

## **Select Committee on Workforce Australia Employment Services (ParentsNext)**

**Goodstart Early Learning submission  
November 2022**

## About Goodstart

### We are for children, not profit

Goodstart Early Learning (Goodstart) is Australia's largest not-for-profit social enterprise and Australia's largest provider of early childhood education and care, with 661 centres located across every state and territory, supporting more than 63,600 children from 53,700 families with a team of 15,000 employees.

As a not-for-profit social enterprise, our purpose is to ensure all Australia's children have the learning, development and wellbeing outcomes they need for school and life. It is our view that all children should be supported to participate in quality early learning and care, regardless of where they live in Australia, their family circumstances, their inclusion support needs, or their early learning setting. We believe the best way to do this is to ensure all children have access to high quality, inclusive early learning and care no matter their location or life circumstances.

### Overarching Statement

Goodstart Early Learning (Goodstart) welcomes the Committee's specific consideration of the ParentsNext program and thanks the Committee for the opportunity to make this submission and to provide evidence at the public hearing on 11 November 2011.

We are proud to join the growing number of business, community and economic leaders who endorse the Centre for Policy Development's *Starting Better: A guarantee for young children and families* (the Guarantee) as the much needed pathway blueprint for government reform to both turn the dial on women's economic participation and transform the way we deliver enormous benefit to all children and families. Providing fundamental health, welfare and education services in the early years of a child's life will have a significant benefit on their long term outcomes.

This inquiry into ParentsNext presents a timely opportunity to reimagine and redesign the program, so that parents are given support and agency, rather than its current obligatory and punitive approach. We strongly recommend that – as an urgent first step – ParentsNext should be removed from the targeted compliance framework. Further, it should focus on connection and referral to universal support services, including maternal and child health, playgroups and early childhood education and care services.

Finally, it is our view that all children should have access to at least three days of early learning per week, noting the triple dividends of early learning, i.e. children's learning and development, enabling workforce participation and boosting the economy. This is particularly important for children at risk of or experiencing vulnerability and disadvantage – children we know benefit the most from high quality early learning but are the least likely to attend.

### Recommendations

Goodstart makes the following recommendations:

1. Ensure children and families are supported and connected by implementing the *Starting Better Guarantee*, which entitles every child to:
  - a. Three days free or low-cost quality early education from birth until school, with more days available at minimal cost.
  - b. More paid parental leave, shared between partners.
  - c. Support for children and parents from within their community, including up to 25 visits from maternal and child health nurses.

2. Redesign ParentsNext to be voluntary and supportive, with planning to first focus on social engagement and community connection, ideally through early childhood services such as playgroup and early childhood education and care.
3. All parents receiving income support payments – including those participating in ParentsNext – have access to at least three days of free early childhood education and care through the Child Care Subsidy system.

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**IF YOU WOULD LIKE TO DISCUSS ANY PART OF THIS SUBMISSION IN FURTHER DETAIL, PLEASE CONTACT:**

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## Recommendations in detail

**Recommendation 1:** Ensure children and families are supported and connected by implementing the *Starting Better Guarantee*.

Parents, especially in their children's early years, need support and connection, ideally through child-centred services and programs, including maternal and child health nurses, playgroups, and early childhood education and care. Importantly, all parents should be supported with access to paid parental leave in at least the first 12 months of a child's life.

The Centre for Policy Development proposes a guarantee for all children and families in the early years, *Starting Better: A guarantee for young children and families*<sup>1</sup>, which recommends every child be entitled to the following:

1. Three days (up to 30 hours per week) of free or low-cost quality early education from birth until school, with more days available at minimal cost.
2. More paid parental leave, shared between partners.
3. Universal access to maternal and child health care, including up to 25 visits from maternal and child health nurses.

Consistent, affordable access to the services in the Starting Better Guarantee would have a profound, positive impact on the lives of children in families experiencing disadvantage and vulnerability, including those participating in ParentsNext. Early education and maternal and child health services would support the health and wellbeing of the children and parents as well as providing a simpler pathway to other services.

**Recommendation 2:** Redesign ParentsNext to be voluntary and supportive, with planning to first focus on social engagement and community connection, ideally through early childhood services such as playgroup and early childhood education and care.

