Review of the National Partnership Agreement on Universal Access to Early Childhood Education

Contextual comments from the Australian Government, States and Territories
Jurisdictional Comments on the Review of NP UAECE Report

Background

Clause 36 of the NP UAECE stipulates that a review of the Agreement was to be completed by 30 June 2014 to assess the degree to which the agreed objectives and outcomes and/or outputs of the NP UAECE have been achieved, and to inform decisions before the end of 2014 on service delivery and funding adequacy in 2015.

In accordance with Education Council, the Australian Government engaged Deloitte Access Economics (Deloitte) to undertake the NP UAECE Review Report (the Review Report).

In August 2014, Council members endorsed publication of the Review Report, with accompanying jurisdictional comments on the Review’s data, methodology, findings and conclusions, including:

- the appropriateness of the data and methodology applied by Deloitte to support one or more of the findings or conclusions
- whether the jurisdiction agrees or disagrees with one or more of the findings or conclusions
- whether one or more of the findings or conclusions is/are beyond the scope of review.

Australian Capital Territory

The ACT Government welcomed the focus on Universal Access through the NP UAECE. The ACT participation reflected ongoing commitment to Early Childhood Education and ensuring the best start for our children. Most importantly, the progress and achievements of the ACT to ensure universal access to early childhood education through quality Government Preschool education programs is significant. The ACT saw a real increase in the proportion of Government Preschool programs delivering 15 hours per week from 0 per cent in 2008 to 100 per cent in 2013. The ACT has previously identified concerns that the Review Report does not fully reflect the progress and achievements in universal access to quality early childhood education, both in the ACT and nationally. The ACT has achieved all performance benchmarks relating to universal access following Australian Government acceptance of corrected data after identification of errors in the original data set provided to the Australian Bureau of Statistics as part of the 2013 National Early Childhood Education and Care Collection. Along with other jurisdictions, the ACT also notes concerns about the methodology of the proxy measures within the Review Report.

The ACT has concerns that the Review Report does not include a robust assessment of the impact that a reduction in funding for universal access would have on families and the early childhood education and care sector as a whole. Ongoing funding to maintain the progress and achievements made possible through the NP ECE and NP UAECE is critical for all jurisdictions. The ACT continues to highlight the importance of funding certainty to allow for quality program delivery in 2015 and future years.

Australian Government

The purpose of the review was to assess the degree to which the agreed objectives, outcomes and outputs of the NP UAECE have been achieved. The Australian Government wanted to see evidence of what has been achieved, the most efficient service delivery models and whether return on the Australian Government’s investment of $1.6 billion over six financial years has been maximised. The Australian Government’s position on the Review Report is as follows:

- Under the 2008 National Partnership Agreement for Early Childhood Education, the universal access commitment was to be achieved by 30 June 2013, with the NP UAECE designed to ‘maintain’ universal access service delivery. Data provided under the 2013 National Collection is the most recent nationally consistent data source and shows that the universal access commitment was not achieved nationally or by the majority of jurisdictions by the agreed date.
- The lack of verifiable and robust expenditure data provided by jurisdictions has limited Deloitte’s assessment of the efficiency of different service delivery models across jurisdictions and the analysis of the cost of maintaining universal access into the future.
- While the review has been based on the latest national data from the August 2013 National Collection, a number of jurisdictions did indicate that further progress had been made in achieving universal access since August 2013. Deloitte
invited all jurisdictions to provide additional data and while some did so, Deloitte advised that it could not be included in the review as the data was not provided by all jurisdictions in a consistent and comparable format to enable a national picture. The inclusion of nationally comparable data on progress post-August 2013 is not possible until the 2014 National Collection is available in March-April 2015.

- One of the major funding channels through which the recurrent cost of delivering preschool programmes is currently met is the Australian Government’s Child Care Benefit (CCB) and Child Care Rebate (CCR). This is because many jurisdictions provide access to a preschool programme through long day care services. The Terms of Reference required the review to analyse current funding arrangements from all sources (Australian Government, state and territory government and families through fees). Therefore CCB and CCR contributions to the cost of preschool are included in the Review Report.

- In terms of effectiveness, the Review Report notes that there is insufficient data to make any robust determination regarding the degree to which the NP UAECE has achieved quality educational outcomes for children. A longitudinal study of the impact of access to preschool is needed to provide concrete evidence on positive outcomes for children.

**New South Wales**

New South Wales welcomes the inclusion of appropriate supplementary data in the Review Report, which goes some way to providing a more accurate and nationally consistent assessment of performance under the NP UAECE.

However, New South Wales continues to have concerns about the assessment of achievement against Performance Indicator Three of the NP UAECE, which is: ‘The proportion of enrolled children, enrolled in the year before full-time school in quality early childhood education program(s) available for 600 hours per year’. The Review Report uses the proportion of children enrolled for 15 hours or more per week, not the programs available. This proxy measure does not reflect the non-compulsory nature of preschool attendance and parental choice in determining the hours of enrolment.

New South Wales also has concerns about the use of proxy measures for the proportion of qualified early childhood teachers and access to quality programs by vulnerable and disadvantaged children, which do not reflect the intent of the relevant performance indicators.

The Review Report concludes that there is a need for ongoing Commonwealth support to maintain Universal Access. While this conclusion is supported by the evidence, there are a number of methodological issues that make the precision of estimates difficult to support. These include:

- the averaging of Commonwealth funding over a number of years when compared to a single year of State funding
- the use of current (higher) performance data with averaged (lower) Commonwealth expenditure to draw conclusions about current costs per child
- the inclusion of Commonwealth Childcare Benefit (CCB) and Childcare Rebate (CCR) as Commonwealth contributions towards preschool funding (these are payments to parents to support workforce participation and are not part of the NP)
- the estimates for “efficient costs” are particularly problematic, being an extrapolation of one unverified component of theoretical costs.

**Northern Territory**

The Northern Territory (NT) acknowledges the work which has gone into preparing the Review Report. However, despite adjustments, the NT wishes to highlight that the Review Report does not reflect the significant progress from baseline data towards the benchmarks in the NP UAECE or the very different starting points of jurisdictions.

The Review Report has noted the limitations of relying on self-reported data, and coupled with the inability of jurisdictions to validate some data or understand technical specifications used in the methodology, caution should be exercised in treating the findings of the as conclusive. As an example, the NT considers that the NT Government’s funding contribution to preschool may be understated.

The NT has made a significant historical investment in preschool education, including in very remote locations. There is significant risk that an efficient cost unit does not accurately account for contextual delivery challenges, or acknowledge different jurisdictional choices for appropriate service delivery models in each context. Limited contextual information has been factored into the methodology in sections of the Review Report, however, the NT’s unique context and the consequent impacts on efficiency remains underrepresented.
In terms of future funding options for a further phase of maintaining Universal Access, the NT requires the inclusion of contextual factors as an input, as these factors continue to increase the cost and logistical challenges of ongoing service delivery. In the NT context, Australian Government funding through Child Care Benefit and Child Care Rebate is not a feasible funding source.

Any reduction in funding will have negative impacts on families and the early childhood sector in the NT including the potential loss of up to 60 FTE staff (including Indigenous staff in remote locations), a reduction in flexible options for families (including access to systemic free preschools), and inability to fund a minimum of 15 hours of preschool per child per week.

**Queensland**

Queensland has made remarkable progress in raising its kindergarten participation rates, with the percentage of children attending an approved kindergarten program in the year before school increasing from 29 per cent in 2008 to 97 per cent in 2013. Universal access has been one of the most successful federation style reforms in recent history.

It demonstrates the effectiveness of both levels of government working together, with jurisdictions tailoring delivery models and strategies to their own unique circumstances to achieve an agreed outcome. Queensland recognises the value of this approach, rather than seeking to engineer a “one size fits all” system that operates as close as possible to a stylised efficient cost estimate.

The percentage of vulnerable and disadvantaged children with access to a quality program in the report is not accurate for Queensland. It includes children of unknown classification for vulnerability/disadvantage, and is therefore likely to understate the challenge that continues to exist in increasing and maintaining participation in kindergarten for Queensland’s most vulnerable and disadvantaged cohort.

The methodology used to determine current and future kindergarten funding does not accurately represent the State, Territory and Australian Government contributions required each year to achieve 2013 levels of performance. Specifically, the report uses a methodology to average state and territory contributions that is not applied to Australian Government contributions, thus creating an inaccurate projection of future funding to maintain and increase participation in kindergarten.

With respect to calculation of current and future funding, the report identifies Australian Government Child Care Benefit (CCB) / Child Care Rebate (CCR) subsidies as recurrent funding sources for universal access. While Queensland appreciates the significant contribution these payments make to assist families with the costs of child care, it is noted that they were in existence before commencement of the NP ECE when Queensland had a 29% kindergarten participation rate and Queensland deliberately adopted a service delivery model that would reach those children already in a long day care setting. These subsidies did not drive increased kindergarten participation rates in Queensland, which was the objective of the NP UAECE.

Queensland’s success in lifting kindergarten participation rates has been achieved through targeted subsidies to enable service providers in long day care and community kindergarten settings to provide an approved kindergarten program. This partnering approach has been an efficient and effective model of service delivery, providing a strong evidence base for the continuation of joint government funding into the future.

**South Australia**

The NP UAECE was a visionary initiative which provides the platform for educational and development benefits to children well into the future. Significant improvement in the provision of early childhood education in South Australia has been achieved since the initial rollout of the initiative in 2010. Regrettably the Review Report does not acknowledge these achievements and the collaborative partnerships that have made it possible.

The National Partnership on Early Childhood Education (NP ECE) provided an opportunity to successfully expand preschool service provision in existing state government funded preschool services and to fund for the first time preschool programs operating in child care centres and non-government schools. Provision of preschool programs delivered in child care centres has been particularly welcomed by working families as evidenced by the demand for this service delivery option. Other significant programs that have been initiated with the NP ECE include new service delivery options for vulnerable and disadvantaged children to ensure that children who benefit most from a preschool education have access to and are receiving the benefits of preschool through regular attendance. South Australia commenced NP UAECE having achieved all of the performance targets under the Bilateral Agreement on Achieving Universal Access to Early Childhood Education.
South Australia disputes the Review Report’s conclusion in relation to Program Availability. The method applied to measuring Program Availability is erroneous due to the use of enrolment hours as a proxy measure for availability. It is noted that the data specified for measuring program availability was not included in the Australian Bureau of Statistics’ publication, Preschool Education, Australia, 2013. The Review Report calculates program availability as the proportion of children enrolled in a preschool program that were enrolled for 15 hours or more per week. The agreed performance indicator contained in the NP UAECE agreement is the proportion of enrolled children, enrolled in the year before full-time schooling, in quality early childhood education program(s) available for 600 hours per year. The measure used in the Review Report assumes that enrolment hours are indicative of the access to preschool offered to the child. In South Australia, all preschool programs that receive government funding provide access to a total of 600 hours per annum (the equivalent of 15 hours per week of preschool over 40 weeks). Families may choose to not enrol for the full hours offered and the measure does not take into account the various service delivery options available, whereby the 600 hours may be accessed across a year and not as a uniform 15 hours of preschool each week.

South Australia is also concerned that although there was a commitment to supply a technical specifications addendum to the Review Report, this has not been forthcoming. Jurisdictions have been unable to evaluate data presented in a number of the tables due to the absence of technical specifications on how this information was derived.

Tasmania

In terms of performance against NP UAECE benchmarks, it is pleasing to note that Tasmania met all those that were able to be measured – the only jurisdiction to do so. The model in Tasmania of universal access through kindergartens as part of the government and non-government school system is effective and should be supported.

There has been significant achievement by all governments since 2008 in increasing children’s access to, and participation in, preschool programs in the year before full-time schooling, particularly given the different starting points of States and Territories. This is a great example of States, Territories and the Australian Government working together to deliver an important reform to improve the lives of Australian children. The Review Report does not adequately reflect this achievement.

The Review Report suggests that the effectiveness of universal access cannot be assessed due to a lack of longitudinal data. However, there is domestic research that indicates there are strong correlations between preschool participation and increased performance at school, which lends weight to the findings of the international studies in the Review Report. The benefit of quality early learning in kindergarten is also acknowledged as being ‘largely undisputed’ in the draft of the Productivity Commission Inquiry into Childcare and Early Childhood Learning, released 22 July 2014.

Tasmania does not believe the Review Report sufficiently addresses the term of reference regarding the impact on post-NP UAECE arrangements, including funding. The impact on parents, business and the early childhood sector is critical in any discussion about continued Australian Government funding in this important area.

Victoria

Collaboration between the Commonwealth, States and Territories, local governments and the early childhood education and care sector has enabled all Australian children to have access to a quality kindergarten program in the year before school. The impressive progress from 2008 to now is highlighted in the Review Report at Table 2.2.

However, issues with data and the timing of this review mean that the Review Report understates the total level of achievement under the National Partnerships. While recognising the importance of nationally comparable data, the use of data collected in August 2013 (just after the commencement of the NP UAECE) to measure current performance and achievement under both National Partnerships provides an incomplete and inaccurate picture of performance to date. Victoria achieved full implementation of universal access from the beginning of 2014, with nearly 100 per cent of eligible children attending kindergarten currently receiving 15 hours per week kindergarten programs in the year before school.

Victoria is also concerned that the Review Report does not fully address the costs and impacts of not maintaining funding to support 600 hours of universal access on families and children, the ECEC sector and its workforce. In Victoria’s case, achieving the objectives of the National Partnership has required a 50 per cent increase in program delivery, major sector transformation, significant investment in infrastructure and attracting and up-skilling of the early childhood workforce. Without ongoing funding support from the Commonwealth, some of the value of this investment will be wasted.
On a technical note, the methodology used to calculate current and future funding for universal access does not adequately reflect current resourcing or provide a reliable estimate for funding required in future. Table 2.1 includes Commonwealth Child Care Benefit and Child Care Rebate payments (which were never explicitly provided as contributions to achieve universal access) but excludes the contribution of local government. Rather than take the actual Commonwealth contribution under the National Partnership in 2012/13, the report averages four years of Commonwealth funding and subtracts it from the total expenditure on preschool provided by each jurisdiction. The effect of this methodology is to significantly understate the annual contribution of Commonwealth NP funding to preschool and kindergarten services in Table 2.1. As this calculation forms the basis for future funding at Table 6.3, this methodology understates the proportion of total funding the Commonwealth Government needs to contribute in order to ensure universal funding can be maintained in future.

Western Australia

A point made well in the Review Report is that ‘sector characteristics have a far greater bearing on service delivery costs than efficiency itself. Legacy factors are influential.’ This is why the flexible, outcomes-focused approach to co-investment in the delivery of vital preschool services through the NP UAECE is recognised as a key enabler to be retained.

In the Review Report, insufficient prominence is given to the fact that through this NP, all Australian children now have access to quality preschool. Data used to inform the Review Report show that the access to quality programmes target was met in August 2013, and further improvements will be evident in the August 2014 data. This is a massive achievement for a complex sector in four years.

The emphatic nature of reporting that the target for vulnerable and disadvantaged children was not met masks the fact that there is no nationally agreed definition of ‘disadvantaged and vulnerable’ (much less an agreed measure) and that many caveats are provided in section 3.2.1 on this matter.

The emphatic nature of reporting that the target for Indigenous children was not met is not tempered by the fact that the national result (94 per cent) it is only one point short of the 95 per cent target, and that the Estimated Resident Population (ERP) for Indigenous four year olds is notoriously unreliable.

Using Australian Government contributions to the NP UAECE over four years to 2012-13 to project the annual amount required to maintain Universal Access significantly underestimates the amount required. Full implementation was not achieved in Western Australia until the start of 2013, when the level of NP funding matched the amount needed to employ all the additional staff required to deliver the extra hours of Kindergarten each week.

Notwithstanding the preceding point, the analysis of funding issues in this report is fulsome and includes a range of equity issues that warrant consideration, including the geographic and industrial contexts within which preschool delivery occurs. The inclusion of CCB/CCR data, which differentially contributes to the cost of preschool provision across States and Territories, is also supported.

While the estimated $320 million provided by the Australian Government through CCB/R is directed to families to off-set fees, it is a real and recurrent contribution to the overall cost of delivery which, in jurisdictions such as Western Australia, where the government preschool model prevails, is borne by the State Government. Differences in the share of recurrent funding sources for preschool across Australia illustrated in Chart 2.3 are difficult to ignore.
Review of the National Partnership Agreement on Universal Access to Early Childhood Education

Australian Government on behalf of all parties to the National Partnership Agreement on Universal Access to Early Childhood Education

7 August 2014
Contents

Acronyms ................................................................................................................................. i
Definitions ................................................................................................................................. ii
Terms of reference .................................................................................................................... iii
Executive summary ................................................................................................................... iv
1 Introduction ............................................................................................................................ 1
2 Overarching context ............................................................................................................... 7
   2.1 Service delivery profile ................................................................................................. 7
   2.2 Socio-economic profile ............................................................................................... 13
   2.3 Geographic profile ....................................................................................................... 15
   2.4 Policy rationale for universal access ........................................................................... 16
   2.5 Progress towards universal access since 2008 ......................................................... 17
3 Performance against NP UAECE benchmarks .................................................................. 21
   3.1 Overarching universal access commitment ................................................................. 23
   3.2 Vulnerable and disadvantaged children ...................................................................... 31
   3.3 Indigenous children ...................................................................................................... 36
4 Effectiveness and efficiency of service delivery models .................................................. 39
   4.1 Effectiveness of service delivery models ..................................................................... 42
   4.2 Efficiency of service delivery models ......................................................................... 46
5 Enablers, impediments and interactions ......................................................................... 56
   5.1 Enablers of effective implementation ......................................................................... 56
   5.2 Impediments to effective implementation ................................................................ 59
   5.3 Interactions with other initiatives ............................................................................... 61
6 Funding of universal access ............................................................................................... 63
   6.1 Current National Partnership funding arrangements ................................................. 64
   6.2 Funding required to maintain universal access ......................................................... 66
   6.3 Future funding considerations ..................................................................................... 69
References ................................................................................................................................. 74
Appendix A : Objectives, outcomes and outputs of the NP UAECE – excerpts .................. 76
Appendix B : Consultation participants ............................................................................... 77
Appendix C : Consultation background paper ..................................................................... 78
Appendix D : Teacher qualifications data .............................................................................. 85
Appendix E : Fiscal analysis .................................................................................................. 86
Addendum: NSW supplementary data .................................................................................. 87
   Limitation of our work ......................................................................................................... 94

Liability limited by a scheme approved under Professional Standards Legislation.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.


© 2015 Deloitte Access Economics Pty Ltd
Charts

Chart 2.1: Share of preschool enrolments by provider type in 2013 ................................................. 8
Chart 2.2: Share of preschool enrolments by non-government preschool provider type in 2013 .......... 9
Chart 2.3: Share of total recurrent preschool funding (2012-13) .................................................. 12
Chart 2.4: Estimated share of four and five year old population in lowest quintile of SEIFA-IRSD, 2013 ......................................................................................................................... 13
Chart 2.5: Estimated share of four and five year old population identified as an Indigenous Australian, 2013 .................................................................................................................................. 14
Chart 2.6: Proportion of children developmentally vulnerable on two or more domains, 2012 .... 15
Chart 2.7: Estimated share of four and five year old population by remoteness areas, 2013 .. 16
Chart 2.8: Proportion of children enrolled in a preschool programme for at least one hour ... 19
Chart 2.9: Proportion of children enrolled in a preschool programme available for at least 15 hours per week .......................................................................................................................... 20
Chart 4.1: Average award wages ........................................................................................................ 20
Chart 4.2: Efficient cost per child and share of preschool in LDC .................................................. 29
Chart 6.1: Share of total recurrent preschool funding (2012-13) .................................................. 70

Tables

Table 1.1: Agreement of NP UAECE Implementation Plans .......................................................... 2
Table 1.2: Agreement of NP UAECE 2013 Progress Reports .......................................................... 3
Table 2.1: Preschool recurrent funding estimates for 2012-13 ($ million) .................................... 12
Table 2.2: Indicative progress over time, by jurisdiction ............................................................... 18
Table 3.1: Achievement of teacher qualifications ........................................................................... 24
Table 3.2: Achievement of access to quality programmes ............................................................. 26
Table 3.3: Achievement of programme availability ......................................................................... 28
Table 3.4: Achievement of attendance .......................................................................................... 29
Table 3.5: Achievement of access to quality programmes, for vulnerable and disadvantaged children .................................................................................................................................. 35
Table 3.6: Achievement of access to quality programmes, for Indigenous children ................ 37
Table 3.7: Achievement of programme availability, for Indigenous children ................................. 38
Table 4.1: Jurisdiction performance against agreed benchmarks in 2013* ..................................... 45
Table 4.2: Cost drivers ......................................................................................................................... 51
Table 4.3: Breakdown of total recurrent expenditure per child ($2012-13) ................................... 53
Table 4.4: Total recurrent expenditure and efficient cost per child, standardised to 15 hours 54
Table 6.1: Funding allocation to states and territories under the NP ECE ($ million)................. 64
Table 6.2: Funding allocation to states and territories under the NP UAECE ($ million)............. 65
Table 6.3: Projected total annual recurrent government expenditure required to maintain universal access to a 600 hour per-year preschool programme ($ million) ......................................... 68
Table 6.4: Total annual net capital expenditure on preschool services ($'000) ......................... 68
Table E.1: Fiscal Result to Total Revenue (actual estimate and forward estimates) (%) .......... 86
Table E.2: Net debt to Gross State Product actual estimate and forward estimates (%) ........... 86
# Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>ACARA</td>
<td>Australian Curriculum, Assessment and Reporting Authority</td>
</tr>
<tr>
<td>AEEYSOC</td>
<td>Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee</td>
</tr>
<tr>
<td>CCB</td>
<td>Child Care Benefit</td>
</tr>
<tr>
<td>CCR</td>
<td>Child Care Rebate</td>
</tr>
<tr>
<td>CCMS</td>
<td>Child Care Management System</td>
</tr>
<tr>
<td>COAG</td>
<td>Council of Australian Governments</td>
</tr>
<tr>
<td>ECPG</td>
<td>Early Childhood Policy Group</td>
</tr>
<tr>
<td>ERP</td>
<td>Estimated resident population</td>
</tr>
<tr>
<td>HCC</td>
<td>Health Care Card</td>
</tr>
<tr>
<td>ICSEA</td>
<td>Index of Community Socio-Educational Advantage</td>
</tr>
<tr>
<td>IRSD</td>
<td>Index of Relative Socio-economic Disadvantage</td>
</tr>
<tr>
<td>LDC</td>
<td>Long day care</td>
</tr>
<tr>
<td>NMDS</td>
<td>National Minimum Data Set</td>
</tr>
<tr>
<td>NP ECE</td>
<td>National Partnership Agreement on Early Childhood Education</td>
</tr>
<tr>
<td>NP IECD</td>
<td>National Partnership Agreement for Indigenous Early Childhood Development</td>
</tr>
<tr>
<td>NP UAECE</td>
<td>National Partnership Agreement on Universal Access to Early Childhood Education</td>
</tr>
<tr>
<td>NP NQA</td>
<td>National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care</td>
</tr>
<tr>
<td>ROGS</td>
<td>Report on Government Services</td>
</tr>
<tr>
<td>SCSEEC</td>
<td>Standing Council on School Education and Early Childhood</td>
</tr>
<tr>
<td>SEIFA</td>
<td>Socio-Economic Indexes for Areas</td>
</tr>
<tr>
<td>SEIFI</td>
<td>Socio-Economic Indexes for Individuals</td>
</tr>
<tr>
<td>VFI</td>
<td>Vertical fiscal imbalance</td>
</tr>
<tr>
<td>YBFS</td>
<td>Year before full-time schooling</td>
</tr>
</tbody>
</table>
## Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigenous</td>
<td>People who identify as Aboriginal and Torres Strait Islander.</td>
</tr>
<tr>
<td>Preschool programme</td>
<td>A quality early childhood education programme, as defined in the NP UAECE. That is, a programme delivered in the year before full-time schooling in a diversity of settings, including long day care centre-based services, stand-alone preschools and preschools that are part of schools. The programme is to provide structured, play-based early childhood education delivered in accordance with the Early Years Learning Framework and the National Quality Standard and delivered by a qualified early childhood teacher.</td>
</tr>
<tr>
<td>Universal Access</td>
<td>Whereby every child, in the year before full-time schooling, has access to quality early childhood education programme(s) delivered for 600 hours in a form that meets the needs of children, parents and community; and at a cost that does not present a barrier to participation.</td>
</tr>
</tbody>
</table>
Terms of reference

The scope of the review will address:

1. The degree to which the agreed objectives and outcomes and/or outputs of the National Partnership Agreement on Universal Access to Early Childhood Education (NP UAECE) have been achieved, including:
   a. whether universal access has been achieved or maintained, both nationally and by each jurisdiction
   b. whether universal access for Indigenous, vulnerable and disadvantaged children has been achieved and to what extent, nationally and by jurisdiction
   c. the need for a workable definition of vulnerable and disadvantaged children which will enable nationally comparable measurement of outcomes
   d. barriers to the effective implementation of the NP UAECE and other lessons learnt from the implementation of the NP UAECE.

2. The efficiency and effectiveness of service delivery models in each jurisdiction, including:
   a. settings
   b. cost drivers including remoteness and/or location of services
   c. actual cost of delivery
   d. Australian Government and state and territory government contributions to the cost
   e. the most efficient and effective model of delivery taking into account contextual factors.

3. The appropriateness of current funding arrangements, including allocations of Australian Government and funding contributions of each jurisdiction, and whether current funding mechanisms are appropriate for achieving the objectives under the NP UAECE.

4. Providing an estimated cost for maintaining universal access in the future.

5. Potential connections across other initiatives e.g. Australian Early Development Index, National Information Agreement, the National Partnership Agreement on the National Quality Agenda (NP NQA) and the national education reform agenda.

6. Reflecting on the extent to which access and participation has been achieved, what is the impact on post-NP UAECE arrangements, including funding.

7. Options for future funding arrangements following the expiry of the NP UAECE.

8. The effectiveness of the National Partnership Agreement on Early Childhood Education (NP ECE) in achieving its outcomes.
Executive summary

On 29 November 2008, the Australian Government and states and territories committed to ensuring that by 30 June 2013, children had access to a quality early childhood programme in the twelve months before full-time schooling for 15 hours per week, 40 weeks per year, delivered by a four year degree qualified early childhood teacher.

Known as universal access, this policy objective was set out in the National Partnership Agreement on Early Childhood Education (NP ECE), which was implemented from November 2008 to June 2013. Under the NP ECE, the Australian Government provided $955 million to states and territories over the five financial years to 30 June 2013, to assist with the implementation and achievement of universal access.

The National Partnership Agreement on Universal Access to Early Childhood Education (NP UAECE) began implementation on 1 July 2013. The objective was maintaining universal access under the NP ECE. Under the NP UAECE, universal access preschool delivery hours were framed as 600 hours per year, to allow services greater flexibility in providing early childhood education programmes to children. The NP UAECE also brought teacher qualifications requirements into line with the National Quality Framework (NQF).

Under the NP UAECE, the Australian Government provided an additional $655.6 million to the states and territories to cover service delivery from 1 July 2013 to 31 December 2014. This brought total Australian Government funding under both the NP ECE and the NP UAECE to approximately $1.6 billion. As the level of government with primary responsibility for preschool delivery, over the period 2008-09 to 2012-13, states and territories also invested around $4.3 billion in quality early childhood programmes.¹

Given that funding under the NP UAECE ceases at the end of this calendar year, it stipulates that a review of the Agreement be undertaken and completed by 30 June 2014.

On behalf of all Parties to the Agreement, the Australian Government Department of Education engaged Deloitte Access Economics to undertake the review.

Review approach

The collection of data and qualitative evidence to inform the review was guided by the terms of reference, which are presented on page iii of the report. The terms of reference are based on the scope of the review outlined in the NP UAECE, and were endorsed by the Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC) and the Standing Council on School Education and Early Childhood (SCSEEC).

¹ This figure, from the 2014 Report on Government Services, includes recurrent expenditure only. Note that capital expenditure has not been included as this data is not available for the Northern Territory, Tasmania or NSW in 2011-12 and 2012-13.
Data and qualitative evidence was sourced from:

- the Australian Bureau of Statistics (responsible for 2013 National Early Childhood Education and Care Collection data)
- the Australian Government Department of Education (responsible for 2013 Early Childhood Education and Care Workforce Census data and Child Care Management System data)
- state and territory governments through face-to-face consultations (for state-held data and qualitative evidence on the implementation of the NP UAECE).

While the final dataset assembled to inform the review was, when assessed against the established requirements, relatively comprehensive, gaps remained in relation to service delivery costs (as distinct from funding or expenditure) and the self-reported nature of aspects of the dataset left uncertainties regarding its veracity. Utilising this data, Deloitte Access Economics developed a Microsoft Excel-based cost, participation and expenditure model to aid the analysis of effectiveness and efficiency of service delivery models and future funding.

Quantitative and qualitative data was analysed and preliminary findings were presented at an Early Childhood Policy Group (ECPG) workshop in March 2014. At this point, the underlying evidence base was incomplete. Feedback from this workshop was incorporated into the analysis and preparation of the draft report.

### Note on the underlying evidence base and its implications for the review and its findings

While the data set and broader evidence base which was assembled to inform this review was, ultimately, a relatively comprehensive one, in four respects, its limitations bear on this review and its findings:

1. As agreed between all jurisdictions under the NP UAECE, the primary data source for performance reporting is the 2013 National Early Childhood Education and Care Collection (the National Collection), collected by states and territories in August 2013 and published by the Australian Bureau of Statistics in March 2014.
   - Given that the performance indicators changed marginally between the NP ECE and the NP UAECE, there is not a perfect alignment between the data, which was collected based on NP ECE performance indicators, and the NP UAECE performance indicators. Where appropriate, the available data has been used to provide a proxy measure of achievement (i.e. where there is a more tangible link between the data and the wording of the NP UAECE performance indicator).
   - The 2013 National Collection data was used as it was agreed by all parties that it provides the most up-to-date, nationally comparable data with which to report on performance.

