

Background brief

Political context

- In the May 2018 budget papers, the federal coalition government stated an intent to end its funding contribution in 2020.
- On 3 October 2018, the Federal Labor Party pledged to continue federal funding for four-year-old kindergarten if elected, as well as adding federal funding for three-year-old programs.
- Victorian Labor matched Federal Labor's pledge by committing ongoing state funding of early childhood programs for both three and four-year olds.
- On 2 October 2018, Federal Education Minister Dan Tehan responded by issuing a statement guaranteeing federal pre-school funding for 2019 and a commitment to "working with the states and territories on future arrangements".

If the Liberal National coalition does not change their position as stated in the 2018 federal budget papers and is re-elected, it's likely that funding uncertainty will be continued in the next federal budget. There is also a real possibility that funding levels will be significantly diminished commencing in 2020.

The National Partnership Agreement

In November 2008 the Council of Australian Governments (COAG) endorsed the *National Partnership Agreement on Universal Access to Early Childhood Education* ('the agreement'). This decision formed part of COAGs early childhood reforms and implementation commenced in 2013. Under the agreement:

- the vast majority of kindergarten/preschool aged children are enrolled in 15 or more hours of kindergarten per week
- the amount of government kindergarten funding provided under the agreement is split between the State and Territory Governments. States and Territories cover about two-thirds of these costs and the Federal government covers about one-third.

Success of the national partnership agreement

In 2017, the national preschool participation rate for four-year-old children was approximately 87%. This included 17,455 Aboriginal children, which was an annual increase of 7.2%. Nationally, this represented over 339,243 children reaping the lifelong benefits of a quality early childhood education every year.

Funding uncertainty

Despite increasing the number of children enrolled in kindergarten programs, the agreement has been plagued by ongoing funding uncertainty. Since its inception, the agreement has been renewed repeatedly – but only for 12-months at time. This has happened on five separate occasions, with current funding due to expire in December 2019. Such short-term funding commitments make it difficult for providers to conduct the long-term planning necessary to deliver optimal services and support for young families.

Impacts on families

Young families have little certainty over the amount of government-funded kindergarten their kids will receive in the years ahead. As a result, they face the difficulty of planning for the future without knowing how much time their children will spend in kindergarten, nor the amount of out of pocket expenses they will incur.

Currently Federal government funding levels for kindergarten are on average \$2000 per child per year. If the Federal government fails to maintain current levels of funding this additional cost could need to be found by families. For many children this will mean they will simply miss out on valuable early childhood education. Some parents may choose to work fewer hours (or not to return to work at all) rather than paying the additional costs, and this is more likely to impact mothers.¹

Benefits of early learning

State and territory governments commissioned an independent review of how early childhood interventions can better contribute to educational excellence in Australian schools. The most recent [Lifting Our Game report](#) found “participation in quality child education improves school readiness and lifts NAPLAN results and PISA scores”. Continued investment in early years education was recommended in order to ensure Australian kids do better at school and later in life.

There is growing evidence that participation in quality early childhood education improves school readiness and lifts NAPLAN results and PISA scores.

Children who participate in high quality early childhood education are more likely to complete year 12 and are less likely to repeat grades or require additional support.

High quality early childhood education also has broader impacts; it is linked with higher levels of employment, income and financial security, improved health outcomes and reduced crime. It helps build the skills children will need for the jobs of the future.

Quality early childhood education and care is best considered as an investment, not a cost. Investment in early childhood education provides a strong return, with a variety of studies indicating benefits of 2-4 times the costs. Significant fiscal benefits flow to both the Commonwealth and state and territory governments.

- Lifting Our Game Report (2017)

This latest report built on extensive previous research, all of which recommended continued and stable Commonwealth investment in preschool programs. These included:

- [Investing in the Early Years - National Early Childhood Development Strategy \(COAG 2009\)](#)
- [Productivity Commission inquiry report into Childcare and Early Childhood Learning \(2016\)](#)

3 year-old kindergarten funding – out of scope

The Labor Party, both Federal and Victorian, have promised funding for universal access for 3-year-old kindergarten. However, this commitment raises complex issues for local government, such as how the additional kindergarten capacity that would be required will be planned for and funded. As these matters will require some time to resolve, the I Love Kinder campaign will continue its original focus on ensuring ongoing government funding for 15 hours of kindergarten for 4-year-olds.

¹ The average of around \$2,000 per child per year is based on the average of the following two costs:

- i. Parents having to cover the loss of the National Partnership Agreement funding of \$870 million over two years, which, with an annual number of 4 and 5-year-old children in preschool (whether government or not) is around 371,000 (based on the 2017 figures). This amounts to \$1,165 per child per year.
- ii. The cost of transferring to childcare to accommodate their child. Childcare costs up to an estimated \$75 for 5 hours, so over 42 weeks that's \$3,150 per year.