There is a wealth of evidence documenting the importance of a person needing to feel a sense of agency when taking action or accepting responsibility<sup>2</sup>. ParentsNext does not give participants a sense of agency; rather it obliges them to participate in a program and compels them nominate activities they may not consider to be helpful or relevant to them to be put into a document referred to as a 'plan' but that is more akin to a contract. Then, it penalises participants for not meeting the activities in the 'plan' by suspending their income support payments, pushing them further into the disadvantage and vulnerability the program seeks to overcome.

The Committee's consideration of the ParentsNext program provides an opportunity to redesign the program so that it is likely to be more successful in achieving its objectives of targeting early intervention assistance to parents, helping parents identify their education and employment related goals and connecting parents to local services to help them address barriers to employment. As priority, the program must be removed from the targeted compliance framework. The threat of losing income support payments is not necessary nor conducive to achieving any of the program's objectives and instead risks making highly vulnerable families more vulnerable. It is abhorrent that parents risk not being able to pay for essential items like groceries to feed their children, rent or fuel because they did not comply with a plan intended to help them. This punitive approach also creates a disincentive for families to nominate activities that may be of interest to them, if they are only going to be penalised for not attending.

<sup>1</sup> Centre for Policy Development (2021), [Starting Better: A guarantee for young children and families](#).

<sup>2</sup> Moore JW (2016). *What Is the Sense of Agency and Why Does it Matter?* Front Psychol. 2016 Aug 29;7:1272, available [here](#); Action, agency and responsibility. *Neuropsychologia* 55 137–142, available [here](#).

A redesigned ParentsNext program should focus on supporting families to access universal early childhood health and education services, such as maternal and child health (noting 94.9% of ParentsNext participants are female<sup>3</sup>), playgroups and early childhood education and care, particularly in their child's first two years of life. Connecting families to early intervention services and early childhood education and care helps connect families to their community, reduces social isolation and provides a platform for future study, volunteering or work.

**Recommendation 3:** All parents receiving income support payments – including those participating in ParentsNext – have access to at least three days of free early childhood education and care through the Child Care Subsidy system.

Access to affordable, high quality early childhood education pays what is referred to as a 'triple dividend', in that it improves outcomes for children, supports workforce participation and boosts the economy. The rate of return is even higher when providing access to children experiencing vulnerability and disadvantage. Across Australia, one in five children start school developmentally vulnerable and this increases to two in five First Nations children.<sup>4</sup> Unfortunately, children from low income, low activity families are more likely to experience vulnerability and disadvantage and are more likely to start school developmentally vulnerable<sup>5</sup>. However, the evidence tells us that access to at least two days per week can provide a protective factor against developmental vulnerability and other forms of disadvantage.

#### 2021 AEDC Key findings



**Over 95%**

Children assessed

That is over 305,000 children in 2021.



**1 in 5**

Developmentally vulnerable

Around 1 in 5 children were developmentally vulnerable in one or more domain in 2021.



**4 in 10**

Indigenous children

Indigenous developmental vulnerability has decreased from 47% in 2009 to 42% in 2021.

Under the current Child Care Subsidy system, families participating in ParentsNext are able to access subsidised early childhood education and care through two ways – the CCS Safety Net activity result for individuals participating in compulsory mutual obligation activities (CCS36) and Additional Child Care Subsidy – Transition to Work. These mechanisms are outlined in more detail below, including the reasons why they are not supporting very low income, low activity families to access ECEC.

<sup>3</sup> ParentsNext Evaluation Report (2018), available [here](#).

<sup>4</sup> Australian Early Development Census (2021), 2021 Findings, available [here](#).

<sup>5</sup> AIFS (2021) [Child Care Package Evaluation: Final Report](#).

- 1) **CCS Safety Net for low income, low activity families (CCS24/36)** – which provides individuals participating in compulsory mutual obligation activities with up to 36 subsidised hours of ECEC per fortnight at the maximum CCS rate<sup>6</sup> (currently 85%, increasing to 90% in July 2023).

