main barrier to their use of additional child care. This compares to 12.9 per cent of high-income parents. In absolute terms, 12,000 children from low-income families and 11,100 children from middle-income families are missing out on child care because of its cost, compared to 4,400 children from high-income families.

Because the income categories used here are relatively broad, they are likely to conceal further patterns in the relationship between income and unmet need. For example,

¹⁷ This table is an extension of Table 21 in the ABS census (ABS 2003a, p. 32), using additional, unpublished data on parental income.

Income categories used in this table have been grouped from the more detailed income categories used in the ABS Child Care Survey. Because the table is focused only on those parents who required additional child care, representing a smaller number of cases, grouping of income into only three categories was necessary to ensure that the figures are statistically significant.

among the 11,000 children in ‘middle income’ families who are priced out of child care, it is possible that most are, in fact, at the lower end of the income range.

Using the income categories available, our analysis does not find any income-related differences in the extent to which parents identify the scarcity of child care places as being the main reason for not using care or additional care, with about 36 per cent of each income group experiencing the problem. At the same time, given the income distribution of the population, this has the result that large numbers of children from low-income families miss out for this reason: 23,100 children from low-income families, 19,200 children from middle-income families compared with 12,500 children from high-income families. High-income parents are more likely than other parents to report that their main reason for not using additional child care is that none exists or they do not know of any services in their area. Close to 18 per cent of high-income parents give this as their main reason, compared to just under 12 per cent of both low-income and middle-income parents.

Income and parents’ use of child care

So far it has been established that parents’ unmet need for child care is shaped by income, and that it is low and middle-income parents who are most likely to report being priced out of child care. But there is also evidence that parents’ actual use of child care is also shaped by income. Before documenting this, the discussion first outlines and assesses the contrasting argument made by the Department of Family and Community Services (FaCS) that parents’ use of child care is uniform across families with different levels of income.

Under current funding arrangements, the real cost of child care is equivalent to the gap between the fees charged by the service and the Child Care Benefit (CCB) amount for which the family is eligible (Popple and Martin 2003, p. 6). Data from the Child Care Benefit Branch of FaCS presented at a recent Australian Institute of Family Studies conference suggests that once the CCB is taken into account, families on different incomes are spending similar proportions of their income on child care fees (Popple and Martin 2003). Looking at the cost of child care for one child in full-time care, families on gross annual incomes of \$25,000 right through to over \$100,000 are all spending between nine and 13 per cent of their weekly disposable income on child care gap fees. Similarly, for one child in part-time long day care, families of differing incomes spend between six and eight per cent of their weekly disposable income on gap fees (Popple and Martin 2003, pp. 7-8). In other words, the CCB has contributed to the levelling out of child care expenses. Child care gap fees represent a similar part of the disposable income of families, regardless of families’ income (Popple and Martin 2003, p. 8).

If it is true that the cost of child care, as a proportion of family income, is now similar across different income groups, then it might also be expected that the amount and type of child care used by families would not vary substantially by income. Popple and Martin (2003, pp. 9-10) claim that this is the case. Using Centrelink administrative data, they suggest that the type of child care favoured by families does not differ markedly between those on different levels of income, and that there are no substantial differences in the numbers of hours of child care used by high and low income families (above or below \$50,000) (Popple and Martin 2003, pp. 8-9).

These claims stand in blunt contradiction to national ABS data on child care usage. First, the quantity of care used per family depends on income categories; as family income increases, the proportion of children in child care increases. In families with a weekly income of less than \$400, 45 per cent of children attend some type of child care, compared to 67 per cent of children in families with a weekly income of \$2,000 or more (ABS 2003a, p. 6).

Second, ABS data show that there are income differences in what kind of care is used. Of all children who are in some type of child care, the proportion using formal care generally rises with family income. Among families with a weekly income of less than \$400, 46.8 per cent of children are in formal care, while this figure rises to 54.3 per cent among families with a weekly income of \$2,000 or more.¹⁸ Table 4 below analyses ABS figures to derive the proportions of children in each income category who use *any* formal care or *any* informal care. For example, to calculate the proportions of children using any formal care, it adds the proportions of children in formal care only and the proportions of children in formal and informal care.

