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Author/s:

Salamanca, N;Zhu, A

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DRAFT

## ***Policy Forum: Public Investment in Disadvantaged Children***

### **Introduction**

**Nicolas Salamanca and Anna Zhu\***

Children living in poverty have lower developmental outcomes than their more advantaged peers. Public investment in children has the potential to close these gaps and to improve the outcomes of all children. In Australia, public investment in children and families takes several forms – from monetary and in-kind assistance to educational and other services. While many of these public investments have been linked to improved child development and well-being, there remain some key challenges in how they can best support children and their families. Moreover, whether policy investment as currently envisioned is closing the gap between advantaged and disadvantaged children remains an open question.

This policy forum discusses three key areas of public investment in Australian children: 1) early childhood investment, 2) education from the primary to later years and; 3) Income Support and Family Payments assistance from the welfare system. The contributions in the forum are based on discussions from the *Childhood, Education, and Welfare: Research & Policy Insights* workshop, which was organised by the Melbourne Institute on the 15 February 2017. The workshop brought together academics, public servants, and practitioners to discuss the challenges associated with addressing childhood disadvantage.<sup>1</sup>

Guyonne Kalb outlines the main issues with public investment in early childhood. She begins by presenting statistics on the inequality of access and use of formal child care arrangements between advantaged and disadvantaged families in Australia. This is followed by a discussion of the potential benefits of early childhood services and interventions for disadvantaged groups. Finally, she discusses the issues of accessibility, affordability and quality of childcare and preschool services for disadvantaged children in Australia, and the challenge of integrating it with welfare and employment programs.

Chris Ryan and Moshe Justman both discuss disadvantage gaps in education. Chris first reviews the ways in which disadvantage could be measured, and how these measures manifest themselves in the educational outcomes of children. He then explains the different frameworks economists use to understand how these educational outcome gaps arise, and links it to existing education policy in Australia. Moshe then shows compelling evidence that,

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\* Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, Victoria 3010 Australia. Corresponding author: Zhu, email <anna.zhu@unimelb.edu.au>. This work was supported by the Australian Research Council Centre of Excellence for Children and Families over the Life Course (project number CE140100027). The Centre is administered by the Institute for Social Science Research at The University of Queensland, with nodes at The University of Western Australia, The University of Melbourne and The University of Sydney. This policy forum is a summary of the proceedings of the *2017 Melbourne Institute Workshop on Childhood, Education, and Welfare: Research & Policy Insights*.

<sup>1</sup> More information about this workshop can be found at <http://melbourneinstitute.unimelb.edu.au/events-folder/conferences/childhood-education-and-welfare-research-and-policy-insights>.

in spite of recent efforts and important educational reforms, there still remain large gaps in the educational attainment and educational quality of advantaged and disadvantaged children that need to be addressed.

David Ribar dwells on the area of Income Support and Family Payments assistance from the welfare system. He discusses the importance of government resources for child development through the lens of a household production model. The economic model sheds light on the complexity of the interactions between the social security system and the within-household distribution of government resource provisions. David complements such theoretical considerations with an overview of how children's developmental needs are considered in welfare policy decisions and reforms.

Overall, there is broad agreement that public investment in children plays an important role in the lives of disadvantaged families. It improves children's life chances for their long-term cognitive development, health outcomes, and well-being. Public investment in children benefits more than just the individual – it can also create greater cohesion in society and a more skilled labour force for the future of the Australian economy. However, challenges remain in how governments can achieve real affordability improvements while maintaining the generosity and quality of public provisions. More research and continued dialogue between key stakeholders is required to formulate policies that best support disadvantaged children and families, and to do that equitably in the interests of both the individual and society.