This provision does not meet the needs of vulnerable families because:

- An 85% CCS rate still leaves very low income families with high out of pocket costs (15%) and affordability continues to be the most commonly reported barrier to accessing ECEC.
- Subsidising 36 hours per fortnight is not enough hours to access two days per week as very few providers offer 9-hour sessions, so families are left with high out of pocket costs for unsubsidised hours (e.g. enrolling in 11-hr sessions and paying full fees for 4 hours per week).
- Where providers do offer 9-hour sessions, the hourly fee is often higher than the CCS Hourly Rate Cap because fixed costs like rent and wages are recovered over a shorter period, so families are left paying hourly out of pocket costs.
- Recently statistical analysis by Goodstart found that children who are only eligible for 24 or 36 subsidised hours per fortnight are the most likely to drop out of early learning.

**Table 1: Low-income families with only 36hrs/fortnight (preschool exemption) can pay double the cost**

<i>Example - Two families with CCS90% enrolling their child in ECEC (centre-based day care centre)</i>		
SCENARIO	Family A has CCS48hrs+ and can enrol in a 10, 11 or 12-hour day	Family B has only 36hrs and therefore enrolls in a 9-hr day
Daily ECEC fee \$127.50	Hourly rate - \$10.62 - \$12.75 (Under hourly cap)	Hourly rate - \$14.16 (Over hourly cap by \$1.44 p/hour or \$13.02 each day)
Current hourly fee cap \$12.72		
Total annual fees for 2 days a week \$13,260	CCS covers \$11,934 p/year Leaving \$1,326 residual OOP or \$25.50 a week/ \$12.75 a day	CCS covers \$10,715 p/year Leaving \$2,545 residual OOP or \$48.95 a week/ \$24.48 a day

- 2) **Additional Child Care Subsidy – Transition to Work** – which supports individuals transitioning from income support payments into work by providing subsidised access to ECEC based on levels of approved activity at a higher CCS rate of 95%.

This provision does not meet the needs of vulnerable families because:

- It is complex to understand and apply for and administrative barriers such as these more likely to impact vulnerable families.
- It provides a 95% subsidy, which means there is still a 5% out of pocket cost for families (approximately \$18/week for two days of early learning). This is still unaffordable for very low income families, particularly noting the over-representation of single parent families in ParentsNext.<sup>7</sup>
- It is time-limited in nature, in that support can only be provided for a limited timeframe for each employment-related activity, e.g. up to 26 weeks while participating in a job search activity, so parents are sometimes concerned about 'using up' their entitlements before they need it.
- Children to be enrolled in ECEC before their parents can start participating in study, volunteering or work but they often cannot afford to enrol their child until they have started the activity.

<sup>6</sup> Family Assistance Guide, Child Care Subsidy – Activity test, available [here](#).

<sup>7</sup> ParentsNext Evaluation Report (2018), available [here](#).

The evidence that tells us at least two days a week (and preferably consecutive days) is the *minimum* amount children should participate in early learning programs to provide a protective factor against developmental vulnerability and other forms of disadvantage. The AIFS evaluation highlighted that family types with higher likelihood of children being developmentally vulnerable are overrepresented in low income, low activity families.<sup>8</sup> And yet, the current activity test result of 36 hours per fortnight for families participating in compulsory mutual obligation activities does not provide adequate support to access at least two days per week of early learning for vulnerable children and must be increased to at least 48 hours per fortnight.

We also now know that children who are only eligible for 24 or 36 subsidised hours per fortnight are the most likely to drop out of early learning. Recent statistical analysis by Goodstart of children leaving early learning before school and involving approximately 160,000 children, found that children on CCS24hrs and CCS36hrs are the most likely to exit and are significantly more likely to exit than children with more CCS hours (34% more likely) and children who are not experiencing vulnerability at all (39% more likely).<sup>6</sup>

High quality early learning supports child development, enables parents to participate in work, study or volunteering, but also provides community connection and reduces social isolation. Early childhood educators provide valuable support to families, including through advice, referrals and connection. This is why all children from families experiencing or at risk of vulnerability and disadvantage, including those participating in ParentsNext (or on any type of income support), should be able to access three free days of early learning per week.

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<sup>8</sup>AIFS (2021) [Child Care Package Evaluation: Final Report](#), p.208-209.