Table 4 Proportions of children who use any care: Type of care by weekly income of parents

	<i>Less than \$400</i>	<i>\$400- \$599</i>	<i>\$600- \$799</i>	<i>\$800- \$999</i>	<i>\$1,000- \$1,199</i>	<i>\$1,200- \$1,399</i>	<i>\$1,400- \$1,999</i>	<i>\$2,000 and over</i>	<i>Total</i>
Formal care only	30.7	29.6	37.8	39.3	34.2	31.4	30.0	27.4	32.5
Informal care only	53.2	51.8	45.6	42.2	46.4	45.8	48.0	45.8	47.9
Formal and informal care	16.1	18.6	16.6	18.6	19.4	22.8	21.9	26.9	19.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Any formal care	46.8	48.2	54.4	57.9	53.6	54.2	51.9	54.3	52.1
Any informal care	69.3	70.4	62.2	60.8	65.8	68.6	69.9	72.7	67.5

(Source: ABS 2003a: 25)

While wealthier families use more formal child care than poorer families, the proportion of children attending formal care does not rise steadily with family income. As the second-last row in Table 4 shows, less than half of children in families in the two lowest income categories are in formal child care. More than half of children in all the remaining income categories are in formal child care, with the highest proportion (57.9 per cent) in the middle income category of \$800 to \$999 per week. On the other hand, as the last row in Table 4 shows, family income has little impact on the use of informal care, with over 60 per cent of children in informal care across families with different incomes.

¹⁸ These figures are based on data in Table 14 (ABS 2003a: 25). They can be derived in either one of two ways, either by summing the proportions of children in formal care only and formal and informal care for each income category, or by dividing the number of children who use formal care by the total number of children who use formal and/or informal care for each income category.

In couple families, weekly income refers to total income received from all sources by the couple. In one parent families, weekly income refers to total income of the lone parent from all sources (ABS 2003a, p. 46).

This paper argues that low-income families face specific difficulties in affording the child care services they need for their children, a contention that is corroborated by the recent Senate Community Affairs References Committee (2004, p. 217) report on poverty. This notes that low income women, in particular, face difficulties in accessing formal child care. Low income families, where parents are often working in casual and part-time jobs that are very family unfriendly, resort more frequently to informal care.

The discrepancy between ABS and FaCS data here is the product of different survey samples and units of analysis. The ABS Child Care Survey collects information from parents on the use of 'child care' by children aged 0-11 years, where 'child care' includes all formal child care services, preschools, and informal care. In contrast, FaCS data is based on the CCB database, and addresses only those child care services for which the CCB is payable. The FaCS analysis therefore excludes the non-CCB approved child care services, preschools, and other non-Commonwealth funded child care services which are included in the ABS survey (ABS 2003b).

The Commonwealth Child Care Census conducted by FaCS collects information from Commonwealth-supported child care service providers. The unit of analysis is the child care service while in the ABS census it is the parents themselves. In the FaCS Census, the child care services provide information, including demographic information, on family type and employment status, while the ABS survey is conducted by face-to-face interview with the parent or guardian of a child. This difference also means that the FaCS Census may double-count children and families where they use more than one service, while this possibility is removed from the ABS Child Care Survey (ABS 2003b). The ABS expects that data on child care usage, and on the demographic characteristics of parents and children, will be more accurate in its Child Care Survey than in the FaCS Census and also suggests that its data on the cost of child care to parents is more accurate (ABS 2003b).

5.2 Changing patterns of child care accessibility

Three income-related patterns of access to child care have been documented: parents on lower incomes are more likely to report that cost is the main reason their children do not use the child care or additional care they want, they are less able to take advantage of child care, and they use less formal care than parents on higher incomes. These patterns are part of a wider story regarding the affordability, availability, suitability, and quality of early childhood education and care in Australia.

