**Unfinished business:
Securing national leadership and funding support for preschool**

**Introduction**

We welcome the opportunity to provide a submission to this important review of national funding and policy for the education of children in the year before full-time school (commonly known as ‘preschool’). As former senior officials in the Commonwealth government’s education portfolio, we were involved in the design, negotiation and part of the implementation of the initial Universal Access to Early Childhood Education initiative, and as academic practitioners we have also undertaken research in this social policy area.

By any measure, the Commonwealth’s involvement since 2008 in providing significant funding and national leadership for preschool has been a success. The National Partnership agreement on Universal Access to preschool has been an effective vehicle for major change in an historically hard-to-shift area of social policy, as the headline performance indicators under the Agreement attest. In 2008, preschool enrolments were around 70% and trending down or plateauing in at least two major states, and there was no quality measure to assess the educational offerings for children in the year before formal schooling. In little more than a decade, enrolment and participation in preschool has increased and broadened. In addition, the associated issues of quality and resource materials, and crucially the qualifications of the instructor, have been the focus of significant attention both through the National Partnership and the associated intergovernmental agreement on a National Quality Framework which applies to preschool across all delivery settings.

Australia historically had lagged behind OECD countries in its investment in early childhood education:

* In 2005 Australia spent just 0.1% of GDP on pre-primary education for children 3 years and older, which was less than a quarter of the OECD average (around 0.5%). Australia was one of two lowest spending countries amongst 34 (including OECD partner countries) for which data was available (only Ireland was lower). (Harrington 2008; Dowling and O’Malley 2009).
* Commonwealth funding since 2009 has been associated with a significant rise in investment, with the OECD Education Finance Indicators (2019) showing that Australia’s expenditure had risen to nearly 0.6% of GDP, 25th out of 35 countries, though still below the OECD average. (OECD 2019)

Hand in hand with the funding investment has been the reassertion by the Australian government of a significant leadership role in early childhood development. Preschool for 4 and indeed 3 year olds is now recognised as a core educational issue for all jurisdictions and an issue for the Council of Australian Governments. This has involved a mix of policy instruments employed at ministerial and official level, involving financial support, legislation, direct government action and leadership through networking and advocacy. Governance arrangements have been strengthened with the integration of early childhood education and childcare into the Commonwealth education portfolio.

As highlighted in a recent ANZSOG publication examining public policy successes in Australia and New Zealand, a policy’s success must not only be judged by programmatic, process and political assessments; the fourth and very important dimension is success over time (Luetjens, Mintrom, & ‘t Hart 2019). Entrenching and building on the gains to date is a clear priority for this independent review of the Universal Access National Partnership Agreement. Without long term certainty of the Commonwealth’s ongoing financial contribution and leadership, this reform cannot be considered an **enduring** success. Ongoing Australian Government investment in preschool for child development and transitioning to school was supported as one of three priority areas for early childhood education and care funding by the Productivity Commission in its landmark inquiry into Early Childhood Childcare and Early Learning in 2014.

Moreover, given Australia’s declining performance in school based literacy and numeracy results, this would appear to be an imperative area for ongoing Commonwealth investment in order to ensure that Australian children receive sufficient quality early childhood education to prepare them for formal schooling. The OECD has assessed the impact of preschool on PISA results, with this analysis for example clearly:

*… linking better performance in the Programme for International Student Assessment (PISA) at the age of 15 with previous participation in early childhood education. For most countries, there are fewer low performers in maths among children who attended more than one year of pre-primary education than among those who did not attend any pre-primary education at all …The difference continues to be significant even when controlling for socio-economic status, gender, immigrant background, language spoken at home, family structure, location of student’s school (rural area, town or city), grade repetition and programme orientation (vocational or general).* (OECD 2016)

The domestic and international evidence make clear the importance of the Australian government’s decision in 2020 on the future of this national educational investment. The current review in preparing a national picture of the different preschool systems across all States and Territories, across different modes of delivery and through different funding arrangements, will assist to develop a strong evidence base to inform future funding and policy settings. We expect that this national picture will also incorporate activities undertaken at the Commonwealth level to support policies relating to the delivery and outcomes of preschool, such as research and evaluation, data collection and analysis, workforce measures and the promulgation of early learning tools and frameworks.

