



Budget Proposal: Commitment to extend Australian Government funding for Universal Access to Early Childhood Education

1. Request

- a. That the Australian Government retains its commitment of minimum \$450m for Universal Access to Early Childhood Education in its 2017/2018 budget;
- b. That this amount be allocated as recurrent funding - annually indexed and linked to growth to ensure continuity and stability for preschool education for Australian children in the year prior to school entry.

2. Background

The Municipal Association of Victoria (MAV) is the peak representative body for local government in Victoria. We have been working closely with the Victorian and Australian Governments to ensure the successful implementation of key national reform priorities since the Child Care Act of 1972.

Australian Government investment in preschool education is not new. In 1938 Commonwealth funding established preschool demonstration sites in each State and Territory. In 1972, Commonwealth funding covered preschool teachers' salaries until there was a policy shift to funding childcare.¹ Since 2008, the Australian Government has invested in a number of national early childhood education and care reforms initiated through the Council of Australian Governments that aim to facilitate children's early learning and development and transition to school by maintaining universal access to, and improving participation in affordable, quality early childhood education programs for all children. The reforms include the National Quality Agenda for Early Childhood Education and Care (ECEC), the National Partnership Agreement for Indigenous Early Childhood Development and the National Partnership on Universal Access to Early Childhood Education (NPUAECE). The NPUAECE aimed to provide, by 2013, 15 hours of preschool per week to all four-year olds in the year before they start primary school. This imperative was supported by a significant body of research that demonstrates the benefits of early childhood education for later life outcomes, particularly for disadvantaged children and also for the productivity gains for families, communities and the nation.

In Australia – preschool education is delivered in a range of settings. Preschool delivery falls into three main types²: government preschool, non-government preschool, and long day care with a preschool program. Preschool programs are delivered in standalone preschools, integrated ECEC centres and long day care centres with a preschool program.

Victoria has a unique community model of preschool education. It has been built on a partnership across the three levels of government along with the support of communities and parents over many decades. Since 2009, the Australian Government has provided operational funding for five hours of preschool, while the Victorian Government contributes towards 10 hours operational funding for the program. To meet government funding gaps, the community provides a further 35 percent through parent fees and fundraising and Victorian councils invest in preschool planning, community capacity building and an estimated \$1.2 billion in kindergarten facilities.

¹ OECD Thematic Review of Early Childhood Education and Care Policy, Australian background Report, Australian Government Department of Education, Training and Youth Affairs, 2000

² Review of the National Partnership Agreement on UAECE DAE 2014

In early 2015, the Productivity Commission released its report into Childcare and Early Childhood Learning which recommended continued Commonwealth investment in preschool programs. Importantly the Productivity Commission recommended that Commonwealth funding for early childhood education and care was needed to help meet the cost of quality early learning in the year before school as it is critical to children's social and intellectual development. The Australian Government then went on to develop the *Jobs for Families* package which includes Commonwealth funding to help meet the cost of providing 15 hours of preschool in 2016 and 2017.

However the Australian Government's current commitment of an estimated \$300m³ for 2016/2017⁴, through the latest National Partnership Agreement, expires in December 2017. There have been four different National Partnership Agreements on UAECE since 2008. These continual short-term funding arrangements make it difficult for governments, preschool services and families to plan as they continue to face uncertainty about the cost and availability of preschool beyond 2017.

3. The Opportunity

An opportunity exists for the Australian Government to cement its funding proportion of investment by providing ongoing funding for UAECE. This has the benefit of capitalising on the strong Commonwealth/State/Local government and Community partnership that funds and delivers preschool education to Australian children — ensuring a stable funding base of preschool education nationally into the future. Ongoing Australian Government investment creates the opportunity for maintaining continued financial investment by all parties, of further driving better outcomes for all children, of ensuring Australian children can achieve well alongside their OECD counterparts and ensuring a long term return for government investment. Finally it supports the Australian Government to achieve and maintain the objectives and outcomes it has been working on through the NPUAECCE process.