Throughout the 1990s, the overall accessibility of child care services improved dramatically. There was a significant drop between 1993 and 2002 in unmet need – in the numbers of children for whom parents required some or more formal child care (AIHW 2003a, p. 243). While in 1999 parents reported that the main reason they did not use the formal care they wanted was due to the cost, by 2002 parents were reporting that it was due to child care being booked out or the scarcity of places (AIHW 2003a, p. 244). In other words, availability replaced affordability as the most common barrier to child care access.

However, as the above discussion has documented, the affordability of child care remains a pressing issue for many parents. For over 30,000 children, it is the cost which constitutes the main reason that their parents cannot access the child care required (ABS

2003a, p. 32). With the introduction of the CCB in July 2000, there was a significant increase in the affordability of formal child care services. However, affordability declined for most family types over 2000 to 2002, because fees rose more than the CCB which was indexed to the Consumer Price Index. Only the lowest income families using family day care services were spared, as the CCB continued to cover the entire cost of the fees these families paid (AIHW 2003a, p. 246). The increase in fees charged was greatest in the private-for-profit child care centres.

The problem of child care affordability has worsened since the ABS Child Care Survey conducted in 2002. According to figures on inflation released in April 2004, child care costs have risen 12.7 per cent over the past year (ABS 2004, p. 20). This represents an increase over six times as high as the rise of two per cent in the cost of standard goods. In fact, in the past two years from March 2002 to March 2004, child care costs have risen by 31.4 per cent, while the cost of all goods rose only by 5.5 per cent (ABS 2003d, p. 20; ABS 2004, p. 20).

Whether or not parents can gain access to early education and care for their children is influenced by income, but also simply by where in Australia the family lives. There are regional differences in child care cost and availability and substantial variation from state to state in average child care fees, according to data on Commonwealth-supported child care service providers compiled by FaCS. For example, the average gross fees for one child in 50 hours of care per week range from a high of \$202 in the ACT to a low of \$170 in the Northern Territory (Popple and Martin 2003, p. 5). Fees can also vary substantially within any one state. Significant child care shortages exist in some areas of Australia, while in a few areas there is an oversupply (AIHW 2003a, p. 244).

There is some evidence that those areas where child care availability is worst are also the areas of greatest socio-economic disadvantage thus compounding the lack of access to early education and care experienced by families on lower incomes. Evidence comes from the Senate Community Affairs References Committee's (2004, p. 217) report on poverty, in which various submissions emphasised that access to child care places is a problem especially in disadvantaged and rural areas.¹⁹ In the wake of the widespread privatisation of child care services, private-for-profit operators may not run services in such areas because of concerns regarding their commercial viability.

Unfortunately, there is not the data available to map in national detail the possible relationship between regional inequalities in the availability or cost of child care and socio-economic disadvantage. From a policy point of view, it would be helpful to know of regional patterns in parents' unmet need for child care, but the most recent ABS Child Care Survey, unlike its predecessor, did not collect detailed regional data.²⁰ It

¹⁹ Our own break-down of parents' unmet need for child care by income did not show income-related differences in the extent to which parents identify child care places being booked out or absent as the main reason they did not use care or additional care. However, given that only three categories of income could be used, our calculations may miss a potential association between low income communities and lack of child care places.

²⁰ The most recent ABS census of child care use, in June 2002 (ABS 2003a), did not collect detailed regional data, unlike its predecessor in June 1999. It can only provide data on child care use by state and 'capital city balance of state', for example by Sydney and non-Sydney New South Wales. This division

would be useful also to map possible relationships between the availability of child care services region by region and socio-economic disadvantage. Again, public data is limited. The 2002 Census of Child Care Services, conducted by FaCS, gathered data on services funded by the Commonwealth Government, but its information is only relevant down to the state and territory level. For reasons of confidentiality, FaCS is unable to provide detailed information, for example at the Statistical Local Area, Statistical Sub-Division, or Statistical Division levels, on the availability and types of child care services and numbers of children attending each service.²¹

5.3 Accumulating disadvantage

The discussion so far has established that parents on lower incomes use less child care and less formal care than parents on higher incomes, and they are more likely to be priced out of the child care or additional care they want for their children. Poorer access to early education and care, and lesser use of care, by children in lower-income families is likely to entrench further the socio-economic disadvantages already experienced by large numbers of these children. This is true especially for those in the lowest income families. The following discussion outlines the extent of poverty and disadvantage faced by children in Australia, identifies its long-term consequences, and argues that access to early education and care can make a significant difference to such outcomes.