Against this background, this submission addresses four priority areas (relating to all of the Review Discussion Paper’s four questions) which remain ‘unfinished business’ for this significant social policy reform:

1. The cardinal issue of committed and long term Commonwealth leadership and funding, complemented by sustained engagement by State and Territory jurisdictions
2. The need for greater focus on increasing the participation in quality preschool of vulnerable and disadvantaged children throughout Australia
3. The priority of improving the quality of preschool provision within centre based day care, including through measures to address current and emerging gaps in the workforce of qualified early childhood teachers, and
4. The ongoing need for dedicated resources and collaborative processes to support innovation, research, data improvement and evaluation, and the identification and dissemination of what works across all jurisdictions to ensure the preschool system continues to improve outcomes for children and to meet the needs of parents.

While not a direct focus of this submission, we note the ongoing challenges created by differing school starting ages, the diversity of settings, and differing modes of funding and accountabilities across jurisdictions and between sectors (ie government, non-government and child care). These factors can impede coordination and consistency, undermine smooth transitions between care settings and preschool and from preschool to school, and complicate research and performance analysis. We believe these are issues that governments may consider taking action on in the future once the current and prospective reforms are embedded and secured, but now is not an opportune time to expend limited resources and capital – including political capital – to drive major system-wide changes in these areas.

1. **Commonwealth leadership and funding for preschool**

The Commonwealth maximises its leadership role in this important area of national social and educational policy principally through leveraging its funding contribution. As with other educational funding, such as for non-government schools, this collective investment by both national and state tiers of government (and also parents) can make it difficult, as the Review Discussion Paper notes, to single out the specific difference made by national funding. On the other hand, there is little doubt that national leadership and progress would be greatly diminished without the funding lever. The national leadership role can also be undermined insofar as the Commonwealth is not willing to make long-term funding commitments, and maintaining progress can also be undermined insofar as state and territory governments seek to reduce their own effort in financial and policy terms.

As a result of decisions taken by governments of both political persuasions since 2007, Commonwealth preschool funding has been significantly increased in the past ten years, but extensions to this funding have recently been provided on a short term, year-to-year basis. The Commonwealth’s contribution has also never been indexed to allow for cost or population increases. With the heralded return to surplus in the Commonwealth budget, and in order to provide the sector and parents with greater stability and confidence about future employment and service decisions, four year funding through the forward estimates should again be provided in the 2020 Budget context.

The productivity gains from preschool investment have been well known since James Heckman’s graphic demonstration of how the economic return on investment in the early years far outstripped that in later years. The *Lifting Our Game* report commissioned by State and Territory senior officials in 2017 presents a table on the evidence from international cost-benefit analyses not only for targeted but also universal preschool programs in countries such as Canada and the United States, and also reports on an Australian economic modelling study undertaken by PwC in 2014 (Pascoe and Brennan 2017: 53-54).

According to the *Report on Government Services* (ROGS) for 2019, State and Territory government recurrent expenditure on preschool services increased between 2012-13 and 2017-18 by around 22% in real terms (from $1.256bn to 1.473bn), despite the Commonwealth’s NPUA contribution falling from $492m to $426m. This would seem to indicate that the Commonwealth’s level of ‘effort’ in this area has been diminishing while state and territory investment has remained relatively strong.[[1]](#footnote-1) This suggests that the Commonwealth is at some risk of ‘dealing itself out of the game’ of future policy reform and national systemic improvement in early childhood education.

In bringing together the national picture of preschool across Australia, this review will be able to consider the impact created by the lack of funding security in recent years. It is likely to have impeded permanent recruitment of qualified staff and undermined strategies to increase participation by vulnerable and disadvantaged children, both of which have long lead times and require ongoing financial commitment at the service and system levels. This should also assist in understanding whether the drop in preschool enrolment from a high of 95% in 2015 to 90.1% in 2017 (ROGS 2016 and 2019) is related to this funding uncertainty, or is related to particular jurisdictional issues.

The point here is not only – or even principally – about how much the Commonwealth spends compared to the States and Territories *per se*. The point is that the Commonwealth’s national role as a powerful advocate for ensuring quality preschool is made available to all Australia children is strengthened by its financial leverage. The Commonwealth also has a critical role in promoting to the broader community – especially parents as their children’s first teachers – the important contribution made to the national social and economic wellbeing through a strong and effective preschool system.