2. There is no agreed definition of vulnerable and disadvantaged children under the NP UAECE. Instead, bilaterally agreed definitions are set out in jurisdictionary implementation plans. For the purpose of reporting on achievement of NP UAECE performance benchmarks for vulnerable and disadvantaged children, all jurisdictions agreed to the use of a nationally consistent definition based on the ABS Socio-Economic Indexes for Areas (SEIFA).
   - It should be noted that Western Australia and the ACT have preferred alternative definitions in their NP UAECE Implementation Plans.

3. Very limited data on service delivery costs was provided (noting the distinction between expenditure and cost). In the vast majority of jurisdictions, the only cost data provided was
wages.

- This limits the findings that can be drawn with respect to efficiency, as the analysis relies primarily on expenditure data (and only partial insights can be drawn on the extent to which expenditure accords with efficient costs).

4. The expenditure data which has been sourced from state and territory governments is self-reported and – noting that an expenditure audit was not part of the terms of reference – the mechanisms to validate this expenditure are limited.

- This too primarily bears on the analysis of efficiency. However, it also impacts future funding projections, as these are a derivative of current expenditure.

Overarching context

Traditionally, state and territory governments have been responsible for the delivery of preschool education. In Australia, preschool programmes are delivered in a range of settings. Reporting under the review refers to three main preschool delivery models, which are defined in the 2013 Early Childhood Education and Care National Minimum Data Set: (1) government preschool; (2) non-government preschool; and (3) Long Day Care (LDC) centre with a preschool programme.

Each jurisdiction has a different service delivery profile – that is, the proportion of preschool enrolments in each service delivery model varies by jurisdiction. In the Northern Territory, South Australia, Tasmania, Western Australia, and the ACT, the majority of enrolments are in government preschool. In contrast, the majority of preschool enrolments in Queensland and NSW are in LDC services. Victoria has more of a balance across non-government preschool and preschool in LDC.

Further information on the service delivery profile across jurisdictions is provided in Chapter 2.

There are four main funding sources for preschool programmes, noting that the relative contribution of each source varies significantly across jurisdictions: (1) state or territory government – through schools and/or preschool funding models and targeted initiatives; (2) Australian Government – through Child Care Benefit and Child Care Rebate for LDC preschool, and National Partnership funding; (3) parent fees or levies; and (4) local government – through preschool delivery in some jurisdictions and in-kind support.

Further information on funding arrangements across jurisdictions is provided in Chapter 2.

The socio-economic profile (level of socio-economic disadvantage, size of the Indigenous population and extent of developmental vulnerability) and geographic profile (share of the population in remote areas) varies across jurisdictions.

For example, the Northern Territory and Tasmania have a significantly higher proportion of children in areas of greatest disadvantage when compared to other jurisdictions. Significantly, over 40% of the Northern Territory’s child population has an Indigenous background, with Queensland and Western Australia also having a relatively high proportion of Indigenous children in the population, compared to the other states and territories. In the Northern Territory, half of the entire child population is also located in
remote or very remote areas, with Western Australia having the second highest share in remote or very remote areas.

Further information on the socio-economic and geographic profile across jurisdictions is provided in Chapter 2.

The policy rationale underpinning the National Partnerships is grounded in empirical evidence regarding the benefits of investing in early learning – benefits which include but are not limited to improved socialisation and child development, leading to longer-term societal benefits such as increased economic productivity and social inclusion. Findings from the international research in this field underscore the importance of both quality (including educator qualifications) and quantity (number of programme hours) in generating positive outcomes for children and the socio-economic flow-ons that emanate from this.

Further information on the policy rationale underpinning the National Partnerships is provided in Chapter 2.

While the achievements of the National Partnership/s must ultimately be measured against the established performance indicators, the level of progress made since the NP ECE was agreed in 2008 nevertheless provides valuable context to this review. Analysis of available data shows that, since 2008, substantial progress has been made towards ensuring universal access to preschool for Australian children. In almost every state and territory, the proportion of children in the year before full-time school enrolled in preschool has increased to either full, or close to full, enrolment.

There has also been considerable progress in boosting enrolments in preschool programmes available for at least 15 hours a week. Compared to 2008, when only four jurisdictions had children enrolled in programmes available for 15 hours (with relatively small numbers of enrolments in such programmes), in 2013, in almost every jurisdiction, more than 80% of children who were enrolled in a preschool programme were enrolled in a programme for 15 hours a week.

Further information on progress towards universal access since 2008 is provided in Chapter 2.

Review findings

The review findings are outlined below, with the relevant terms of reference indicated in the heading box.

Performance against NP UAECE benchmarks

Terms of Reference 1(a)-(c) and 8

The terms of reference for the NP UAECE review require an assessment of the degree to which the agreed objectives, outcomes and outputs of the NP UAECE have been achieved, including whether universal access has been achieved or maintained, both nationally and by jurisdiction.
The overall policy goal was to increase the proportion of children in the year before formal school enrolled (and where possible attending) a quality early childhood programme delivered by an early childhood teacher for 15 hours per week/600 hours per year.

Four key performance indicators are included in the NP UAECE, to determine the achievement of the overarching universal access commitment:

- **Teacher qualifications** – the proportion of early childhood education programmes delivered by a degree qualified early childhood teacher who meets the National Quality Framework requirements
- **Access to quality programmes** – the proportion of children enrolled in the year before full-time school in quality early childhood education programme(s)
  - This includes achievement of the indicator for all children, vulnerable and disadvantaged children and Indigenous children
- **Programme availability** – the proportion of enrolled children, enrolled in the year before full-time school in quality early childhood education programme(s) available for 600 hours per year
  - This includes achievement of the indicator for all children, vulnerable and disadvantaged children and Indigenous children
- **Attendance** – the proportion of enrolled children who attend, in the year before full-time school, quality early childhood education programme(s) available for 600 hours per year.

**Teacher Qualifications**

It is not possible to report on achievement against the teacher qualifications performance indicator as directly applicable data for this indicator is not currently available, as the National Collection was based on different NP ECE qualification requirements. However, it is possible to report on the proportion of early childhood education programmes delivered by a three or four-year degree qualified early childhood teacher.

**Access to quality programmes**

Using 2013 National Collection data as a proxy for reporting against access to quality programmes as defined in the NP UAECE, the following results were achieved.

- **ACCESS TO QUALITY PROGRAMMES FOR ALL CHILDREN.**

  Over 95% of Australian children were enrolled in a quality preschool programme in the year before full-time schooling (setting aside achievement of teacher qualifications, given the noted data limitations). All but one jurisdiction, NSW (which achieved 82%), met this benchmark.

  *Benchmark: 95%; National average in 2013: 98%.*
• ACCESS TO QUALITY PROGRAMMES FOR VULNERABLE AND DISADVANTAGED CHILDREN.\textsuperscript{2}

Across Australia, 86% of vulnerable and disadvantaged children were enrolled in a quality preschool programme in the year before full-time schooling, falling short of the performance benchmark of 95%. However, four jurisdictions did meet this benchmark (ACT, SA, Tasmania and Victoria).

*Benchmark: 95%; National average in 2013: 86.*

• ACCESS TO QUALITY PROGRAMMES FOR INDIGENOUS CHILDREN.

Throughout Australia, 94% of Indigenous children were enrolled in a quality preschool programme in the year before full-time schooling, falling just short of the 95% performance benchmark. However, five jurisdictions did meet the performance benchmark (the ACT, SA, Tasmania, Victoria and WA).

*Benchmark: 95%; National average in 2013: 94.*

Programme availability

Using 2013 National Collection data as a proxy for reporting against programme availability as defined in the NP UAECE, the following results were achieved.

• PROGRAMME AVAILABILITY FOR ALL CHILDREN.

82% of enrolled Australian children were enrolled in a preschool programme for at least 15 hours per week in the year before full-time schooling (as a proxy for enrolment in 600 hour programmes), falling short of the 95% performance benchmark. Nevertheless, three jurisdictions met this benchmark (Queensland, Tasmania and WA).

*Benchmark: 95%; National average in 2013: 82.*

• PROGRAMME AVAILABILITY FOR INDIGENOUS CHILDREN.

87% of enrolled Indigenous children in Australia were enrolled in a preschool programme for at least 15 hours per week, falling short of the benchmark. Nevertheless four jurisdictions – including three with a relatively high Indigenous population – achieved above the benchmark (the NT, Queensland, Tasmania and WA).

*Benchmark: 95%; National average in 2013: 87.*

• Due to data limitations, it has not been possible to report against PROGRAMME AVAILABILITY FOR VULNERABLE AND DISADVANTAGED CHILDREN.

Attendance

Achievement against the attendance performance indicator has not been included in the executive summary, as it is not used to determine performance payments under the NP UAECE.

\textsuperscript{2} As noted, there is at present no nationally agreed definition of vulnerable and disadvantaged children to inform reporting under the NP UAECE. For the purpose of the review, states and territories agreed to the use of the following nationally comparable definition: *Children in the lowest quintile in the ABS Socio-Economic Indexes for Areas (SEIFA) – Index of Relative Socio-Economic Disadvantage (IRSD).* For jurisdictions that have specified alternative definitions in their Implementation Plans – the ACT and Western Australia – the reported results should be viewed in this context. The limitations of SEIFA as a measure of vulnerability and disadvantage are outlined in Chapter 3.2.
It should be noted that a number of jurisdictions have indicated that additional progress has been made in achieving universal access since August 2013, and have provided data to this effect. However, the presentation of a nationally comparable and consistent picture of universal access achievement post-August 2013 is not possible until the 2014 National Collection becomes available in March 2015.

Further information on performance against NP UAECE benchmarks is provided in Chapter 3.

Effectiveness of service delivery models

Term of Reference 2

Contextual factors (outlined in Chapter 2) influence the effectiveness and efficiency of the achievement of universal access within a jurisdiction and any findings and conclusions of the review must, therefore, understand and recognise the impact of these contextual factors.

The following definition of effectiveness was adopted for the review:

Effectiveness is intended to address whether the NP UAECE’s objectives, agreed outcomes and/or outputs, including where they support the delivery of reform, service delivery improvement or projects, have been achieved.

Looking across jurisdictional performance, Tasmania and Western Australia have met the key NP UAECE performance benchmarks to a greater extent than other jurisdictions, followed by the ACT, Victoria, Queensland and South Australia. With the exception of Victoria and Queensland, the predominant service delivery model in these jurisdictions is government preschool.

This suggests that government preschool has been more effective in terms of achieving universal access outcomes, compared to other service delivery models.

In part, this reflects the fact that government preschools are more readily within the control of state and territory governments, compared to non-government preschools and, especially, preschool in LDC. In jurisdictions with a predominant school-based service delivery model, there also tends to be a community understanding that preschool is an important year of learning. This means government preschool is a lever that can be used with greater ease to facilitate the achievement of outcomes.

Examining the level of improvement from 2008 to 2013, in terms of the proportion of children enrolled in a preschool programme and the proportion enrolled in a preschool programme available for at least 15 hours per week, Queensland has demonstrated the greatest comparative level of improvement. Queensland’s majority service delivery model is preschool in LDC, suggesting that delivery through LDC has served as an important mechanism in increasing access to preschool and, in turn, raising the participation rate in this jurisdiction.

In summary, the available data does not indicate that one system is necessarily more effective than others as there is no clear pattern in terms of service delivery models and
progress towards achievement of the National Partnerships’ objectives. Evidently, different service delivery models have proven more or less successful in different contexts and other factors, such as the level of sector engagement and the flexibility and responsiveness of implementation, have proven important to overall effectiveness.

Taking a broader perspective of effectiveness, including whether cost has not been a barrier to participation and that children’s early learning and development and transition to school has been facilitated, achievement of these objectives and outcomes is, at the highest level, evidenced in the reported participation outcomes and the quality focus in the National Partnership (augmented by the National Quality Framework). As more time elapses, the ability to observe impacts in areas such as children’s learning and development will be enhanced and hence the ability to examine effectiveness at a wider level will be greater.

Further information on effectiveness of service delivery models is provided in Chapter 4.

### Efficiency of service delivery models

**Term of Reference 2**

The following definition of efficiency was adopted for the review:

Efficiency may consider the extent to which outputs have been achieved in a cost efficient manner; the extent to which benefits of the agreement are commensurate with the funding provided; and the extent to which implementation of the agreement has aimed to generate maximum outcomes for each dollar invested, recognising that in some cases, changes in outcomes may not be measureable within the life of the NP UAECE.

At the outset, as highlighted in the box on page v above, it should be recognised that only a limited amount of data was provided in relation to the cost of preschool service delivery (again noting the difference between cost and expenditure). This limits the depth of analysis that could be undertaken to examine efficiency of service delivery or analysis of the cost of maintaining universal access into the future. For this reason, the modelling with respect to efficiency utilises a stylised efficient cost construct and analyses this alongside current expenditure.

The scope for achievement of efficiency in the delivery of preschool is limited by the stringent regulation of the sector, which places minimum standards under both labour and capital inputs, and strict controls around other aspects of services’ operations. That said, there exists considerable variation in both per-child expenditure and the estimated-per child cost of preschool delivery across jurisdictions.

Much of this variation can be explained based on differences in wages – which are governed heavily by industrial agreements – and educator to child ratios (noting that despite the NQF, regulated educator to child ratios are not uniform across the nation). As only regulated educator to child ratios are known – not actual operating ratios – the efficiency with which the labour force is actually utilised is difficult to analyse with precision.
Since service delivery costs are higher in remote areas – by virtue of higher staffing costs in remote areas, typically smaller class sizes and higher capital infrastructure costs (at least upfront) – the share of children enrolled in remote services also impacts unit cost variation. Again, this is simply a fact of the sector’s characteristics, rather than a source of efficiency/inefficiency in and of itself (except to the extent that it can be overcome by technology and/or innovative staff utilisation methods).

Where genuine scope for efficiencies does lie is in the utilisation of fixed costs and overheads. Achievement of economies of scale and scope serve as a source of efficiency, however their significance is limited by the relatively small role that these inputs play in the overall cost of service delivery (which are dominated by the wage costs of contact educators).

The implication of these findings is that sector characteristics have a far greater bearing on service delivery costs than efficiency itself. Legacy factors are influential.

Noting the data limitations outlined on page v, what is apparent is that service delivery costs are lower in LDC compared to other delivery models and jurisdictions that have a significant share of preschool delivered thought LDC (NSW, Victoria, Queensland) are, consequently, at the lower cost end of the spectrum. This is almost entirely a result of wage differentials (economies of scope play a small part although these are also achieved in school settings). It should be noted that once Australian Government funding through the NP UAECE and CCB and CCR is taken into account along with parental fees or levies, the service delivery cost differential between LDC compared to other delivery models is less prominent.

While this could be interpreted as suggesting that overall cost savings would be achieved by shifting a greater proportion of delivery into LDC, it should be noted that: (i) this would be a relatively radical shift for those jurisdictions where preschool is embedded in schooling; and (ii) the wage differential could be expected to narrow over time and this narrowing would be accelerated by greater levels of delivery through LDC.

Ultimately, any consideration of the cost of delivering preschool should be cognisant of the benefits that flow from participation in quality early learning – that is, the return that the investment generates. United States longitudinal studies have reported returns to investment of between 3.78% and 10.15% (in aggregate). There is no equivalent Australian based longitudinal research available.

At this stage, it is too early to empirically analyse the benefits accruing from the increased participation in quality preschool programmes that the National Partnerships have achieved and how these relate to the level of funding that has been invested.

Further information on efficiency of service delivery models is provided in Chapter 4.

Enablers, impediments and interactions
Terms of Reference 1(d) and 5

States and territories and the Australian Government provided their views on the key enablers and impediments for effective implementation of the NP UAECE.
Key **enablers** from the perspective of **states and territories** include:

- Investing in stakeholder relationships and adopting a collaborative approach to policy implementation
- Flexibility in implementation
- Thorough planning prior to implementation
- Australian Government funding and support
- Utilisation of existing (school) infrastructure
- Change from financial years in the NP ECE to calendar years in the NP UAECE.

Key **enablers** from the perspective of the **Australian Government** include:

- Australian Government funding
- Commitment by the majority of states and territories
- Positive response from the preschool sector
- Development of a nationally consistent dataset
- NQF requirement for early childhood teachers in centre-based services.

Key **impediments** from the perspective of **states and territories** include:

- Uncertainty with regard to ongoing Australian Government funding
- Ensuring the teacher workforce has appropriate qualifications
- Higher cost of preschool delivery for certain cohorts and locations.

Key **impediments** from the perspective of the **Australian Government** include:

- Delays in finalisation of implementation plans and progress reports
- Minimal transparency as to how funds were spent
- Governments’ fiscal position
- Burdensome administration requirements to determine outcomes
- No single data source to measure performance
- Ongoing discussions about measurement against performance benchmarks.

The NP UAECE was also noted to **interact with several other initiatives in the early childhood and national reform space**, including: the National Early Years Learning Framework and jurisdictions’ early years learning frameworks; the NQF; the National Partnership Agreement for Indigenous Early Childhood Development; the Australian Early Development Index; and the National Information Agreement on Early Childhood Education and Care. The impact of these interactions has varied, with some bearing positively on the NP UAECE and others, at times, posing tensions.

*Further information on enablers, impediments and interactions is provided in Chapter 5.*
Funding of universal access
Terms of Reference 3, 4, 6 and 7

Appropriateness of current funding arrangements

Under the NP ECE, funding allocations were calculated based on (1) the gap that each jurisdiction was required to bridge to achieve universal access, in terms of the participation rate and programme delivery hours and (2) jurisdictional characteristics that drive variation in service cost delivery, such as remoteness and socio-economic disadvantage. Given the objective of achieving a universal national benchmark, aligning resource allocations with the magnitude of the gap between current performance and the aspiration was appropriate. While the allocation mechanism was appropriate between jurisdictions, the appropriateness of the overall funding envelope under the NP ECE could not be assessed, given the available information regarding its derivation. This means that the overall NP ECE funding allocation does not provide a suitably robust basis for informing future funding arrangements or examining the funding required to maintain universal access.

In comparison, funding allocations under the NP UAECE were based on the proportion of the four year old population in each jurisdiction, with no loadings applied. While the approach to allocations under the NP UAECE was simplified, this was consistent with the fact that the vast disparities in participation rates and delivery hours had largely dissipated – that is, jurisdictions had moved closer to achieving consistent levels of participation and delivery – and with the expectation that the NP ECE would achieve universal access. That is, while the NP ECE was focused on implementation and the ramping up of participation and delivery hours, the NP UAECE had a stronger emphasis on maintenance of universal access. Again, in the absence of information regarding its derivation, the appropriateness of the aggregate national allocation could not be assessed and its utility, therefore, in informing future funding is extremely limited.

Funding required to maintain universal access

Based on current expenditure, the total, system-wide government funding required to maintain universal access is estimated at around $1.7 billion in 2015, increasing to $2.0 billion in 2019. These figures represent the total cost across all governments (excluding contributions from parent fees) of maintaining a universal, 600 hour per-year preschool model. These figures assume a participation rate of 95% for all jurisdictions in 2015, or higher if jurisdictions have already achieved a higher participation rate. Critically, they are also derived based on current expenditure levels (rather than efficient costs). To the extent that efficiency gains can be achieved – and the unit expenditure on preschool can be reduced – the system-wide funding requirement will be reduced commensurately.

Future funding considerations

How – and indeed whether – this system-wide cost continues to be met by governments is primarily a decision for policy makers. In broad terms, the options for meeting the system-wide cost are via a model of shared funding across the Australian Government and states/territories, or entirely by one level of government. The fact that the underlying basis for the aggregate allocations under the two National Partnerships cannot be established
based on the available information means the principles that guided earlier decisions are not readily carried through to today’s context.

In addition, unlike the NP ECE, where funding allocations could be governed by the principle of ‘bridging the gap’, there are no clear guidelines on the extent to which this projected cost of maintaining universal access may be met by state and territory governments vis-à-vis the Australian Government. That is, there is no longer a material gap in participation and hours upon which funding allocations can be based. There is also a difference between the cost required to progress towards universal access, and the cost required to maintain universal access.

However, there are a range of considerations that are relevant to the policy deliberations regarding future funding (be that the split of funding between states/territories and the Australian Government; or any national allocations across states and territories):

• **Capturing the variation in efficient unit costs**
  - In principle, any funding allocations (irrespective of the source of that funding) should encourage states and territories to cultivate a preschool sector which achieves its participation and children’s outcomes as efficiently as possible.
  - However, there are some cost drivers that are genuinely beyond the reasonable control of government, such as remoteness, which should reasonably be recognised in funding allocations. Any recognition of variation in efficient cost must also ensure that inefficiency is not inadvertently rewarded.

• **Maximising parent contributions in an appropriate way**
  - The long term sustainability of universal access would be enhanced by the elicitation of greater levels of private funding, provided safeguards are in place for equity/priority groups.
  - However, models under which delivery of preschool is primarily through the government school sector face legislative barriers to the levying of parent fees, therefore limiting the scope for parent contributions to play a greater role in future funding. Should any avenues for introducing mandatory private contributions exist, these should be explored by an agency with suitable legislative expertise.

• **Recognising the variation in the current funding composition**
  - The contribution by the Australian Government to preschool delivery varies across jurisdictions. While under the NP UAECE allocations are essentially constant on a per-child basis, differences in the extent to which CCB and CCR are accessed led to significant differences in the overall contribution by the Australian Government on a jurisdictional basis.
  - To the extent that, under any possible future funding arrangements, the Australian Government seeks to provide a more consistent per-child contribution to preschool across jurisdictions, these differences could be recognised.

• **Governments’ relative capacity to pay**
  - Looking forward, the fiscal position of governments will impact on their ability to fund universal access. Whether universal access is affordable and sustainable is ultimately a question for policymakers, given the fiscal
environment, reform priorities and the relative standing of different early childhood initiatives.

- Most states and territories, as well as the Australian Government, are currently undergoing a period of fiscal consolidation. Over the longer term, fiscal pressures are expected to be more pronounced for states and territories, due to increased health expenditure.

- The current review environment
  - Decisions regarding future funding will inevitably be informed by the outcomes of a range of reviews recently completed or currently underway, including the Productivity Commission’s Inquiry into Child Care and Early Childhood Learning, the National Commission of Audit and the 2014 Review of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care (NP NQA).
  - Recognition should also be given to the changed national context between 2008 and 2014, in particular the establishment of the National Quality Framework which requires an early childhood teacher at all approved centre-based services.

Should it be deemed appropriate that the funding responsibility for preschool continue to be shared across the Australian and state and territory governments, as well as the principles above, future funding should give consideration to the resourcing implications that the National Partnerships have generated. That is, the extent to which they have increased delivery hours and participation relative to baseline levels. In average terms, relative to 2008, delivery hours have increased by 3.2 and the rate of participation has increased by 20 percentage points (noting that, excluding Queensland, this figure is six percentage points).³

*Further information on future funding of universal access is provided in Chapter 6.*

**Conclusions**

The NP UAECE and preceding NP ECE have led to an increase in preschool participation across Australia and within each state and territory. In 2013, 98% of Australian children were enrolled in a quality preschool programme in the year before full-time schooling for at least one hour. This exceeded the 95% performance benchmark in the NP UAECE.

However, most performance targets in the NP UAECE were not achieved at the national level, with mixed performance among jurisdictions.

Overall, Tasmania and Western Australia evidenced high achievement of NP UAECE outcomes; however, these states also demonstrated a relatively high cost of preschool delivery compared to other jurisdictions (which, the available evidence suggests, is primarily reflective of legacy factors and sector characteristics, such as minimal preschool enrolments in LDC, rather than inherent inefficiency).

Ultimately, jurisdictional characteristics – including service delivery profile and associated legacy factors, funding mix, socio-economic profile and geographic profile – influenced the

³ Based on proportion of children enrolled in a preschool programme.
level of achievement (either positively or negatively) in some states and territories. However, in some cases, the level of achievement cannot be as clearly explained by these characteristics.

Policymakers are now tasked with determining the appropriate way forward for both the policy and its funding, in a fiscal environment which has changed markedly and at a time when several other policy reviews have the potential to bear significantly on the future landscape in the sector.

Deloitte Access Economics
1 Introduction

On 29 November 2008, the Australian Government and states and territories committed to ensuring that by 30 June 2013, children had access to a quality early childhood programme in the twelve months before full-time schooling for 15 hours per week, 40 weeks per year, delivered by a four year degree qualified early childhood teacher.

Known as universal access, this policy objective was set out in the National Partnership Agreement on Early Childhood Education (NP ECE), which was implemented from November 2008 to June 2013. Additional elements of universal access included early childhood programmes being delivered in accordance with the National Early Years Learning Framework⁴, across a diversity of settings in a form that met the needs of parents and at a cost that did not present a barrier to participation.

Under the NP ECE, the Australian Government provided $955 million to states and territories over the five financial years to 30 June 2013, to assist with the implementation and achievement of universal access.

The National Partnership Agreement on Universal Access to Early Childhood Education (NP UAECE) began implementation on 1 July 2013. The objective was maintaining universal access under the NP ECE.

Funding under the NP UAECE covers service delivery from 1 July 2013 to 31 December 2014. The NP UAECE expires on 30 June 2015 (or on completion of the project), including acceptance of final performance reporting and processing of final payments against performance benchmarks. In total, around $655.6 million in Australian Government funding has been allocated to states and territories over the life of the Agreement. This brought total Australian Government funding under both the NP ECE and the NP UA ECE to approximately $1.6 billion.

As the level of government with primary responsibility for preschool delivery, over the period 2008-09 to 2012-13, states and territories also invested around $4.3 billion in quality early childhood programmes.⁵

Given that funding under the NP UAECE ceases at the end of this calendar year, it stipulates that a review of the Agreement be undertaken and completed by 30 June 2014.

On behalf of all Parties to the Agreement, the Australian Government Department of Education engaged Deloitte Access Economics to undertake the review.

⁴ The Early Years Learning Framework is part of the COAG reform agenda for child care and early learning which describes the principles, practices and outcomes that support and enhance young children’s learning from birth to five years of age, as well as their transition to school.

⁵ This figure, from the 2014 Report on Government Services, includes recurrent expenditure only. Note that capital expenditure has not been included as this data is not available for the Northern Territory, Tasmania or NSW in 2011-12 and 2012-13.
Overview of the NP UAECE

The NP UAECE has slightly changed preschool delivery hours compared to the NP ECE. It states that children, in the year before full-time schooling, should have access to a quality early childhood education programme delivered for 600 hours a year, rather than 15 hours per week for 40 weeks per year (as required under the NP ECE). This change was introduced so that programme hours no longer needed to be evenly distributed over the year, allowing services greater flexibility in providing early childhood education programmes to children, including through internet and mobile services for remote locations, or through a combination of different services.

The NP UAECE also aligned qualifications requirements to the National Quality Framework (NQF). Under the NP ECE, programmes were required to be delivered by a four year university qualified early childhood teacher (with bilateral agreement to allow three year trained teachers). In comparison, the NP UAECE requires that programmes are delivered by a degree qualified early childhood teacher who meets the NQF requirements, which includes a number of ‘grandfathered’ qualifications.

States and territories were required to develop Implementation Plans, in partnership with the Australian Government, detailing strategies and actions for:

• the maintenance of universal access, with a focus on the improved participation of vulnerable and disadvantaged children in a manner that meets the needs of children, parents and communities and ensures that cost is not a barrier to participation.

• children living in remote Indigenous communities to remain a focus for Universal Access with an ongoing commitment to ensure that every Indigenous four year old in a remote community has access to a quality early childhood education programme.

Table 1.1 sets out when Implementation Plans were provided and agreed to for each jurisdiction. The Implementation Plans were due by 1 July 2013, with a milestone payment of 30% of the 2013-14 funding allocation for each jurisdiction linked to the Australian Government receiving and accepting the Implementation Plan.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Initial version of NP UAECE Implementation Plan signed by state minister</th>
<th>Date agreed</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>21 October 2013</td>
<td>2 December 2013</td>
</tr>
<tr>
<td>NSW</td>
<td>10 December 2013</td>
<td>—</td>
</tr>
<tr>
<td>NT</td>
<td>6 February 2014</td>
<td>—</td>
</tr>
<tr>
<td>QLD</td>
<td>27 September 2013</td>
<td>19 November 2013</td>
</tr>
<tr>
<td>SA</td>
<td>2 August 2013</td>
<td>18 November 2013</td>
</tr>
<tr>
<td>TAS</td>
<td>30 October 2013</td>
<td>2 December 2013</td>
</tr>
<tr>
<td>VIC</td>
<td>26 November 2013</td>
<td>13 January 2014</td>
</tr>
<tr>
<td>WA</td>
<td>18 July 2013</td>
<td>6 November 2013</td>
</tr>
</tbody>
</table>

Jurisdictions are also required to submit Progress Reports, which outline progress on their Implementation Plan and provide information regarding achievement of performance
benchmarks or other issues that have arisen. The first Progress Report was due by 20 December 2013, with the second one due by 20 December 2014. A milestone payment of 30% of the annual funding allocation for each jurisdiction is linked to the Australian Government receiving and accepting the Progress Report.

Table 1.2 sets out when Progress Reports due by 20 December 2013 were provided and agreed to for each jurisdiction.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Initial version of 2013 Progress Report signed by state minister</th>
<th>Date agreed</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>8 January 2014</td>
<td>24 February 2014</td>
</tr>
<tr>
<td>NSW</td>
<td>AG has not yet received (as at 27 June 2014)</td>
<td>—</td>
</tr>
<tr>
<td>NT</td>
<td>AG has received draft Progress Report</td>
<td>—</td>
</tr>
<tr>
<td>QLD</td>
<td>2 January 2014</td>
<td>24 February 2014</td>
</tr>
<tr>
<td>SA</td>
<td>20 December 2014</td>
<td>24 February 2014</td>
</tr>
<tr>
<td>TAS</td>
<td>8 January 2014</td>
<td>24 February 2014</td>
</tr>
<tr>
<td>VIC</td>
<td>27 February 2014</td>
<td>22 April 2014</td>
</tr>
<tr>
<td>WA</td>
<td>20 December 2014</td>
<td>24 February 2014</td>
</tr>
</tbody>
</table>

Note: AG = Australian Government

Detailed objectives, outcomes and outputs of the NP UAEC are included in Appendix A.

**Purpose and scope of the review**

The review, to be completed by 30 June 2014, has two key aims, as outlined in Clause 36 of the NP UAEC:

1. to assess the degree to which the agreed objectives and outcomes and/or outputs of the NP UAEC have been achieved
2. to inform decisions regarding the appropriate treatment following its expiry.