Children living in poverty

About one in seven Australian children lives in poverty. Over 740,000 children (14.9 per cent of all children) and 1.6 million adults (12.3 per cent of all adults) are in income poverty; in total, about one in every eight Australians or 13 per cent of all Australians (Harding *et al.* 2001, p. 4). These figures, produced by the National Centre for Social and Economic Modelling (NATSEM) in collaboration with the Smith Family, refer to patterns of poverty in 2000. NATSEM defines poverty in relative terms, as half the average family income of all Australians. For single income families with two children in 2000, this was \$416 a week. This means that for a family not to be in poverty, its cash income has to be more than \$416 per week, where cash income includes all income received from such sources as wages and investments, plus cash benefits from government such as the age pension, minus any income tax paid (Harding *et al.* 2001, p. 3).

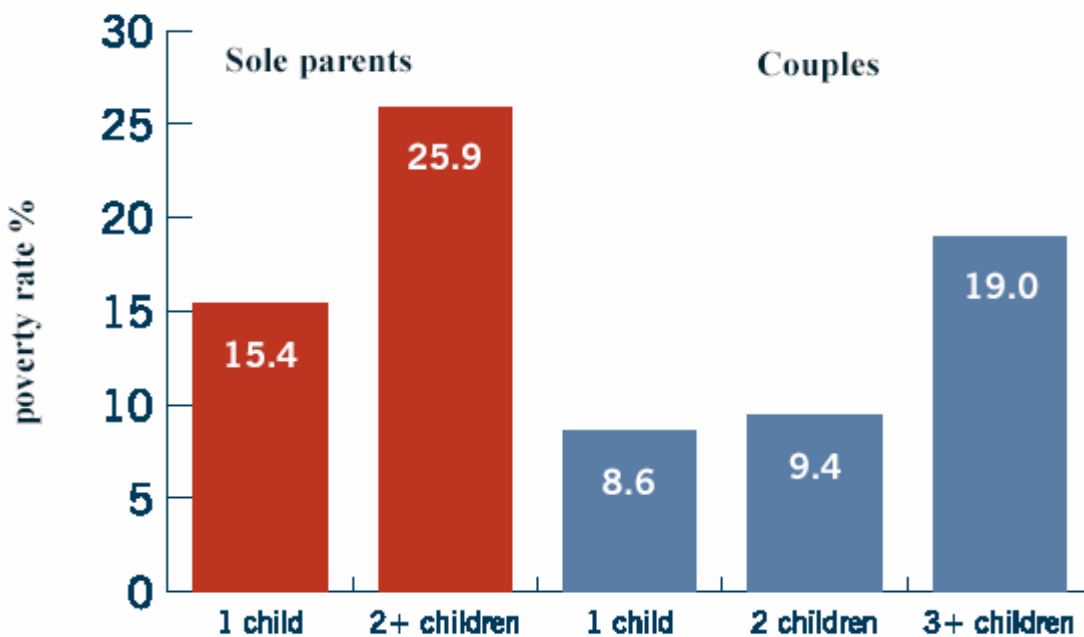
Family structure has a significant association with child poverty. Single parent families are more likely than couple families to live in poverty. Over one in five sole parent families (21.8 per cent), compared to over one in ten couple households with children (12.2 per cent), live in poverty (Harding *et al.* 2001, p. 7). At the same time, given the preponderance of couple families over single-parent families in Australia, a greater

roughly corresponds to the division between 'urban' and 'rural', but it is at far too high a level of generality to map regional patterns.