Opportunity 1: Maximising on the partnership investment

There is an opportunity, by retaining Commonwealth investment in preschool delivery, to maintain the unique funding partnership approach to preschool delivery across the country. The NPUAECCE has consolidated this partnership investment as well as increasing it over the life of the Agreements. For example - combined state and Commonwealth investment in preschool per child was \$1,518 in 2010/2011⁵ increasing to \$2,188 in 2014. Parents increased their investment from \$2.14 ph. in 2013 to \$2.20 ph. in 2014 – equivalent to \$1,320 per child⁶. There is also considerable investment (that has not been calculated nationally) in kindergarten facilities.

For example – Victorian Local government voluntarily invests significant funds and resources towards kindergarten provision – councils own the majority of preschool facilities, are a major service planner and provider, and offer subsidies and other assistance for kinder programs. To achieve the 15 hours national kindergarten reforms, Victorian councils invested \$300 million of funding towards capital investment in preschool facilities from 2009-2014.

Opportunity 2: Driving better outcomes for our children, including our most vulnerable

Nationally⁷ and internationally⁸, there is irrefutable evidence linking preschool attendance to improved student results in numeracy, reading and spelling. This is a critical basis for supporting

³ NP Agreement on Universal Access to Early Childhood Education – 2016 and 2017

⁴ NP 2016/2017 – NB no CPI or growth allocated in this figure

⁵ ROGS 2016 ECEC Figure 3.18

⁶ ROGS reports 289,730 children enrolled in 2014 paying an average of \$2.20 per hour per child

⁷ NAPLAN – Melbourne Institute of Applied Economics and Social Research January 2014 and "The causal Impact of Preschool Participation and Teacher Qualifications on 3 year NAPLAN results, Melbourne University and DEECD 2014 identify that attendance at preschool has a significant positive impact on later NAPLAN outcomes, particularly in Numeracy, Reading and Spelling

⁸ A comprehensive literature review undertaken by the New Zealand Council for Educational Research found that a longer duration of early childhood education and care experience is linked with improved academic outcomes for children. The OECD's PISA results show that in practically all OECD countries 15 year old students who had attended pre-primary school outperformed students who had not, even accounting for their socio-economic backgrounds (OECD 2009).

Australian children to reach their full potential and participate productively as adults in the workforce, their family and community life. Fundamental to this is maintaining and increasing children's participation in preschool – particularly vulnerable children, including our indigenous children, and children in rural/remote communities. There is an opportunity to build on the success of the NPUAEC reform process that has increased preschool hours, outcomes for vulnerable children, participation rates, workforce numbers and staff qualifications.

For example, the reform has increased hours and quality for all families – including vulnerable families and those in rural and remote communities. They now have access to more hours of quality ECEC, they can more actively participate in work related activities. This not only helps families but meets the workforce policy aspirations of the Australian Government. The Report on Government Services, 2016, identifies that preschool participation is steadily increasing with 91.4% of four year old children attending a preschool program in the year before school in 2014; compared with 83.8% in 2012⁹. 92.5% of indigenous children were enrolled in preschool¹⁰ in 2014; compared with 87% in 2013. There were 18,993 teachers delivering preschool programs; of whom 88.2% had teacher qualifications. The Australian Early Childhood Development Index identifies that children who receive early childhood education and care (ECEC) are less likely to be developmentally vulnerable on one or more domains (19.8% nationally) than those children who don't attend ECEC (35.1%)¹¹.

Since July 2013, the vast majority of Victorian preschoolers have had access to a 15 hour program. The Victorian kindergarten participation rate for 2015 was 98.1 per cent, up 1.7 per cent from 2014. This represents more than 74,000 children reaping the lifelong benefits of a quality early years education.

