

A Smart Investment for a *Smarter* Australia

Economic analysis of universal early childhood
education in the year before school in Australia

the
FrontProject
The early years springboard



Early Childhood Australia
A voice for young children

EARLY CHILDHOOD AUSTRALIA NATIONAL CONFERENCE 2019
FROM VISION TO ACTION

Agenda

- 1 An Australian economic analysis
- 2 About the Report
- 3 The Results
- 4 Key messages for policy-makers
- 5 Discussion



Early Childhood Australia
A voice for young children

EARLY CHILDHOOD AUSTRALIA NATIONAL CONFERENCE 2019
FROM VISION TO ACTION

An Australian economic analysis

“How has this not already been done? We need to convince families of the real importance of early childhood education. We need to convince governments that returns and benefits are so obvious that they invest early.

How can we change the attitudes towards early childhood education so that it's seen as a deeply evidence based beneficial activity not only for children in the short term and the long term but for societies as well.”

– Susan Carland



Early Childhood Australia
A voice for young children

EARLY CHILDHOOD AUSTRALIA NATIONAL CONFERENCE 2019
FROM VISION TO ACTION

About the Report



**Grounded in strongest
available Australian data
and evidence**



**Consistent with
international methods and
Treasury guidelines**



**Downplays the full impact
– including social and
emotional benefits**



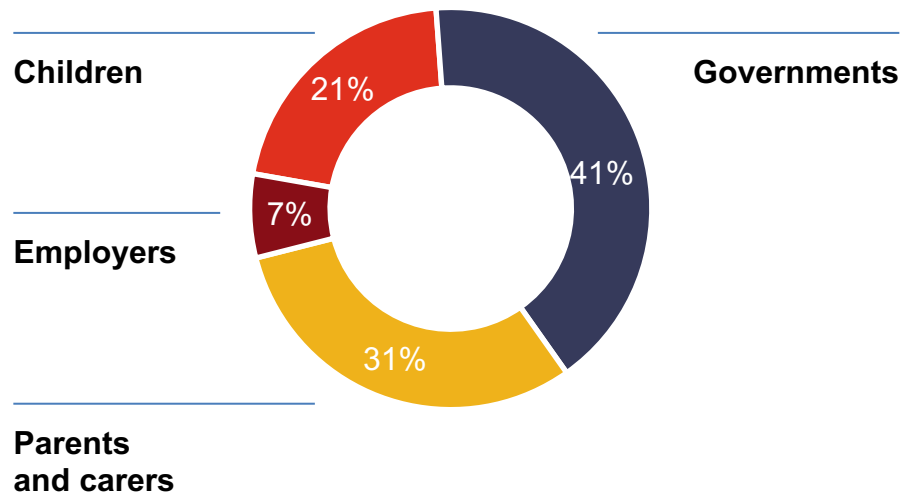
Early Childhood Australia
A voice for young children

EARLY CHILDHOOD AUSTRALIA NATIONAL CONFERENCE 2019
FROM VISION TO ACTION

The Results

“We get \$2 of benefits for every \$1 spent on early childhood education. The return on investment is 103%.”

Benefits (\$m) by sector



The Results

Total cost of providing universal access to 15 hours of early childhood education in the year before school

COST VS **BENEFITS**



Increase in parents working



Increase in lifetime earnings
Increase in taxation from earnings



Improved school readiness



Decrease in schooling costs



Improved employment and earnings for children



Increase in lifetime earnings
Increase in taxation from earnings
Decrease in welfare costs
Decrease in health-related costs



Improved social outcomes



Decrease in health and crime-related costs



Early Childhood Australia
A voice for young children

EARLY CHILDHOOD AUSTRALIA NATIONAL CONFERENCE 2019
FROM VISION TO ACTION

BENEFITS

CHILDREN



Higher earnings for
children over lifetime
\$997m

Reduction in welfare
payments
- \$67m

COSTS

None

PARENTS & CARERS



Earnings for families
\$1,064m

Fees for parents
\$501m

GOVERNMENT



BENEFITS

Increased tax revenue

Parental income: **\$313m**

Children: **\$495m**

Reduced expenditure

Schooling: **\$14m**

Health: **\$605m**

Crime: **\$522m**

Welfare: **\$67m**

COSTS

Direct costs to
government

\$1,835m

EMPLOYERS



Productivity boost
from a more
educated workforce
\$319m

None

Key messages

Early childhood education is a smart investment for government

- Strong result for a universal program - Infrastructure projects typically deliver 1:1-1.5

The size of the return can be increased by:

- Stabilising funding
- Improving quality
- Moving to two years of early childhood education
- Improving access and impact for children experiencing disadvantage



Early Childhood Australia
A voice for young children

EARLY CHILDHOOD AUSTRALIA NATIONAL CONFERENCE 2019
FROM VISION TO ACTION

Discussion

Opportunities to use the analysis

- Advocating for early childhood education
- Communicating with families



Early Childhood Australia
A voice for young children

EARLY CHILDHOOD AUSTRALIA NATIONAL CONFERENCE 2019
FROM VISION TO ACTION