²¹ These refer to units of analysis used in Australian census data, where larger units are comprised of collections of smaller units. Working from smallest to largest, these include Collection Districts (about 35,000 in Australia, comprising roughly 250 households each); Statistical Local Areas (about 1400 in Australia); Statistical Sub-Divisions (207 in Australia), and Statistical Divisions (66 in Australia).

proportion of Australians in poverty are in couple households than in single-parent households. Harding *et al.* (2001, p. 8) report that 42 per cent of all Australians in poverty live in families consisting of a couple with children, while another 13 per cent live in sole parent families. In addition, in both sole parent and couple families, higher numbers of children in the household are associated with higher rates of poverty, as Figure 1 shows.

Figure 1 Estimated poverty rates for individuals living in sole parent and couple with children families, by number of children



(Source: Harding *et al.* 2001, p. 8)

There are debates of course over how one measures ‘poverty’ and therefore over how many Australians are poor. While Bradbury (2003, p. vii) notes that poverty is widely defined as ‘an unacceptably low standard of living,’ he also reports that there is considerable variation in precise definitions and thus estimates of poverty. He defines ten different estimates of child poverty in Australia in the 1990s, resulting in figures ranging from 11 to 16 per cent of children. International studies by UNICEF and the OECD estimate child poverty in Australia as 12.6 per cent and 10.9 per cent respectively (Bradbury 2003, pp. 29-32). Nevertheless, just to illustrate the realities of material deprivation, it is worth noting that among Australian households with dependent children aged 0 to 14, close to one in ten households (8 per cent) ran out of food and had no money to buy more, at least once, in the last 12 months (Al-Yaman *et al.* 2002, p. 260).

The NATSEM analysis found that the overall rate of poverty in Australia increased during the 1990s using its definition described above. Using 12 different definitions of poverty, Harding *et al.* (2001, p. vii) note that 11 out of the 12 also find that poverty rates increased during the 1990s. This increase has been driven primarily by growth in incomes at the highest levels. The widening gap between the incomes of the poor and

the incomes of the very affluent has raised the half average income line and thus the level of relative poverty. Child poverty declined in the first half of the 1990s, but these gains were lost in the second half, while there was a consistent but slow increase in adult poverty over this period (Harding *et al.* 2001, pp. 4-6).

The impacts of poverty and disadvantage

Both Australian and international research demonstrates that socio-economic disadvantage has a profound and negative impact on children's wellbeing and development, and that these effects persist as children grow older. Poor social and economic circumstances are the greatest threat to children's growth, launching children on low social and educational trajectories that persist unless there is substantial and sustained intervention (Hart *et al.* 2003, p. 7). Early childhood poverty has long-lasting effects on children's language and cognitive development and school performance (Friendly and Lero 2002, p. 8).

Children born to mothers in lower socio-economic groups have a much greater likelihood than other children of showing cognitive development problems and poorer mental health, according to a recent longitudinal study in Queensland of 7,661 mothers and their children, (Najman *et al.* 2004). In this study, children's wellbeing and performance were assessed at five years and 14 years of age, and it was evident that negative effects persisted as children aged. Children from families with lower incomes showed poorer verbal comprehension and lower levels of ability in motor skills, language, and personal and social development than children from economically advantaged families. Children born to mothers on lower incomes were poorer at other cognitive skills such as non-verbal reasoning, reading, and word decoding (Najman *et al.* 2004).

