



Steering Committee for the Review of  
Commonwealth/State Service Provision:

Report On Government Services  
2004

# *Early Childhood Education*

## *2004 Update*

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## 1. Population trends

Since 1999 there has been a fall of 1.2%, or 18,000, in the total number of children aged five years and younger in Australia. In 2003, there were 12,300 fewer 4 year olds and 4,500 fewer 2-3 year olds than in 1999. There were also 9000 more children aged 0 to less than two years.

In the year to June 2003, the number of four year olds fell by 3900, or 1.5%, across Australia.

Estimates indicate that there has been a total fall of 800 children aged five or younger in the year to June 2003. However within this overall picture, the number of children aged 0 to less than 2 increased by 11,600 or 2.3%, while the number of children aged 2-3 fell by only 1,800 or 0.4%. The number of 4 year olds fell by 3,900 or 1.5% and of 5 year olds, by 6,700 or 2.6%. These increases are likely to affect preschool enrolments in 2004-2006.

This data reflects the growth in the number of very young children reported in the 2003 Update. There is an increased growth in the number of children aged up to two years, while the decline in the number of children aged 2-3 years has slowed. While there is a short term fall in the number of 4 year olds, it can be anticipated that numbers will again increase over the next two-three years.

Table 1

	1999	2000	2001	2002	2003 (b)	Change 99-03 (%)	Change 02-03 (%)
0 to less than 2 years (1 year old or less)	501.8	504.7	508.5	499.2	510.8	1.8	2.3
2 to less than 4 years (2-3 year olds)	516.7	512.2	512.4	514.0	512.2	-0.9	-0.4
4 to less than 5 years (4 year olds)	265.7	262.1	261.4	257.3	253.4	-4.6	-1.5
5 to less than 6 years (5 year olds)	266.1	268.1	264.3	262.6	255.9	-3.8	-2.6
TOTAL 0 to less than 6	1550.3	1547.1	1546.6	1533.1	1532.3	-1.2	-0.1

(a) As at 30 June.

(b) 30 June 2003 estimates are ABS Series 1 Population projection. Analysis of data for 1997 and 1998 suggest that population projections are with 1 per cent of estimated residential population estimates.

## 2. Participation rates

### 2.1 Overview

SCRCSSP defines participation in two categories:

- children attending preschool in the year immediately prior to full time schooling, broadly categorised as 4 year olds. From 2002 on this also includes Western Australia, where the definition was previously based on pre-primary students (and thus 5 year olds);
- younger children attending government funded preschool services.

Across Australia, 239,270 children attended state funded preschool education in 2002-03, of whom 211,566 or 88.4%, were in the year prior to school. This compares with a total of 240,019 children in attendance in 2001-02. Across Australia, there was a total fall of 749 children (0.3%), including both 4 year olds and younger children. The overall participation rate has nonetheless increased.

Nearly 240,000 children participated in preschool education in 2003-03, the vast majority of whom were in the year prior to school. This compares with the 193,809 places provided by Commonwealth approved centre based long day care and 70,840 places in approved family day care services at June 2001. These 264,649 places represent 20.9% of all children aged 0 – 4 years. There is no breakdown of attendance by year age.