Clause 37 of the NP UAEC further states that the review of the Agreement should consider whether the Agreement has had an impact on both access to, and participation in, quality early childhood education programmes in such a way that further funding beyond the expiry of the Agreement may be required if those levels are to be maintained and improved.

To provide a more detailed scope for the review, terms of reference (TOR) in line with the requirements outlined in Clause 36–37(a) of the NP UAEC were endorsed by the Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC) and the Standing Council on School Education and Early Childhood (SCSEEC).6

---

6 AEEYSOC comprises senior officials for school education and early childhood education and care in Australia and New Zealand and is responsible for the provision of policy advice and supervision and coordination of SCSEEC’s work across its advisory bodies and working groups. SCSEEC comprises state government, territory government, Australian Government and New Zealand Ministers with portfolio responsibilities in school education.
Box 1: Terms of reference for the NP UAECE review

The scope of the review will address:

1. The degree to which the agreed objectives and outcomes and/or outputs of the NP UAECE have been achieved, including:
   - whether universal access has been achieved or maintained, both nationally and by each jurisdiction
   - whether universal access for Indigenous, vulnerable and disadvantaged children has been achieved and to what extent, nationally and by jurisdiction
   - the need for a workable definition of vulnerable and disadvantaged children which will enable nationally comparable measurement of outcomes
   - barriers to the effective implementation of the NP UAECE and other lessons learnt from the implementation of the NP UAECE.

2. The efficiency and effectiveness of service delivery models in each jurisdiction, including:
   - settings
   - cost drivers including remoteness and/or location of services
   - actual cost of delivery
   - Australian Government and state and territory government contributions to the cost
   - the most efficient and effective model of delivery taking into account contextual factors.

3. The appropriateness of current funding arrangements, including allocations of Australian Government and funding contributions of each jurisdiction, and whether current funding mechanisms are appropriate for achieving the objectives under the NP UAECE.\(^7\)

4. Providing an estimated cost for maintaining universal access in the future.

5. Potential connections across other initiatives e.g. Australian Early Development Index, National Information Agreement, the National Partnership Agreement on the National Quality Agenda (NP NQA) and the national education reform agenda.

6. Reflecting on the extent to which access and participation has been achieved, what is the impact on post-NP UAECE arrangements, including funding.

7. Options for future funding arrangements following the expiry of the NP UAECE.

8. The effectiveness of the National Partnership Agreement on Early Childhood Education (NP ECE) in achieving its outcomes.

Approach

Deloitte Access Economics’ approach to undertaking the NP UAECE review was comprised of four broad stages:

1. **Data and evidence gathering, including sourcing of data held in central Australian Government repositories, and sourcing of data and qualitative evidence from states and territories through consultations**
   - Discussions were held with those responsible for collecting and collating data held in central repositories, including the Australian Bureau of Statistics (for the 2013 National Early Childhood Education and Care Collection) and the Australian Government Department of Education (for the 2013 Early Childhood education, early childhood development and youth affairs. SCSEEC provides a forum through which strategic policy on school education and early childhood development can be coordinated at the national level.

\(^7\) The current funding arrangements are described in Chapter 2.
Education and Care Workforce Census and the Child Care Management System). Detailed data requests were prepared and distributed to representatives of these central repositories.

- A consultation background paper\(^8\) was prepared and distributed to states and, providing background to the review and detailing a series of qualitative and quantitative questions. Face-to-face consultations were conducted with each state and territory during a two week period in February 2014. The consultation schedule is included at Appendix B and the consultation background paper at Appendix C.

- The data collection process was hampered by several factors including limited capacity or capability on the part of state governments and state government elections in several jurisdictions.

- After multiple extensions were provided, the end result was that, other than cost information which – beyond wages – was very limited, the data requests were satisfied by state and territory governments.
  - The lack of cost information impacts on the degree of analysis regarding efficiency of service delivery models (Term of Reference 2) and providing an estimated cost for maintaining universal access in the future (Term of Reference 4).
  - The main uncertainty with respect to the data underpinning this analysis therefore lies not in areas where data is lacking, but in the self-reported nature of the information which was provided and the limited mechanisms of validation which can be applied to verify the veracity of the data.

2. Development of a Microsoft Excel-based cost, participation and expenditure model to aid the analysis of effectiveness, efficiency and future funding

- A purpose-built model was constructed to:
  - collate and analyse data in relation to expenditure on preschool programmes by parents, the Australian Government and state and territory governments
  - produce bottom-up estimates of preschool service delivery costs (abstracting away from actual expenditure or funding) and
  - project future funding based on anticipated growth in preschool participation and service delivery costs.

- A model specifications document\(^9\) was developed and distributed to states and territories for comment, with feedback incorporated prior to finalisation of the model specifications.

3. Population of the expenditure model and generation of modelling outputs

- Following the receipt of data from central repositories and states and territories, the expenditure model was populated accordingly. Modelling outputs were generated and quality assurance processes were undertaken.

4. Analysis of findings and reporting

\(^8\) Review of the NP UAECE and cost modelling: Consultation background paper, distributed to states and territories on 5 February 2014.

\(^9\) Specifications of the modelling to inform the reviews of the NP UAECE and NQA, distributed to state and territories on 6 February 2014.
- Quantitative and qualitative data was analysed and preliminary findings were prepared. These preliminary findings were presented at an Early Childhood Policy Group (ECPG) workshop on 18 March 2014, attended by all jurisdictions.
  - While the original intention of the workshop was to provide preliminary findings of all jurisdictions, at this point, only one jurisdiction had fully satisfied the data request and, consequently, aspects of the analysis were incomplete.
  - A number of issues with underlying data were identified during and after this workshop resulting in revisions to the analysis and its findings.
  - Feedback from this workshop was incorporated into the analysis and preparation of the draft report, prior to its circulation to ECPG representatives for comment.

Report structure

The remainder of the report is structured as follows:

- **Chapter 2** – Overarching context - provides the jurisdictional context for the review’s analysis and findings, describing the service delivery, socio-economic and geographic profile across jurisdictions. It also outlines the policy goals of universal access, including the evidence that informed the original universal access commitment, and progress made by jurisdictions since 2008.
- **Chapter 3** – Performance against NP UAECE benchmarks - considers whether universal access has been achieved against agreed performance benchmarks under the NP UAECE. *This chapter addresses TOR 1(a)-(c) and 8.*
- **Chapter 4** – Effectiveness and efficiency of service delivery models - discusses the effectiveness and efficiency of preschool service delivery models. *This chapter addresses TOR 2.*
- **Chapter 5** – Enablers, impediments and interactions - outlines the enablers and impediments for effective implementation of the NP UAECE and interaction with other Australian Government initiatives, as indicated by states and territories during consultations. *This chapter addresses TOR 1(d) and 5.*
- **Chapter 6** – Funding of universal access - canvases the cost of maintaining universal access and outlines considerations for future funding arrangements beyond the expiry of the NP UAECE. *This chapter addresses TOR 3, 4, 6 and 7.*

**Box 2: Note on terminology**

For ease of reading, throughout this report ‘preschool’ is used to refer to ‘quality early childhood programmes as defined in the NP UAECE.’

These programmes provide structured, play-based early childhood education delivered by a degree qualified early childhood teacher in accordance with the National Early Years Learning Framework and the National Quality Framework. They are also delivered in the year before full-time schooling in a diversity of settings, including long day care centre-based services, stand-alone preschools and preschools attached to schools.

An alternative term for preschool in some jurisdictions is 'kindergarten'.
2 Overarching context

To provide context for the analysis and findings throughout the report, this chapter describes the complexity of preschool service delivery models in each jurisdiction and state-specific socio-economic and geographic characteristics. It also outlines the policy rationale for the universal access commitment, and the progress made by jurisdictions since 2008.

2.1 Service delivery profile

Traditionally, state and territory governments have been responsible for the delivery of preschool education. The national context has also changed between 2008 and 2014, with the establishment of the National Quality Framework requiring an early childhood teacher at all approved centre-based services.

In Australia, preschool programmes are delivered in a range of settings. The 2013 Early Childhood Education and Care National Minimum Data Set (NMDS)\(^ 10 \) categorises preschool delivery models into three main types:

- **Government preschool** – this includes all government-managed services, such as those funded and delivered through state and territory government schooling systems and those delivered by local government.
- **Non-government preschool** – this includes community-managed services (such as private not-for-profit services provided or managed by parents, charity organisations, churches or co-operatives), private for-profit services, Independent schools, Catholic schools and other services such as employer sponsored services.
- **Long Day Care (LDC) centre with a preschool programme** – these services are usually funded by the Australian Government through the Child Care Benefit (CCB) and Child Care Rebate (CCR), parents’ fees and, in some cases, state or territory government funding.

Each jurisdiction has a different service delivery profile – that is, the proportion of preschool enrolments for each service delivery model varies by jurisdiction, as shown in Chart 2.1. The chart also shows the total number of preschool enrolments for each preschool delivery model in each jurisdiction.

---

\(^{10}\) The NMDS is a list of specifications that underpin the collection of nationally consistent data on preschool programme delivery and participation, across states and territories and a wide range of services delivering preschool programmes.
Chart 2.1: Share of preschool enrolments by provider type in 2013

Source: Table 3, National Collection. Supplementary adjustment has been made to the proportion of South Australian enrolments in government preschool and preschool in LDC due to a misclassification in the National Collection; government preschool enrolments have also been adjusted to reflect the one-off impact of transitioning to a single intake preschool enrolment policy, as agreed in South Australia’s Implementation Plan. Note that the National Collection does not allocate some children to a provider type, as they are enrolled in more than one type of service; in this chart, these children have been allocated across provider types as per the current share of enrolments for each provider type in each individual jurisdiction.

The chart shows that the majority of preschool enrolments in the Northern Territory, South Australia, Tasmania, Western Australia, and the ACT are in government preschool. In contrast, the majority of preschool enrolments in Queensland and NSW are in LDC services. Victoria has more of a balance across non-government preschool and preschool in LDC. NSW, Queensland, Western Australia and Tasmania also have a relatively high number of enrolments in non-government preschool, compared to the Northern Territory, South Australia and the ACT. For the Northern Territory, Tasmania and Western Australia, there are very few enrolments in preschool in LDC.

Within the broad category of non-government preschool, there is further differentiation between jurisdictions, as shown in Chart 2.2.
In the Northern Territory, Tasmania and Western Australia, all non-government preschool enrolments are either in independent schools or Catholic schools, although the Northern Territory has relatively more enrolments in independent schools and Tasmania and Western Australia have relatively more enrolments in Catholic schools.

Notably, nearly all non-government preschool enrolments in NSW, Queensland and Victoria are in community-managed services. That is, they are operated by volunteer parent committees, charity organisations or churches. Across Australia, there are very few enrolments in private for-profit preschools, in the vicinity of 460 enrolments.

In summary, the mix of services delivery models across jurisdictions is complex. Not only is there variation in service delivery profile at the highest level (i.e. the mix of delivery through government preschool, non-government preschool and preschool in LDC models), there is further variation in the non-government preschool delivery profile across jurisdictions.

**Current funding arrangements**

There are four main funding sources for preschool programmes, noting that the relative contribution of each source varies significantly across jurisdictions:

- **State or territory government** – as governments are responsible for the provision of preschool in each jurisdiction, the relevant state or territory government is the main funding source for preschools provided through the government school system. State
and territory governments also provide a funding contribution to non-government preschools, typically through a per capita funding model. A small number of jurisdictions also make a funding contribution towards the provision of preschool in LDC.

- State and territory governments generally also provide targeted programmes or initiatives that typically aim to increase the preschool participation of vulnerable and disadvantaged children, such as inclusion support programmes for children with disability and parental engagement programmes. In Victoria, Queensland and New South Wales, fully (or close to fully) subsidised preschool is also available to vulnerable and disadvantaged children, such as children from low income families and Indigenous children.

- **Australian Government** – subsidises eligible preschool programmes delivered in LDC through the CCB and CCR. The Australian Government also provides funding to state and territory governments through the NP UAECE (and the previous NP ECE), to meet the objectives of the National Partnership during the period in which the Agreement applies. State and territory governments may choose to use National Partnership funds as a contribution towards the cost of delivering preschool programmes, however the use and allocation of this funding is a matter for each government.\(^{11}\)

- **Parent fees** – for non-government preschools and preschool in LDC, parent fees typically bridge the gap between the cost of delivering a preschool programme and the level of government funding provided. Government schools are legislatively prohibited from charging fees – rather, they are only able to charge non-compulsory levies.

- **Local government** – in a small number of jurisdictions, local government makes a direct funding contribution through its delivery of preschool programmes (although the state or territory government also subsidises the cost to some degree). Local government also provides in-kind support in some jurisdictions, for example, the provision of facilities and peppercorn rent.

Chart 2.3 shows the share of *recurrent funding* by state and territory governments, the Australian Government – through National Partnership allocations and its contribution through CCB and CCR – and parent fees. The share of funding varies based on a number of factors, including the adopted policy position of governments and the service delivery profile in each jurisdiction.

In determining the share of recurrent funding for 2012-13, the following approach has been employed:

- Funding by state and territory governments is estimated based on data provided throughout consultations and subsequent data collection endeavours.

  - This data allows the derivation of total recurrent outlays on preschool program delivery, noting that the source of these outlays is a combination of both National Partnership allocations and state/territory government finances.

\(^{11}\) The Australian Government also provides indirect funding for preschool through targeted expenditure, such as through the National Partnership Agreement on Indigenous Early Childhood Development (NP IECD). For example, the NP IECD provides funding for, *inter alia*, the integration of early childhood services through Children and Family Centres.
To determine what proportion of these outlays is state/territory government funding and what proportion is NP allocations, average NP funding has been netted off the estimated total recurrent outlays (see description below).

As the introduction to this report notes, while the expenditure data provided was relatively comprehensive, its primary limitation lies in its self-reported nature and the fact that there are limited bases upon which this information can be independently verified.

State funding includes core recurrent preschool expenditure and targeted programme expenditure, but excludes any capital expenditure.

Australian Government National Partnership funding has been estimated based on the average reported in the Report on Government Services (ROGS) over the four years from 2009-10 to 2012-13.

The average payment across the four years was used as it was evident from the data collected that there was not alignment between when NP funding was received by states and territories and when it was expended. Hence 2012-13 NP allocations could not be utilised to determine 2012-13 outlays of NP receipts by states and territories.

Requests for data to overcome this were not met by provision of the requisite information by the majority of states and territories.

Recurrent funding provided the Australian Government through CCB and CCR has been modelled based on current subsidy rates and eligibility thresholds. The estimates are based on two key data sources — the National Collection and CCMS data. The current number of enrolments attending preschool in a LDC setting is sourced from the National Collection, with the CCMS data used to calculate the hourly fee for four year old enrolments provided through CCMS. In addition, the CCMS data also provides the share of gross fees which are subsidised through CCB and CCR contributions.

Capital funding provided under Australian Government programmes or other National Partnerships have not been included.

Parent contributions have been modelled based on CCMS fee data (in the case of LDC programmes) and fee data collected from states and territories.
Note the data presented in this chart relates solely to direct preschool funding. Under various circumstances, including preschool delivered through the schooling sector, other funding streams will indirectly contribute to meeting the recurrent costs of preschool delivery.

The underlying figures for this chart are shown in Table 2.1.

**Table 2.1: Preschool recurrent funding estimates for 2012-13 ($ million)**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>State/territory funding</th>
<th>Commonwealth UA funding (through the NPs)</th>
<th>Commonwealth CCB/CCR funding (for LDC)</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>152.6</td>
<td>68.2</td>
<td>112.2</td>
<td>161.1</td>
</tr>
<tr>
<td>VIC</td>
<td>214.8</td>
<td>51.5</td>
<td>80.8</td>
<td>118.8</td>
</tr>
<tr>
<td>QLD</td>
<td>59.4</td>
<td>64.3</td>
<td>108.3</td>
<td>95.5</td>
</tr>
<tr>
<td>SA</td>
<td>104.9</td>
<td>16.0</td>
<td>8.7</td>
<td>8.1</td>
</tr>
<tr>
<td>WA</td>
<td>221.9</td>
<td>24.0</td>
<td>3.8</td>
<td>19.3</td>
</tr>
<tr>
<td>TAS</td>
<td>40.3</td>
<td>5.0</td>
<td>0.9</td>
<td>3.1</td>
</tr>
<tr>
<td>ACT</td>
<td>22.1</td>
<td>3.2</td>
<td>4.2</td>
<td>6.8</td>
</tr>
<tr>
<td>NT</td>
<td>24.3</td>
<td>3.9</td>
<td>0.4</td>
<td>0.3</td>
</tr>
</tbody>
</table>

The chart and table show that states and territories with a higher proportion of preschool enrolments in LDC have a relatively higher share of Australian Government CCB and CCR funding, while those with a higher proportion of preschool enrolments in government preschools have a relatively lower share of parent fees and a higher share of state and territory government funding. There is also wide variation in the proportion of funding that constitutes parent fees across jurisdictions, ranging from around 30% of total recurrent funding in NSW, Queensland and Victoria, to less than 10% in the Northern Territory, Tasmania, South Australia and Western Australia.
The contribution by local government has not been included in the chart and table, as it generally provides either in-kind support or capital funding, rather than recurrent funding per se. It should nevertheless be noted that local government has played a significant role in the implementation of universal access in several jurisdictions, Victoria being the most notable example. Capital expenditure by state and territory governments and the Australian Government that supports the implementation of universal access should also be acknowledged. Table 6.4 in Chapter 6 outlines the annual net capital expenditure by jurisdictions from 2008-09 to 2012-13, as reported in the 2014 Report on Government Services.

### 2.2 Socio-economic profile

#### Socio-economic disadvantage

The Socio-Economic Indexes for Areas (SEIFA) provides an indication of the level of socio-economic disadvantage within each jurisdiction. Chart 2.4 shows, for 2013, the estimated percentage of the four and five year old population in the lowest quintile of SEIFA-Index of Relative Socio-economic Disadvantage (IRSD) i.e. in the most disadvantaged areas.

**Chart 2.4: Estimated share of four and five year old population in lowest quintile of SEIFA-IRSD, 2013**

![Chart showing estimated share of four and five year old population in lowest quintile of SEIFA-IRSD, 2013]

Source: Special data request to the ABS.

The chart shows that the Northern Territory and Tasmania had a significantly higher proportion of four and five year old children in areas of greatest disadvantage when compared to other jurisdictions, although South Australia and NSW also had over 20% of

---

12 From 2009 to 2012, local government in Victoria contributed $216 million in capital expenditure, for the development and upgrade of early childhood infrastructure.

13 Developed by the ABS using five-yearly Census data, SEIFA ranks geographic areas in Australia according to relative socio-economic advantage and disadvantage. SEIFA comprises four indexes: the Index of Relative Socio-Economic Disadvantage; the Index of Relative Socio-Economic Advantage and Disadvantage; the Index of Education and Occupation; and the Index of Economic Resources.
the four and five year old population in areas that are most disadvantaged. In contrast, SEIFA-IRSD shows that less than 2% of the ACT’s four and five year old population resided in areas of greatest disadvantage.\footnote{Reservations about the use of SEIFA as an indicator of disadvantage in the ACT are outlined in Chapter 3.}

**Indigenous children**

Chart 2.5 shows the proportion of four and five year old children in each jurisdiction who were identified as having an Indigenous background in 2013.

**Chart 2.5: Estimated share of four and five year old population identified as an Indigenous Australian, 2013**

In all jurisdictions apart from the Northern Territory, less than 10% of the four and five year old population were identified as having an Indigenous background. Significantly, over 40% of the Northern Territory’s four and five year old population had an Indigenous background. In comparison to the national figure of 5%, Tasmania, Queensland and Western Australia had a relatively greater proportion of the population who were identified as from an Indigenous background.

**Developmental vulnerability**

The Australian Early Development Index (AEDI) is a population measure of children’s development as they enter the first year of full-time schooling, that reports on five domains: physical health and wellbeing; social competence; emotional maturity; language and cognitive skills; and communication skills and general knowledge. Chart 2.6 shows the proportion of children in each state and territory who are developmentally vulnerable on two or more domains (i.e. children who have a particularly high risk of being developmentally vulnerable).
Chart 2.6: Proportion of children developmentally vulnerable on two or more domains, 2012


The chart shows that the Northern Territory, Queensland, South Australia and Western Australia are above the national average of 11% in terms of the proportion of children who are developmentally vulnerable on two or more domains, with the Northern Territory noticeably higher than other states and territories. The remaining four jurisdictions have relatively similar levels of children developmentally vulnerable on two or more domains.

2.3 Geographic profile

Chart 2.7 shows the geographic distribution of the four and five year old Australian population by remoteness area in 2013.
The chart highlights the variation in geographic profile across states and territories. Whereas the entire four and five year old cohort in the ACT is classified as being within a major city, the entire cohort in the Northern Territory and Tasmania are classified as being in either regional or remote areas.

Furthermore, in the Northern Territory, half of the entire cohort is located in remote or very remote areas. Western Australia has the second highest share in remote or very remote areas, although at 7%, this is somewhat less than the Northern Territory. Notably, the Northern Territory has 29% of all enrolments in very remote locations with the next highest being Western Australia at 3% of enrolments.

### 2.4 Policy rationale for universal access

The policy goals of universal access are enshrined in the NP ECE and NP UAECE. As outlined in Chapter 1, under the NP ECE, the Australian Government and states and territories committed to ensuring that by 30 June 2013, children had access to a quality early childhood programme in the twelve months before full-time schooling for 15 hours per week, 40 weeks per year, delivered by a four year degree qualified early childhood teacher.

The policy goal was slightly reframed in the NP UAECE, although the overarching intention remained the same. Rather than having access to a quality early childhood education programme for 15 hours per week for 40 weeks per year, the policy goal was changed to access to a quality early childhood education programme delivered for 600 hours per year, to allow services greater flexibility in providing early childhood education programmes. The NP UAECE also aligned teacher qualifications requirements to the NQF.

*The policy goals were informed by strong evidence on the benefits of investing in early learning, together with evidence on the importance of quality (teacher qualifications) and*
quantity (number of programme hours) in generating positive outcomes for children and optimising the return on investment.

The benefits of participating in quality early learning from birth to school have been articulated by a number of researchers, including James Heckman from the University of Chicago. His research on the economics of early human development made several key conclusions:15

1. Inequality in early childhood experiences and learning leads to inequality in ability, achievement, health and life success.

2. Adverse genetic, parental and environmental impacts can be addressed through investments in quality early childhood education that equips children and their families with the resources to properly develop cognitive, social and emotional skills.

3. Investment in early education for disadvantaged children from birth to 5 years helps reduce the achievement gap, reduce the need for special education, increase the likelihood of healthier lifestyles, lower the crime rate and reduce overall social costs.

A number of international longitudinal studies have shown that participation in quality early childhood education and care has beneficial outcomes for children, even after ten years of intervening experiences from multiple influences (Sylva et al, 2012) and has a positive, long-lasting association with students’ literacy, numeracy and logical problem-solving competencies and their social skills (Wylie et al, 2006). It should be noted that the E4Kids study in Australia, which will conclude in 2015, will provide the first Australian assessment of the impact of participation in a range of early childhood education programmes.

With regard to quantity, the literature also suggests that a higher number of hours in early learning can enhance the developmental benefits for children, especially for low income families.

Aggregating the individual and societal benefits of participating in quality early learning and comparing them to the costs of delivering the programmes yields an estimate of return on investment. Three international long-term panel studies conducted in the US have attempted to quantify the return on investment in early learning (the Perry Preschool/High Scope project; the Chicago Child Parent Center project; and the Abecedarian study). These studies, which are all based on a disadvantaged cohort, reported returns to investment ranging from 3.78% to 10.15% (in aggregate).

In years to come, after benefits have more fully manifested, return on investment analysis could also be undertaken in the context of the NP ECE and NP UAECE.

2.5 Progress towards universal access since 2008

Finally, as context to the review of the NP UAECE, it is important to consider the progress made by jurisdictions since 2008; that is, since the original National Partnership – the NP

15 Heckman (2011)
ECE – was agreed. Table 2.2 shows the broad level of improvement achieved by jurisdictions from 2008 to 2013, against:

1. the proportion of children enrolled in a preschool programme
2. the proportion of children enrolled in a preschool programme available for at least 15 hours per week.

The 2013 results are taken from Chapter 3 of this report – please see Chapter 3 for more detail regarding how these results were calculated.

A number of significant caveats should be noted in relation to the below table, including that the estimates for each indicator are based on different sources and are therefore not directly comparable.

However, the purpose of the information in the table is to give a broad indication of the extent of improvement on a per-jurisdictional basis.

Table 2.2: Indicative progress over time, by jurisdiction

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proportion enrolled in a</td>
<td>Proportion enrolled in a</td>
</tr>
<tr>
<td></td>
<td>preschool programme for</td>
<td>preschool programme for</td>
</tr>
<tr>
<td></td>
<td>at least one hour¹</td>
<td>at least 15 hours per</td>
</tr>
<tr>
<td></td>
<td></td>
<td>week²</td>
</tr>
<tr>
<td>Act</td>
<td>94%</td>
<td>14%</td>
</tr>
<tr>
<td></td>
<td>100%*</td>
<td>93%</td>
</tr>
<tr>
<td>NSW</td>
<td>82%</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>82%</td>
<td>59%</td>
</tr>
<tr>
<td>NT</td>
<td>84%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>97%</td>
<td>93%</td>
</tr>
<tr>
<td>QLD</td>
<td>29%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>95%</td>
</tr>
<tr>
<td>SA</td>
<td>87%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>100%*</td>
<td>87%</td>
</tr>
<tr>
<td>TAS</td>
<td>97%</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>100%*</td>
<td>97%</td>
</tr>
<tr>
<td>VIC</td>
<td>96%</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>100%*</td>
<td>83%</td>
</tr>
<tr>
<td>WA</td>
<td>95%</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>97%</td>
</tr>
</tbody>
</table>

Notes: ‘Preschool programme’ has been defined differently across the various data sources used in the table and therefore estimates are not directly comparable between years and jurisdictions. Rounding has been applied to some figures. NA = not available.

* These figures have been reported as 100%. Due to numerator-denominator bias, the raw figures are greater than 100%.

1. Source: Figure included in each state and territory’s Bilateral Agreement on Achieving Universal Access to Early Childhood Education for ‘the proportion of children who are enrolled in (and attending, where possible to measure) an Early Childhood Education Programme’.

2. Source: Figure included in each state and territory’s Bilateral Agreement on Achieving Universal Access to Early Childhood Education for ‘the proportion of children enrolled in an Early Childhood Education Programme that is available for 15 hours per week’.

3. Source: Table 3.2 of this report (‘Achievement of access to quality programmes’).

4. Source: Table 3.3 of this report (‘Achievement of programme availability’).

The following charts are based on Table 2.2 and further illustrate the level of improvement achieved by jurisdictions over time.
From Chart 2.8, it can clearly be seen that Queensland has demonstrated a significant level of improvement in preschool enrolments in the year before full-time schooling, especially given its very low baseline position. The Northern Territory and South Australia have also made noticeable improvements. Naturally, for other jurisdictions that had a high baseline, improvements have been more marginal – although all jurisdictions have evidenced an upward trend, apart from NSW.
Chart 2.9: Proportion of children enrolled in a preschool programme available for at least 15 hours per week

Note: Figures are taken from Table 2.2 above.

Chart 2.9 shows that all jurisdictions have made significant gains in enrolments in 15 hour programmes, compared to the baseline. However, NSW has a comparatively lower level of improvement, particularly as it had the highest baseline of all jurisdictions.

In summary, since 2008, substantial progress has been made towards ensuring universal access to preschool for Australian children. In almost every state and territory, the proportion of children in the year before full-time school enrolled in preschool increased to either full, or close to full.

Considerable progress has also been made with regards to enrolments in preschool programmes available for at least 15 hours a week. Compared to 2008, when only four jurisdictions had children enrolled in programmes available for 15 hours (with relatively small numbers of enrolments in such programmes), in 2013 in almost every jurisdiction, more than 80% of children who were enrolled in a preschool programme were enrolled in a programme available for 15 hours a week.

The following chapter – *Performance against NP UAECE benchmarks* – considers whether universal access has been achieved in 2013, through the lens of NP UAECE performance indicator results.
3 Performance against NP UAECE benchmarks

The terms of reference for the NP UAECE review require an assessment of the degree to which the agreed objectives, outcomes and outputs of the NP UAECE have been achieved, including whether universal access has been achieved or maintained, both nationally and by jurisdiction.

Box 3: Chapter 3 key findings – Performance against NP UAECE benchmarks

A summary of NP UAECE key performance indicator results for 2013, at a national level and for each jurisdiction, is provided in the table below.

Detailed descriptions of the performance indicators, including data sources and calculation methodologies, are provided in the body of Chapter 3. All jurisdictions agreed to the 2013 National Collection as it constitutes the most up-to-date nationally comparable data for achievement of universal access. Further information on the use of 2013 National Collection data is provided throughout Chapter 3.

It should be noted that the attendance results in the table below represent the proportion of enrolled children who attend, in the year before full-time schooling, quality early childhood education programmes for at least one hour per week (under the NMDS, a child is considered to be attending a preschool programme if they are present for at least one hour during the data collection reference week). The attendance results do not show attendance for 15 hours a week.

<table>
<thead>
<tr>
<th>Access to quality programmes</th>
<th>Programme availability</th>
<th>Attendance for at least one hour*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Benchmark</strong></td>
<td>All children</td>
<td>Vulnerable and disadvantaged#</td>
</tr>
<tr>
<td>NATIONAL</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>ACT</td>
<td>100%*</td>
<td>100%*</td>
</tr>
<tr>
<td>NSW</td>
<td>82%</td>
<td>72%</td>
</tr>
<tr>
<td>NT</td>
<td>97%</td>
<td>77%*</td>
</tr>
<tr>
<td>QLD</td>
<td>100%*</td>
<td>90%*</td>
</tr>
<tr>
<td>SA</td>
<td>100%*</td>
<td>100%*</td>
</tr>
<tr>
<td>TAS</td>
<td>100%*</td>
<td>100%*</td>
</tr>
<tr>
<td>VIC</td>
<td>100%*</td>
<td>100%*</td>
</tr>
<tr>
<td>WA</td>
<td>100%</td>
<td>94%*</td>
</tr>
</tbody>
</table>

* Attendance figures represent the proportion attending for at least one hour per week as a proportion of preschool enrolments.