Socio-economic advantage and disadvantage also shape children's mental health. Again in the Queensland study, children born to mothers in the lowest socio-economic group were more likely to show externalising behaviours (delinquency and aggression) and internalising behaviour (withdrawal, somatic complaints, and symptoms of anxiety or depression). These associations held for both younger and older children. As the authors of the study summarise, 'family income during the pregnancy predicts child cognitive development and mental health at ages 5 and 14' (Najman *et al.* 2004, p. 1154). The influence of socio-economic disadvantage is clear too in the recent West Australian study of 4,300 pre-primary school students. The children who did most poorly on indicators of development such as language and cognitive skills, physical health, communication skills, social competence, and emotional maturity tended to come from suburbs with a lower socio-economic status (Hart *et al.* 2003, p. 19).²²

The association between family socio-economic status and child health and wellbeing has been well documented in a range of other studies (Al-Yaman *et al.* 2002, p. 257). Children living in poor families have higher injury rates, are hospitalised more frequently, and have a higher prevalence of obesity (Al-Yaman *et al.* 2002, p. 257). Children who experience socio-economic disadvantage have poorer immune systems,

²² This study used children's suburb of residence, not the suburb where they attend school.

exposing them to higher levels of health risk, adult morbidity and mortality (Hart *et al.* 2003, p. 10). Socio-economic disadvantage among parents is associated with poorer mental health among children, although this is also influenced by such factors as parental conflict and poor parenting (Najman *et al.* 2004, pp. 1148-1149).

A more intimate portrayal of the impact of socio-economic disadvantage on children's life chances is afforded by a longitudinal study of families in inner Melbourne. This research follows families with children born in 1990, and the most recent stage of the analysis involves data from 142 children aged 11 and 12, their parents, and teachers (Taylor and Fraser 2003). The study grouped families into three income groups:

- (a) low, with a family income below 120 per cent of the Henderson Poverty Line (about \$34,000 per year for a couple with two children);
- (b) high, with a family income above the cut-off for eligibility for the Family Tax Benefit A (about \$87,000 for a couple with two children); and
- (c) medium, between these two.

The low income families are more likely to be headed by parents with limited formal education, sole parents and parents from non-English speaking backgrounds, many of whom, particularly in the case of mothers, are not in paid employment. The tendency is for these families to be bigger than usual, often with four or more children. Data from the Melbourne study show that family income has a significant impact on school choice, children's access to computers and other educational resources, parents' ability and opportunity to help with homework, and a wide range of other factors associated with children's life chances. Low income families find it difficult to afford health costs and school costs, and struggle to support their children in attending extracurricular activities such as sport and music. As a result, participation rates in these activities are much lower for children from low income families than for other children (Taylor and Fraser 2003).

A recent government report echoes these findings, emphasising that poverty impacts negatively on children through financial stress, family conflict, lack of access to educational toys and books, and constraints on parents' opportunity and ability to read to their children or teach them in other ways (Senate Community Affairs References Committee 2004, p. 152). The result is that children from low income families are less prepared for the transition to school, with a greater risk of poor experience in the first year, and continued damaging impacts throughout their school experience. Results among secondary school students confirm this, in that socio-economic background displays a strong correlation with literacy and numeracy achievement among Year Nine students (Rothman and McMillan 2003), with 15-year-olds' scores for reading, mathematical, and scientific literacy (AIHW 2003b, p. 278), and with students' Year 12 tertiary entrance performance (Marks *et al.* 2001, p. vii). The Taylor and Francis (2003) study also documents the continuity of income inequalities over time. Three-quarters (74 per cent) of the children who were in low income families at six months of age are still in low income families 11 years later.

In general then, the life options of children from disadvantaged backgrounds are severely restricted, both because of their current socio-economic circumstances and the

transmission across generations of educational, health, and other inequalities (Najman *et al.* 2004). In the absence of intervention or assistance, children with developmental difficulties and children in impoverished circumstances face poorer prognoses as adults (Hart *et al.* 2003, p. 35). They will perform more poorly at school, they will have less opportunity in adult life to work in skilled occupations or earn high incomes, and they are more likely to experience physical and mental health problems throughout their lives. As the Queensland longitudinal analysis bluntly concludes, ‘the script for these children’s lives has been substantially written by the time they reach the age of 14’ (Najman *et al.* 2004, p. 1156). However, children’s access to early education and care can make a significant difference to such outcomes.


