

# Background Brief – Funding Early Childhood Education

## 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*. This decision formed part of COAGs early childhood reforms and implementation commenced in 2013.

Under the National Partnership Agreement the amount of government kindergarten funding provided 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*

The *Lifting Our Game* report notes that as a result of the Universal Access initiative, all children now have access to a preschool program in the year before full-time school.

In 2015, all states and territories exceeded the 95 per cent benchmark for children enrolled in a preschool program in the year before formal schooling, up from 77 per cent in 2008.

Importantly, the proportion of children enrolled in 600 hours of preschool had increased significantly, from 12 per cent in 2008 to 91 per cent in 2015.

In 2018, there were 342,479 children aged 4 or 5 years old enrolled in a preschool program in Australia.

## 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 six separate occasions, most recently in April 2019 with current funding due to expire in December 2020.

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.

If the Federal government fails to maintain current levels of funding an average of \$2000 per child per year could need to be found by families<sup>1</sup>.

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.

### Benefits of early learning

In 2017, Australia's state and territory governments commissioned an independent review of how early childhood interventions can better contribute to educational excellence in Australian schools. The [Lifting Our Game report](#) recommended continued investment in early years education in order to ensure Australian children 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 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 \(2016\)](#)

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<sup>1</sup> 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.