# At present, there is no nationally agreed definition of vulnerable and disadvantaged children. For the purpose of the NP UAECE review, states and territories agreed to the use of the following nationally comparable definition: _Children in the lowest quintile in the ABS Socio-Economic Indexes for Areas (SEIFA) – Index of Relative Socio-Economic Disadvantage (IRSD)._ Limitations associated with identifying and reporting on
vulnerable and disadvantaged children are outlined in Chapter 3.2.

\^ This is a 2014 benchmark. Annual targets for jurisdictions have been agreed to in the Implementation Plans and take into account jurisdictions’ starting point and move to 90% over time.

\* These figures have been reported as 100%. Due to numerator-denominator bias, the raw figures are greater than 100%.

\# In these jurisdictions, there are a number of children who have unknown SEIFA-IRSD classifications. These children have been distributed proportionally across the quintiles.

Note: The teacher qualifications performance indicator has not been included in the table as directly applicable data for this indicator is not currently available. The programme availability for vulnerable and disadvantaged children performance indicator has not been included in the table as data for this indicator is not currently available.

With regard to the NP UAECE key performance indicators of access to quality programmes and programme availability, and noting that proxy data has been used to report on achievement:

\* **At a national level, the access to quality programmes performance indicator was met in 2013.**

Over 95% of Australian children were enrolled in a quality preschool programme in the year before full-time schooling (setting aside achievement of teacher qualifications, given the noted data limitations). All but one jurisdiction, NSW (which achieved 82%), met this benchmark.

\* **At a national level, the access to quality programmes for vulnerable and disadvantaged children performance indicator was not met in 2013.**

86% of vulnerable and disadvantaged children in Australia were enrolled in a quality preschool programme in the year before full-time schooling, falling short of the performance benchmark of 95%. However, four jurisdictions did meet this benchmark (ACT, SA, Tasmania and Victoria).

\* **At a national level, the access to quality programmes for Indigenous children performance indicator was not met in 2013.**

94% of Indigenous children in Australia were enrolled in a quality preschool programme in the year before full-time schooling, falling just short of the 95% performance benchmark. However, five jurisdictions did meet the performance benchmark (the ACT, SA, Tasmania, Victoria and WA).

\* **At a national level, the programme availability performance indicator was not met in 2013.**

82% of enrolled Australian children were enrolled in a preschool programme for at least 15 hours per week in the year before full-time schooling (as a proxy for enrolment in 600 hour programmes), falling short of the 95% performance benchmark. Nevertheless, three jurisdictions met this benchmark (Queensland, Tasmania and WA).

\* **At a national level, the programme availability for Indigenous children performance indicator was not met in 2013.**

87% of enrolled Indigenous children in Australia were enrolled in a preschool programme for at least 15 hours per week, falling short of the benchmark. Nevertheless four jurisdictions – including three with a relatively high Indigenous population – achieved above the benchmark (the NT, Queensland, Tasmania and WA).

\* Due to data limitations, it has not been possible to report against the programme availability for vulnerable and disadvantaged children performance indicator.

This chapter outlines the extent to which the overarching universal access commitment has been achieved, based on performance against NP UAECE benchmarks. It also examines the
achievement of universal access for vulnerable and disadvantaged children, as well as Indigenous children based on the NP UAECE’s increased focus on vulnerable and disadvantaged children.

As agreed between all jurisdictions, the primary data source for reporting performance under NP UAECEC is the 2013 National Early Childhood Education and Care Collection (the National Collection). Underlying data was collected by states and territories in August 2013, with the verified dataset published by the ABS in March 2014. The 2013 National Collection is the most up-to-date nationally comparable data for achievement of universal access.

However, as the 2013 National Collection data was collected based on NP ECE performance indicators, given that performance indicators in the NP UAECE are worded differently, there is not a perfect alignment between the data and the NP UAECE performance indicators.

This means that, for the teacher qualifications and programme availability for vulnerable and disadvantaged children performance indicators, Deloitte Access Economics has not been able to report on achievement by states and territories. For other performance indicators, however, the available 2013 National Collection data provides a proxy measure of achievement, as there is a more tangible link between the data and the wording of the NP UAECE performance indicator.

These limitations were known to governments prior to the commencement of this review. Steps are being taken by the ABS to address these issues for the 2014 National Collection.

It should be further noted that a number of jurisdictions have indicated that additional progress has been made in achieving universal access since August 2013, and have provided data to this effect. However, the presentation of a nationally comparable and consistent picture of universal access achievement post-August 2013 is not possible until the 2014 National Collection is available

### 3.1 Overarching universal access commitment

The NP UAECE aims to ensure:

*The Parties are committed to maintaining Universal Access to quality early childhood education programme(s) for all children in the year before full-time school for 600 hours per year, delivered by a degree qualified early childhood teacher who meets the National Quality Framework requirements with a focus on participation by vulnerable and disadvantaged children ... (Clause 5, page 2).*

*This Agreement will contribute to continuing reforms under the National Partnership on Early Childhood Education and facilitate children’s early learning and development and transition to school through maintaining Universal Access to and improving participation in affordable, quality early childhood education programme(s) ... (Clause 14, page 4).*

---

Four key performance indicators are included in the NP UAECE, to determine the achievement of this outcome:

- teacher qualifications
- access to quality programme
- programme availability
- attendance.\(^\text{17}\)

### 3.1.1 Teacher qualifications

The first key performance indicator in the NP UAECE – teacher qualifications – is defined as:

*The proportion of early childhood education programmes delivered by a degree qualified early childhood teacher who meets the National Quality Framework requirements. Performance benchmark/target – 95% (Table 1, page 7).*

Data collected in August 2013 for the purpose of the National Collection was based on the definition under the previous NP ECE – that is, the number of teachers delivering preschool programmes who are four year university trained and early childhood qualified.\(^\text{18}\) It should also be noted that the 2013 target under the NP ECE was to reach bilaterally agreed performance benchmarks, making the target for teachers variable across jurisdictions.\(^\text{19}\) Therefore, noting these issues, it has not been possible to directly report against the NP UAECE indicator using the National Collection. Accurate data against this performance benchmark will not be available until the 2014 National Collection is released in March 2015.

Nevertheless, the National Collection data represents the best available information in relation to this performance indicator and has been used in Table 3.1.

**Table 3.1: Achievement of teacher qualifications**

<table>
<thead>
<tr>
<th>Performance indicator:</th>
<th>The proportion of early childhood education programmes delivered by a degree qualified early childhood teacher who meets the National Quality Framework requirements.</th>
</tr>
</thead>
</table>
| PERFORMANCE BENCHMARK/TARGET\(^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^\text{^}\text{a}}}
### Performance indicator results

Achievement against the NP UAECE performance benchmark cannot be determined, given the data issues and limitations described above.

#### 3.1.2 Access to quality programmes

The second key performance indicator in the NP UAECE – access to quality programmes – is defined as:

*The proportion of children enrolled in the year before full-time school in quality early childhood education programme(s). Performance benchmark/target – 95% of children (Table 1, page 7).*

National Collection data has been used as a proxy to report on achievement of access to quality programmes, with results for this performance indicator shown in Table 3.2.
Table 3.2: Achievement of access to quality programmes

<table>
<thead>
<tr>
<th>Performance indicator:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The proportion of children enrolled in the year before full-time school in quality early childhood education programme(s).</td>
</tr>
<tr>
<td>PERFORMANCE BENCHMARK/TARGET*: 95% of children</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2013 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL</td>
</tr>
<tr>
<td>ACT</td>
</tr>
<tr>
<td>NSW¹</td>
</tr>
<tr>
<td>NT</td>
</tr>
<tr>
<td>QLD</td>
</tr>
<tr>
<td>SA²</td>
</tr>
<tr>
<td>TAS</td>
</tr>
<tr>
<td>VIC</td>
</tr>
<tr>
<td>WA</td>
</tr>
</tbody>
</table>

Source: National Collection

* Performance benchmark/target derived from Table 1, NP UAECE

~ See Box 4 below for an explanation of how the national result was calculated.

* These figures have been reported as 100%. Due to numerator-denominator bias, the raw figures are greater than 100%. Further detail about numerator-denominator bias is provided in Box 4 below.

1. As the NSW Implementation Plan has not yet been agreed, no supplementary data adjustment has been made to the NSW result. This applies throughout the remainder of the report i.e. no supplementary data adjustment has been made to any NSW results.

2. The numerator for SA has been divided by 0.79 as per SA’s Implementation Plan, to reflect the one-off impact of transitioning to a single intake preschool enrolment policy.

Data source and notes

The numerator is the number of four and five year old children enrolled in a preschool programme in 2013, drawn from Table 3 of the National Collection. The NP UAECE specifies the use of data on children in the year before full-time schooling (YBFS). In the National Collection, the YBFS cohort (e.g. Table 5) excludes children repeating preschool — that is, five year old children who attended a preschool programme as a four year old are excluded from the YBFS population. However, as these repeating children are nevertheless participating in a preschool programme in the YBFS, for the purposes of calculating performance indicators in this review, they have been included in the estimates.

The denominator is the estimated resident population (ERP) of four year olds as at 30 June 2013, drawn from the ABS Australian Demographic Statistics publication for the June Quarter 2013.

Performance indicator results

At a national level, the performance benchmark for access to quality programmes was met (at 98%). All jurisdictions except NSW met the performance benchmark.
Box 4: Note on numerator-denominator bias and calculation of national results

**Numerator-denominator bias** occurs where the numerator and denominator come from different sources, with different collection standards and methods. This can lead to a percentage greater than 100.

For example, in the case of Table 3.2, some raw percentages are greater than 100 because the numerator data includes some children (five year olds) that the denominator (the ERP of four year olds as at 30 June 2013) does not include.

Throughout the report, any percentages over 100 have been reduced back to 100 (with this cap noted accordingly).

However, numerator-denominator bias is not exclusive to percentages over 100. Any reported results where the numerator and denominator come from different sources are likely to be subject to numerator-denominator bias.

Note that for each performance indicator, the *national result is calculated as an average using raw data* from the National Collection. This means that, for the purpose of calculating the national result, where there are any raw figures greater than 100%, these are used rather than a capped figure of 100%. This also results in a higher national average, than if capped figures were used.

### 3.1.3 Programme availability

The third key performance indicator in the NP UAECE – programme availability – is defined as:

*The proportion of enrolled children, enrolled in the year before full-time school in quality early childhood education programme(s) available for 600 hours per year. Performance benchmark/target – 95% of enrolled children* (Table 1, page 7).

Currently, data on the proportion of children enrolled 600 hour programmes (over a year) is not available due to National Collection data being based on the definition under the previous NP ECE – that is, the terminology relates to 15 hours per week. Both NSW and South Australia note that the National Collection does not provide data on the proportion of children enrolled for at least one hour in a programme or programmes that are cumulatively available for 600 hours per year and instead focuses on the number of hours for which a child is enrolled, regardless of how many hours the programme is offered for. Enrolments in programmes for 15 hours or more per week is used as the main proxy for this performance indicator, shown in Table 3.3. Enrolment for the other bands of hours – less than 10 hours a week and between 10 and 14 hours per week – is included for information only.
Table 3.3: Achievement of programme availability

**Performance indicator:**
The proportion of enrolled children, enrolled in the year before full-time school in quality early childhood education programme(s) available for 600 hours per year.

**PERFORMANCE BENCHMARK/TARGET\(^\ast\):** 95% of enrolled children

<table>
<thead>
<tr>
<th></th>
<th>For information: Enrolled for less than 10 hours per week as a proportion of preschool enrolments in 2013</th>
<th>For information: Enrolled for 10-14 hours per week as a proportion of preschool enrolments in 2013</th>
<th>Main proxy: Enrolled for 15 hours or more per week as a proportion of preschool enrolments in 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL</td>
<td>5%</td>
<td>13%</td>
<td>82%</td>
</tr>
<tr>
<td>ACT</td>
<td>3%</td>
<td>4%</td>
<td>93%</td>
</tr>
<tr>
<td>NSW</td>
<td>12%</td>
<td>29%</td>
<td>59%</td>
</tr>
<tr>
<td>NT</td>
<td>3%</td>
<td>4%</td>
<td>93%</td>
</tr>
<tr>
<td>QLD</td>
<td>3%</td>
<td>2%</td>
<td>95%</td>
</tr>
<tr>
<td>SA(^1)</td>
<td>4%</td>
<td>9%</td>
<td>87%</td>
</tr>
<tr>
<td>TAS</td>
<td>1%</td>
<td>2%</td>
<td>97%</td>
</tr>
<tr>
<td>VIC</td>
<td>3%</td>
<td>14%</td>
<td>83%</td>
</tr>
<tr>
<td>WA</td>
<td>1%</td>
<td>2%</td>
<td>97%</td>
</tr>
</tbody>
</table>

Source: National Collection

\(^\ast\) Performance benchmark/target derived from Table 1, NP UAECE

1. The numerator and denominator for SA have been divided by 0.79 as per SA’s Implementation Plan, to reflect the one-off impact of transitioning to a single intake preschool enrolment policy – therefore there is no net effect on the figure.

**Data source and notes**

The numerator for the main proxy is the number of four and five year old children enrolled in a preschool programme for 15 hours or more per week in 2013, drawn from Table 21 of the National Collection. As previously noted, children repeating a preschool programme in the YBFS have been included in the estimates.

The denominator for the main proxy is the total number of children enrolled in a preschool programme in 2013, drawn from Table 3 of the National Collection.

**Performance indicator results**

At a national level, the performance benchmark for programme availability was not met. Three jurisdictions met this performance benchmark – Tasmania, Western Australia and Queensland.
3.1.4 Attendance

The fourth key performance indicator in the NP UAECE attendance – is defined as:

*The proportion of enrolled children who attend, in the year before full-time school, quality early childhood education programme(s) available for 600 hours per year (Table 1, page 7).*

Table 3.4 sets out data relating to attendance in preschool:

- the proportion of enrolled children attending for at least one hour per week, as a proportion of preschool enrolments;
- the proportion of enrolled children attending for less than 10 hours per week, as a proportion of preschool enrolments;
- the proportion of enrolled children attending for between 10 and 14 hours per week, as a proportion of preschool enrolments; and
- the proportion of enrolled children attending for 15 hours or more per week, as a proportion of preschool enrolments.

Under the NMDS, a child is considered to be attending a preschool programme if they are present for at least one hour during the data collection reference week. Therefore, attendance for at least one hour per week is the main proxy for this performance indicator, with attendance for the other bands of hours included for information only.

**Table 3.4: Achievement of attendance**

**Performance indicator:** The proportion of enrolled children who attend, in the year before full-time school, quality early childhood education programme(s) available for 600 hours per year.

**PERFORMANCE TARGET FOR 2014**: 90% of enrolled children

<table>
<thead>
<tr>
<th>Proxy</th>
<th>Main proxy: 1. Attending for at least one hour per week as a proportion of preschool enrolments in 2013</th>
<th>For information: 2. Attending for less than 10 hours per week as a proportion of preschool enrolments in 2013</th>
<th>For information: 3. Attending for 10-14 hours per week as a proportion of preschool enrolments in 2013</th>
<th>For information: 4. Attending for 15 hours or more per week as a proportion of preschool enrolments in 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL</td>
<td>98%-------------------------------------------------------------------------------------------------------</td>
<td>19%</td>
<td>12%-------------------------------------------------------------------------------------------------------</td>
<td>69%-------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>ACT</td>
<td>98%-------------------------------------------------------------------------------------------------------</td>
<td>12%</td>
<td>10%-------------------------------------------------------------------------------------------------------</td>
<td>78%-------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>NSW</td>
<td>98%-------------------------------------------------------------------------------------------------------</td>
<td>29%</td>
<td>18%-------------------------------------------------------------------------------------------------------</td>
<td>53%-------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>NT</td>
<td>88%-------------------------------------------------------------------------------------------------------</td>
<td>11%</td>
<td>33%-------------------------------------------------------------------------------------------------------</td>
<td>55%-------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>QLD</td>
<td>98%-------------------------------------------------------------------------------------------------------</td>
<td>13%</td>
<td>8%-------------------------------------------------------------------------------------------------------</td>
<td>79%-------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>SA¹</td>
<td>99%-------------------------------------------------------------------------------------------------------</td>
<td>25%</td>
<td>12%-------------------------------------------------------------------------------------------------------</td>
<td>63%-------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>TAS</td>
<td>98%-------------------------------------------------------------------------------------------------------</td>
<td>18%</td>
<td>10%-------------------------------------------------------------------------------------------------------</td>
<td>73%-------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>VIC</td>
<td>96%-------------------------------------------------------------------------------------------------------</td>
<td>19%</td>
<td>14%-------------------------------------------------------------------------------------------------------</td>
<td>67%-------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
Deloitte

At a national level, the performance benchmark for attendance was met, with 98% of enrolled children attending a preschool programme for at least one hour per week, as a proportion of preschool enrolments (noting this is a proxy for attendance of programmes available for 600 hours per year and that the 90% performance target is a 2014 target).

<table>
<thead>
<tr>
<th>WA</th>
<th>100%</th>
<th>2%</th>
<th>1%</th>
<th>97%</th>
</tr>
</thead>
</table>

Source: National Collection

^ Performance target derived from Table 1, NP UAECE and the state and territory Implementation Plans (note the agreed performance targets for NSW and the NT are not as yet available). It should also be noted that annual targets agreed to in the Implementation Plans take into account jurisdictions’ starting point and move to 90% over time.

1. The numerator and denominator for SA have been divided by 0.79 as per SA’s Implementation Plan, to reflect the one-off impact of transitioning to a single intake preschool enrolment policy – therefore there is no net effect on the figure.

Data source and notes

Underlying data sources for each proxy are outlined below. For all proxies, children repeating a preschool programme in the YBFS have been included in the estimates.

- **Proxy 1** – The proportion of enrolled children who attend, in the YBFS, quality early childhood education programmes for at least one hour per week.
  - The numerator is the total number of four and five year old children attending a preschool programme in 2013 for at least one hour, drawn from Table 4 of the National Collection. The denominator is the total number of four and five year old children enrolled in a preschool programme in 2013, drawn from Table 3 of the National Collection.

- **Proxy 2** – The proportion of enrolled children who attend, in the YBFS, quality early childhood education programmes for less than 10 hours per week.
  - The numerator is the total number of four and five year old children attending a preschool programme in 2013 for less than 10 hours, drawn from Table 4 of the National Collection. The denominator is the total number of four and five year old children enrolled in a preschool programme in 2013, drawn from Table 3 of the National Collection.

- **Proxy 3** – The proportion of enrolled children who attend, in the YBFS, quality early childhood education programmes for between 10 and 14 hours per week.
  - The numerator is the total number of four and five year old children attending a preschool programme in 2013 for between 10 and 14 hours, drawn from Table 4 of the National Collection. The denominator is the total number of four and five year old children enrolled in a preschool programme in 2013, drawn from Table 3 of the National Collection.

- **Proxy 4** – The proportion of enrolled children who attend, in the YBFS, quality early childhood education programmes for 15 hours or more per week.
  - The numerator is the total number of four and five year old children attending a preschool programme for 15 hours or more per week, drawn from Table 22 of the National Collection. The denominator is the total number of four and five year old children enrolled in a preschool programme in 2013, drawn from Table 3 of the National Collection.

Performance indicator results

At a national level, the performance benchmark for attendance was met, with 98% of enrolled children attending a preschool programme for at least one hour per week, as a proportion of preschool enrolments (noting this is a proxy for attendance of programmes available for 600 hours per year and that the 90% performance target is a 2014 target).
All jurisdictions apart from the Northern Territory met the performance benchmark.

### 3.2 Vulnerable and disadvantaged children

The NP UAECE has an increased focus on vulnerable and disadvantaged children. A specified outcome of the NP UAECE is that:

> ... vulnerable and disadvantaged children have access to and participate in an affordable, quality early childhood education programme ... (paragraph 14(a), page 4).

Two key performance indicators are included in the NP UAECE, to demonstrate the achievement of this outcome:

- access to quality programme
- programme availability.

To this end, a range of strategies have been implemented across the country to support access to and participation in quality preschool programmes among vulnerable and disadvantaged children. These are summarised in Box 5, below.

At the outset, it should be noted that there are some limitations on accurately identifying vulnerable and disadvantaged children in existing datasets and therefore robustly measuring the agreed performance indicators. For example, definitions of vulnerable and disadvantaged children based on low socio-economic status do not capture those children who live in middle to high income households. These limitations should be considered when assessing the achievement of agreed outcomes. The definition adopted for the purpose of the review is discussed below.

---

**Box 5: Strategies that target the participation of vulnerable and disadvantaged and Indigenous children**

An overview of strategies implemented by each jurisdiction to raise the participation of vulnerable and disadvantaged children and Indigenous children is provided below.

- **The ACT**: the ACT Preschool Matters Awareness project which seeks to support parental engagement in preschool; transition support for vulnerable families to access community services; community support programmes and partnerships with ACT Therapy, Family and Community Centres; and a Koori Preschool Programme for ATSI children aged three to five years, which provides a safe and culturally inclusive environment to support children across all areas of development.

- **NSW**: a new preschool funding model that came into effect in 2014, which provides funding at the highest rate for children from disadvantaged backgrounds (including an Indigenous background); consolidated funding for children with additional needs; mobile preschools; transition to school programmes; and Aboriginal liaison officers.

- **The Northern Territory**: mobile preschools for children in remote areas; and the Families as First Teachers programme, which focuses on parental engagement for children aged between 0 and 3 years.

- **Queensland**: funding subsidies based on the degree of disadvantage and for rural and remote locations; provision of pre-kindergarten grants to increase participation by children with culturally and linguistically diverse backgrounds and Indigenous children in priority...


3.2.1 Definition of vulnerable and disadvantaged children

At present, there is no nationally agreed definition of vulnerable and disadvantaged children to inform reporting under the NP UAECE.

The NP UAECE states that the Commonwealth and states and territories have a shared responsibility to: (1) agree a definition for monitoring purposes in Implementation Plans; and (2) collaborate to develop a nationally agreed definition over time.

In clause 47(k) of the National Partnership, it states that vulnerable and disadvantaged children are defined within each jurisdiction’s Implementation Plan, however notes that definitions may include, but are not limited to, children:

- from Aboriginal and Torres Strait Islander backgrounds;
- with disability;
- at risk of being placed in child protection or already in the child protection system;
- in communities identified as having significant vulnerabilities under the AEDI;
- in low-socio economic communities;
- who are refugees or children of refugees at risk; and
- from culturally and linguistically diverse backgrounds.
In its Implementation Plans, four states and territories – Queensland, South Australia, Tasmania and Victoria – provisionally define vulnerable and disadvantaged children as children in the lowest quintile in the ABS Socio-Economic Indexes for Areas (SEIFA) – Index of Relative Socio-Economic Disadvantage (IRSD).

Although their Implementation Plans have not yet been agreed, the Northern Territory and NSW have indicated that they agree with the provisional use of this SEIFA-based definition.

Victoria has noted that SEIFA has several limitations. As an area-based measure developed using ABS Census population data, SEIFA may not accurately capture all disadvantaged families, given some suburbs have areas of both low and high socio-economic status located in close proximity to each other. In growth areas, SEIFA may also lead to inaccurate results for suburbs that rapidly expand within the period between ABS Census reporting periods.

Victoria suggested that eligibility for the Commonwealth Health Care Concession Card (HCC) provides a more robust measure of disadvantage, given that it is a direct family-level indicator. However, Victoria acknowledges that not all jurisdictions may currently collect information on HCC holders. Additionally, HCC eligibility may not capture all vulnerable and disadvantaged children (i.e. those in medium to high income households).

In its Implementation Plan, the ACT uses AEDI to define vulnerable and disadvantaged children, as ‘children enrolled in preschool programmes within communities identified by the AEDI results as having a higher proportion of vulnerable children in two or more domains than the national average’. AEDI is used by the ACT as it believes that the SEIFA indexes are a poor predictor of individual-level disadvantage in the ACT.

Western Australia specifies in its Implementation Plan that vulnerable and disadvantaged children are defined as children enrolled in schools with an Index of Community Socio-Economic Educational Advantage (ICSEA) value in the lowest socio-economic quintile. This definition is preferred because ‘school-level ICSEA values are readily available for all schools and the community as well as the family has a bearing on children’s outcomes’. However, ICSEA has restricted application to the broader Australian preschool sector, given that ICSEA...

---

20 The Commonwealth Health Care Concession Card is issued to Australian residents who receive certain Centrelink payments (such as the Newstart Allowance, Sickness Allowance, etc.) or the maximum rate of Family Tax Benefit A. Victoria, NSW and Queensland – and South Australia, for non-government preschools – substantially subsidise the cost of preschool for families that hold a HCC, to ensure these children can attend at no to minimal cost. In Tasmania, eligibility for the Student Assistance Scheme in government preschools includes HCC holders.

21 Analysis undertaken by the ACT government using Socio-Economic Indexes for Individuals (SEIFI) – an experimental collaboration between the ABS and the ACT – shows that the ACT has one of the highest proportions of diverse suburbs i.e. high numbers of both the most and least disadvantaged individuals living in the same area. It therefore believes that the averaging effects of SEIFA, which captures area-based disadvantage, leads to under-reporting of disadvantage in the ACT (ACT Government, 2012).

22 ICSEA was created by the Australian Curriculum, Assessment and Reporting Authority (ACARA) to enable meaningful comparisons of National Assessment Programme-Literacy and Numeracy (NAPLAN) test achievement by school students across Australia. ICSEA is a scale that represents levels of educational advantage and comprises family background data, school location by metropolitan, regional or remote area and the proportion of Indigenous student enrolments in a school (ACARA, 2013). A value on the scale assigned to a school is the averaged level for all students in the particular school.
values are only available for schools (i.e. it cannot be used as a measure for non-government preschools or preschools in LDC).

**Definition for the purpose of the NP UAECE review**

In the absence of a nationally agreed definition, and given the need to use a nationally comparable definition for the purpose of reporting under the review, Deloitte Access Economics has used the following definition for vulnerable and disadvantaged children:

*Children in the lowest quintile in the ABS Socio-Economic Indexes for Areas (SEIFA) – Index of Relative Socio-Economic Disadvantage (IRSD).*

Noting the previously outlined limitations of SEIFA, Deloitte Access Economics judged that this definition provides the best available proxy for vulnerable and disadvantaged children at the present time, given nationally comparable data is available for this definition. Moreover, four of the six states and territories for which Implementation Plans have been agreed have nominated this definition as being their preferred provisional definition (until a nationally agreed definition is reached).

During the consultation phase of the review, all states and territories agreed to this definition for the purposes of reporting for the NP UAECE review. However, for jurisdictions that have specified alternative definitions in their Implementation Plans – the ACT and Western Australia – the reported results below should be viewed in this context (i.e. for jurisdictional-specific reasons, the review definition may not fully capture children who are vulnerable and disadvantaged).

**3.2.2 Access to quality programmes for vulnerable and disadvantaged children**

While not a key performance indicator, the NP UAECE includes the following performance indicator:

*The proportion of vulnerable and disadvantaged children enrolled in the year before full-time school in quality early childhood education programme(s).*  
*Performance benchmark/target – 95% of vulnerable and disadvantaged children (Table 1, page 7).*

Results for this performance indicator are shown in Table 3.5. As noted above, although a nationally comparable definition has been adopted for the NP UAECE review, with the results in the table based on this definition, some jurisdictions have outlined alternative definitions in their Implementation Plans and therefore the results should be interpreted in this context.
Table 3.5: Achievement of access to quality programmes, for vulnerable and disadvantaged children

<table>
<thead>
<tr>
<th>Performance indicator:</th>
<th>The proportion of vulnerable and disadvantaged children enrolled in the year before full-time school in quality early childhood education programme(s).</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE BENCHMARK/TARGET^:</td>
<td>95% of vulnerable and disadvantaged children</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2013 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL 86%</td>
</tr>
<tr>
<td>ACT^1 100%*</td>
</tr>
<tr>
<td>NSW 72%</td>
</tr>
<tr>
<td>NT 77%~</td>
</tr>
<tr>
<td>QLD 90%~</td>
</tr>
<tr>
<td>SA^2 100%*</td>
</tr>
<tr>
<td>TAS 100%</td>
</tr>
<tr>
<td>VIC 100%*</td>
</tr>
<tr>
<td>WA^3 94%~</td>
</tr>
</tbody>
</table>

Source: National Collection

^ Performance benchmark/target derived from Table 1, NP UAECE.
* These figures have been reported as 100%. Due to numerator-denominator bias, the raw figures are greater than 100%.
~ In these jurisdictions, there are a number of children who have unknown SEIFA-IRSD classifications. These children have been distributed proportionally across the quintiles.

1. The ACT’s Implementation Plan includes a supplementary data calculation for vulnerable and disadvantaged children, based on AEDI data. Given that a nationally comparable definition of vulnerable and disadvantaged children has been agreed for this review, the supplementary data calculation has not been applied.
2. The numerator for SA has been divided by 0.79 as per SA’s Implementation Plan, to reflect the one-off impact of transitioning to a single intake preschool enrolment policy.
3. Western Australia’s Implementation Plan includes a supplementary data calculation for vulnerable and disadvantaged children, based on ICSEA data. Given that a nationally comparable definition of vulnerable and disadvantaged children has been agreed for this review, the supplementary data calculation has not been applied.

Data source and notes

The numerator is the total number of four and five year old children enrolled in a preschool programme in locations identified as being in the first quintile of the distribution of children by SEIFA-IRSD, drawn from Table 9 of the National Collection. Children repeating a preschool programme in the YBFS have been included in the estimates.

The denominator is the estimated number of four year old children identified as being in the first quintile of the distribution of children by SEIFA-IRSD. These figures are based on the ABS 2011 Census of Population and Housing, but are not yet publicly available.
Performance indicator results

Noting the limitations associated with robustly identifying vulnerable and disadvantaged children, and therefore measuring their access to quality programmes, at a national level, the performance benchmark for access to quality programmes for vulnerable and disadvantaged children was not met. However, the ACT, Victoria, South Australia and Tasmania met the performance benchmark.