Opportunity 3: Ensuring Australian children can achieve well alongside their OECD counterparts

Continued Commonwealth funding of preschool education creates the opportunity to improve Australia's educational standing alongside its OECD counterparts. The latest (2015) Australian Programme for International Student Assessment (PISA) results indicate Australia is falling behind relative to other countries in science, mathematics reading skills.¹²

Through the ECEC reform process we now have better preschool participation, higher quality teaching staff and pedagogy, increased hours that children can attend and a structured transition to school process. This, together with the evidence that links quality preschool education with improved school achievement can support Australian children to achieve well and move up the OECD scale. Given the ECE reforms are only a few years in, it would be anticipated that, if allowed to continue, the benefits of this reform are likely to influence future PISA results.

The Australian Government also has an opportunity to improve our OECD standing by approaching preschool education as an ongoing, enduring reform process. By continuing its investment in preschool education, it can monitor developments in other countries and embed new relevant policy initiatives from other OECD countries. For example:

- *New Zealand and the UK: recently introduced 20 hours per week free for three and four year old children*
- *Norway: preschool education up to 41 hours per week for children from the age of one and capped fees to maintain affordability*
- *France: free preschool education for children from two years for 25 hours per week*
- *Sweden: preschool education up to 50 hours per week, with capped fees and subsidies for families*
- *Spain: free preschool education for 50 hours per week for three and four year olds*

Stanford University's Professor Linda Darling Hammond recently reported that across OECD countries, students who indicated that they had attended pre-primary school for more than one year score 53 points higher in mathematics – the equivalent of more than one year of schooling – than students who had not attended pre-primary education.

⁹ ROGS 2016 ECEC Figure 3.9

¹⁰ ROGS 2016 ECEC Figure 3.10 and NP UACE Review 2014 Programme availability p ix

¹¹ ROGS 2016 ECEC Figure 3.24

¹² ACER Latest PISA Results: Australia at the Crossroads, Dec 6 2016

- *Scotland: free preschool education for three and four year olds for 11 hours per week, with parents paying for additional hours.*

Opportunity 4: Return on investment

A 2010 study¹³ found that focused investment in early childhood education represents the best and most economically efficient period of life for such an outlay – returning at least \$8 for every \$1 spent in higher wages, increased tax revenue, reduced school expenditure and reduced criminal justice expenditure. Further analysis¹⁴ has identified benefits of \$6b - \$13.3b (cumulative to 2015) in increased female workforce participation and increased participation of vulnerable children in ECEC services — both policy priorities of the Australian Government's *Jobs for Families Package*. When we consider that the total investment by community and governments in UAECE was \$3,508 per child in 2015 and there were 289,730 children attending preschool in the year before school, there is an opportunity for the Australian Government to reap significant return for its UAECE investment. Clearly there is considerable short and long term financial returns to Government through the continuation of this investment on preschool education in Australia on an ongoing basis.

Opportunity 5: Successfully achieving and maintaining the NPUAECE objectives and outcomes

Continuation of Australian Government investment in preschool education will enable the important objectives and outcomes of the NPUAECE to continue to be met. These have been refined and clarified through the four NPs that have been consecutively in place from 2008. It should be remembered that this is a relatively new reform and the 2016 NPUAECE provides a positive way forward to achieving the outcomes the Australian Government, State and Territory Governments, Local Government and the Community are striving for collaboratively.

NPUAECE Objectives:

1. *To facilitate children's early learning and development and transition to school, by maintaining universal access to, and improving participation in, quality, affordable, early childhood education programmes for all children;*
2. *To achieve this through universal access to quality early childhood education for all children enrolled in the year before school for 600 hours per year, delivered by a qualified early childhood teacher who meets National Quality Framework requirements, and with a focus on participation by indigenous, vulnerable and disadvantaged children, regardless of the setting in which programmes are delivered.*

NPUAECE Outcomes:

1. *All children, including vulnerable and disadvantaged children, have access to, and participate in, an affordable, quality early childhood education programme*
2. *All indigenous children have access to, and participate in, an affordable, quality early childhood education programme;*
3. *All indigenous four year olds in remote communities have access to early childhood education*

4. The Capability

Preschool education in Australia has been in place since the early 1900s in many parts of Australia. Historically over this time there has been consistent investment by the community as well as investment by Local, State, Territory and Australian Governments which demonstrates capability of all parties to preschool provision over the last century. Since the reform process commenced in 2008, we have for the first time one consistent national collaborative effort to achieve quality, access and participation in preschool. All parties have shown commitment to the aspirations and achievements of the reform which further demonstrates capability for continuing the work moving forward.

¹³ Return on Investment: Cost vs Benefits, Professor James Heckmaan, University of Chicago, 2010

¹⁴ Putting a Value on early childhood education and care; PWC, 2014

URGENT ACTION NEEDED – COMMONWEALTH MUST ACT ON 15 HR KINDER FUNDING Feb 2017

Background

In November 2008 the Council of Australian Governments (COAG), as part of its early childhood reforms, endorsed the national agenda of universal access to 15 hours of kindergarten a week for four year-olds from 2013. Since July 2013, the vast majority of Victorian preschoolers have had access to a 15 hour program. The Victorian kindergarten participation rate for 2015 was 98.1¹ per cent, up 1.7 per cent from 2014. This represents more than 74,000 children reaping the lifelong benefits of a quality early years education.

Under the National Partnership Agreement, the Commonwealth Government provides about one-third of the funding for 15 hours of preschool and the Victorian Government contributes two thirds. To facilitate this funding arrangement, there have been four separate National Partnership Agreement with the current Agreement due to expire in December 2017. In addition to the funding from the Commonwealth and Victorian Governments, the community and local government provide a further 35 per cent through parent fees, fundraising and council support to meet the government shortfall.

In early 2015, the Productivity Commission released its report into Childcare and Early Childhood Learning which recommended continued Commonwealth investment in preschool programs. Importantly, the Productivity Commission recommended that Commonwealth funding for early childhood education and care was needed to help meet the cost of quality early learning in the year before school as it is critical to children's social and intellectual development. The Commonwealth Government then went on to develop the *Jobs for Families* package which includes federal funding to help meet the cost of providing 15 hours of preschool in 2016 and 2017.

However the Commonwealth Government's current commitment through the latest National Partnership Agreement expires in December 2017. **The MAV has been advised that there was no indication by the Commonwealth Government at its COAG meeting in December 2016 that funding will continue beyond this time.** These continual short-term funding arrangements make it difficult for Victorian services and families to plan as they continue to face uncertainty about the cost and availability of preschool beyond 2017.

Local government and the kindergarten community urgently need to speak with one voice to ensure the Australian Government provide enduring funding for its share of the 15 hours operational costs for children to attend kindergarten in the year prior to commencing primary school.

What can councils do?

1. Promote the campaign within your community

Councils are urged to promote the State Government's petition now with their service providers and local families, and to distribute the petition link as widely as possible:

<http://thismatters.org.au/kindercuts>

Call to Action:

Ask community members and kindergarten parents to sign the petition to send a strong message to the Prime Minister that cuts to kinder funding are not acceptable to Victorian families.

¹ 2016 participation rates yet to be released

Timing:

Council and community advocacy is needed in the critical months leading up to the 2017 Federal Budget to ensure an allocation of kindergarten funding for 2018 and beyond.