5.4 The difference that early education and care can make

While socio-economic disadvantage among children has significant and long-term effects, its influence is neither all-powerful nor inevitable. Substantive and constructive intervention among children can lessen or even negate the impact of early childhood disadvantage. Section 3 above outlined the positive role that early education and care can play in improving a variety of outcomes among children. But early childhood education and care have a particularly important role in lessening the effects of socio-economic and developmental disadvantage.

Studies in the United States and New Zealand have concluded that early childhood programs make a significant difference to the lives of disadvantaged children. Particularly if they are well designed and intensive, such programs lead to significant improvements in educational outcomes among these children (Raban 2000, p. 28). Preschool attendance can narrow the achievement gaps faced by disadvantaged children, and its positive effects overall are more significant among low income than advantaged children (Fleer 2000, pp. 18-19). Raban (2000, p. 28) cites a wide range of studies documenting that child care and preschool programs lead to fewer year repetitions, a reduced need for special education resourcing, increased secondary school completions, and positive socialisation, and that such effects are particularly pronounced among disadvantaged children. Similarly, a substantial American scholarly review describes the consistent evidence that early interventions among economically disadvantaged children and those at risk of developmental problems have a positive effect on early learning, cognitive and language development, and school achievement (Shonkoff and Phillips 2000, p. 311). The strongest effects are for children from families with the fewest resources and under the greatest stress. Childhood education and care can increase children’s ‘resilience’, their likelihood of achieving positive developmental outcomes despite exposure to persistent family hardship, high risk, stress, or trauma (Commonwealth Child Care Advisory Council 2001, p. 130). At the same time, these effects diminish over time unless they are supported by further interventions in school and elsewhere (Fleer 2000, p. 18-19).

The benefits of early childhood education and care among disadvantaged children and families depend, however, on these families being able to access such services. As this paper has shown, there are significant problems of child care affordability, particularly among low-income and middle-income families. Lower-income families are less able to take advantage of child care than wealthier families, and, as a result, use more informal care as a proportion of total care used. Children living in poverty are among those most

in need of the assistance that quality early childhood education and care can provide, yet they are also the children most likely to be priced out of receiving its benefits.



6. Conclusion

Children's access to early childhood education and care is not equitable. Over 170,000 children who require child care or additional child care are missing out, either because there are no places available or because it is too expensive. Children's exclusion from early childhood education and care is shaped by income; one in five parents from the low to middle income range reports that the main reason their children do not attend child care or additional care is that they cannot afford it. As Section 5 noted, the problem of child care affordability has worsened since the data on which these figures are based was collected, and child care costs have risen 12.7 per cent over the past year. Patterns of socio-economic and regional disadvantage among families and communities are compounded by the cost and the unavailability of early childhood education and care.

The consequences of this state of affairs are especially harmful for the one in seven children living in poverty and the one in four children with developmental difficulties in Australia. Such children are likely to continue on pathways of poor cognitive and emotional development, with long-lasting and negative implications for their future educational, economic, health, and social outcomes. In families on the lowest incomes, children are likely to face a cluster of disadvantages, with long-term impacts on their ability to succeed at school, find rewarding jobs, and maintain their physical and mental health. Barriers to child care access compound these inequalities, effectively condemning some children to long-term disadvantage.

The Commonwealth Government espouses the goal of 'access for all children to quality early learning experiences, especially in the year before formal school entry' (Commonwealth Task Force 2003a, p. 6). International organisations concur, with the OECD's thematic review of early childhood education and care recommending 'A universal approach to access, with particular attention to children in need of special support' (Friendly and Lero 2002, p. 13). However, Australian government policy continues to include four fundamental obstacles to the development of universal access.

First, the Commonwealth Government has been slow to address the substantial shortfall in child care places faced by Australia's parents. The ABS Child Care Survey documented that in June 2002 over 60,000 children were missing out on child care because it was booked out or no places were available (ABS 2003a, p. 32). In December 2003, the Minister for Children and Youth Affairs, Larry Anthony, announced that the Government planned to increase the number of child care places available by providing an additional \$79.5 million over four years for an extra 10,000 places in care outside school hours and 2,500 places in family day care, directing this funding to existing services. In March 2004, the Minister stated that he intended to lobby the Government for a further 20,000 child care places in the May budget. But even if such changes are implemented, a significant level of unmet demand among parents for child care would continue to exist.