3.2.3 Programme availability for vulnerable and disadvantaged children

The NP UAECE includes the following indicator to assess programme availability for vulnerable and disadvantaged children:

*The proportion of enrolled vulnerable and disadvantaged children, enrolled in the year before full-time school in quality early childhood education programme(s) available for 600 hours per year (Table 1, page 7).*

Data on hours of enrolment in a preschool programme for children in the first quintile of the SEIFA-IRSD is not currently available. Therefore, it has not been possible to report on achievement for this indicator.

However, the profile of achievement for enrolment in 600 hour programmes by vulnerable and disadvantaged children is likely to largely reflect the results for enrolment in 600 hour programmes by the overall population (i.e. the results in Table 3.3, noting the proxy used for this indicator is enrolment in programmes for 15 hours or more per week).

3.3 Indigenous children

The NP UAECE aims to ensure that:

*... Indigenous children have access to and participate in an affordable, quality early childhood education programme ... (Clause 14(b), page 4).*

Two key performance indicators are included in the NP UAECE, to demonstrate the achievement of this outcome:

- access to quality programme
- programme availability.

3.3.1 Access to quality programmes for Indigenous children

The NP UAECE includes the following indicator to assess access to quality programmes for Indigenous children:

*The proportion of Indigenous children enrolled in the year before full-time school in quality early childhood education programme(s). Performance benchmark/target – 95% of Indigenous children (Table 1, page 7).*

Results for this performance indicator are shown in Table 3.6.
Table 3.6: Achievement of access to quality programmes, for Indigenous children

<table>
<thead>
<tr>
<th>Performance indicator:</th>
<th>The proportion of Indigenous children enrolled in the year before full-time school in quality early childhood education programme(s).</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE BENCHMARK/TARGET^:</td>
<td>95% of Indigenous children</td>
</tr>
</tbody>
</table>

**2013 results**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL</td>
<td>94%</td>
</tr>
<tr>
<td>ACT</td>
<td>100%*</td>
</tr>
<tr>
<td>NSW</td>
<td>81%</td>
</tr>
<tr>
<td>NT</td>
<td>86%</td>
</tr>
<tr>
<td>QLD</td>
<td>80%</td>
</tr>
<tr>
<td>SA^1</td>
<td>100%*</td>
</tr>
<tr>
<td>TAS</td>
<td>100%*</td>
</tr>
<tr>
<td>VIC</td>
<td>100%*</td>
</tr>
<tr>
<td>WA</td>
<td>100%*</td>
</tr>
</tbody>
</table>

Source: National Collection

^ Performance benchmark/target derived from Table 1, NP UAECE

* These figures have been reported as 100%. Due to numerator-denominator bias, the raw figures are greater than 100%.

1. The numerator for SA has been divided by 0.79 as per SA’s Implementation Plan, to reflect the one-off impact of transitioning to a single intake preschool enrolment policy.

**Data source and notes**

The numerator is the total number of four and five year old Indigenous children enrolled in a preschool programme, drawn from Table 6 of the National Collection. Children repeating a preschool programme in the YBFS have been included in the estimates.

The denominator is the ERP of four year old Indigenous children as at 30 June 2013, drawn from a special request to the ABS.

**Performance indicator results**

At a national level, the performance benchmark for access to quality programmes for Indigenous children was not met (at 94%). However, the ACT, South Australia, Tasmania, Victoria and Western Australia met the performance benchmark.

**3.3.2 Programme availability for Indigenous children**

The NP UAECE includes the following indicator to assess programme availability for Indigenous children:

The proportion of enrolled Indigenous children, enrolled in the year before full-time school in quality early childhood education programme(s) available for 600 hours per year. Performance benchmark/target – 95% of enrolled Indigenous children (Table 1, page 7).
Results for this performance indicator are shown in Table 3.7. Given data on enrolments in 600 hour programmes is not yet available, enrolments in programmes for 15 hours or more per week is used as a proxy.

Table 3.7: Achievement of programme availability, for Indigenous children

<table>
<thead>
<tr>
<th>Performance indicator:</th>
<th>The proportion of enrolled Indigenous children, enrolled in the year before full-time school in quality early childhood education programme(s) available for 600 hours per year.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE BENCHMARK/TARGET(^\d):</td>
<td>95% of enrolled Indigenous children</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2013 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL</td>
</tr>
<tr>
<td>ACT</td>
</tr>
<tr>
<td>NSW</td>
</tr>
<tr>
<td>NT</td>
</tr>
<tr>
<td>QLD</td>
</tr>
<tr>
<td>SA(^1)</td>
</tr>
<tr>
<td>TAS</td>
</tr>
<tr>
<td>VIC</td>
</tr>
<tr>
<td>WA</td>
</tr>
</tbody>
</table>

Source: National Collection

\(^\d\) Performance benchmark/target derived from Table 1, NP UAECE

1. The numerator for SA has been divided by 0.79 as per SA’s Implementation Plan, to reflect the one-off impact of transitioning to a single intake preschool enrolment policy.

Data source and notes

The numerator is the number of four and five year old Indigenous children enrolled in a preschool programme for more than 15 hours per week, drawn from Table 25 of the National Collection. Children repeating a preschool programme in the YBFS have been included in the estimates.

The denominator is the total number of Indigenous children enrolled in a preschool programme, drawn from Table 6 of the National Collection.

Performance indicator results

At a national level, the performance benchmark for programme availability for Indigenous children was not met. However, Tasmania, Western Australia, the Northern Territory and Queensland all met the benchmark.
### 4 Effectiveness and efficiency of service delivery models

The terms of reference for the NP UAECE review also require that the effectiveness and efficiency of service delivery models in each jurisdiction are examined.

#### Box 6: Chapter 4 key findings – Effectiveness and efficiency of service delivery models

Several conclusions can be drawn from the discussion about the effectiveness and efficiency of service delivery models:

**Effectiveness**

- Based on the assessment of achievement of NP UAECE outcomes and the level of improvement achieved over time, it appears that no one system is necessarily more effective than others (i.e. there is no clear pattern in terms of service delivery models).
  - However, given the achievements of individual jurisdictions, this suggests that different service delivery models have proven successful in different contexts.
  - It does appear that, for Queensland, which started from a relatively low base in terms of the proportion of children enrolled in a preschool programme, delivery through LDC has served as an important mechanism in increasing access to preschool and, in turn, raising the participation rate (that is, for achieving effectiveness).
- In considering whether broader objectives of the NP UAECE have been achieved, such as whether cost has not been a barrier to participation, where high levels of participation have been achieved, this indicates that this barrier has been overcome. Similarly, where lower levels of participation have been achieved, cost may remain a barrier.
- All jurisdictions have implemented strategies that target the participation of vulnerable and disadvantaged children and Indigenous children, indicating that achieving this NP UAECE outcome has been a priority for jurisdictions.
  - The ultimate effectiveness of these strategies is reflected in participation rates for vulnerable and disadvantaged and Indigenous children.

**Efficiency**

- The scope for achievement of efficiency in the delivery of preschool is limited by the stringent regulation of the sector, which places minimum standards under both labour and capital inputs, and the fact that industrial agreements heavily govern industry wages.
- That said, much of the variation in service delivery costs across jurisdictions can be explained based on differences in wages and educator to child ratios (noting that despite the NQF, regulated educator to child ratios are not uniform across the nation).
  - As only regulated educator to child ratios are known – not actual operating ratios – the efficiency with which the labour force is actually utilised is difficult to analyse with precision.
- Since service delivery costs are higher in remote areas – by virtue of higher staffing costs in remote areas, typically smaller class sizes and higher capital infrastructure costs (at least upfront) – the share of children enrolled in remote services also impacts unit cost variation.
  - Again, this is simply a fact of the sector’s characteristics, rather than a source of efficiency/inefficiency in and of itself (except to the extent that it can be overcome by technology and/or innovative staff utilisation methods).
• Where genuine scope for efficiencies does lie is in the utilisation of fixed costs and overheads. Achievement of economies of scale and scope serve as a source of efficiency, however their significance is limited by the relatively small role that these inputs play in the overall cost of service delivery.

• The implication of these findings is that sector characteristics have a far greater bearing on service delivery costs than efficiency itself. Legacy factors are influential.

• What is evident is that service delivery costs are lower in LDC compared to other delivery models and jurisdictions that have significant share of preschool delivered thought LDC (NSW, Victoria, Queensland) are at the lower cost end of the spectrum.
  • This is almost entirely a result of wage differentials (economies of scope play a small part).
  • While this could be interpreted as suggesting that overall cost savings would be achieved by shifting a greater proportion of delivery into LDC, it should be noted that: (i) this would be a relatively radical shift for those jurisdictions where preschool is embedded in schooling; and (ii) the wage differential could be expected to narrow over time and this narrowing would be accelerated by greater levels of delivery through LDC.

• Ultimately, any consideration of the cost of delivering preschool should be cognisant of the benefits that flow from participation in quality early learning. Noting that measure these benefits at this time is possible.

The definitions for effectiveness and efficiency, for the purpose of the NP UAECE review, were developed in accordance with the Standing Council on Federal Financial Relations, *A Short Guide to Reviewing National Partnerships* and input from Deloitte Access Economics. Definitions were endorsed by AEEYSOC and SCSEE:

**Effectiveness** is intended to address whether the NP UAECE’s objectives, agreed outcomes and/or outputs, including where they support the delivery of reform, service delivery improvement or projects, have been achieved.

**Efficiency** may consider the extent to which outputs have been achieved in a cost efficient manner; the extent to which benefits of the agreement are commensurate with the funding provided; and the extent to which implementation of the agreement has aimed to generate maximum outcomes for each dollar invested, recognising that in some cases, changes in outcomes may not be measureable within the life of the NP UAECE.

For the purpose of assessing effectiveness and efficiency, service delivery models have been aggregated into three main categories, in line with the NMDS definitions as outlined in Chapter 2: government preschool; non-government preschool; and LDC centre with a preschool programme.

**Limitations and complexities in assessing effectiveness and efficiency**

At the outset, it should be noted there are a range of limitations and complexities in assessing the effectiveness and efficiency of service delivery models in the context of achieving universal access to preschool.

Firstly, some elements of effectiveness and efficiency, as defined for the review, are unable to be robustly assessed. Given that positive outcomes for children are the ultimate goal of
the NP UAECE, any consideration of effectiveness and efficiency would ideally examine the extent to which children’s outcomes have improved and how this relates to the level of policy investment. However, children’s outcomes cannot yet be readily measured – this would require a longitudinal study, as outcomes and benefits will not fully materialise for a number of years.

However, literature on the benefits of investing in early learning – outlined in Chapter 2.4 – provides an indication of the nature and extent of positive outcomes that flow from participation in quality early learning, including preschool. The universal access policy was purposely designed to maximise the likelihood that these benefits are realised, for example by requiring that a degree-qualified early childhood teacher delivers the programme (quality) and that children participate in a programme delivered for 600 hours a year (quantity).

There are initial indications of improvement in children’s outcomes. For example, analysis of 2012 AEDI data, which captures children’s development as they enter the first year of full-time schooling, shows that there has been a reduction since 2009 in the number of children who are developmentally vulnerable on one or more domain/s. In 2012, around 22% of Australian children were developmentally vulnerable on one or more domain/s, compared to 23.6% in 2009.\(^{23}\) Another recent study by Warren and Haisken-Dew (2013), which used Longitudinal Survey of Australian Children data to examine the causal impact of preschool attendance on Year 3 NAPLAN outcomes, found a significant positive impact, particularly in the domains of Numeracy, Reading and Spelling. The direct causal effects of preschool attendance were found to be equivalent to 10 to 20 NAPLAN points or 15 to 20 weeks of schooling at the Year 3 level, three years after attending preschool. The study further found that the level and specialisation of preschool teacher qualifications are important, with children whose preschool teacher had a diploma or degree in early childhood education or child care gaining the most from attending preschool.

However, further data – which will become available over time – is required to comprehensively assess effectiveness and efficiency as per the review definitions.

Secondly, there are also a range of complexities that relate to differences in jurisdictional context:

- Foremost among these are the service delivery legacy factors in each jurisdiction.
  - Each state and territory has a unique tradition of delivering preschool. In most cases, preschool has been delivered through particular service models for many decades. Therefore, each jurisdiction is constrained to some degree by these parameters.
  - Preschool delivery is one component of the broader early childhood service delivery system in each jurisdiction, meaning a change to one element of the system (such as the preschool service delivery model) may have flow-on impacts for the effectiveness and efficiency of other elements (such as maternal child health services that may be connected to that preschool service delivery model).

• Other complexities include socio-economic and geographic factors within jurisdictions that impact on the cost of service delivery (e.g. high Indigenous population, high incidence of remoteness). This means the efficient cost of service delivery will vary depending on jurisdictional context.

Ultimately, these complexities mean that findings on effectiveness and efficiency of service delivery models cannot be considered in isolation of the jurisdictional context, and where particular jurisdictional service delivery models are found to be relatively more effective or efficient, cross-border application must be done with caution.

4.1 Effectiveness of service delivery models

Effectiveness has been defined as ‘whether the NP UAECE’s objectives, agreed outcomes and/or outputs, including where they support the delivery of reform, service delivery improvement or projects, have been achieved’.

The review’s definition of effectiveness also requires consideration of the extent to which broader objectives and outcomes of the NP UAECE have been achieved. As outlined in Appendix A, broader objectives and outcomes of the NP UAECE include that universal access is achieved “in a manner that meets the needs of children, parents and communities and ensures that cost is not a barrier to participation” (Clause 12). The NP UAECE also requires that “children’s early learning and development and transition to school” (Clause 14) will be facilitated.

Achievement of these broader objectives and outcomes is, at the highest level, evidenced in the participation outcomes reported in Chapter 3 and the quality focus in the National Partnership (augmented by the National Quality Framework). That is, where high levels of participation have been achieved, this indicates that cost has not been a barrier to participation. Where participation remains lower, particularly for some cohorts, it suggests that cost may remain a barrier.

There is also a focus on access to and participation in preschool for vulnerable and disadvantaged children and Indigenous children (Clause 14). As the information in Box 5 in Section 3 describes, a range of strategies have been deployed to support the participation of vulnerable and disadvantaged and Indigenous children. Again, participation outcomes serve as the ultimate indicator of the effectiveness of these initiatives (noting that in some instances there may be a lag between implementation of the strategy and its impacts materialising).

At a threshold level, it is well established in literature that participation in quality early learning programmes lead to a range of benefits for children, families and the economy more broadly. Indeed, this is the core motivation behind both universal access National Partnerships. As Clause 6 of the NP UAECE notes:

*The Parties recognise that achieving the policy objectives and outcomes of this Agreement will assist in improving children’s outcomes and their transition to school. Engagement with quality early childhood education programmes before full-time schooling contributes to children’s early learning, socialisation and development and has longer term benefits for children, families and*
Therefore, any service delivery model that delivers a high quality preschool programme, in accordance with current quality assurance and programme duration requirements, should in principle be effective. Further, the NP UAECE defines quality preschool as programmes that are available for 600 hours per year and delivered by a degree qualified early childhood teacher who meets the NQF requirements. This suggests that where children have participated in such programs, broader objectives such as their development and transition to school has been facilitated.

Finally, the NP UAECE requires that “achievement of the Closing the Gap target is maintained, to ensure access to early childhood education for all Indigenous four year olds in remote communities” (Clause 14(c)).

The Early Childhood Education Closing the Gap Target agreed to by the Australian Government and all state and territory governments, to ensure all Indigenous four year olds in remote communities have access to early childhood education, was due to be reached in 2013. The benchmark for the achievement of this target is 95% enrolment for Indigenous four year old children in remote communities by 2013.

A place based mapping exercise was undertaken for 2011 and 2012 to determine whether the distribution of preschool programme delivery covered the locations Indigenous children aged three to five years were living. The mapping exercise covered all states and territories except for the ACT, which has no remote locations, and Victoria, which for the reference period recorded no preschool aged Indigenous children in a remote location. The exercise for 2012 found few remote locations in Australia where access to a preschool programme was not available.

Data derived from Preschool Education Australia 2013 and population projections of the 2011 Census indicated that the target was not achieved in 2013. The data suggests that 85% of Indigenous children living in remote communities nationally were enrolled in an early childhood education programme in 2013, ten percentage points below the agreed performance benchmark for the achievement of the target.

Decisions regarding future Early Childhood Education Closing the Gap Targets are a matter for the Council of Australian Governments (COAG).

4.1.1 Measuring effectiveness

To gauge the relative effectiveness of service delivery models in a more tangible manner, it is helpful to understand the extent to which participation in high quality preschool programmes has been achieved. This is because children’s access to, and participation in, quality preschool programmes (i.e. enrolments), and the number of hours (i.e. 600 hours

24 Clause 47(g) of the NP UAECE defines a quality early childhood education programme as “a programme delivered in the year before full-time schooling in a diversity of settings, including long day care centre based services, stand-alone preschools and preschools that are part of schools. The programme is to provide structured, play-based early childhood education delivered in accordance with the Early Years Learning Framework and the National Quality Standard and delivered by a qualified early childhood teacher”.

society through increased participation, economic productivity and social inclusion.
per year) they are able to participate in, are key performance indicators in determining if universal access has been achieved.

In this regard, two key measures have been identified:

- the extent to which the outcomes of the NP UAECE have been achieved; that is, the extent to which the performance indicators have been met
- effectiveness can also be viewed from the perspective of the level of improvement that has been achieved; that is, performance relative to baseline participation.

**Box 7: Unique elements of service delivery models that may positively contribute to outcomes more broadly**

Although not formally part of the assessment of effectiveness, for contextual purposes, it is useful to consider the unique elements of preschool delivery models that may have positive impacts on effectiveness.

- **Preschool in LDC** is likely to be more convenient for working parents compared to other service delivery models, given the extended operating hours of LDC services (noting that, in some jurisdictions, preschools provided through government schools may be co-located with or located near LDC or OSHC services, providing similar benefits for parents). In turn, this may lead to higher attendance by children for longer hours over the course of a year.

- **Provision of preschool by schools or on school sites** – either government or non-government – is likely to ease the transition to full-time school to a greater extent than other service delivery models, given these children have had the opportunity to become familiar with the school environment (including, for example, by establishing patterns of attendance).

- **Community-managed preschools** – in particular, where services are managed by volunteer parent committees this generally encourages parental and community engagement in the preschool experience. A body of research has found that parental involvement with early learning has a greater impact on children’s achievement and wellbeing than other socio-economic factors such as family income, parental education or school environment.

It should also be noted that parents have the ability to provide input into school-delivered preschool, for example through school associations.

### 4.1.2 Achievement of NP UAECE outcomes

The key performance indicators of primary interest in assessing effectiveness under the NP UAECE are ‘access to quality programmes’ (i.e. proportion of children enrolled in the year before full-time school in a quality early childhood education programme) and ‘programme availability’ (i.e. the proportion of enrolled children, enrolled in the year before full-time school in a quality early childhood education programme available for 600 hours per year), including for vulnerable and disadvantaged children and Indigenous children. For the purpose of this review, it is assumed that quality preschool programmes are delivered by a degree qualified early childhood teacher who meets the NQF requirements and in accordance with the EYLF (Clause 47(g) of the NP UAECE).

Table 4.1 summarises the information regarding jurisdictions that met or exceeded the ‘access to quality programmes’ and ‘programme availability’ key performance indicator benchmarks, as detailed in Chapter 3. Note that proxy data has been used to report on achievement against these indicators (see Chapter 3 for a discussion of these issues).
The table also shows the predominant service delivery model in each jurisdiction, as indicated by National Collection data on the share of preschool enrolments in 2013 by provider type.

Table 4.1: Jurisdiction performance against agreed benchmarks in 2013*

<table>
<thead>
<tr>
<th>Majority service delivery model(^\wedge)</th>
<th>Access to quality programmes</th>
<th>Programme availability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All children</td>
<td>Vulnerable and disadvantage -ed</td>
</tr>
<tr>
<td>ACT</td>
<td>G</td>
<td>✓</td>
</tr>
<tr>
<td>NSW</td>
<td>LDC</td>
<td>x</td>
</tr>
<tr>
<td>NT</td>
<td>G</td>
<td>✓</td>
</tr>
<tr>
<td>QLD</td>
<td>LDC</td>
<td>✓</td>
</tr>
<tr>
<td>SA</td>
<td>G</td>
<td>✓</td>
</tr>
<tr>
<td>TAS</td>
<td>G</td>
<td>✓</td>
</tr>
<tr>
<td>VIC</td>
<td>NG/LDC</td>
<td>✓</td>
</tr>
<tr>
<td>WA</td>
<td>G</td>
<td>✓</td>
</tr>
</tbody>
</table>

Source: Performance indicator tables in Chapter 3 of this report.

* A ‘tick’ symbol (✓) means the benchmark was met or exceeded; a ‘cross’ symbol (x) means the benchmark was not met.

\(^\wedge\) G = government preschool; NG = non-government preschool; LDC = preschool in LDC. This information refers to the service delivery models that have the majority share of preschool enrolments in 2013, as indicated in the National Collection. NA = data not available.

Broadly, Tasmania and Western Australia have met the key NP UAECE performance benchmarks to a greater extent than other jurisdictions, followed by the ACT, Victoria, Queensland and South Australia. With the exception of Victoria and Queensland, the predominant service delivery model in these jurisdictions is government preschool.

The ACT, South Australia and Victoria performed strongly in terms of access to quality programmes, but this did not then translate to comprehensive achievement of programme availability benchmarks (although the ACT was close to meeting the benchmarks).

The table also suggests that contextual factors have an impact on performance, yet there is no clear pattern in how this manifests. For some jurisdictions, such as the Northern Territory, contextual factors (such as relatively high incidences of socio-economic disadvantage and remoteness) have a clear impact – although the Northern Territory did achieve above the benchmark for programme availability for Indigenous children and was close to achieving this for all children. In contrast, other jurisdictions have been able to overcome contextual factors to some degree, such as Western Australia, South Australia and Queensland (noting of course the extent of the socio-economic and geographic challenges for the Northern Territory, compared to other jurisdictions).

In analysing the achievement of the NP UAECE key performance indicators, it appears that government preschools may be marginally more effective in terms of achieving access to quality programmes and programme availability, compared to other service delivery...
models. In part, this reflects the fact that government preschools are more readily within the control of state and territory governments, compared to non-government preschools and, especially, preschool in LDC. In jurisdictions with a predominant school-based service delivery model, there also tends to be community understanding that preschool is an important year of learning. This means government preschool is a lever that can be used with greater ease to facilitate the achievement of outcomes. Current achievement levels must also be considered in the context of legacy outcomes. As Section 3 describes, jurisdictions with a delivery model primarily orientated around government schools have traditionally had higher rates of participation than other jurisdictions (noting that Victoria—which has more of a balance across non-government preschool and preschool in LDC model—has also historically evidenced high participation rates).

4.1.3 Level of improvement achieved

The broad level of improvement achieved by jurisdictions over time, against two key performance indicators – (1) the proportion of children enrolled in a preschool programme and (2) the proportion of children enrolled in a preschool programme available for at least 15 hours per week (or 600 hours per year) – was outlined in Chapter 2.5.

Based on this analysis, overall, Queensland appears to have demonstrated the greatest comparative level of improvement across the two indicators (and also faced the greatest gap to bridge in terms of participation and hours). Other jurisdictions that have shown notable levels of improvement compared to the baseline include South Australia and the Northern Territory.

In terms of service delivery models, Queensland has a majority service delivery model of LDC; South Australia and the Northern Territory are majority government preschool. It would appear, therefore, that the defining driver of effectiveness has not been the service delivery model. Models with a focus on preschool delivery through the schooling system have proven successful but, especially when effectiveness is considered as achievement relative to 2008 outcomes, so too have models where delivery through LDC is more prominent. At face value, both of these service delivery models could therefore be considered effective. However, rather than the model of service delivery being the factor that has defined effectiveness, the available evidence – albeit anecdotal – indicates that it has been the coordinated deployment of a complementary suite of enablers – as outlined in Chapter 5 – that has underwritten the outcomes that have been achieved.

In summary, it appears that no one system has been effective in delivery against all of the performance benchmarks under the NP UAECE. The available data does not indicate that one system is necessarily more effective than others as there is no clear pattern in terms of service delivery models and progress towards achievement of the National Partnerships’ objectives.

4.2 Efficiency of service delivery models

The definition of efficiency adopted in the Terms of Reference is a relatively broad one (refer to page 41). As well as cost efficiency, it requires consideration of the extent to which benefits of the agreement are commensurate with the funding provided; and the extent to which implementation of the agreement has aimed to generate maximum
outcomes for each dollar invested, recognising that in some cases, changes in outcomes may not be measureable within the life of the NP UAECE.

As noted at the start of this chapter, the benefits of the NP ECE and NP UAECE will take some decades to fully materialise, and a longitudinal study is the only mechanism through which a reliable empirical estimate of the return on investment could be generated.

Nevertheless, the literature strongly suggests that investment in quality early childhood education is benefit-cost positive; certainly as far as participation, compared to no participation, is concerned. Incremental hours are more challenging to gauge, but the literature indicates that, up to a point, a higher number of hours (in quality early learning) is more beneficial, especially for disadvantaged children. Ultimately, however, the extent to which maximum outcomes have been generated for each dollar invested cannot be established at this point in time.

Nevertheless, scope exists to analyse efficiency as it relates to the cost of delivering a preschool programme in line with the specifications of the NP UAECE and the NQF.

In this regard, it should be noted that the scope for achievement of efficiency in the delivery of preschool programmes is limited by the stringent regulation of the sector. For example, restrictions with respect to per-child staffing and floor space limit the flexibility with which preschool programmes can be delivered and the efficiencies that can be achieved in doing so. With educator wages accounting for some 70% of overall costs, the price at which educator time is secured (i.e. wages) and the utilisation of staff has a major bearing on service delivery efficiency.

Box 8: Note on the underlying evidence base and its implications for the review and its findings

While the data set and broader evidence base which was assembled to inform this review was, ultimately, a relatively comprehensive one, in two respects, its limitations bear materially on this review and its findings:

1. Very limited data on service delivery costs was attainable (noting the distinction between expenditure and cost). In the vast majority of jurisdictions, the only cost data available was wages.
   - This limits the findings that can be drawn with respect to efficiency, as the analysis relies primarily on expenditure data (and only partial insights can be drawn on the extent to which expenditure accords with efficient costs).

2. The expenditure data which has been sourced from state and territory governments is self-reported and – noting that an expenditure audit was not part of the terms of reference – the mechanisms to validate this expenditure are limited.
   - This too primarily bears on the analysis of efficiency. However, it also impacts future funding projections, as these are a derivative of current expenditure.

Note also that Chapter 3 includes discussion of data limitations associated with reporting against NP UAECE performance indicators.
4.2.1 Efficient service delivery and its drivers

At a system level, a service delivery model that fosters effective utilisation of its staff (relative to enrolments) will, in most instances, be a more efficient one. Noting the scope for technology and mobile teacher programmes to mitigate the challenges of geography, jurisdictions with relatively less dispersed populations will typically have greater scope to optimise the utilisation of their workforce. Beyond this, there are several factors that contribute to the majority of the variation in achievable efficient cost. These are discussed in turn below.

Wage variation drives unit cost variation

Given the significance of wages costs to overall costs, the per-unit cost of service delivery (i.e. per teaching hour or per child) is heavily influenced by variation in award wages for early childhood educators. These too are, in many respects out of the direct control of services, with industrial agreements influential to the prevailing rates. As Chart 4.1 shows, average teacher wages vary materially across jurisdictions and are closely correlated with service-delivery costs.

Box 9: Stylised efficient cost per child metric

As the discussion in the introduction to this report notes, the data collection process which was undertaken yielded relatively comprehensive data with respect to funding and expenditure, but relatively little information in relation to costs. If all funding was to be deployed optimally, then funding outlays would be equal to the efficient cost of the service purchased. Invariably, however, this is not the case.

In order to understand costs in their pure form, therefore, the analysis presented in this section presents a stylised metric of efficient cost per child. The estimates have been constructed based on the following assumptions: a 15 hour programme; regulated educator to child ratios; average wage rates; contact staff costs of 60% of total costs (the remainder being equipment, utilities and overheads).

The stylised efficient cost estimates are not intended to reflect the true cost of a preschool service as it is practically delivered today, but rather to indicate what is achievable given the prevailing regulations, sector mix and market wages. Today’s efficient unit cost lies somewhere between today’s unit expenditure and the stylised efficient unit costs presented in this section. Certainly, the policy aim should be to engineer a system that operates as close as possible to the stylised efficient cost estimates presented here. However, as the discussion throughout this section describes, the degree to which this can be achieved will be constrained by factors such as population density and dispersion.

Beyond this, the analysis serves to provide a basis for examining how some of the factors which characterise the preschool delivery environment across the country – such as award wages, geography and service delivery models – impact on costs and, therefore, expenditure. In this sense, it also provides a mechanism for addressing the terms of reference requirement with respect to the drivers of cost variation.

Across jurisdictions, average teacher wages show significantly more variation in government preschool than in the LDC sector. Teacher wages range from $93,400 to $60,500 per annum in government preschool, with LDC teacher wages in the range $67,800 to $46,900. Similarly, with teacher assistant wages government preschool wages range from $47,000 to $34,100 per annum compared to LDC where the range is from $43,300 to...
$35,400. A number of factors underpin this variation including legacy-driven industrial agreements, remoteness, staff experience and qualification levels.

**Variation in educator to child ratios also contributes to cost variation**

Educator to child ratios also serve to drive costs as the higher the educator to child ratio (i.e. 1:10 rather than 1:11), the higher the per child and per child-hour cost. Although the educator to child ratio does impact on the cost of delivering preschool, the other cost drivers discussed here appear to drive a higher share of the cost. Noting that this analysis adopts a 'fully implemented' view (i.e. full implementation of NQF requirements), only Western Australia and NSW operate at a 1:10 ratio rather than a 1:11 ratio, and the average cost of delivery varies considerably between these states as a result of other factors such as delivery models and wages.

**Service delivery mix is another major driver**

Given wage differences across government preschool and LDC – and noting that these differentials are unlikely to remain constant over time – variation in delivery mix across jurisdictions impacts average service delivery cost. That is, the share of enrolments in LDC affect the cost given that (i) the wages for staff in LDC services are lower than in stand alone preschools; and (ii) there are less restrictive limitations on the face-to-face contact time of teachers. Across jurisdictions, the face-to-face contact time averages around 22 hours per week which results in more than one teacher required to deliver two 15 hour preschool programmes. Face-to-face contact hours range from a high of 24 hours per week in the Northern Territory to 21.3 hours per week in Western Australia.
The ranking across states and territories in terms of overall cost is closely aligned with the rankings based on the share of enrolments in LDC (refer Chart 4.2). That is, the jurisdiction with the highest share of children in LDC has the lowest implied unit (efficient) cost (Queensland), and the jurisdiction with the highest implied unit (efficient) cost (Western Australia) has the lowest share of children attending preschool programmes in LDC.

