

Unequal from the start: The achievement gap and the early years

Mitchell Institute Policy Brief

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Key points

- ◆ Our research shows that **the influence of socioeconomic status on children's learning outcomes begins from an early age**. Before the age of two years, there is little evidence of an achievement gap between children from different socioeconomic backgrounds. However, by the age of four years, children from more advantaged backgrounds are scoring higher on achievement measures, a trend that continues through the school system and beyond.
- ◆ This research suggests that **addressing this 'achievement gap' requires greater focus on the earliest years**. However, changing learning trajectories is complex and will likely require a different approach to the current model.
- ◆ As Australia moves to a 'universal' ECEC system, it should investigate different models that provide more holistic support to children and families and **direct more investment to services that cater to children from disadvantaged background**.

Summary

We know that the first years of life are crucial to the development of children. We also know that, without the right supports in place, disadvantage in early life can have a profound impact on a child's educational journey.

Evidence shows there is a persistent 'achievement gap' in Australia between children from advantaged and disadvantaged backgrounds, and that gap tends to widen over time.

This policy brief outlines a recent study by the Mitchell Institute, *Unequal from the start: The achievement gap and the early years*. The research examined early cognitive and developmental differences among children aged from birth to five years. It found that the

effects of socioeconomic disadvantage were evident in children's development from as early as two to three years old.

The findings underscore the ongoing need for policy changes to address educational inequity, and to overcome the effects of disadvantage before they become entrenched. This research adds to our understanding in this area, by showing how structural inequality sets in, and just how early in a child's life this can occur.

The report, grounded in evidence from longitudinal research, adds new insights to debates on early childhood policy in Australia.

Overview

Australia is expanding access to early childhood education and care (ECEC), with government investment in the sector at record high levels. However, this research highlights that expanding access alone may not be enough to close the developmental and educational gaps between children from different socioeconomic backgrounds.

Our research found that the ‘achievement gap’ between advantaged and disadvantaged children begins before preschool and widens as children move through school. This tells us that socioeconomic status, defined as access to material and social resources, and ability to participate in society, is a powerful predictor of educational outcomes.

Despite the introduction of universal preschool programs and expanded childcare subsidies, Australia’s early years system is still not reaching all children equally. ECEC remains fragmented and unevenly distributed and underpinned by a ‘demand-side’ funding model that focuses on subsidising parents’ out-of-pocket-costs.

This means the vital consideration of improving education and development outcomes for Australia’s children is not at the core of the system’s design.



Previous policy reforms have focused on

increasing affordability and availability, which are important for working families. These findings are not intended to understate the importance of ECEC access. Rather, they suggest that access alone will not be enough to address the developmental inequity we continue to see.

At a time when the ECEC system in Australia continues to evolve towards a universal model of education and care, this research emphasises the need to put equity at the forefront of policy and system reform.

About the research

We used data from the Longitudinal Study of Australian Children (LSAC) to explore the trajectories of children from different socioeconomic backgrounds in the years before school and beyond.

The LSAC comprises data from approximately 10,000 children and their families, measuring aspects of their development such as learning, outcomes before school, wellbeing, parenting, family, peers, education, ECEC attendance and health.

In this study we were particularly interested in socioeconomic status and its relationship to learning outcomes (measured on a range of different child assessments for language development, vocabulary and spatial reasoning).

The LSAC is linked to the National Assessment Program – Literacy and Numeracy (NAPLAN), a national test of student achievement in the domains of grammar, numeracy, reading, spelling and writing. It is conducted during primary school in Years 3 and 5 and in secondary school in Years 7 and 9.

We followed a ‘trajectories by baseline group’ approach, where children are grouped based on their initial socioeconomic status and then

an analysis is performed of the patterns and changes that occurred as they grew up.

This approach helps understand how different factors influence the learning and development trajectories of children over time, and whether certain experiences or factors, like long-day care attendance and different features of the home environment, alter those trajectories.

We found achievement gaps start very early

Our analysis of longitudinal data reveals that developmental differences between children from different socioeconomic backgrounds emerge earlier than previously assumed.

Learning outcome measures show very little difference between children from different socioeconomic backgrounds before the age of two. But by the time children reach the age of four, disparities have begun to show. The chart below highlights these findings.

