

# Baby steps or giant strides? <sup>[1]</sup>

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### Executive summary

Child and family policies are developing and expanding in dynamic ways around the world, despite the fiscal austerity that enveloped many countries in the wake of the global financial crisis.

Policies that enable parents to balance paid employment and caring responsibilities are increasingly becoming a core issue for policy makers around the world. Unparalleled effort is going into expanding and raising the quality of early childhood education and care (ECEC), extending parental leave and introducing pay and other benefits (such as superannuation and pension credits) for parents and other carers. Many countries are investing in the early childhood workforce, recognising that quality care for children require educators who are appropriately qualified and who have decent jobs and fair pay.

While there are many positive initiatives around the world, some countries have adopted measures with negative consequences for quality or access – or both – especially in the rush to raise maternal labour force participation. There are lessons to be learned from all the countries we have considered in this report.

Child and family policy in Australia is at a crossroads. The Productivity Commission's year long inquiry into childcare and early learning was released to the public in February and the government has now released its response.

A new childcare package was released as part of the 2015 budget, and was framed as being part of a new "holistic families package". Funding for the package is to be secured by abandoning the Abbott government's signature paid parental leave (PPL) scheme, cutting access to the existing government funded PPL scheme, reducing access to Family Tax Benefits and denying ECEC subsidies to children whose parents do not work a certain number of hours per fortnight.

The PPL cuts, designed to remove government support from parents who are already receiving private support from their employers, have yet to pass the parliament. The Federal Government has revealed that any additional funding for childcare will be conditional on the Senate accepting these cuts, in addition to the Coalition's proposed cutbacks in Family Tax Benefits. In this sense, while the package could loosely be described as 'holistic', it would probably be more accurate to describe the childcare measures as funding for one area that is conditional on reductions in funding in other areas. There is no policy rationale for this approach. The investment in Early Childhood Education is worthwhile in its own right, and there is no clear reason why the Abbott Government cannot source its funding from other areas of the budget.

The reforms currently remain in limbo. This hiatus creates an opportunity to consider international developments that go beyond the mechanics of financing. In this report, we consider initiatives that offer either policies Australia might aspire to, or cautionary tales from which we might learn. Policy development is a complex undertaking and is always, at least to some degree, dependent on context. Our aim is to spark ideas and debate about options already used overseas, rather than to provide pre-packaged 'solutions'.

England has experienced a rapid transition in its approach to ECEC, picking up the pace of reform remarkably since the 1990s. A stand-out achievement is the introduction of 15 hours free early childhood education and care for all three and four year old children, and for the most disadvantaged 40 per cent two year olds.

In England, all political parties support these free hours – indeed, eligibility has been extended under both Labour and Conservative administrations. Free hours recognise the importance of children being able to access services regardless of their parents' income or labour force participation.

New Zealand, like England, has introduced 20 hours free early childhood education for all three and four year olds.

Norway provides another interesting example for Australia. Here, service provision has grown rapidly and government has been vigilant to keep fees low for parents while at the same time ensuring quality, especially through measures to strengthen the early childhood workforce.

Canada's French-speaking province Quebec introduced a flat-rate price for childcare in 1997. Initially the price was set at \$5 per day but it

has since increased to \$7 per day. Quebec has experienced spectacular growth in maternal labour force participation – far exceeding growth in labour force participation in other provinces. It has also seen a decline in child poverty and in single parent dependence on income support.

Although there are some very positive features of the Quebec model, it also offers a ‘red flag’ for Australia, since the rush to expand childcare provision and maximise women’s labour force participation appears to have come at the expense of quality.

France has a complex mix of services, leaves and benefits for families. We discuss a number of initiatives that have been taken in the last decade, especially measures to ‘individualise’ care by offering cash instead of services and by encouraging low-cost nanny care. While offered in the name of expanding choice, these measures have had the opposite effect on many low income families.

The current childcare reforms currently being considered by the Parliament do not reflect the international trends on which these ‘giant steps’ are based. The cuts to parental leave fail to help create a seamless transition from parental leave to ECEC. The new ECEC funding model is exclusionary rather than inclusionary. There is little proposed to sustainably tackle the issue of affordability for all Australians.

The childcare debate needs to re-set, and this paper hopes to provide some guidance on a better path forward.

In our concluding section we present some ‘giant steps’ that should productively be debated in the Australian context.

They are:

A strategy for seamless transition from parental leave to a childcare place

Entitlements that do not exclude children on the basis of their parents’ labour force participation, reflecting the trend being pursued internationally

Capped fees, though not so low that they are unsustainable or unduly risk quality

Planned provisions to help turn participation targets from ambition to reality

A preference for early childhood education services, not just cash handouts

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