Key messages:

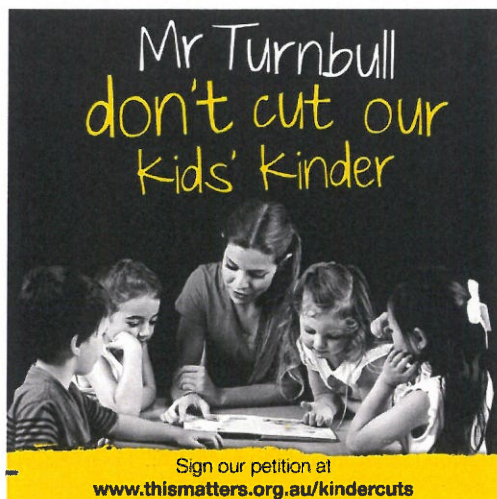
- Kinder gives our kids the best start at a critical time in their development and helps prepare them for school.
- If the Commonwealth Government ends its kinder funding agreement with Victoria and the rest of Australia in December 2017 both kids and their families will be worse off.
- Our kids could lose five hours of funded kinder a week at a vital stage of their development.
- Parents who can't afford the extra child care will find it harder to return to work.
- Working families could face up to \$2,000 extra per year per child in child care costs, even after the child care subsidies, if they're forced to find an extra day of child care each week.
- At a time when Victorian families already struggle with the rising costs of childcare and school, any Federal Government funding cut would further disadvantage the kids who need kindergarten education the most.
- Sign up and tell the Federal Government that a cut to our kids' kinder is a cut to their education.
- By ending the agreement, the Federal Government will be cutting \$100 million from Victorian kindergartens which means every kinder kid will lose the equivalent of a day of kinder funding.

Social media:

Councils are encouraged to promote the kinder campaign on their social media channels using the hashtag #NoKinderCuts

Example Posts:

- Local families face up to \$2000 extra a year in child care costs per child if @TurnbullMalcolm ends Federal Govt kinder funding #NoKinderCuts
- Sign the petition to urge @TurnbullMalcolm not to end his government's share of kindergarten funding: <http://thismatters.org.au/kindercuts> #NoKinderCuts
- The Federal Govt plans to cut \$100 million from Victorian kindergartens. Sign the petition: <http://thismatters.org.au/kindercuts> #NoKinderCuts
- Kids will lose 5 hrs of kinder time each week if Fed Govt cuts its funding. Sign the petition: <http://thismatters.org.au/kindercuts> #NoKinderCuts



2. Advocate no kinder funding cuts to the Government

We urge all councils to make urgent contact with the Leaders of all Federal Parties and your Federal MPs about this matter through letters, emails, face-to-face meetings, and via social media.

- The central message for Leaders of the Parties and MPs is that without continued Federal funding, our kids could lose five hours of funded kinder a week at a vital stage of their development. Working families could face up to \$2,000 extra per year per child in child care costs, even after the child care subsidies, if they're forced to find an extra day of child care each week.

Councils are encouraged to contact Prime Minister, Malcolm Turnbull; Minister for Education and Training, Simon Birmingham; and Minister for Social Services, Christian Porter.

All MPs should be urged to raise community and council concerns with their Ministerial colleagues, party leaders, and through Parliamentary question time to specifically seek a solution to kindergarten funding uncertainty.

Further suggested key messages, and support material including a template letter for mayors have been included to assist councils to undertake local advocacy.

Key messages

- The Commonwealth Government must include long-term kindergarten funding certainty with a budgeted commitment for 15 hours of kindergarten. It's now or never for Victoria's children.
- Australia's early childhood education system must not be left to fall further behind our OECD counterparts. Our children deserve better and we expect better for them.
- This essential national education program must have enduring federal funding beyond the political cycle or it will price many families out of accessing affordable kindergarten education which provides an important start for their children.
- Without continued government investment for the additional five hours of preschool, we risk poorer learning outcomes for Victorian children, and lower kinder participation rates.

- Victorian communities already contribute 35 per cent of the cost of preschool through fees, fundraising and local government support, including over \$300 million of ratepayer funds invested by councils over the past four years to deliver 15 hours of kindergarten.
- An extra 1,200 teachers and educators were trained and employed to deliver additional preschool hours. We cannot afford the job losses, or risk councils withdrawing their support and extensive roles in kindergarten planning, facility and service provision.