It shows that gaps between children from high and low socioeconomic backgrounds emerge

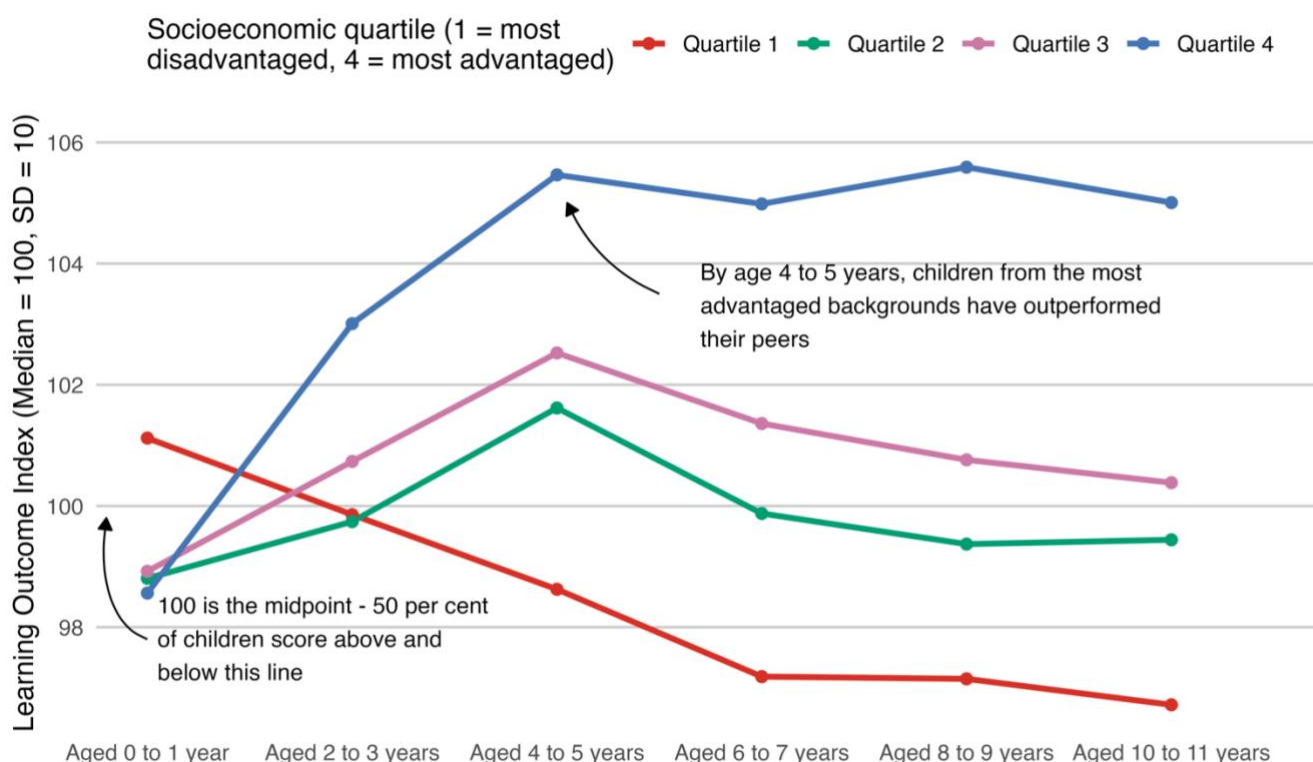
even before children start preschool and continue to widen into the school years.

The children are grouped into socioeconomic quartiles, with 1 being the most disadvantaged and 4 being the most advantaged.

We also examined the trajectories of the children from the most advantaged and disadvantaged backgrounds who scored the highest and lowest on achievement measures before the age of two years.

We found socioeconomic status had a profound impact. On average, children from disadvantaged backgrounds who performed high on achievement measures before the age of two were eventually overtaken by children from advantaged backgrounds who initially scored low on achievement measures. These patterns suggest that early life conditions play a critical role in shaping long-term educational outcomes.

These findings underscore the importance of the first three years of a child's life, reinforcing that this is when children and families need the most support.



A different approach is needed

Our research also shows how a different approach is needed to give every child an equal start in life. When we tracked children into primary and high school, long day care attendance at an early age did not have a statistically significant impact on later learning achievement measures.

This is not to say that ECEC at an early age does not impact later learning outcomes. There is a lot of evidence that shows ‘high-quality’ ECEC can make a difference and the LSAC data we used may not sufficiently take into account changes in Australia’s ECEC system over the past fifteen years.