1. **Focus on preschool for vulnerable and disadvantaged children**

According to ROGS (2019, Table 3A.13), the two groups of children in the year before fulltime schooling who continue to be significantly underrepresented in preschool enrolments are those who are disadvantaged (representing 17.3% of children in preschool, compared to 19.0% of all children) and especially children from non-English speaking backgrounds (14.9% compared to 20.4%) and to a lesser degree children with disability (6.3% compared to 7.5%). Participation in preschool or childcare services based on family income has been declining for low income families over the past five years, with only 22.4 percent of young children from such families using such services in 2017 (cited in Jackson 2019).

While other special groups (ie Aboriginal and Torres Strait Islander children and children from regional or remote areas) have reasonable relative rates of enrolment, attention needs to be given to the **quality** of preschool programs for allof these groups, as well as **access** for those who are not enrolling and attending at rates commensurate with their population numbers. This is important because, while participation in a quality preschool program can benefit all children, it has shown to have the most positive effects on disadvantaged children (eg Melhuish 2011).

There is also strong evidence that a longer period in preschool can be advantageous for especially disadvantaged children and Aboriginal and Torres Strait Islander children (Hewitt and Walter 2014). Proposals to strongly encourage two years of preschool participation, especially for these groups, have been voiced in Australia for some time now. The most recent ROGS data showing that around 58.5% of 3 year olds were enrolled in preschool in 2017,[[2]](#footnote-2) compared to the overall trend for this age group seems to be positive. A number of State and Territory governments have taken initiatives in regard to preschool for this younger age group: Victoria is now providing subsidised preschools to 3 year olds in all ECEC settings; NSW is funding places in community preschools (Jackson 2019). Further analysis, however, is needed to determine whether this welcome growth will continue and whether it is being reflected in those high need groups that will benefit most.

Lifting participation of the most disadvantaged and vulnerable is more than about providing and funding preschool places. It is about interventions at the community level to reach out to families and parents to encourage them to participate and to make it easy to do so. This usually requires place based strategies, with resources for liaison staff and outreach activities (for example, Williams et al 2018). Such place-based initiative can increasingly be well-targeted, due to highly informative data on early childhood development through the Australian Early Development Census (AEDC), which can identify communities where children are most vulnerable to developmental risk.

1. **Addressing quality concerns, particularly for preschool in centre based day care**

Over the life of the UANP, there appears to have been a shift not only in enrolments and hours but also venues for delivery of preschool. With the growth in women’s workforce participation (which reached a high of over 60% in January 2019)[[3]](#footnote-3), we could expect that access for many parents to preschool is most readily obtained through a centre based day care setting, unless there is a dedicated preschool which they can easily access. In the latest ROGS tables, an average of 41.6% of children enrolled in preschool in the year before formal schooling are in centre based day care settings; this figure is highest in Queensland and New South Wales (see Table 3A.18).

* We expect that the national picture being compiled will enable detailed analysis to investigate this trend and its implications for preschool delivery.

The significance of this apparent shift into more preschool in what have traditionally been seen as ‘child care’ settings is apparent in the implementation of the agreed National Quality Standards. With the overwhelming majority (94%) of centre-based services now having been rated under the Standards by the Australian Children’s Education and Care Qualification Authority (ACECQA) (2019), there is a striking discrepancy between the quality ratings of dedicated preschools compared to centre based day care. ACECQA (2019:11) reported in May 2019 that:

* 21% of ‘long day care centres’ did not meet the National Quality Standard compared to 8% of preschools/kindergartens, and the proportion of those centres exceeding the Standard was much lower (30% compared to 59%), and that
* ‘Private for profit’ providers performed less well against the Standard than other service types.

Consistent quality in early learning programs regardless of setting is a vital issue, as reinforced by the finding from the longitudinal Australian E4Kids study that only 7% of disadvantaged children received high quality educational support compared to 30% of the wealthiest children (cited in Jackson 2019). This underlines the importance of reinvigorated Commonwealth leadership in early childhood workforce planning, with the national workforce strategy having expired in 2016. The association between higher teacher qualifications and higher-quality child outcomes is well recognised,[[4]](#footnote-4) and there is an urgent need for action to address the shortfall in early childhood teachers, as well as other early childhood qualifications. Based on the estimated need of some 49,000 preschool teachers by 2023, there would be a shortfall of at least 17,800 given current enrolment and graduation rates, which could leave some one third of services offering preschool without a qualified teacher (O’Connell 2019). Transitional provisions regarding preschool teachers in remote and very remote areas were also recently extended by education ministers – again – into 2021 and 2023 (for Western Australia and the Northern Territory).

