



# the FrontProject

*The early years springboard*

## A smart investment for a smarter Australia

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

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

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

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

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

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

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

The Front Project's analysis shows that early childhood education produces a return on investment of 1:2 (ROI), boosting educational achievement, increasing workforce participation, increased earnings, and providing higher tax revenue – now and into the future.

Children, families, governments and business all benefit from investments in quality early childhood education. For every dollar invested in early childhood education programs, we receive two dollars back.

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

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

**+\$1,960M** to government over the life of the child from increased tax revenue and decreased expenditure on health, justice and welfare.

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

### **The importance of the early years.**

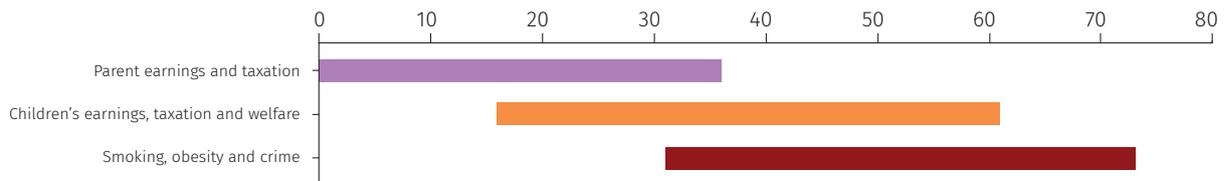
These benefits accrue because the early years of a child's life presents a window for learning and development unlike any other. 1-2 million new neural connections are formed every second during a child's first 1,000 days, and 90% of brain development happens by the time a child turns five.

A child's experiences during the early years lay the foundation for all future learning and skill development. Quality early education programs accelerate the development of these skills including literacy, numeracy, communication, social and emotional and problem-solving.

Strong foundational skills and abilities lead to stronger academic performance through school, and a greater likelihood of school completion and further education attainment.

The improved skills and abilities in children who attend early education was associated with approximately 14 additional NAPLAN points in Year 3. Children with higher scores at Year 3 NAPLAN continue to do better through to Year 9 NAPLAN, and then to graduation.

Time period that benefits are realised (years following attendance at early childhood education)



The analysis timeframe captures the lifetime benefits for children receiving early childhood education in 2017. The economic benefits are seen immediately, however some of the longer-term health and justice related benefits occur later in life and benefit all of the community. Other flow-on effects include greater social cohesion, reduced inequality, and a healthier and happier community, more able to contribute and cope with life's challenges.

### Early childhood education pays a double dividend.

Business directly benefits from increased workforce participation of parents, either returning to the workforce or increasing their hours. At the same time, children are learning the skills that will allow them to thrive in the jobs of the future.

- An additional 33 million hours are worked across the economy by parents returning to work or increasing their hours in the year their children attend early childhood education. This benefits parents through higher income and salary growth over time. Increased workforce participation improves their skills and employability – leading to higher earnings over time.
- Increased workforce participation by parents with children in early education also leads to greater superannuation contributions.
- Quality early childhood education establishes foundational skills, preparing children for the transition to school. Children who start school ready are more likely to succeed throughout their education and go on to further education.

### 21st century workforce = adaptable problem solvers who are great with people.

In today's complex world business needs people who know how to learn. It is possible to train people in new information, programs and contexts, but without teams that have the fundamental ability to learn and re-learn; innovation, productivity and efficiency suffer.

The World Economic Forum estimates 65% of children entering primary school today will end up in jobs that don't exist yet. Australian research shows that as automation increases, one in ten workers will need to re-skill to ensure they stay relevant in their roles.

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

Investment in quality early childhood education can help build a flexible, capable workforce and a competitive Australia. It gives today's children the best chance to navigate a future where they will have to adapt to several careers in an uncertain environment.

### Increasing the benefits.

We have an opportunity to increase the return on investment by:

- **Investing in quality:** Every child should have access to a quality early childhood education program that enhances their learning and development. Currently a quarter of services aren't meeting the National Quality Standard.
- **Committing to the ongoing funding:** Ongoing funding commitments from the Commonwealth Government will lead to improved service viability, planning, job security and quality. The current agreement between the Commonwealth and the states and territories to fund these programs will expire at the end of 2019. It has been renewed annually or biannually for the past 7 years.

- **Increasing access:** Ensuring children in disadvantaged communities have access to quality early childhood education. They have the most to gain yet are the least likely to attend and the least likely to experience high quality learning.

- **Offering two years:** Two years of quality early childhood education in the years before school has a bigger impact than one year. Australia is one of the few OECD countries not offering two years of preschool, putting us at risk of falling further behind on international benchmark tests, like the Program for International Assessments.