The most recent policy announcements by the Commonwealth Government compound this failure to address shortages in child care places. The Stronger Families and Communities Strategy, launched on 7 April by Prime Minister Howard, delivers funding of \$365 million over four years, 2004 to 2008. The most promising aspect of

this strategy is its focus on children at the highest risk of developmental problems. Funding for local initiatives is targeted at disadvantaged communities, with support for organisations in 35 communities to develop and run early childhood and family programs. The strategy also provides funding for national early childhood programs and resources, and for small-scale projects developed by local communities (Commonwealth Department of Family and Community Services 2004, pp. 4-14). Yet when it comes to child care, the funding delivered by the Stronger Families and Communities Strategy is miserly. While it promises ‘choice and flexibility in child care’, it offers only 1,200 new places in at-home care (care provided in the child’s home by an approved carer), and delivers only ‘short-term incentives’ for long day care providers to open 25 new centres creating 1,000 child care places in areas of high unmet demand (Commonwealth Department of Family and Community Services 2004, pp. 15-16). As an editorial in *The Sydney Morning Herald* summarises, ‘An ongoing commitment to these centres is missing, as is a policy that would address the estimated shortage of 28,000 child-care places. The child-care funding is niggardly’.²³

Second, there has been little government commitment to addressing the growing expense of child care faced by parents and the fact that 30,200 children are missing out on child care because it is too expensive (ABS 2003a, p. 32). Child care costs have risen by over 30 per cent in the last two years. Even if the Government does release the promised child care places in the May 2004 budget, this will do little to address ongoing problems of affordability. Many parents will continue to face a substantial gap between the fee subsidies available under the CCB and the actual costs of child care, and they will continue to be priced out of care. Only a re-working of the CCB will help here.

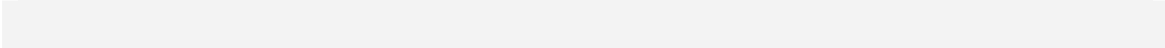
Third, the Commonwealth Government has signalled that it is unwilling to adopt early childhood education and care as a Commonwealth responsibility. The consultation paper on a national agenda for early childhood states that this agenda will not alter the status quo regarding areas of Commonwealth, state and territory responsibilities for early childhood education and care (Commonwealth Task Force 2003a, p. 3). Fourth, the Commonwealth Government thus far has shown no interest in addressing inequalities in preschool provision across Australia.

This paper has argued that substantial benefits accrue to children, families, and communities through access to quality early childhood education and care. Good education and care, like good parenting, has positive and long-lasting effects on children’s lives. Although the focus has been on questions of affordability and availability, it is also clear that early childhood education and care must be of a high quality with the existence of appropriate training, working conditions, and pay for staff a precondition (Friendly and Lero 2002, pp. 15-16). As Section 3 notes, this is another area in which Australian provision of early childhood education and care is lacking.

All children deserve a fair chance to achieve their full potential. Children’s early development has a decisive influence on their long-term futures, and participation in quality early childhood education and care makes a significant, positive, and cost-effective contribution to their wellbeing and to their adult lives. Yet some children are

²³ ‘Child focus better, sizzle yet to come.’ *The Sydney Morning Herald*, 8 April, 2004.

being excluded from such participation, either because their parents cannot afford education and care or because none is available. In other words, we have let socio-economic and geographic circumstances govern our children's access to environments that support healthy development (Hertzman 2002, p. 2). If large numbers of children continue to be denied the opportunity to participate in early childhood education and care, Australian society will pay the price down the track – in poorer school outcomes, greater burdens of physical and mental ill-health, higher rates of unemployment and crime, and other problems. The systematic provision of early childhood education and care does require significant funding, but the costs of failing to act are much greater.



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