The derivation of the efficient cost per child figures in Chart 4.2 is explained in Chapter 4.2.2 below.

**Chart 4.2: Efficient cost per child and share of preschool in LDC**

![Chart 4.2: Efficient cost per child and share of preschool in LDC](image)

Note: The cost per child is the total cost. While it is not a direct derivative of funding, the total cost is met by a combination of state and territory funding, Australian Government contributions and parent fee contributions.

Drawing on the abovementioned factors, Table 4.2 shows how variation in the efficient cost per child can be explained by several key cost drivers. It ranks each jurisdiction in terms of its efficient cost per child from most expensive or highest (1) to least expensive or lowest (8) and provides accompanying rankings for the cost drivers discussed above. It also includes an indicator of remoteness as a cost driver, showing the proportion of enrolments in remote locations (noting that remoteness drives cost higher both via the additional costs associated with staffing services in these regions and the generally smaller service and class sizes).
### Table 4.2: Cost drivers

<table>
<thead>
<tr>
<th>State</th>
<th>Efficient cost per child ranking</th>
<th>LDC share (rank)</th>
<th>Remoteness share (rank)</th>
<th>Government teacher wages ranking</th>
<th>LDC teacher wages ranking</th>
<th>Educator to child ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>6</td>
<td>55% (2)</td>
<td>1% (6)</td>
<td>6</td>
<td>3</td>
<td>1:10</td>
</tr>
<tr>
<td>VIC</td>
<td>7</td>
<td>38% (3)</td>
<td>0% (7)</td>
<td>7</td>
<td>5</td>
<td>1:11</td>
</tr>
<tr>
<td>QLD</td>
<td>8</td>
<td>69% (1)</td>
<td>3% (4)</td>
<td>8</td>
<td>6</td>
<td>1:11</td>
</tr>
<tr>
<td>SA</td>
<td>5</td>
<td>19% (5)</td>
<td>4% (3)</td>
<td>3</td>
<td>7</td>
<td>1:11</td>
</tr>
<tr>
<td>WA</td>
<td>1</td>
<td>2% (8)</td>
<td>7% (2)</td>
<td>1</td>
<td>8</td>
<td>1:10</td>
</tr>
<tr>
<td>TAS</td>
<td>2</td>
<td>5% (7)</td>
<td>2% (5)</td>
<td>5</td>
<td>2</td>
<td>1:11</td>
</tr>
<tr>
<td>ACT</td>
<td>4</td>
<td>31% (4)</td>
<td>0% (7)</td>
<td>4</td>
<td>4</td>
<td>1:11</td>
</tr>
<tr>
<td>NT</td>
<td>3</td>
<td>6% (6)</td>
<td>42% (1)</td>
<td>2</td>
<td>1</td>
<td>1:11</td>
</tr>
</tbody>
</table>

Efficient cost per child is a stylised metric based on a 15 hour programme; regulated staff to child ratios; average wage rates; on-costs and overhead assumptions. It is not intended to reflect the true cost of service delivery, but rather to indicate what is achievable given the prevailing regulations, sector mix and market wages.

The jurisdiction with the lowest efficient cost per child – Queensland – has:
- the highest share of preschool provision in a LDC setting at 69% of enrolments
- the lowest average government preschool teacher wage
- the third lowest average LDC teacher wage
- an educator to child ratio of 1:11.

In contrast, the jurisdiction with the highest efficient cost per child – Western Australia – has:
- the lowest share of preschool provision in a LDC setting at 2% of enrolments
- the highest average government preschool teacher wage
- the second highest share of enrolments in remote areas
- an educator to child ratio of 1:10.

Please note that the efficient cost does not reflect funding contributions.

**Economies of scale and scope**

Service delivery cost – and efficiency itself – is also influenced by the achievement of economies of scale and scope. That is, the fact that providers which are larger or which undertake broader, complementary activities can achieve unit costs savings through more effective utilisation of fixed costs like capital and (some) overheads.

Efficiencies of this nature can be achieved through a variety of channels. Jurisdictions where the average provider size is relatively larger could reasonably be expected to have marginally lower unit costs. Similarly, jurisdictions where preschool delivery is combined with other forms of education or social service – such as schooling or LDC – could also be expected to achieve a level of additional efficiency.
The magnitude of any such efficiencies, however, is likely to be modest given the predominance of wages and on-costs to the overall cost of service delivery. That is, the share of cost amendable to efficiencies via economies of scale or scope is relatively small. Cost composition data provided by one jurisdiction suggests less than 10% of total costs could be subject to efficiencies of this nature.

### 4.2.2 Efficient costs versus reported expenditure

The analysis above abstracts away from current patterns of funding and expenditure and focuses on the composition of costs and the factors that drive variation in the efficient service delivery costs across jurisdictions. In this section, the relationship between current expenditure on preschool delivery and efficient costs is explored.

The purpose is not to imply that efficient costs should – or even could – be achieved; noting that there are clear practical barriers to this occurring (for example, population dispersion). Rather, the purpose is to explore patterns across jurisdictions and identify implications for future preschool funding.

The analysis of total preschool expenditure requires estimation of the financial contribution made by state and territory governments (including local government), the Australian Government and by parents through fees. As the discussion in Chapter 1 describes, an extensive data collection exercise was undertaken, with data sourced from both existing national collections and from state and territory governments. Of particular note to the expenditure estimates presented here are the following sources and methods:

- The contribution from fees for preschool in LDC was estimated based on the out-of-pocket estimates and weekly attendance data collected through CCMS and preschool enrolments in LDC from the National Collection. The contribution of fees for other preschool settings was based on the average hourly fee as reported in the National Collection.

- The total contribution of the Australian Government through CCB and CCR payments was derived based on CCMS data provided by the Australian Government Department of Education and preschool enrolments in LDC setting from the National Collection. CCB and CCR expenditure on eligible preschool programmes was estimated based on the average weekly fee and attendance data, and through the application of the CCB and CCR funding formulae.

- In the vast majority of cases, the data utilised is that which was provided by state and territory governments as part of the data collection exercise and subsequent information gathering activities.

- It should be noted that this data is largely self-reported and that, in the absence of a formal audit, there are limited ways in which it can be independently verified.

Drawing on these sources and methods, Table 4.3 shows the breakdown of total recurrent expenditure per child in 2012-13 for each jurisdiction. The figures in this table represent

---

25 Assumptions about fundraising have not been included in the estimates, as this would primarily relate to non-government, community-managed services: therefore, the overall effect on the estimates is likely to be minimal.
actual expenditure estimates for the programme hours currently delivered by each jurisdiction (i.e. this may be more or less than 15 hours).

The average recurrent expenditure per child is based on all children aged four and five years old.26

Table 4.3: Breakdown of total recurrent expenditure per child ($2012-13)

<table>
<thead>
<tr>
<th>Column 1 State/territory recurrent expenditure</th>
<th>Column 2 UA funding (Australian Government)</th>
<th>Column 3 CCB/CCR (Australian Government)</th>
<th>Column 4 Parent fees</th>
<th>Column 5 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>$1,981</td>
<td>$884</td>
<td>$1,456</td>
<td>$2,091</td>
</tr>
<tr>
<td>VIC</td>
<td>$2,790</td>
<td>$669</td>
<td>$1,049</td>
<td>$1,543</td>
</tr>
<tr>
<td>QLD</td>
<td>$960</td>
<td>$1,039</td>
<td>$1,750</td>
<td>$1,543</td>
</tr>
<tr>
<td>SA</td>
<td>$5,018</td>
<td>$764</td>
<td>$417</td>
<td>$386</td>
</tr>
<tr>
<td>WA</td>
<td>$6,732</td>
<td>$729</td>
<td>$114</td>
<td>$585</td>
</tr>
<tr>
<td>TAS</td>
<td>$6,025</td>
<td>$751</td>
<td>$130</td>
<td>$460</td>
</tr>
<tr>
<td>ACT</td>
<td>$3,889</td>
<td>$568</td>
<td>$748</td>
<td>$1,192</td>
</tr>
<tr>
<td>NT</td>
<td>$7,982</td>
<td>$1,286</td>
<td>$134</td>
<td>$109</td>
</tr>
</tbody>
</table>

Note: The figures in this table represent actual expenditure, based on current hours of provision in each jurisdiction. The expenditure data collected from the states has been disaggregated to identify the Australian Government National Partnership allocation component of this, based on the four-year average of National Partnership allocations (noting that it is not possible to determine the extent to which year-to-year funding receipts accorded with year-to-year expenditure and that an average will only be an approximation). Fees and CCB/CCR are calculated separately based on NMDS and CCMS data.

Taking the actual total recurrent expenditure estimates in Column 5 in Table 4.3, these have been adjusted to reflect a 15 hour programme, with the standardised total recurrent expenditure estimates for each jurisdiction presented in Column A in Table 4.4.

Table 4.4 also shows the estimated efficient cost per child of providing preschool for 600 hours per annum (15 hours per week), which is the same metric utilised in the earlier analysis in this section (Column B) – presented as a weighted average of preschool delivered in all service delivery models (government preschool, non-government preschool and preschool in LDC).

---

26 For the ACT and Queensland, the total programme expenditure by the territory/state government was adjusted to account for costs of administration, based on the average share of administration costs that other states provided.
Table 4.4: Total recurrent expenditure and efficient cost per child, standardised to 15 hours

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Per child expenditure / efficient cost ($2012-13)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Column A (Total recurrent expenditure(^\text{a}) (standardised to 15 hours))</td>
</tr>
<tr>
<td>NSW</td>
<td>$7,349</td>
</tr>
<tr>
<td>VIC</td>
<td>$6,319</td>
</tr>
<tr>
<td>QLD</td>
<td>$5,413</td>
</tr>
<tr>
<td>SA</td>
<td>$6,832</td>
</tr>
<tr>
<td>WA</td>
<td>$8,207</td>
</tr>
<tr>
<td>TAS</td>
<td>$7,424</td>
</tr>
<tr>
<td>ACT</td>
<td>$6,568</td>
</tr>
<tr>
<td>NT</td>
<td>$9,712</td>
</tr>
</tbody>
</table>

\(^\text{a}\) Total recurrent expenditure includes state and territory recurrent expenditure, parent fees, Commonwealth contributions toward preschool delivered in LDC settings through CCB and CCR and Australian Government UA (National Partnership) funding.

Note: All estimates based on a 600 hour programme.

Total expenditure per child ranges from around $5,400 to $9,700 per enrolment for a 600 hour programme. The data shows that the Northern Territory has the highest total recurrent expenditure of any state or territory, totalling around $9,700 per enrolment respectively. Western Australia ranks second in state/territory and total expenditure, with total expenditure of around $8,200 per enrolment.

The estimated efficient costs per enrolment sit below the total recurrent expenditure for each state and territory and, as discussed in the section immediately above, range from around $3,600 to $7,660 per enrolment.

The efficient cost is lower than the total recurrent expenditure for a number of reasons and variation in the significance of these reasons across jurisdictions likely contributes to variation in the ratio of total expenditure to efficient costs (which ranges from 1.1 to 1.6).

- Preschools do not operate at the most efficient staff to child ratio at all times due to the nature of demand and supply not aligning perfectly. That is, the number of enrolments at the service and the patterns of their participation may not allow the service to constantly operate at the regulated minimum educator to child ratio (as set out in the NQF).
- The efficient costs do not include expenditure on programmes that are specifically aimed at improving the participation of Indigenous or vulnerable and disadvantaged...

---

\(^{27}\) Victoria - Total expenditure for some years includes administrative expenditure that is not able to be split by service type. Queensland - Data for administrative expenditure are based on accrual accounting, utilising an activity based costing method, whereas previously these were based on cash accounting. South Australia - Data include salaries for both preschool and child care services and reflects integrated corporate wide service support. Tasmania - Includes teacher salaries as all government preschools have teachers employed by the State Government. Includes funding for non-government preschools.
children. That is, they do not recognise the costs associated with overcoming barriers to participation.

- This includes programmes such as the Families as First Teachers programme in the Northern Territory and the Early Start Kindergarten programme in Victoria.

- Assumptions adopted by Deloitte Access Economics may be different to what is observed in the preschool sector, including the actual educator to child ratio the service operates at, an assumption that staff on-costs are 18% and the assumption noted above whereby contact wages are assumed to account for 60% of total recurrent service delivery costs.
5 Enablers, impediments and interactions

This chapter considers enablers and impediments for effective implementation of the NP UAECE, as required under the terms of reference for the review. Interactions between the NP UAECE and other related initiatives are also canvassed.

Although the terms of reference for this review specifically relate to the current NP UAECE, the enablers, impediments and interactions outlined below naturally encompass both National Partnerships, given that implementation of the universal access policy commenced under the previous NP ECE.

Discussion in this chapter represents both the views of states and territories and the views of the Australian Government. The views of states and territories were put forward during the consultation phase of the review. Given confidentiality requirements, comments are not attributed to individual jurisdictions; rather, the discussion presents general key themes. Unavoidably, however, in some cases it may be clear from the contextual information that certain themes pertain to particular jurisdictions. The Australian Government was also provided with the opportunity to put forward its views on enablers and impediments, which are outlined below.

5.1 Enablers of effective implementation

State and territory views

All states and territories indicated that they have made significant progress towards achieving universal access, although some jurisdictions still consider themselves to be within the implementation phase (noting that the intention of the NP UAECE is to support the maintenance of universal access). This is supported by the performance indicator results outlined (in Chapter 3) and the analysis of the level of improvement for each jurisdiction (in Chapter 4).

Clearly, the provision of National Partnership funding by the Australian Government, in addition to support from state and territory governments, local government, families and communities, have been the most significant enablers for the achievement of National Partnership objectives.

Key themes that emerged during the consultations, in terms of enablers of effective implementation of the NP UAECE include:

• **Investing in stakeholder relationships and adopting a collaborative approach to policy implementation**
  
• This enabler was almost unanimously raised by states and territories and could be considered the primary enabler to effective implementation of the universal access policy.
A range of measures for engaging with stakeholders were noted across jurisdictions, including steering groups, stakeholder advisory committees and stakeholder meetings. The purpose of these measures was to inform the sector of impending policy changes and ensure buy in from relevant parties.

- This ultimately leads to a collaborative approach to implementation, whereby the detailed roll-out is shaped through consultation with the sector, rather than being imposed on the sector from above.

- Several jurisdictions stated that early investment in stakeholder relationships was crucial to effective implementation, as this helps to deeply embed the sector reform.

- For jurisdictions where the majority of preschool providers are non-government, building strong relationships with providers was noted as particularly important.
  - That is, where not all levers are directly within government control (compared to, for example, jurisdictions where the majority of preschool provision is through the government school system), it was noted that effective policy implementation hinges heavily on the extent to which non-government providers understand the rationale behind the policy and are equipped with the relevant resources to contribute to its implementation on a service-level basis.

- **Flexibility in implementation**
  - Consistently cited across jurisdictions, this enabler relates to the flexibility provided to states and territories regarding the manner in which universal access was implemented.
  - In particular, under the NP ECE, states and territories noted they were able to negotiate bilateral agreements with the Australian Government, taking account of each jurisdiction’s unique context.
  - Jurisdictions also emphasised that flexibility in service delivery was key to effective implementation. That is, states were able to utilise existing preschool delivery channels, rather than the NP UAECE being overly prescriptive regarding the detailed implementation of universal access.
    - This was noted as particularly important for jurisdictions with remote areas, as multiple modes of preschool delivery are often required to provide access to children in remote communities.
  - It was mentioned that the current National Partnership further promotes flexibility, given the change from ‘15 hours per week for 40 weeks per year’ to a ‘programme delivered for 600 hours’. The NP UAECE also explicitly states that delivery of 600 hour programmes can occur flexibly over the course of the year and involve a combination of different services.
    - It was highlighted that this also promotes greater flexibility for parents, noting the NP UAECE requires that preschool is delivered in a form that meets the needs of children, parents and the community.
  - A small number of jurisdictions noted some minor reduction in flexibility for particular preschool delivery models (for example, in terms of the programme being delivered over one year rather than six terms as previously) and/or due to displacement of other programmes, such as kindergarten for three year olds and playgroups.
• However, as expanded on below, pre-implementation planning enabled concerns about displacement to be managed.

• **Thorough planning prior to implementation**
  - The importance of planning in the earliest stages of the policy roll-out, including in relation to infrastructure and the workforce, was noted. For example, prior to implementation of universal access, one jurisdiction conducted a detailed analysis of the current profile of the sector, which then enabled barriers and solutions to implementation to be identified. Differentiated responses could then be implemented, as appropriate, across the sector.
  - Several jurisdictions noted that staged roll-outs of 15 hour programmes helped to ensure effective implementation, which was facilitated by considered planning.
    - Some jurisdictions rolled out the policy on a regional basis, whereby all services in a local area commenced delivery of 15 hour programmes at the same time, so as not to disadvantage any families within a community; whereas other jurisdictions focused on implementing 15 hour programmes in disadvantaged areas first.
    - As noted above, planning also enabled concerns about displacement of other programmes (such as kindergarten for three year olds and playgroups) to be managed.
      - One jurisdiction noted that measures put in place to address displacement of playgroups in preschool in fact led to an increase, over time, in the number of playgroups delivered throughout the jurisdiction.

• **Australian Government funding and support**
  - Some jurisdictions cited that strong commitment from the Australian Government, including through the delivery of funding under the respective National Partnerships, was an enabler of effective implementation.
    - For example, some jurisdictions noted that without the provision of Australian Government funding, they would not have been able to achieve the proportional increase in programme delivery hours to 15 per week (as required under the previous NP ECE).

• **Utilisation of existing (school) infrastructure**
  - For jurisdictions where preschool is primarily delivered through the government school system, it was mentioned that the ability to utilise existing (school) infrastructure helped enable effective implementation. That is, new infrastructure builds or expansions were not always required to deliver universal access.

• **Change from financial years in the NP ECE to calendar years in the NP UAECE**
  - It was noted that the introduction of timing based on calendar years (i.e. school years) in the NP UAECE, rather than financial years, more readily facilitated administration of the universal access initiative.

**Australian Government views**

Key points put forward by the Australian Government in relation to enablers of effective implementation of the NP UAECE include:
• **Australian Government funding**
  * The Australian Government provided funding of $655.6 million from 1 July 2013 to 31 December 2014 and an estimated $320 million in CCB and CCR over the 12 months to 31 December 2013 to support the implementation of the Agreement.
  * In late 2012, the Australian Government offered states and territories an additional $1.1 billion in funding to cover a three-year period. This was not supported by jurisdictions, as they believed this amount represented less funding than was required to achieve and maintain universal access, and a shorter term agreement (the current NP UAECE) was chosen as the preferred funding arrangement.

• **Commitment by the majority of states and territories**
  * The Australian Government noted that the commitment by the majority of states and territories to implementing the National Partnership was a key enabler of effective implementation.

• **Positive response from the preschool sector**
  * Feedback from the sector has been supportive of the universal access targets and their implications for child development in the early years.

• **Development of a nationally consistent dataset**
  * It was noted that the development of the ABS’ National Early Childhood Education and Care Collection has achieved greater national consistency in the measurement of participation in early childhood education.

• **NQF requirement for early childhood teachers in centre-based services**
  * The NQF requires that an early childhood teacher must be in attendance at centre-based services (e.g. LDC services) for a specified amount of time, depending on the number of approved places in the service.
  * This results in a different landscape to 2008, as in theory every LDC service can offer a preschool programme delivered (or at least designed) by an early childhood teacher. Therefore, this NQF requirement further facilitates the achievement of universal access.

### 5.2 Impediments to effective implementation

**State and territory views**

Despite the substantial progress made towards achieving universal access, jurisdictions have encountered several challenges in the implementation of the NP UAECE, noting some of these constraints were pre-existing.

Key themes that emerged during the consultations, in terms of impediments to effective implementation of the NP UAECE include:

• **Uncertainty with regard to ongoing Australian Government funding**
  * All jurisdictions noted that the uncertain state of Australian Government funding beyond 2014 was a major impediment to effective implementation. This uncertainty was said to manifest in several ways, including impacts on capital spending and staffing.
• For example, one jurisdiction stated that minimal capital works had been undertaken to date, due to the uncertainty around future Australian Government funding.
  • However, it should be noted that not all jurisdictions have taken this approach. One jurisdiction, in particular, has undertaken a relatively substantial capital works programme (noting some element of this was driven by an increasing population).
• Another jurisdiction noted it has contractual arrangements in place to the effect that current policy settings are contingent on the receipt of Australian Government funding beyond 2014. This same jurisdiction mentioned that these short term contracts affect stakeholder confidence and have flow-on impacts such as increased difficulty in attracting quality staff.

• **Ensuring the teacher workforce has appropriate qualifications**
  • Under the NP UAECE, preschool programmes must be delivered by a degree qualified early childhood teacher who meets the NQF requirements. This commitment has significant implications for the early childhood teacher workforce in a number of jurisdictions.
  • For example, some jurisdictions had a teacher profile whereby most had 4 year degrees but few had early childhood qualifications; the reverse was true in other jurisdictions.
  • Jurisdictions with high incidence of remoteness also noted the difficulties in recruiting and retaining appropriately qualified staff in remote areas and, more generally, the challenges in accessing accredited training programmes in remote areas.

• **Higher cost of preschool delivery for certain cohorts and locations**
  • Related to the above, jurisdictions stated that another impediment to effective implementation is the higher cost of preschool delivery in remote areas (where there are small populations in widely dispersed areas) and for Indigenous and vulnerable and disadvantaged children.
  • Jurisdictions also noted that, as universal access becomes closer to being fully realised within a given jurisdiction, it can become more challenging to achieve those smaller gains in participation. This was stated to relate to the nature of the non-participating group of children, who are more likely to be highly disadvantaged and therefore outreach to and engagement with this cohort is relatively more costly.

**Australian Government views**

Key points put forward by the Australian Government in relation to impediments to effective implementation of the NP UAECE include:

• **Delays in finalisation of Implementation Plans and Progress Reports**
  • The Australian Government stated that the delayed receipt, negotiation and finalisation of Implementation Plans and Progress Reports for some states and territories slowed down implementation of the NP UAECE.

• **Minimal transparency as to how funds were spent**
  • It was put forward by the Australian Government that the lack of transparency as to how NP UAECE funding and state and territory funding for early
childhood education were spent made it difficult to ascertain whether additional progress should have been made.

- It was noted that this minimal transparency primarily relates to the structure of the outcomes funding framework of the Intergovernmental Agreement on Federal Financial Relations.

- **Governments’ fiscal position**
  - It was noted by the Australian Government that the fiscal position of governments in Australia in the short term is likely to remain tight.

- **Burdensome administration requirements to determine outcomes**
  - The Australian Government stated that the extent of the planning, data collection and reporting requirements of the National Partnership is burdensome for governments to administer and has delayed the timely assessment of outcomes.

- **Ongoing discussions about measurement against performance benchmarks**
  - The Australian Government noted that ongoing discussions with and between jurisdictions about what constitutes achievement of performance benchmarks over a six year period (since the original National Partnership was introduced), has impeded effective implementation.

- **Nature of funding distribution under the NP ECE**
  - Funding allocations under the NP ECE were weighted based on need (i.e. the distance from the goal), which meant that jurisdictions that had invested less in early childhood education were given additional funds, compared to those who had made sustained investment over time (prior to 2008).

### 5.3 Interactions with other initiatives

During consultations, states and territories noted that the NP UAECE interacts with several other initiatives in the early childhood and national reform space, including:

- **The National Early Years Learning Framework and jurisdictions’ early years learning frameworks** – it was noted by states that these frameworks provide the foundation for the delivery of quality early childhood education programmes in each jurisdiction.

- **The National Quality Framework** – the interaction between the NP ECE, NP UAECE and the NQF was consistently raised, given that a requirement of the NP UAECE is that preschool programmes be delivered by a degree qualified early childhood teacher who meets NQF requirements. The emphasis on quality child care and early learning service provision in the NQF, brought to the forefront by the National Quality Standard and the assessment and rating process for preschools, was also seen as having a significant and positive impact on preschool delivery. Jurisdictions that are required to meet improved educator to child ratios in 2016 under the NQF also noted the implications for preschool delivery. The NQF also required all LDC services to engage an early childhood teacher from 1 January 2014, which is consistent with a universal access environment (i.e. children are able to access a LDC service with a teacher/educational programme).

- **The National Partnership Agreement for Indigenous Early Childhood Development** – the connection between the NP UAECE and this Agreement was noted by states, given the emphasis in the NP UAECE on ensuring that Indigenous children have
access to and participate in an affordable, quality early childhood education programme.

- **The Australian Early Development Index** – jurisdictions noted this index was used more in terms of programme delivery, rather than to inform preschool funding allocations. That is, AEDI outcomes are used to help jurisdictions, and service providers specifically, better understand the profile of children in their area and tailor delivery as appropriate.

- **The National Information Agreement on Early Childhood Education and Care** – this agreement was formed to provide a framework for cooperation between the Australian Government, state and territory governments and information agencies to facilitate and improve the collection, sharing and reporting of child care and early learning information, particularly in terms of the quality and reliability of data. It was mentioned in consultations that the Agreement had led to significant progress in the capture and reporting of higher quality and more nationally comparable data.

**Box 10: Key lessons regarding enablers and impediments**

Several lessons can be drawn from the reported views on key enablers and impediments of effective implementation of the NP UAECE:

- **Funding** – National Partnership funding from the Australian Government was evidently a key driver of progress towards universal access, particularly in terms of increasing program hours from the baseline to current levels. The resources contributed by state and territory governments and other key stakeholders such as local government, families and communities were also significant in enabling the implementation of the universal access policy. The impacts of uncertainty regarding future funding, such as reduced stakeholder confidence, further highlight the critical role of funding in ongoing policy delivery.

- **Collaboration** – implementation of a national policy such as universal access can only be achieved through effective collaboration. This includes collaboration between governments, and between governments and key stakeholders such as preschool providers and educators, local government, families and the broader community. Collaboration also helps ensure that stakeholders feel ownership over the policy implementation, facilitating a sense of achievement as the policy is successfully rolled out.

- **Flexibility** – states and territories were provided with significant flexibility in implementation, including the service delivery models used to implement universal access. This ensured that legacy factors in each jurisdiction were recognised and could be harnessed in jurisdiction-appropriate ways to facilitate achievement, rather than presenting an insurmountable barrier. It should be noted there are some trade-offs to a highly flexible approach, including minimal transparency in how National Partnership funds are deployed by states and territories.

These lessons should be borne in mind in the context of any future funding arrangements for universal access, as discussed in the next chapter.
6 Funding of universal access

This chapter examines the appropriateness of current funding arrangements, estimates the cost for maintaining universal access in the future and considers options for future funding arrangements following the expiry of the NP UAECE, as required under the terms of reference for the NP UAECE review.

Box 11: Chapter 6 key findings – Future funding of universal access

To the extent that future funding takes the form of a shared responsibility of the Australian and state and territory governments, several conclusions can be drawn from the discussion regarding the future funding of universal access:

- Variation in efficient costs of service delivery across jurisdictions should reasonably be reflected in any future national funding allocations.
- Evidence from states and territories where fees are charged to parents, indicate that provided safeguards are in place for equity/priority groups, a reasonable level of private contribution can be sustained without materially compromising participation objectives.
  - However, the fact that in jurisdictions where delivery is primarily through the government school sector, fees are not charged, this limits the scope for private contributions to play a greater role in future funding.
- At present, there is a significant level of variation across jurisdictions in the composition of preschool funding.
  - The Australian Government’s share varies in line with the share of LDC delivery, while the share of private contributions is heavily governed by the share of delivery taking place through the government school sector.
- The fiscal position of Australia’s governments has changed significantly since the signing of the previous NP ECE in 2008 and of the NP UAECE in April 2013.
  - All are under greater levels of fiscal pressure and going through a period of fiscal consolidation. It is not clear that either the Australian Government or the states and territories are faring materially better or worse in this respect.
- While future funding should be governed by who should pay rather than who can pay, the latter cannot be ignored and fiscal capacity will be an important consideration.
- The outcomes of various reviews either recently completed or currently underway, such as the Productivity Commission’s Inquiry into Child Care and Early Childhood Learning and the 2014 NP NQA review, will also impact decisions on future funding of universal access.
- A clear-cut formula for funding allocations cannot be derived in the way it was for the NP ECE. Instead, the funding mix across jurisdictions must be guided by a set of principles regarding appropriateness and capacity.
- Should the level of funding required to support the ongoing provision of universal access under the current policy parameters not be forthcoming (be that from state/territory governments or the Australian Government), the expected response would be a reduction in hours of delivery and/or participation.
  - While no jurisdictions indicated parent fees would increase, this could not be ruled out.
- There would be costs associated with unwinding the changes of the last five years – both with respect to staffing (e.g. redundancies and/or transition programmes) and capital (e.g. in association with redeploying preschool assets to other purposes.
6.1 Current National Partnership funding arrangements

The appropriateness of funding arrangements over the course of both National Partnerships (including contributions by both governments and families) can be analysed based on the extent to which they supported the efficient achievement of the National Partnerships’ objectives. In this sense, appropriateness can gauged by assessing the degree to which funding allocations across jurisdictions align with the varying resourcing challenge faced in achieving universal access. This challenge is a function of several factors:

- the additional hours required to reach 15 hours (relative to the baseline)
- the increase in participation required to achieve 95%
- the incidence of sector and population characteristics that drive variation in per-unit costs of preschool delivery (e.g. low SES, remoteness, etc.).

As this chapter outlines, these principles have largely been upheld in the formulae adopted for the allocation of funds under the National Partnerships. Certainly, they were strongly reflected in the allocation formula adopted in the NP ECE. While the approach to allocations under the NP UAECE was simplified, this was consistent with the fact that the vast disparities in participation rates and delivery hours had largely dissipated – that is, jurisdictions had moved closer to achieving consistent levels of participation and delivery – and with the expectation that the NP ECE would achieve universal access. That is, while the NP ECE was focused on implementation and the ramping up of participation and delivery hours, the NP UAECE had a stronger emphasis on maintenance.