1. **Dedicated resources for data improvement. collaborative research, evaluation and innovation, including identification of ‘what works’**

National investment in data collection, research and monitoring has ensured that a clearer statistical picture is now available and that data linkages can be made between the Australian Early Development Census, NAPLAN data and other key sources such as the Longitudinal Study of Australian children. Nevertheless, it is clear – and not surprising given the diversity of sectors and services – that there remain challenges in data collection methodologies and areas for further improvement.

One of the quiet successes of the initial National Partnership Universal Access Agreement that commenced in 2009 was that it sequestered funds of $15m, or $3m annually, for agreed research, data development and analysis. This fund facilitated the production of valuable information and data for the parties to the NP and for the sector as a whole. This included analysis of the performance of the Agreement itself (eg through determining agreed approaches to data definitions, collections, analysis and publication) and into issues affecting the quality and impact of preschool in Australia (eg research on ‘hard to reach’ populations). A key strength was that this involved a collaborative approach involving a Commonwealth/State working group (see Mercer and Jarvie 2017).

There is a need now to strengthen the collaborative effort of governments (with each other and with the sector) on innovation, research, data and analysis, to underpin future policy, service design and delivery. The data challenge is to move to the next level of analysis to build evidence on the relationship between participation in quality preschool and improved outcomes for children, particularly for vulnerable populations such as Indigenous children. The innovation challenge is to find ways to increase the participation in quality preschool by the more disadvantaged children and their families and sharing learnings.

This is particularly important if preschool is to reach the most disadvantaged children and if we want the system to improve to better meet the needs of parents. In this respect, there is still a long way to go in Australia for parents, particularly parents of the most disadvantaged and vulnerable children, to understand the vital importance of preschool and that early learning has an essential role in supporting the cognitive, emotional, and physical development of their children and in preparing them for school.

Such a fund, provided it has collaborative Commonwealth/State oversight and engagement, could be a long term game changer. The fund could operate successfully with a similarly relatively low level of funding, supported by a clear commitment from governments to collaborate with each other and with relevant researchers and representatives of those delivering preschool services to design and oversee a forward research and analysis plan, with appropriate publications for public access to the resulting information and data.

**Conclusion**

This submission has been prepared as a contribution to this important Review, concentrating on issues that we feel are both important and sometimes overlooked. We look forward to the Review undertaking and publishing a comprehensive and robust picture of the current early childhood education system in Australia, its trends and future challenges. We also look forward to the Review making forward-looking and ambitious recommendations. This work is crucial to enable all governments – especially the Commonwealth Government – to make sound decisions about the future funding, design and delivery of early childhood education in Australia. Such decisions matter greatly not only to young children and their families now, but to future generations’ capacity to thrive and respond to the many challenges they will no doubt face over the balance of the twenty-first century.

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| Dr Russell Ayres Adjunct Associate ProfessorInstitute for Governance and Policy AnalysisUniversity of Canberra | Dr Wendy JarvieAdjunct ProfessorPublic Sector Research Group, School of BusinessUniversity of NSW Canberra | Dr Trish Mercer The Australia and New Zealand School of Government,Australian National University Canberra |

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1. The Commonwealth also provides indirect funding through its child care subsidies, which have contributed as preschool has been increasingly provided in long day care settings in some jurisdictions. Over the same period as outlined above (ie 2012-13 to 2017-18), however, Australian Government recurrent expenditure on child care has increased at a significantly lower rate than the States’ and Territories’ on preschool – at 14% (from $6.5b to $7.4b) compared to 22% (ROGS 2019, Tables 3A.6 & 3A.7). [↑](#footnote-ref-1)
2. This result, while encouraging, comes on the back of a near tripling in three year old enrolments between 2015 (66,706) and 2016 (183,355) in ROGS (2019, Table 3A.19). This is effectively a break in series, as it resulted from a change in the counting methodology. [↑](#footnote-ref-2)
3. ‘A Statistical Snapshot of Women in the Australian Workforce’, March 2019, available at: https://www.employment.gov.au/newsroom/statistical-snapshot-women-australian-workforce. [↑](#footnote-ref-3)
4. Manning, et al. (2017), for example, find that ‘Higher teacher qualifications are associated with higher quality early childhood education and care’. This study found higher qualifications were positively associated with higher quality in early childhood education, based on 48 studies with 82 independent samples from several countries. [↑](#footnote-ref-4)