The evidence:

1. Internationally and nationally² there is irrefutable evidence linking preschool attendance to improved student results in numeracy, reading and spelling.
2. A 2010 study³ found that focused investment in early childhood education represents the best and most economically efficient period of life for such an outlay - returning at least \$8 for every \$1 spent in higher wages, increased tax revenue, reduced school expenditure and reduced criminal justice expenditure.
3. What other OECD countries are doing:
 - New Zealand and the UK: recently introduced 20 hours per week free for three and four year old children
 - Norway: preschool education up to 41 hours per week for children from the age of one and capped fees to maintain affordability
 - France: free preschool education for children from two years for 25 hours per week
 - Sweden: preschool education up to 50 hours per week, with capped fees and subsidies for families
 - Spain: free preschool education for 50 hours per week for three and four year olds
 - Scotland: free preschool education for three and four year olds for 11 hours per week, with parents paying for additional hours.

MAV advocacy

The MAV recently wrote to the Prime Minister and relevant State and Federal ministers urging them to provide enduring Commonwealth funding for 15 hours of preschool beyond the expiration of the current National Partnership Agreement. The MAV is also preparing a Federal Budget submission.

² Nationally - NAPLAN – Melbourne Institute of Applied Economics and Social Research January 2014; Internationally –

- A comprehensive literature review undertaken by the New Zealand Council for Educational Research found that a longer duration of early childhood education and care experience is linked with improved academic outcomes for children.
- The OECD's PISA results show that in practically all OECD countries 15 year old students who had attended pre-primary school outperformed students who had not, even accounting for their socio-economic backgrounds (OECD 2009).
- Stanford University's Professor Linda Darling Hammond recently reported that across OECD countries, students who indicated that they had attended pre-primary school for more than one year score 53 points higher in mathematics – the equivalent of more than one year of schooling – than students who had not attended pre-primary education.

³ Return on Investment: Cost vs. Benefits. Professor James J. Heckman, University of Chicago, 2010.

MAV MEMBERS BRIEF

MUNICIPAL ASSOCIATION OF VICTORIA

Since MAV advocacy commenced on this issue in 2010, \$5.5 million has been provided in Federal funding to Victorian councils for operational planning and capacity assessment, plus councils shared a further \$4 million to support change management; and \$200 million of state/federal funds were provided for capital investment.

Over the past six years, our advocacy efforts have and continue to include:

- regular meetings and briefings with Victorian Ministers and Shadow Ministers
- regular meetings with the Department of Education and Training (DET)
- submissions to the Victorian Budget, State kindergarten fee review, COAG mid-term review and Productivity Commission and Senate inquiries
- meetings and briefings with Federal Ministers and Shadow Ministers
- letters to successive Prime Ministers
- input into ALGA submissions.

Victoria's kindergarten model:

- Local government voluntarily invests significant funds and resources towards kindergarten provision – councils own the majority of facilities (est. \$2 billion investment in M&CH and Kindergarten), are a major service planner and provider, and offer subsidies and other assistance for kinder programs.
- To achieve the 15 hours national kindergarten reforms, Victorian councils invested \$300 million of ratepayer funding towards capital investment in facilities.
- Of Victoria's 1,320 community-based kindergartens, at least 1,094 (83 per cent) operate from council-owned buildings.
- The vast majority of Victorian kindergartens are operated on a not-for-profit basis by community organisations, councils, cluster managers or parent cooperatives.
- Victoria's 'community model' also relies on community and parent support (including fees and fundraising) to keep programs running. This community investment equates to 35 per cent of the operating costs of service delivery.
- This unique partnership model has resulted in more than 98.1 per cent of Victorian children attending 15 hour kindergarten programs in 2015.

FURTHER INFORMATION

Go to our kindergarten reforms [campaign page](#). MAV contact person: Jan Barrett, phone: 03 9667 5594, email: jbarrett@mav.asn.au