It should be noted that, while the allocation mechanisms under the National Partnerships were appropriate, the appropriateness of the overall funding envelope could not be assessed, given the available information regarding its derivation.

Funding allocation under the National Partnerships

Clause 33 of the NP ECE states that funding allocations to states and territories for the first four years (2008-09 to 2011-12) had an ‘emphasis on assisting those jurisdictions that are further behind in the delivery of preschool services’ and were calculated with regard to a gap loading and a cost loading (taking into account factors such as remoteness and disadvantage). Funding allocations in the final year (2012-13) were based on the projected four year old population, with no loadings applied.

Table 6.1: Funding allocation to states and territories under the NP ECE ($ million)

<table>
<thead>
<tr>
<th>State</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>10.2</td>
<td>21.3</td>
<td>26.9</td>
<td>82.3</td>
<td>137.9</td>
<td>278.6</td>
</tr>
<tr>
<td>VIC</td>
<td>7.4</td>
<td>15.3</td>
<td>19.3</td>
<td>59.1</td>
<td>109.5</td>
<td>210.6</td>
</tr>
<tr>
<td>QLD</td>
<td>11.2</td>
<td>23.4</td>
<td>29.5</td>
<td>90.3</td>
<td>97.6</td>
<td>252.0</td>
</tr>
<tr>
<td>WA</td>
<td>3.7</td>
<td>7.7</td>
<td>9.7</td>
<td>29.7</td>
<td>47.6</td>
<td>98.4</td>
</tr>
<tr>
<td>SA</td>
<td>2.5</td>
<td>5.2</td>
<td>6.6</td>
<td>20.2</td>
<td>30.9</td>
<td>65.4</td>
</tr>
<tr>
<td>TAS</td>
<td>0.7</td>
<td>1.5</td>
<td>1.9</td>
<td>5.9</td>
<td>10.4</td>
<td>20.4</td>
</tr>
</tbody>
</table>
Funding allocations to states and territories under the NP UAECE were based on the proportion of the four year old population in each jurisdiction, using the 2011 Census ERP of four year olds. No loading was applied to these funding allocations. Note that funding for 2014-15 applies to the first half of the financial year only (as funding under the NP UAECE covers service delivery to 31 December 2014).

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>4.8</td>
<td>131.4</td>
<td>76.0</td>
<td>212.2</td>
</tr>
<tr>
<td>VIC</td>
<td>3.5</td>
<td>97.9</td>
<td>56.6</td>
<td>158.1</td>
</tr>
<tr>
<td>QLD</td>
<td>3.1</td>
<td>85.0</td>
<td>49.2</td>
<td>137.2</td>
</tr>
<tr>
<td>WA</td>
<td>1.6</td>
<td>43.8</td>
<td>25.4</td>
<td>70.8</td>
</tr>
<tr>
<td>SA</td>
<td>1.0</td>
<td>27.3</td>
<td>15.8</td>
<td>44.1</td>
</tr>
<tr>
<td>TAS</td>
<td>0.3</td>
<td>9.0</td>
<td>5.2</td>
<td>14.6</td>
</tr>
<tr>
<td>ACT</td>
<td>0.2</td>
<td>6.4</td>
<td>3.7</td>
<td>10.4</td>
</tr>
<tr>
<td>NT</td>
<td>0.2</td>
<td>5.1</td>
<td>3.0</td>
<td>8.3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>14.7</td>
<td>406.0</td>
<td>234.9</td>
<td>655.6</td>
</tr>
</tbody>
</table>

Source: Table 3, NP UAECE.

Note: The NP UAECE states that funding amounts are 100% based on the 2011 Census four year old ERP.

Box 12: Use of funding under the National Partnerships

As context, it is useful to consider how jurisdictions broadly employed the Australian Government National Partnership funding allocations in their efforts to achieve universal access. It should be noted that funding was provided to facilitate the achievement of specified outputs and outcomes, with jurisdictions having the discretion to use the National Partnership funding in the manner that would best facilitate achievement of universal access in their particular jurisdiction i.e. the funding was not tied to inputs.

The table below shows that the Australian Government National Partnership funding was used in three main ways by jurisdictions: (1) capital expansion; (2) increases to per-capita funding rates (for majority non-government preschool and majority preschool in LDC jurisdictions) or coverage of operational costs for the proportional increase in hours (for majority government preschool jurisdictions); and (3) workforce initiatives, such as teacher scholarships.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Use of funding</th>
</tr>
</thead>
</table>
| ACT          | • Capital expansion (new preschools and upgrades of existing preschools).  
               • Workforce initiatives (e.g. scholarships for teachers to upgrade their qualifications). |
### Funding required to maintain universal access

Table 6.3 below shows the estimated government expenditure required to maintain universal access. The figures shown represent the aggregate expenditure from all government sources – and hence exclude private contributions – that would be required to fund the delivery of universal access into the future. The estimates are derived based on:

- per-child estimates of Australian Government funding provided through CCB and CCR – as per Table 2.1.

<table>
<thead>
<tr>
<th>State</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>• Capital expansion (new preschools and upgrades of existing preschools).</td>
</tr>
<tr>
<td></td>
<td>• Increase in per-capita funding rates for community preschools.</td>
</tr>
<tr>
<td></td>
<td>• Provision of funds to broker agencies to support localised strategies to increase access for children.</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>• Workforce initiatives (e.g. scholarships for teachers to upgrade their qualifications; provision of housing and other support services in remote locations).</td>
</tr>
<tr>
<td></td>
<td>• Coverage of the operational costs for the proportional increase in programme hours.</td>
</tr>
<tr>
<td>Queensland</td>
<td>• Increase in per-capita subsidies for low income families.</td>
</tr>
<tr>
<td></td>
<td>• Subsidy to assist services to attract and retain teachers.</td>
</tr>
<tr>
<td>South Australia</td>
<td>• Coverage of the operational costs for the proportional increase in programme hours (e.g. additional teacher and teacher aide time and resource requirements).</td>
</tr>
<tr>
<td></td>
<td>• Introduction of grant funding for non-government preschools.</td>
</tr>
<tr>
<td></td>
<td>• Establishment of programmes for vulnerable and disadvantaged children (e.g. the Hospital Preschool Programme and expansion of the Inclusive Preschool Programme).</td>
</tr>
<tr>
<td></td>
<td>• Workforce initiatives (e.g. scholarships to attract new teachers).</td>
</tr>
<tr>
<td>Tasmania</td>
<td>• Coverage of the operational costs for the proportional increase in programme hours (e.g. additional teacher and teacher aide time and resource requirements).</td>
</tr>
<tr>
<td>Victoria</td>
<td>• Capital expansion (new preschools and upgrades of existing preschools).</td>
</tr>
<tr>
<td></td>
<td>• Increase in per-capita funding rates (to support delivery of a 15 hour programme).</td>
</tr>
<tr>
<td></td>
<td>• Workforce initiatives (e.g. professional development support for educators).</td>
</tr>
<tr>
<td>Western Australia</td>
<td>• Coverage of the operational costs for the proportional increase in programme hours (e.g. additional teacher and teacher aide time and resource requirements).</td>
</tr>
<tr>
<td></td>
<td>• Small amount of capital works.</td>
</tr>
</tbody>
</table>
per-child estimates of total recurrent expenditure on preschool programme delivery by state and territory governments (without distinguishing whether this funding comes directly from state and territory budgets or from National Partnership allocations – see discussion associated with Table 2.1)

- the assumption that fees continue to account for the same proportion of total expenditure that they do today
- any increase in participation required to reach 95% in each jurisdiction (based on the current four and five year old preschool enrolment count, as established in the National Collection. N.B. Jurisdictions where participation currently exceeds 95% are assumed to retain this level over the projection period.
- any increase in delivery hours required to reach 600 per year (assuming the cost of an additional hour is constant)
- real cost growth of 2% per annum.
- any population growth in line with the growth in the four year old population as per the ABS 3222.0 Population Projections, Australia, Series B.

### Box 13: Hypothetical example of how Table 6.3 figures were calculated

By way of example, take a hypothetical jurisdiction that had the following characteristics in 2012-13:

- A total four year old population of 50,000 children
- A participation rate of 90%
- Average participation hours of 550 per year
- Total recurrent government expenditure of $5,000 per child
- Expected growth in the four year-old population growth of 1% p.a.

In this case, the figure reported in Table 6.1 would be:

- $5,000 * 1.04 = $5,200 (capturing two years’ real cost growth)
- $5,200 * 1.09 = $5,668 (capturing the increase required to achieve 600 hours)
- $5,668 * 48,450 = $274 million (where 48,450 = 50,000 * 0.95 (recognising that participation is currently below 95%) * 1.02 (recognising two years’ population growth).

The table shows that total, system-wide government preschool expenditure is estimated at around $1.7 billion in 2015, increasing to $2.0 billion in 2019. Again, these figures represent the total cost to governments of maintaining a universal, 600 hour per-year preschool model.

Critically, they are also derived based on current expenditure levels (rather than efficient costs). To the extent that efficiency gains can be achieved – and the unit expenditure on preschool can be reduced – the system-wide funding requirement will be reduced commensurately. Moreover, one-off investments in infrastructure, up-skilling, etc required to implement universal access means there is a difference in the cost to achieve universal access, compared to the cost of maintaining the commitment.
Table 6.3: Projected total annual recurrent government expenditure required to maintain universal access to a 600 hour per-year preschool programme ($ million)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>33</td>
<td>35</td>
<td>37</td>
<td>39</td>
<td>41</td>
</tr>
<tr>
<td>NSW</td>
<td>472</td>
<td>499</td>
<td>512</td>
<td>526</td>
<td>541</td>
</tr>
<tr>
<td>NT</td>
<td>39</td>
<td>42</td>
<td>43</td>
<td>45</td>
<td>46</td>
</tr>
<tr>
<td>QLD</td>
<td>250</td>
<td>268</td>
<td>283</td>
<td>296</td>
<td>310</td>
</tr>
<tr>
<td>SA</td>
<td>140</td>
<td>150</td>
<td>156</td>
<td>162</td>
<td>167</td>
</tr>
<tr>
<td>TAS</td>
<td>47</td>
<td>50</td>
<td>51</td>
<td>52</td>
<td>54</td>
</tr>
<tr>
<td>VIC</td>
<td>391</td>
<td>419</td>
<td>443</td>
<td>463</td>
<td>484</td>
</tr>
<tr>
<td>WA</td>
<td>278</td>
<td>299</td>
<td>318</td>
<td>339</td>
<td>361</td>
</tr>
<tr>
<td>AUS</td>
<td>1,652</td>
<td>1,740</td>
<td>1,830</td>
<td>1,904</td>
<td>1,981</td>
</tr>
</tbody>
</table>

Note: Forecast expenditure assumes an annual 2% real increase in costs and population growth adopted from ABS series 3222.0 Population Projections Australia. Parent fees are assumed to remain constant as a share of total expenditure.

In addition to recurrent expenditure on preschool programme delivery, capital costs would be required as new facilities are built in growth areas and buildings are upgraded. Capital expenditure over time has differed significantly by jurisdiction (see Table 6.4) and year by year within each jurisdiction. Given the uncertainty in estimating the capital expenditure required and the timing of expenditure for each jurisdiction, Deloitte Access Economics has not provided a forecast of capital expenditure. However, it should of course be noted that much of the expenditure observed over recent years has been a result of the need to expand capacity to support the achievement of the National Partnership objectives. With most jurisdictions now at or approaching the universal access targets, the levels of capital expenditure observed over recent years are unlikely to be sustained.

Table 6.4: Total annual net capital expenditure on preschool services ($’000)

<table>
<thead>
<tr>
<th></th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>10,895</td>
<td>1,100</td>
<td>713</td>
<td>10,311</td>
<td>20,743</td>
</tr>
<tr>
<td>NSW</td>
<td>1,635</td>
<td>3,048</td>
<td>78</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NT</td>
<td>Not available</td>
<td>Not available</td>
<td>Not available</td>
<td>Not available</td>
<td>Not available</td>
</tr>
<tr>
<td>QLD</td>
<td>171</td>
<td>13,043</td>
<td>45,874</td>
<td>69,822</td>
<td>7,467</td>
</tr>
<tr>
<td>SA^</td>
<td>5 177</td>
<td>13,553</td>
<td>4 736</td>
<td>4 513</td>
<td>20 214</td>
</tr>
<tr>
<td>TAS</td>
<td>Not available</td>
<td>Not available</td>
<td>Not available</td>
<td>Not available</td>
<td>Not available</td>
</tr>
<tr>
<td>VIC*</td>
<td>40,886</td>
<td>58,512</td>
<td>125,233</td>
<td>113,822</td>
<td>43,958</td>
</tr>
<tr>
<td>WA</td>
<td>1,480</td>
<td>41,440</td>
<td>38,457</td>
<td>24,985</td>
<td>23,044</td>
</tr>
</tbody>
</table>

Source: ROGS 2014.

Note: ^ South Australia advised that there was a misclassification in ROGS 2014 and that the correct figures for annual net capital expenditure on preschool services are the figures reported as the combined net capital expenditure for child care and preschool services. Therefore the combined figures have been included in the above table.

*Victorian capital investment includes $216 million of capital investment from local government from 2009 to 2012.
6.3 Future funding considerations

The funding projections provided in Table 6.3, above, represent the total government funding required to preserve the achievements of the National Partnerships – in particular, to preserve universal access to a 600 hour per-year quality preschool programme.

In broad terms, the options for meeting the system-wide cost are via a model of shared funding across the Australian Government and states/territories, or entirely by one level of government. The fact that the underlying basis for the aggregate allocations under the two National Partnerships cannot be established based on the available information means the principles that guided earlier decisions are not readily carried through to today’s context.

In considering how the funding required to maintain universal access over the coming years might be marshalled – that is, the extent to which it might be met by state and territory governments vis-à-vis the Australian Government – and how any future national allocations might be distributed, a number of considerations are pertinent:

1. capturing the variation in efficient unit costs
2. maximising parent contributions in an appropriate way
3. recognising the variation in the current funding composition
4. governments’ relative capacity to pay
5. the current review environment.

Each of these issues is explored in turn in the discussion below.

6.3.1 Variation in efficient unit costs

As the analysis presented in Chapter 4 demonstrates, the achievable efficient cost of preschool service delivery varies across jurisdictions. In fact, it potentially varies in ways not reflected if a longer term view is taken, when constraints in relation to service delivery models and industrial relations settings are less binding.

In principle, funding allocations (irrespective of the source of that funding) should encourage states and territories to cultivate a preschool sector which achieves its participation and children’s outcomes as efficiently as possible. Where it is clearly demonstrable that jurisdictions confront a higher efficient cost of service delivery, it is reasonable that any funding reflects this.

The challenge associated with such an approach lies in determining which cost drivers genuinely warrant recognition – that is, which are genuinely beyond the reasonable control of government. While some, such as remoteness, are relatively well established (notwithstanding advances in technology partially offsetting the cost of service delivery in remote locations), others such as wages and conditions are less clear cut.

At the same time, any recognition of variation in efficient cost must also be mindful of not excessively dampening incentives to achieve greater efficiencies in future – that is, it must not inadvertently reward inefficiency.
6.3.2 Maximising parent contributions in an appropriate way

Evidence collated throughout this review indicates that the long term sustainability of universal access would be enhanced by the elicitation of greater levels of private funding. Evidence from states that charge fees indicates that, provided safeguards are in place for equity/priority groups (e.g. full fee subsidies for vulnerable and disadvantaged children), a reasonable level of parent contribution can be sustained without materially compromising participation objectives.

However, models under which delivery of preschool is primarily through the government school sector face legislative barriers to the levying of parent fees, therefore limiting the scope for parent contributions to play a greater role in future funding. However, should any avenues for introducing mandatory private contributions exist, e.g. by virtue of preschool not being compulsory, these should be explored by an agency with suitable legislative expertise.

6.3.3 Variation in the current funding composition

As Chart 6.1 (a replication of Chart 2.3) demonstrates, the composition of preschool funding in each jurisdiction varies. This in part reflects variation in the per-child funding provided by state and territory governments (refer to Table 4.4). Funding composition is also affected by the service delivery model, with greater rates of delivery through LDC seeing the Australian Government contribute more to overall funding by virtue of CCB and CCR. Therefore, in Queensland, NSW and Victoria, the state governments contribute a lower share of preschool funding compared to other jurisdictions, with a comparatively higher share of Australian Government funding through Universal Access funding and CCB and CCR and parent fees. Notably, parent fees comprise around 30% of the resourcing for preschool delivery in NSW, Queensland and Victoria, compared to less than 10% in the Northern Territory, South Australia, Tasmania and Western Australia.
The impact of these discrepancies, in the context of the National Partnership allocations, is that the contribution by the Australian Government to preschool delivery varies across jurisdictions. While under the NP UAECE allocations are essentially constant on a per-child basis, differences in the extent to which CCB and CCR are accessed leads to significant differences in the overall contribution by the Australian Government.

To the extent that, under any possible future funding arrangements, the Australian Government seeks to provide a more consistent per-child contribution to preschool across jurisdictions, current differences in the overall level of Australian Government funding for each jurisdiction (related to higher rates of preschool delivery in LDC in some states which therefore receive relative higher levels of Australian Government funding due to CCB and CCR) should be recognised in funding allocations.

### 6.3.4 Governments’ relative capacity to pay

Future funding arrangements must also have regard to jurisdictions’ capacity to fund the NP UAECE.

Looking forward, the fiscal position of governments will impact on their ability to fund universal access. Whether universal access is affordable and sustainable is a question for policymakers, given the fiscal environment, reform priorities and the relative standing of different early childhood initiatives.

Appendix E includes two tables that show the expected relative fiscal result and net debt over the forward estimates. Evidently, most states and territories, as well as the Australian Government, are currently undergoing a period of fiscal consolidation. There is a general winding back of debt occurring with a reduction in underlying budget deficits and spending measures. While there is some variation across states and territories, the average position of the states and territories, compared with the Australian Government, is not materially different. By 2016-17, most state and territory budgets are expected to have returned to surplus, as outlined in their Budget Papers.

### The longer term outlook

Over the longer term, the pressures on government budgets will be influenced by underlying demographic trends and their implications for tax receipts and government outlays. As the second Intergenerational Report (IGR) found, “population ageing will create substantial fiscal pressures. Slower economic growth associated with ageing, increased demand for age-related payments and services, expected technological advancements in health and demand for higher quality health services will add to these pressures.” Indeed, as a result of these forces, total spending is projected to increase to 27.1 % of gross domestic product (GDP) in 2049-50 – around 4% percentage points of GDP higher than its projected low point in 2015-16.
Box 14: Jurisdictional views on potential implications of reduced funding post-NP UAECE

Fiscal pressures for states and territories correlate with the views obtained during the consultation process. Jurisdictions indicated they would not be able, or willing, to match funding withdrawn by the Australian Government. Evidently, this would have a range of impacts on the state or territory government, the preschool sector, children, families and the broader community.

States and territories indicated that potential implications of reduced Australian Government funding would include:

- a reduction in funded preschool programme hours and, in some cases, fee increases to families
  - this may lead to a subsequent reduction in access and participation
- under-utilisation of new or upgraded facilities in the short-term if participation falls
- children potentially being less prepared for their next stage of learning (formal schooling)
- a decrease in flexible options for families, with fewer funded programme hours potentially affecting workforce participation
  - for example, some preschool services deliver 15 hour programmes over two 7.5 hour days, with these full days aligning with parents’ working hours

It has not been possible during the course of this review to independently examine or corroborate the views put forward regarding the implications should Australian Government funding be reduced. As articulated elsewhere in this report, the level of investment that governments at all levels are willing to make toward preschool delivery is a function of their fiscal position and policy priorities. The impacts of any changes to funding arrangements would vary across jurisdictions – based on, among other things, their legacy delivery, funding and policy context – and, accordingly, the implications described above would vary in the extent to which they are borne out.

It should also be noted that the implementation of the National Quality Framework has changed the overarching context since 2008. In particular, the requirement that an early childhood teacher must be in attendance at centre-based services means that children attending LDC will continue to have access to a programme delivered, or at least designed, by a qualified early childhood teacher.

6.3.5 Current review environment

Finally, decisions regarding future funding will inevitably be informed by the outcomes of a range of reviews recently completed or currently underway.

Foremost amongst these is the Productivity Commission’s Inquiry into Child Care and Early Childhood Learning. The Productivity Commission is required to report on and make recommendations on a range of issues, including options for improving the accessibility, flexibility and affordability of childcare for families with diverse circumstances. Any recommendations about future Australian Government policy settings are required to be within current funding parameters. The final report for this Inquiry is due to be provided before the end of October 2014.

The National Commission of Audit, which released its findings on 1 March 2014, recommended that childcare assistance should be simplified and broadened, with CCB and CCR replaced with a single, means-tested payment reimbursing all parents for a proportion

---

[28] Noting that parents may have the option of switching to other forms of child care which may still preserve workforce participation, although these other options may not have the same impact in terms of children’s outcomes, compared to quality preschool.
of their childcare costs. It also recommended that all National Partnership Agreements be reviewed, with a view to rationalising their number, thereby reducing the administrative burden for the Australian and state and territory governments.

More generally, the Commission found that Australia is facing a “substantial budgetary challenge” and concluded that reduced government expenditure is required to improve fiscal sustainability. It recommended that a closer matching of the revenue-raising capacity of states and territories and their expenditure responsibilities would make them more responsible in their own sphere.

The 2014 Review of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care (NP NQA) may also impact on future funding decisions for universal access. To the extent that the core elements of the NQA – educator ratios and qualification requirements – and/or the timing of their implementation are revisited for preschool children, this will in turn impact on the cost of delivering universal access.

6.3.6 Some options for consideration

The determination of funding allocations under the NP ECE could be guided by the uplift in participation and hours of delivery that jurisdictions would be required to achieve if the universal access targets were to be met. Indeed, funding allocations could be – and were – determined in a formulaic fashion. In considering the funding of universal access in 2015 and beyond, a similar formula is not readily established. That is, there is no longer a material gap in participation and hours upon which funding allocations can be based.

However, should it be deemed appropriate that the funding responsibility for preschool continue to be shared across the Australian and state and territory governments, as well as the principles above, future funding could give consideration to the resourcing implications that the National Partnerships have generated. That is, the extent to which they have increased delivery hours and participation relative to baseline levels. In average terms, relative to 2008, delivery hours have increased by 3.2 and the rate of participation has increased by 20 percentage points (noting that, excluding Queensland, this figure is six percentage points).²⁹

From here, the funding composition is a function of who should pay for universal access (i.e. what is an appropriate funding mix) and who can pay for universal access (i.e. where are the fiscal constraints relatively less binding and, therefore, less likely to result in an unwinding of the policy intent). In this respect, the considerations outlined above provide a set of principles to assist in informing deliberations. But they do not provide definitive findings. This reflects the fact that, in several cases, their application requires the input of policymakers and the weighing up of priorities and trade-offs.

²⁹ Based on proportion of children enrolled in a preschool programme.
References


- 2013, *Australian Demographic Statistics, June Quarter 2013*, Cat No 3101.0


The Australian Treasury 2012, *Fiscal choices and federal financial relations*, Presentation to 2012 Economic and Social Outlook Conference by Nigel Ray, Acting Secretary to the
Treasury, 1 November, 


Appendix A: Objectives, outcomes and outputs of the NP UAECE – excerpts

The objectives, outcomes and outputs of the NP UAECE, as detailed in Part 2 of the Agreement, are outlined below.

**Objectives**

**Clause 12:** The Parties reaffirm their commitment to maintain Universal Access to quality early childhood education programme(s), with a focus on improved participation of vulnerable and disadvantaged children, and in a manner that meets the needs of children, parents and communities and ensures that cost is not a barrier to participation.

**Clause 13:** Children living in remote Indigenous communities remain a focus for Universal Access with an ongoing commitment to ensure that every Indigenous four year old in a remote community has access to a quality early childhood education programme.

**Outcomes**

**Clause 14.** This Agreement will contribute to continuing the reforms under the National Partnership on Early Childhood Education and facilitate children’s early learning and development and transition to school, through maintaining Universal Access to and improving participation in affordable, quality early childhood education programme(s), including that:

(a) vulnerable and disadvantaged children have access to and participate in an affordable, quality early childhood education programme;
(b) Indigenous children have access to and participate in an affordable, quality early childhood education programme; and
(c) the achievement of the Closing the Gap target is maintained, to ensure access to early childhood education for all Indigenous four year olds in remote communities.

**Outputs**

**Clause 15.** The objectives and outcomes of this Agreement will be achieved by:

(a) implementing accessible quality early childhood education programmes which meet the needs of parents and communities at a cost which does not present a barrier to participation, particularly for vulnerable and disadvantaged children;
(b) delivering strategies and actions targeting the participation of vulnerable and disadvantaged children; and
(c) delivering strategies and actions targeting the participation of Indigenous children, including in remote areas.
Appendix B: Consultation participants

During the review of the NP UAECE, Deloitte Access Economics consulted with the following government agencies. Deloitte Access Economics would sincerely like to thank the consultation participants for their contribution to the review.

<table>
<thead>
<tr>
<th>Government agency</th>
<th>Date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and Training Directorate (Australian Capital Territory)</td>
<td>10 February 2014</td>
<td>Canberra</td>
</tr>
<tr>
<td>Department of Education and Early Childhood Development (Victoria)</td>
<td>11 February 2014</td>
<td>Melbourne</td>
</tr>
<tr>
<td>Department for Education and Child Development (South Australia)</td>
<td>12 February 2014</td>
<td>Adelaide</td>
</tr>
<tr>
<td>Department of Education (Northern Territory)</td>
<td>13 February 2014</td>
<td>Darwin</td>
</tr>
<tr>
<td>Department of Education (Tasmania)</td>
<td>17 February 2014</td>
<td>Hobart</td>
</tr>
<tr>
<td>Department of Education, Training and Employment (Queensland)</td>
<td>18 February 2014</td>
<td>Brisbane</td>
</tr>
<tr>
<td>Department of Education &amp; Communities (New South Wales)</td>
<td>20 February 2014</td>
<td>Sydney</td>
</tr>
<tr>
<td>Department of Education (Western Australia)</td>
<td>21 February 2014</td>
<td>Perth</td>
</tr>
</tbody>
</table>
Appendix C: Consultation background paper

The consultation background paper distributed to states and territories on 5 February 2014, is provided below.

PART A. Background

The Department of Education (the Department) has commissioned Deloitte Access Economics to conduct the review of the National Partnership Agreement on Universal Access to Early Childhood Education (NP UAECE), which is due to be completed by 30 June 2014. Deloitte Access Economics has also been tasked with undertaking cost modelling to inform the review of the National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care (NP NQA), in light of the synergies between the modelling for both reviews.

The purpose of the NP UAECE review is to evaluate the extent to which the agreed objectives and outcomes have been achieved and to inform decisions about service delivery and funding beyond 2014. The purpose of the NQA review is to assess the extent to which the objectives and outcomes of the NP NQA have been achieved, including whether the National Quality Framework has improved the efficiency and cost effectiveness of regulation of services, including a review of costs of regulation and an examination of costs and cost drivers for services and regulators. The terms of reference for the NP UAECE review are included at Attachment A, together with the scope of the NQA review cost modelling (as outlined by the Department).

Deloitte Access Economics’ approach to this assignment encompasses:

- the development of an Excel-based cost model, constructed in line with a detailed model specifications document;
- data and evidence gathering, including sourcing of data from central repositories, and sourcing of data and qualitative evidence from state and territory governments through consultations;
- population of the model and generation of modelling outputs; and
- analysis of findings and reporting.

Deloitte Access Economics will prepare three separate reports: an NP UAECE review report; a technical report outlining the modelling results for the NP UAECE review; and a technical report outlining the modelling results for the NQA review. The draft reports are to be delivered at the end of March.

Preparing for the consultation

As noted above, consultations with state and territory governments are the central forum for obtaining qualitative evidence to inform the NP UAECE review, together with data – not
available from central datasets – required to undertake the cost modelling for both reviews.

The consultation questions are outlined in Part B. Please note that you are not required to assemble any data ahead of the meeting. The purpose of the consultation is to discuss and clarify the data requirements, with the data to be sent through to Deloitte Access Economics following the consultation. Where clarification, validation or further information is required in relation to the data which has been sent to us, Deloitte Access Economics will contact you via phone. Likewise, we will be available to field any queries you may have regarding the data to be provided.

We have allocated three hours for the meeting. Given the range of questions, the most appropriate people to attend the consultation are (1) early childhood policy representatives that have strong knowledge of Universal Access, the National Quality Framework (NQF) and service delivery funding and (2) early childhood data representatives.

The structure of the consultation will follow the order of the consultation questions. Therefore, it is suggested that policy representatives attend for the first half of the meeting and data representatives attend for the second half (although all representatives are welcome to attend the whole meeting if desired).

Confidentiality

Deloitte Access Economics recognises that information discussed in the consultations may be confidential. Therefore, discussions during and notes of the meeting with Deloitte Access Economics will be treated with strict confidentiality. It should be noted that state and territory information will be documented in our reports, including our assumptions and workings. However, unit record data is considered confidential and will not be shared with the Department or other agencies.

PART B. Consultation questions

The issues Deloitte Access Economics would like to discuss during the consultation are listed below. The questions have been divided into four sections: (1) jurisdictional context (2) universal access (3) the National Quality Framework and (4) data request.

SECTION 1: JURISDICTIONAL CONTEXT

- By way of introduction, and at a broad level, how have the Universal Access Commitment (UA) and the NQF been implemented in your jurisdiction?
- To inform our interpretation of the evidence, are there specific demographic, geographic or service delivery characteristics in your jurisdiction that have affected the implementation or impacts of UA and the NQF?

SECTION 2: UNIVERSAL ACCESS

The questions in this section are geared towards providing context for our data analysis and/or gathering qualitative information.

Achievement of the Universal Access Commitment

- At an overarching and contextual level, to what extent has universal access to and participation in affordable, quality early childhood education programmes been achieved or maintained in
your jurisdiction? Noting that Deloitte Access Economics will have access to the National Early Childhood Education and Care Collection and the National Minimum Data Set, as the primary sources for our analysis of achievement of universal access. Deloitte Access Economics will also incorporate agreed supplementary data in our modelling and reporting – see Section 4 below.