What is clear is that achieving more equitable outcomes in the early years means more support for children and families experiencing disadvantage. Yet the current funding system fails to adequately address this imperative.

Instead, Mitchell Institute analysis shows that while the overall number of ECEC places has grown over the past decade, centres in advantaged areas are able to charge higher fees, while those in disadvantaged areas do not systematically receive any extra supports. While the Child Care Subsidy (CCS) includes some additional equity payments, these fall well short of what is needed to close persistent equity gaps.

Our research also highlights that tackling the achievement gaps that appear at a very early age is a complex challenge.

When we examined some of the features of the children’s home environment, we did find some statistically significant relationships.

These home environment measures included shared reading, the number of books in the home, parents engaging in activities with



children, such as games and outdoor play, child’s use of technology, parental warmth and parental mental health.

We found that some, though not all, variables that relate to the home environment had a small but statistically significant impact. These included reading with a child at age two to three.

This highlights the complexity of factors that influence children’s trajectories. Many different parts of a child’s experience impact later life outcomes.

If ECEC is to play its role in equalising the learning trajectories of children from more disadvantaged backgrounds, we need to make some changes to the current system.

Our research suggests that a different approach is needed, one that takes a more holistic and child-centred starting point.

What does this mean for policy?

Australia's early years system was not designed to close gaps, it was designed to support workforce participation.

The current dominant funding mechanism in ECEC (the CCS), does not embed equity-based funding. Supports such as the Inclusion Development Fund must be applied for by individual providers or families. By contrast, school funding models include automatic equity loadings for socioeconomic status, disability and remoteness.

Our findings make it clear that socioeconomic gaps exist before preschool and widen further before children start school.

This situation will not be addressed unless equity is baked into the system from the start.

Without this as a founding principle of the ECEC system nationally, it will continue to lack a scalable or guaranteed method for channelling additional resources to where developmental risk is greatest.

Reform must be anchored in three principles:

1. Equity from the start

A child-centred system where children's needs are considered first and foremost, ensuring that every child has access to quality early learning—regardless of postcode or parental income.

2. Proportionate universalism

Universal access is necessary, but additional support must be weighted toward children and communities facing disadvantage.

3. Integrated service models

Families shouldn't have to navigate fragmented systems. Education, health, and family support should be connected in local communities.



Our research points to the following policy recommendations:

◆ **Start earlier by prioritising developmental support during the critical years from birth to three**

This includes expanding access to child and family health services, early learning programs, and evidence-based parenting support before preschool age.

◆ **Embed equity into funding**

System reform can begin with reform of the CCS. Currently, the CCS pays providers based on parent demand and ability to pay, not child need. Current families must navigate a complex system of means-testing and fragmented access points, which leave some of the most vulnerable families without support. Removal of the Activity Test that restricted access to subsidised ECEC was a step in the right direction, but a system that prioritises equity would include systematic supports based on children's needs, regardless of which type of ECEC provider they attend.

◆ **Integrate services around children and families**

This means expanding access to early years hubs that co-locate ECEC with maternal and child health, disability support, and family services to better support children with complex needs.



Conclusion

ECEC has the potential to change lives, particularly when it is high quality, developmentally informed, and equitably accessed.

The evidence shows that the early years are a critical window for supporting cognitive, language, and social-emotional development. But for ECEC to fulfil this potential, it must reach the children who stand to benefit most and provide the supports that match their needs.

This research confirms that inequality begins early and is shaped by the conditions into which children are born.

While access to early learning has expanded,

equity in developmental outcomes has not. Without a shift in policy design, we risk reinforcing a two-tiered system: one that meets the needs of families with resources, and one that falls short for those without.

It is no longer sufficient to view ECEC access as a standalone goal. Socioeconomic status continues to shape children's early experiences. These differences compound over time and drive persistent achievement gaps.

Fixing this requires moving beyond program expansion to system transformation – by aligning funding, regulation, access and quality to acknowledge and address inequality from the start.

About the Mitchell Institute

Established in 2013, the Mitchell Institute is a policy think tank and research centre based at Victoria University with a particular focus on education policy, systems, and place.

Our mission is to propose and advocate for improved evidence-based policy that supports an equitable, high-quality education system that addresses systemic disadvantage and supports lifelong learning.

Acknowledgement of Country

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