



A smart investment for a smarter Australia

the FrontProject

The early years springboard

Australia's first Economic Analysis of early childhood education in the year before school
An overview for the early childhood education sector 2019



The Front Project has commissioned the first comprehensive Australian analysis of the economic impact of early childhood education.

The model looks at the impact of the current Australian system, which provides an early childhood education program for 15 hours a week, delivered by a Bachelor qualified teacher, in the year before school.

Currently more than 90% of children in Australia attend an early childhood education program in the year before school. The analysis is based on data for children who attended early childhood education in 2017.

The economic analysis examined the measurable costs and benefits for children, governments, families and business. It used the best available Australian and international research to estimate the impact of early childhood education on early school achievement, and the likely uplift in children's achievement at Year 3 and throughout the rest of their education.

All references to early childhood education in this report refer to preschool/kindergarten programs, which can be delivered through schools, in long day care, and in stand-alone services.

Universal early childhood education is a wise investment in children's wellbeing and Australia's economic productivity.

We know from more than 50 years of research that the early years of a child's life presents a window for learning and development unlike any other.

Between three and five there is a unique opportunity to accelerate the development of skills and abilities such as communication, literacy, numeracy and problem-solving. Early childhood education lays these foundations that can last a lifetime.

Our research shows how investment in early childhood education also benefits families, society, government and the economy.

For every dollar invested in early childhood education programs, we receive two dollars back:

+\$997M to children themselves, through a lifetime of increased earnings.

+\$1,463M to families, due to increased earnings gained by returning to the workforce earlier and boosting hours in the year their child attends early childhood education as well as the impact of a shorter career gap.

+\$1,507M to government, over the lifetime of the child, from increased tax revenue and decreased expenditure on health, justice and welfare.

+\$319M to business and the economy, from the productivity boost of a more educated workforce.

Early childhood education delivers a strong return on investment – at 1:2, it is higher than many other infrastructure and social investments – even without counting all the wider benefits that cannot be easily measured in economic value. The flow-on effects of early childhood education include greater social cohesion, reduced inequality, and a healthier and happier community.

Thriving now and into the future.

The jobs of tomorrow will be influenced by physical, digital and bio technologies that we are yet to fully understand. The World Economic Forum estimates 65% of children entering primary school today will end up in jobs that don't exist yet.

Succeeding in the workplace will increasingly require agile lifelong learners, comfortable with continuous adaptation and willing to change industries.

The skills children will need to thrive in the future workforce are built in the early years. Core skills like literacy, numeracy and good communication and enhanced cognitive skills such as perseverance, resilience and the ability to learn new information, will be essential.

Quality early childhood education is good for children.

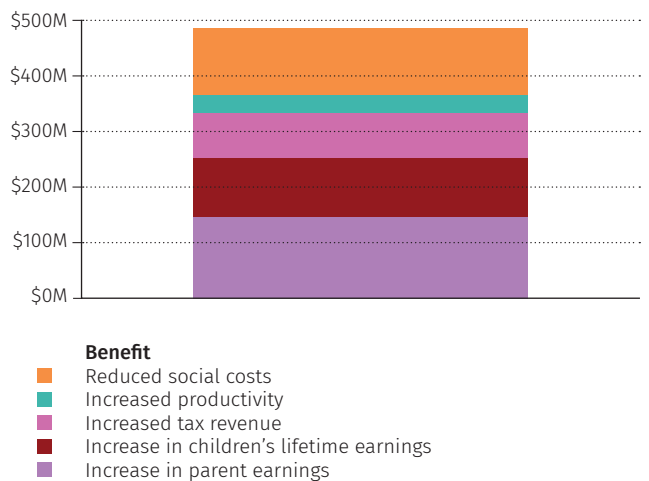
Children become confident and curious learners, able to adapt and apply their learning.

Children gain a strong base for social and emotional development, improving their ability to focus, communicate, manage emotions as well as their numeracy and literacy skills.

Children are prepared for primary school which sets them on a path of increased school achievement, leading to better jobs and higher earnings.

The benefits

\$4.8B benefits generated by every cohort of children attending early childhood education



Increasing the benefits.

The current Australian system is working, but there's room for improvement. We have an opportunity to increase the return on investment by:

- **Investing in quality:** Every child should have access to a quality early childhood education program that enhances their development. Currently a quarter of services aren't meeting the National Quality Standard.
- **Committing to ongoing funding:** Ongoing funding commitments from the Commonwealth Government will lead to improved service viability, planning, job security and quality. The current agreement between the Commonwealth and the states and territories to fund these programs will expire at the end of 2019. It has been renewed annually or biannually for the past 7 years.
- **Increasing access:** Ensuring children in disadvantaged communities have access to quality early childhood education. They have the most to gain yet are the least likely to attend and the least likely to experience high quality learning.
- **Offering two years:** Two years of quality early childhood education in the years before school has a bigger impact than one year. Australia is one of the few OECD countries not offering two years of preschool, putting us at risk of falling further behind on international benchmark tests, like the Program for International Assessments.
- **Investing in research:** This report has highlighted the need to build more evidence on the impact of the current Australian early childhood education system, particularly the short and long term impacts on school achievement, social and emotional skills and health and wellbeing outcomes.