- To what extent has this been achieved or maintained for Indigenous children? See below for further questions about this cohort.
- To what extent has this been achieved or maintained for vulnerable and disadvantaged children? See below for further questions about this cohort.

Service delivery models and funding

- What preschool/kindergarten service delivery models have been employed in your jurisdiction, in the implementation of universal access?
- For each preschool/kindergarten service delivery model in your jurisdiction, please describe the funding arrangements for the delivery of preschool/kindergarten programmes.
  - To what extent does the Australian Government contribute funding to the cost of preschool/kindergarten service delivery?
  - How does this compare to other revenue sources, such as the state/territory government, local government and parents (through fees and fundraising)?
- Through these funding arrangements and/or other mechanisms, in what ways does your jurisdiction work to ensure cost is not a general barrier to participation?
- What other costs are incurred in the implementation of universal access, such as central administration?
- To what extent are current funding mechanisms and allocations – from all sources – appropriate for achieving universal access?
- What do you believe are the most effective preschool/kindergarten service delivery models to achieve universal access and why?
- What do you believe are the most efficient preschool/kindergarten service delivery models to achieve universal access and why?
- What do you see as the options and challenges for future funding of universal access?

Indigenous children

- To what extent has your jurisdiction ensured access to early childhood education for all Indigenous four year olds in remote communities, as per the Closing the Gap target?
- In what ways does your jurisdiction work to ensure cost is not a barrier to participation for Indigenous children, including those in remote locations?
- What factors have impacted the achievement of universal access for Indigenous children?

Vulnerable and disadvantaged children

- What definition does your jurisdiction use for vulnerable and disadvantaged children? Please describe why.
- Do you have any views on Deloitte Access Economics using the lowest quintile in the ABS Socio-Economic Indexes for Areas (SEIFA) to define vulnerable and disadvantaged children?
  - Noting a nationally comparable definition is required for the purpose of analysis and reporting under this review.
- In what ways does your jurisdiction work to ensure cost is not a barrier to participation for vulnerable and disadvantaged children, including those in remote locations?
- What factors have impacted the achievement of universal access for vulnerable and disadvantaged children?
• What have been the main impediments to effective implementation of the National Partnership and why?
• What have been the main enablers of effective implementation of the National Partnership and why?
• How does the National Partnership interact with other initiatives in the early childhood space? Examples may include the Australian Early Development Index, the National Information Agreement and the National Quality Agenda.
• What are the key lessons your jurisdiction has learnt from the implementation of the National Partnership?

**Other**

• Are you able to provide Deloitte Access Economics with the progress report that jurisdictions were required to submit by December 2013 under the National Partnership?
• If your jurisdiction’s Implementation Plan is not yet publicly available, are you able to provide this to Deloitte Access Economics?

**SECTION 3: NATIONAL QUALITY FRAMEWORK**

*The questions in this section are geared towards providing context for our data analysis.*

• Broadly, how has the NQF affected the early childhood education and care sector in your jurisdiction?
• Have you conducted any estimates of its impact on service delivery costs or fees?
• What has been your overarching approach to the implementation and administration of the NQF – for example, to what extent has it been embedded in Government’s existing functions, versus implemented through a new organisation or unit?
  - Can you provide an overview of your approach towards some of the more major regulatory components – i.e. assessments and rating (e.g. is it separate from compliance and monitoring); what – if any – cycle is used, or is the approach risk-based?; how are complaints managed?, etc.
  - What is the nature of your relationship with the Australian Children’s Education and Care Quality Authority (ACECQA)? For example, how does ACECQA contribute to the resolution of issues or development of consistent regulatory approaches?
• Has the level of resourcing required to regulate the sector increased or decreased under the NQF, compared to previous regulatory arrangements – on both an overall and per service basis? Why is this the case?
• Do you envisage that the NQF will reduce regulatory burden over time?
• Is the fee structure for applications and approvals appropriate?
  - To what degree do fees for applications and approvals assist with cost recovery?
  - To what extent are higher fees a deterrent to applications for provider and service approvals?
• How effective are funding arrangements in the National Partnership, in terms of achieving its specified objectives, in particular improving the efficiency and cost effectiveness of regulation?
• Do you consider the current regulatory system to be financially sustainable?

**SECTION 4: DATA REQUEST**

*This section details the data required to undertake cost modelling for both the NP UAECE and NQA reviews that can only be sourced from state and territory governments. It also includes contextual data questions.*

**NP UAECE modelling**
• Are there any data issues specific to your jurisdiction we should be aware of in undertaking our analysis?
  • For example, are there any state/territory-based collections/data you use to supplement reporting under the National Partnership?
• Are you able to provide data on wages, by qualification level (4 years qualified teacher, assistants)?
• Do you have data on the revenue composition for preschools — state/territory government, Commonwealth Government, local government, parent fees and fundraising?
  • Is this data available by service type?
• Has analysis been conducted on the cost of preschool delivery (as distinct from funding or expenditure) – per child and per child hour or per day?
• Has any analysis been conducted on the cost drivers of preschool? Or on the cost of preschool across different regions or provider types?

**NQA modelling**

• Do you have any data on actual staff to child ratios – that is, the ratios services are practically operating under, rather than the minimum regulatory standard?
  • Prior to the introduction of the NQF?
  • Currently?
• Are you able to provide data on wages, by qualification level (4 years qualified teacher, Diploma, Certificate III and Other)?
• Has any analysis been conducted on the cost of child care delivery (as distinct from funding or expenditure) – per child and per child hour or per day — or on the cost drivers of child care?

**Regulatory burden**

• Were there any major capital – or other one-off – expenses associated with establishing new functions or processes to implement the NQF?
• Are you able to provide a time-series of data showing how the recurrent costs of administering ECEC-related quality regulation (including licensing) have changed over time?
  • I.e. Pre- and post- introduction of the NQF.
• For each major regulatory activity under the NQF (see list below), please provide an estimate of:
  • The volume of activity conducted in 2013 (for example, the number of rating and assessment visits undertaken).
  • The number of FTE staff dedicated to the process or the staff time per episode (for example, the time per rating and assessment visit).
    • Please differentiate service types where relevant.
  • The average wage for the staff undertaking this activity.
• **Major regulatory activities include:**
  • Assessing and issuing provider approvals.
  • Assessing and issuing service approvals.
  • Assessment and rating of services.
  • Issuing supervisor certificates.
  • Issuing temporary and service waivers.
  • Internal review of decisions.
  • Compliance and enforcement activities.
  • Processing notifications.
  • Processing of annual and transaction fees.
• Providing information on jurisdiction specific transitional and savings provisions.
• Are you able to provide a breakdown of fee revenue by fee type?

Attachment A: Terms of reference

Review of the National Partnership Agreement on Universal Access to Early Childhood Education (NP UAECE)

The review is due to be completed by June 2014. This timing is to enable a decision before the end of 2014 on service delivery and funding adequacy for maintenance of universal access in 2015. Paragraph 36 of the NP UAECE describes the purpose of the review as ‘to assess the degree to which the agreed objectives and outcomes and/or outputs have been achieved, and to inform decisions regarding the appropriate treatment following its expiry ... to enable decision before the end of 2014 on service delivery and funding adequacy in 2015.’ At the 29 November 2013 meeting of SCSEEC it was agreed that the 2014 review be progressed as quickly as practicable.

The scope of the review will address:

1. The degree to which the agreed objectives and outcomes and/or outputs of the NP UAECE have been achieved, including:
   a. whether universal access has been achieved or maintained, both nationally and by each jurisdiction
   b. whether universal access for Indigenous, vulnerable and disadvantaged children has been achieved and to what extent, nationally and by jurisdiction
   c. the need for a workable definition of vulnerable and disadvantaged children which will enable nationally comparable measurement of outcomes
   d. barriers to the effective implementation of the NP UAECE and other lessons learnt from the implementation of the NP UAECE.

2. The efficiency and effectiveness of service delivery models in each jurisdiction, including:
   a. settings
   b. cost drivers including remoteness and/or location of services
   c. actual cost of delivery
   d. Australian Government and state and territory government contributions to the cost
   e. the most efficient and effective model of delivery taking into account contextual factors.

3. The appropriateness of current funding arrangements, including allocations of Australian Government and funding contributions of each jurisdiction, and whether current funding mechanisms are appropriate for achieving the objectives under the NP UAECE.

4. Providing an estimated cost for maintaining universal access in the future.

5. Potential connections across other initiatives e.g. Australian Early Development Index, National Information Agreement, the NP NQA and the national education reform agenda.
6. Reflecting on the extent to which access and participation has been achieved, what is the impact on post-NP UAECE arrangements, including funding.

7. Options for future funding arrangements following the expiry of the NP UAECE.

8. The effectiveness of the National Partnership Agreement on Early Childhood Education (NP ECE) in achieving its outcomes.

**National Quality Agenda cost modelling**

- Whether the National Quality Framework has improved the efficiency and cost effectiveness of regulation?
- Cost drivers and analysis for charges.
- Cost benefits of the regulatory arrangements - revisit the costs and benefits of the regulatory arrangements as undertaken for the Regulation Impact Statement in 2009 to determine if efficiency and consistency of processes have improved and if cost impact is as anticipated.
- How much is the NQF costing and who is bearing the cost?
- The cost of NQF regulations for states and territories.
- The agreed efficient costs and adequacy of funding to achieve specified outcomes and outputs.
- Whether the new system has impacted on the cost of service provision?
- The extent to which the new system is financially sustainable.
- Whether governance arrangements are improving the efficiency and cost effectiveness of regulation?
- Whether the financial arrangements in the National Partnership are efficient, effective and adequate?
- Whether the fee structure is appropriate and effective? Therefore:
  - Is there an overall acceptable level of cost recovery that reflects the need to balance equity with cost recovery considerations?
  - Do fees assist with cost recovery?
  - Are higher fees a deterrent?
Appendix D: Teacher qualifications data

For the NP UAECE review, teacher data in the National Collection was used to report against the ‘teacher qualifications’ performance indicator (see Chapter 3.1.1). However, there are some key limitations with this data, related to double counting:

• For some LDC service providers, data for teachers originates from two different sources (the CCMS and state government data). As teacher data was not reconciled to produce unique teacher level counts in the National Collection, there is inherent duplication i.e. double counting in the published numbers.

• This has implications for states which have a significant proportion of preschool delivery in LDC (Victoria, Queensland and, to a lesser extent, NSW), due to data collection overlaps at the service provider level, as described above, leading to double counting. There are also double counting implications for other states and territories, particularly where there have any integrated service models (e.g. where a preschool programme in a LDC service and a state government preschool programme are operated by the same provider).

• Deloitte Access Economics is not able to determine the effect on the performance indicator from the double counting of teachers, as it affects both the numerator and denominator of the calculation. Where the data is used as part of a stand-alone population, the share of four year trained teachers is used to approximate the share of the four year trained teacher cohort.

• For all states and territories, contracted and relief staff who work across different services will be double counted. The size of any double counting and its effect on the performance indicator cannot be determined.
Appendix E: Fiscal analysis

The below tables show the expected relative fiscal result and net debt over the forward estimates for the Commonwealth and states and territories.

Table E.1: Fiscal Result to Total Revenue (actual estimate and forward estimates) (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL</td>
<td>-5.6</td>
<td>-3.5</td>
<td>-1.5</td>
<td>1.4</td>
<td>2.3</td>
</tr>
<tr>
<td>NSW</td>
<td>-0.6</td>
<td>-0.5</td>
<td>1.3</td>
<td>1.9</td>
<td>2.1</td>
</tr>
<tr>
<td>VIC</td>
<td>0.4</td>
<td>1.6</td>
<td>1.9</td>
<td>4.7</td>
<td>5.6</td>
</tr>
<tr>
<td>QLD</td>
<td>-20.8</td>
<td>-17.2</td>
<td>-0.5</td>
<td>2.1</td>
<td>2.6</td>
</tr>
<tr>
<td>WA</td>
<td>0.9</td>
<td>1.4</td>
<td>-0.5</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td>SA</td>
<td>-8.6</td>
<td>-6.0</td>
<td>-2.7</td>
<td>2.2</td>
<td>3.6</td>
</tr>
<tr>
<td>TAS</td>
<td>-9.6</td>
<td>-6.5</td>
<td>-4.3</td>
<td>-0.5</td>
<td>-0.4</td>
</tr>
<tr>
<td>ACT</td>
<td>-8.5</td>
<td>-6.0</td>
<td>-2.2</td>
<td>0.6</td>
<td>0.9</td>
</tr>
<tr>
<td>NT</td>
<td>-12.7</td>
<td>-21.5</td>
<td>-6.3</td>
<td>-4.1</td>
<td>-3.0</td>
</tr>
</tbody>
</table>

Source: Commonwealth and State Budget Papers 2013-14

Table E.2: Net debt to Gross State Product actual estimate and forward estimates (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL</td>
<td>10.6</td>
<td>11.1</td>
<td>11.4</td>
<td>10.8</td>
<td>10.0</td>
</tr>
<tr>
<td>NSW</td>
<td>2.8</td>
<td>3.2</td>
<td>3.5</td>
<td>3.6</td>
<td>3.5</td>
</tr>
<tr>
<td>VIC</td>
<td>5.8</td>
<td>6.4</td>
<td>6.6</td>
<td>6.1</td>
<td>5.4</td>
</tr>
<tr>
<td>QLD</td>
<td>1.2</td>
<td>3.6</td>
<td>3.6</td>
<td>3.2</td>
<td>2.7</td>
</tr>
<tr>
<td>WA</td>
<td>7.6</td>
<td>8.7</td>
<td>9.3</td>
<td>9.7</td>
<td>10.0</td>
</tr>
<tr>
<td>SA</td>
<td>6.1</td>
<td>7.4</td>
<td>7.4</td>
<td>9.6</td>
<td>8.6</td>
</tr>
<tr>
<td>TAS</td>
<td>0.1</td>
<td>0.9</td>
<td>0.9</td>
<td>0.4</td>
<td>-0.2</td>
</tr>
<tr>
<td>ACT</td>
<td>0.6</td>
<td>2.5</td>
<td>3.0</td>
<td>2.3</td>
<td>1.4</td>
</tr>
<tr>
<td>NT</td>
<td>10.4</td>
<td>15.1</td>
<td>15.3</td>
<td>15.3</td>
<td>15.3</td>
</tr>
</tbody>
</table>

Source: Commonwealth and State Budget Papers 2013-14
Addendum: NSW supplementary data

Subsequent to the provision of Deloitte Access Economics’ report on the *Review of the National Partnership Agreement on Universal Access to Early Childhood Education*, supplementary data pertaining to performance outcomes in NSW was provided to Deloitte Access Economics. This addendum sets out changes to the relevant performance indicator results based on the utilisation of the supplementary data for NSW.

The changes to performance indicator results outlined in this addendum do not fundamentally change the findings or conclusions of the report, although various charts and tables – and associated commentary – are affected, in accordance with the data presented here.

Changes to the executive summary and Box 3 flowing from incorporation of the NSW supplementary data are detailed below, followed by the changes to the relevant performance indicator tables in Chapter 3.

**Changes to executive summary (extracts)**

...  

<table>
<thead>
<tr>
<th>Performance against NP UAECE benchmarks</th>
<th>Terms of Reference 1(a)-(c) and 8</th>
</tr>
</thead>
</table>

**Access to quality programmes**

Using 2013 National Collection data as a proxy for reporting against access to quality programmes as defined in the NP UAECE, the following results were achieved.

- **ACCESS TO QUALITY PROGRAMMES FOR ALL CHILDREN.**  
  100%* of Australian children were enrolled in a quality preschool programme in the year before full-time schooling (setting aside achievement of teacher qualifications, given the noted data limitations). All jurisdictions met this benchmark.  
  
  *Benchmark: 95%; National average in 2013: 100%.**
ACCESS TO QUALITY PROGRAMMES FOR VULNERABLE AND DISADVANTAGED CHILDREN.\textsuperscript{30}

Across Australia, 91\% of vulnerable and disadvantaged children were enrolled in a quality preschool programme in the year before full-time schooling, falling short of the performance benchmark of 95\%. However, four jurisdictions did meet this benchmark (ACT, South Australia, Tasmania and Victoria).

Benchmark: 95\%; National average in 2013: 91\%.

ACCESS TO QUALITY PROGRAMMES FOR INDIGENOUS CHILDREN.

Throughout Australia, 99\% of Indigenous children were enrolled in a quality preschool programme in the year before full-time schooling, meeting the 95\% performance benchmark. Two jurisdictions did not meet the performance benchmark (the Northern Territory and Queensland).

Benchmark: 95\%; National average in 2013: 99\%.

* The national figure is an average based on raw state and territory figures and therefore includes some states and territories which show greater than 100\% achievement, and as such may result in an overestimate of national performance. If all states and territories were capped at a maximum of 100\%, the national result for access to quality programmes for all children would be 99\%, 90\% for vulnerable and disadvantaged children and 92\% for Indigenous children.

The NSW supplementary data which this addendum addresses does not affect the programme availability indicators.

Conclusions

The NP UAECE and preceding NP ECE have led to an increase in preschool participation across Australia and within each state and territory. In 2013, 100\% of Australian children were enrolled in a quality preschool programme in the year before full-time schooling for at least one hour. This exceeded the 95\% performance benchmark in the NP UAECE.

Changes to Box 3

Box 3: Chapter 3 key findings – Performance against NP UAECE benchmarks

A summary of NP UAECE key performance indicator results for 2013, at a national level and for each jurisdiction, is provided in the table below.

Detailed descriptions of the performance indicators, including data sources and calculation

\textsuperscript{30} As noted, there is at present no nationally agreed definition of vulnerable and disadvantaged children to inform reporting under the NP UAECE. For the purpose of the review, states and territories agreed to the use of the following nationally comparable definition: \textit{Children in the lowest quintile in the ABS Socio-Economic Indexes for Areas (SEIFA) – Index of Relative Socio-Economic Disadvantage (IRSD)}. For jurisdictions that have specified alternative definitions in their Implementation Plans – the ACT and Western Australia – the reported results should be viewed in this context. The limitations of SEIFA as a measure of vulnerability and disadvantage are outlined in Chapter 3.2.
methodologies, are provided in the body of Chapter 3. All jurisdictions agreed to the 2013 National Collection as it constitutes the most up-to-date nationally comparable data for achievement of universal access. Further information on the use of 2013 National Collection data is provided throughout Chapter 3.

It should be noted that the attendance results in the table below represent the proportion of enrolled children who attend, in the year before full-time schooling, quality early childhood education programmes for at least one hour per week (under the NMDS, a child is considered to be attending a preschool programme if they are present for at least one hour during the data collection reference week). The attendance results do not show attendance for 15 hours a week.

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>All children</th>
<th>Vulnerable and disadvantaged#</th>
<th>Indigenous</th>
<th>All children</th>
<th>Indigenous</th>
<th>All children</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL</td>
<td>100%*</td>
<td>91%†</td>
<td>95%</td>
<td>82%</td>
<td>87%</td>
<td>98%</td>
</tr>
<tr>
<td>ACT</td>
<td>100%*</td>
<td>100%*</td>
<td>95%</td>
<td>93%</td>
<td>92%</td>
<td>98%</td>
</tr>
<tr>
<td>NSW</td>
<td>96%</td>
<td>85%</td>
<td>98%</td>
<td>59%</td>
<td>66%</td>
<td>98%</td>
</tr>
<tr>
<td>NT</td>
<td>97%</td>
<td>77%‡</td>
<td>86%</td>
<td>93%</td>
<td>96%</td>
<td>88%</td>
</tr>
<tr>
<td>QLD</td>
<td>100%</td>
<td>90%§</td>
<td>80%</td>
<td>95%</td>
<td>96%</td>
<td>98%</td>
</tr>
<tr>
<td>SA</td>
<td>100%*</td>
<td>100%*</td>
<td>87%</td>
<td>83%</td>
<td>99%</td>
<td></td>
</tr>
<tr>
<td>TAS</td>
<td>100%*</td>
<td>100%</td>
<td>87%</td>
<td>97%</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>VIC</td>
<td>100%*</td>
<td>100%*</td>
<td>83%</td>
<td>86%</td>
<td>96%</td>
<td></td>
</tr>
<tr>
<td>WA</td>
<td>100%</td>
<td>94%§</td>
<td>97%</td>
<td>98%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

~ Attendance figures represent the proportion attending for at least one hour per week as a proportion of preschool enrolments.

# At present, there is no nationally agreed definition of vulnerable and disadvantaged children. For the purpose of the NP UAEC review, states and territories agreed to the use of the following nationally comparable definition: Children in the lowest quintile in the ABS Socio-Economic Indexes for Areas (SEIFA) – Index of Relative Socio-Economic Disadvantage (IRSD). Limitations associated with identifying and reporting on vulnerable and disadvantaged children are outlined in Chapter 4.

^ This is a 2014 benchmark. Annual targets for jurisdictions have been agreed to in the Implementation Plans and take into account jurisdictions’ starting point and move to 90% over time.

* These figures have been reported as 100%. Due to numerator-denominator bias, the raw figures are greater than 100%.

Note: The teacher qualifications performance indicator has not been included in the table as directly applicable data for this indicator is not currently available. The programme availability for vulnerable and disadvantaged children performance indicator has not been included in the table as data for this indicator is not currently available. Supplementary data has been included for NSW to account for preschool enrolments which were not captured in the National Collection.

1. The national figure is an average based on raw state and territory figures and therefore includes some states and territories which show greater than 100% achievement, and as such may result in an overestimate of national performance. If all states and territories were capped at a maximum of 100%, the national result for access to quality programmes for all children would be 99%, 90% for vulnerable and disadvantaged children and 92% for Indigenous children.

With regard to the NP UAEC key performance indicators of access to quality programmes and programme availability, and noting that proxy data has been used to report on achievement:
At a national level, the access to quality programmes performance indicator was met in 2013.

Over 100% of Australian children were enrolled in a quality preschool programme in the year before full-time schooling (setting aside achievement of teacher qualifications, given the noted data limitations). All jurisdictions met this benchmark.

- At a national level, the access to quality programmes for vulnerable and disadvantaged children performance indicator was not met in 2013.

  91% of vulnerable and disadvantaged children in Australia were enrolled in a quality preschool programme in the year before full-time schooling, falling short of the performance benchmark of 95%. However, four jurisdictions did meet this benchmark (ACT, SA, Tasmania and Victoria).

- At a national level, the access to quality programmes for Indigenous children performance indicator was met in 2013.

  99% of Indigenous children in Australia were enrolled in a quality preschool programme in the year before full-time schooling, above the 95% performance benchmark. Two jurisdictions did not meet the performance benchmark (the NT and Queensland).

- At a national level, the programme availability performance indicator was not met in 2013.

  82% of enrolled Australian children were enrolled in a preschool programme for at least 15 hours per week in the year before full-time schooling (as a proxy for enrolment in 600 hour programmes), falling short of the 95% performance benchmark. Nevertheless, three jurisdictions met this benchmark (Queensland, Tasmania and WA).

  - At a national level, the programme availability for Indigenous children performance indicator was not met in 2013.

    87% of enrolled Indigenous children in Australia were enrolled in a preschool programme for at least 15 hours per week, falling short of the benchmark. Nevertheless four jurisdictions – including three with a relatively high Indigenous population – achieved above the benchmark (the NT, Queensland, Tasmania and WA).

  - Due to data limitations, it has not been possible to report against the programme availability for vulnerable and disadvantaged children performance indicator.
Changes to performance indicator results

Access to quality programmes

The NSW result for this indicator increased from 82% to 96% on inclusion of the supplementary data, with a subsequent increase in the national average from 98% to 100%. All jurisdictions have now met the performance benchmark.

Table 3.2: Achievement of access to quality programmes

<table>
<thead>
<tr>
<th>Performance indicator:</th>
<th>The proportion of children enrolled in the year before full-time school in quality early childhood education programme(s).</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE BENCHMARK/TARGET^:</td>
<td>95% of children</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL</td>
<td>100%³</td>
</tr>
<tr>
<td>ACT</td>
<td>100%*</td>
</tr>
<tr>
<td>NSW¹</td>
<td>96%</td>
</tr>
<tr>
<td>NT</td>
<td>97%</td>
</tr>
<tr>
<td>QLD</td>
<td>100%</td>
</tr>
<tr>
<td>SA²</td>
<td>100%*</td>
</tr>
<tr>
<td>TAS</td>
<td>100%*</td>
</tr>
<tr>
<td>VIC</td>
<td>100%*</td>
</tr>
<tr>
<td>WA</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: National Collection

^ Performance benchmark/target derived from Table 1, NP UAECE

* These figures have been reported as 100%. Due to numerator-denominator bias, the raw figures are greater than 100%. Further detail about numerator-denominator bias is provided in Box 4 below.

1. Supplementary data has been included for NSW to account for preschool enrolments which were not captured in the National Collection.

2. The numerator for SA has been divided by 0.79 as per SA’s Implementation Plan, to reflect the one-off impact of transitioning to a single intake preschool enrolment policy.

3. The national figure is an average based on raw state and territory figures and therefore includes some states and territories which show greater than 100% achievement, and as such may result in an overestimate of national performance. If all states and territories were capped at a maximum of 100% of children enrolled in the year before full-time school in quality early childhood education programme(s), the national result would be 99%.
Access to quality programmes for vulnerable and disadvantaged children

The NSW result for this indicator increased from 72% to 85% on inclusion of the supplementary data, with a subsequent increase in the national average from 86% to 91%.

**Table 3.5: Achievement of access to quality programmes, for vulnerable and disadvantaged children**

<table>
<thead>
<tr>
<th>Performance indicator:</th>
<th>The proportion of vulnerable and disadvantaged children enrolled in the year before full-time school in quality early childhood education programme(s).</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE BENCHMARK/TARGET(^\land):</td>
<td>95% of vulnerable and disadvantaged children</td>
</tr>
<tr>
<td>2013 results</td>
<td></td>
</tr>
<tr>
<td>NATIONAL</td>
<td>91%(^5)</td>
</tr>
<tr>
<td>ACT(^1)</td>
<td>100%*</td>
</tr>
<tr>
<td>NSW(^2)</td>
<td>85%</td>
</tr>
<tr>
<td>NT</td>
<td>77%~</td>
</tr>
<tr>
<td>QLD</td>
<td>90%~</td>
</tr>
<tr>
<td>SA(^3)</td>
<td>100%*</td>
</tr>
<tr>
<td>TAS</td>
<td>100%</td>
</tr>
<tr>
<td>VIC</td>
<td>100%*</td>
</tr>
<tr>
<td>WA(^4)</td>
<td>94%~</td>
</tr>
</tbody>
</table>

Source: National Collection

\(^\land\) Performance benchmark/target derived from Table 1, NP UAECE.

* These figures have been reported as 100%. Due to numerator-denominator bias, the raw figures are greater than 100%.

~ In these jurisdictions, there are a number of children who have unknown SEIFA-IRSD classifications. These children have been distributed proportionally across the quintiles.

1. The ACT’s Implementation Plan includes a supplementary data calculation for vulnerable and disadvantaged children, based on AEDI data. Given that a nationally comparable definition of vulnerable and disadvantaged children has been agreed for this review, the supplementary data calculation has not been applied.

2. Supplementary data has been included for NSW to account for preschool enrolments which were not captured in the National Collection. The indicator has been estimated by taking the total enrolments estimated using supplementary data, multiplied by the share of enrolments in the first quintile based on the National Collection.

3. The numerator for SA has been divided by 0.79 as per SA’s Implementation Plan, to reflect the one-off impact of transitioning to a single intake preschool enrolment policy.

4. Western Australia’s Implementation Plan includes a supplementary data calculation for vulnerable and disadvantaged children, based on ICSEA data. Given that a nationally comparable definition of vulnerable and disadvantaged children has been agreed for this review, the supplementary data calculation has not been applied.

5. The national figure is an average based on raw state and territory figures and therefore includes some states and territories which show greater than 100% achievement, and as such may result in an overestimate of national performance. If all states and territories were capped at a maximum of 100% of vulnerable and disadvantaged children enrolled in the year before full-time school in quality early childhood education programme(s), the national result would be 90%.
Access to quality programmes for Indigenous children

The NSW result for this indicator increased from 81% to 98% on inclusion of the supplementary data, with a subsequent increase in the national average from 94% to 99%. This means that the performance benchmark for access to quality programmes for Indigenous children was met at a national level.

Table 3.6: Achievement of access to quality programmes, for Indigenous children

<table>
<thead>
<tr>
<th>Performance indicator:</th>
<th>The proportion of Indigenous children enrolled in the year before full-time school in quality early childhood education programme(s).</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE BENCHMARK/TARGET(^{\text{a}}):</td>
<td>95% of Indigenous children</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2013 results</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL</td>
</tr>
<tr>
<td>ACT</td>
</tr>
<tr>
<td>NSW(^{\text{i}})</td>
</tr>
<tr>
<td>NT</td>
</tr>
<tr>
<td>QLD</td>
</tr>
<tr>
<td>SA(^{\text{g}})</td>
</tr>
<tr>
<td>TAS</td>
</tr>
<tr>
<td>VIC</td>
</tr>
<tr>
<td>WA</td>
</tr>
</tbody>
</table>

Source: National Collection

\(^{\text{a}}\) Performance benchmark/target derived from Table 1, NP UAEC

* These figures have been reported as 100%. Due to numerator-denominator bias, the raw figures are greater than 100%.

1. Supplementary data has been included for NSW to account for preschool enrolments which were not captured in the National Collection.
2. The numerator for SA has been divided by 0.79 as per SA’s Implementation Plan, to reflect the one-off impact of transitioning to a single intake preschool enrolment policy.
3. The national figure is an average based on raw state and territory figures and therefore includes some states and territories which show greater than 100% achievement, and as such may result in an overestimate of national performance. If all states and territories were capped at a maximum of 100% of Indigenous children enrolled in the year before full-time school in quality early childhood education programme(s), the national result would be 92%.
Limitation of our work

General use restriction

This report was prepared at the request of the Department of Education. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of reviewing the National Partnership Agreement on Universal Access to Early Childhood Education. You should not refer to or use our name or the advice for any other purpose.
Deloitte Access Economics is Australia’s pre-eminent economics advisory practice and a member of Deloitte’s global economics group. For more information, please visit our website www.deloitteaccesseconomics.com.au

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte’s approximately 200,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia’s leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 6,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programmes, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2015 Deloitte Access Economics Pty Ltd