## 2.2 Participation rates for 4 year olds

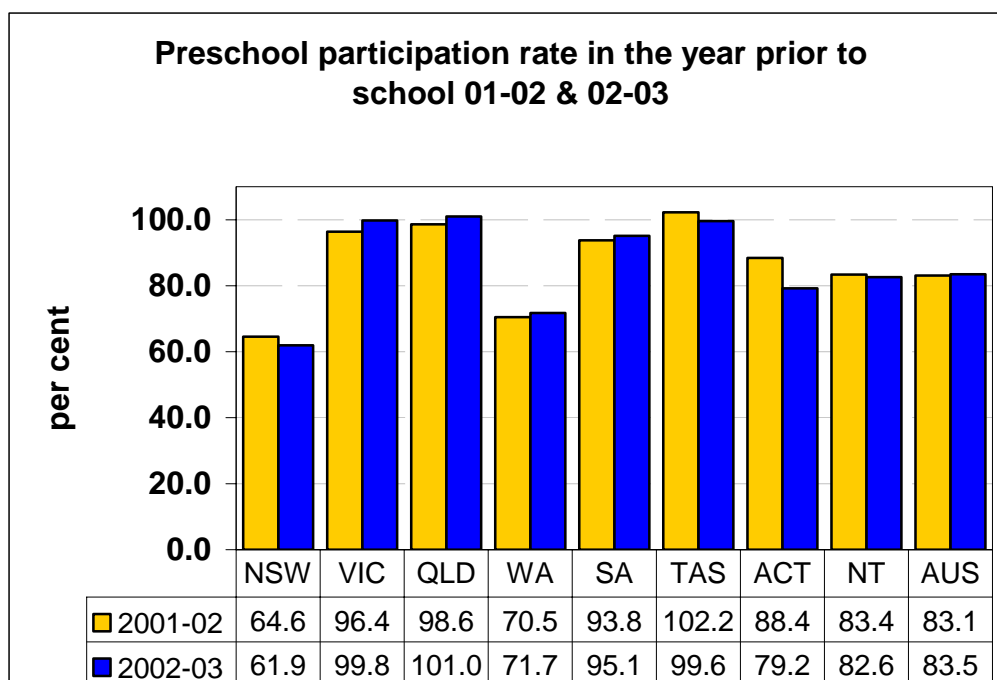
Across Australia, around 83.5% of 4 year olds attended preschool in the year prior to school in 2003-03. This is a slight increase on the revised participation rate of 83.1% in both 2001-02 and 2000-01.

Participation rates range from over 100% in Queensland to 61.9% in NSW. These participation rates are approximate, and in NSW particular caution is required given the structures of NSW early childhood services, with preschool programs provided in both childcare and preschool centres, which are required to meet the same regulations and employ qualified teachers if there are more than 30 children in a centre. NSW data is not seen as comparable with other systems. In general, there are continued difficulties with the comparability of the data across systems and there are complexities arising from the way in which participation rates are determined. Some of the changes reported here may be due to a revision of previous data.

In the Northern Territory, enrolments increased slightly but the participation rate dropped slightly, from 83.4% to 82.6% in 2003-03. Slight falls were also reported in the ACT and Tasmania. It is unclear how much of this change is due to revisions of the data.

All other systems reported some increase in participation rates, as was the case for Australia as a whole. This is the second year of data since the change in school entry age and move to full time schooling in the pre-primary year in Western Australia. Enrolments of 4 year olds in the year before pre-primary ('kindergarten') are increasing.

Figure 1



### 2.3 Participation rates of younger children

In NSW, Queensland, South Australia and the ACT younger children are funded to attend preschool education. In South Australia, a pre-entry program is provided for 10 weeks in the term before preschool and Indigenous children can enrol at 3 years. In the ACT, a range of children may be eligible for early entry into preschool, including Indigenous children. Younger Indigenous children are also eligible to enrol in the Northern Territory and Queensland. Younger children may also enrol in limited circumstances in Tasmania.

In 2003-03, 27,704 younger children (3 year olds) attended preschool, or about 17%, compared to a participation rate of 16.3% in 2001-02.

Participation rates for younger children in funded preschool programs varies from 26% in South Australia, 21.1% in Queensland, 13.6% in NSW, 10.8% in the Northern Territory and 4.4% in the ACT. No funding is provided for younger children in Victoria or Western Australia.

### 3. Enrolment trends

The total number of children enrolled in preschool in the year prior to school (4 year olds) has fallen by 2,360 between 2001-02 and 2002-03, despite the increased participation rate. This would suggest that, overall, the reason for the fall is primarily demographic.

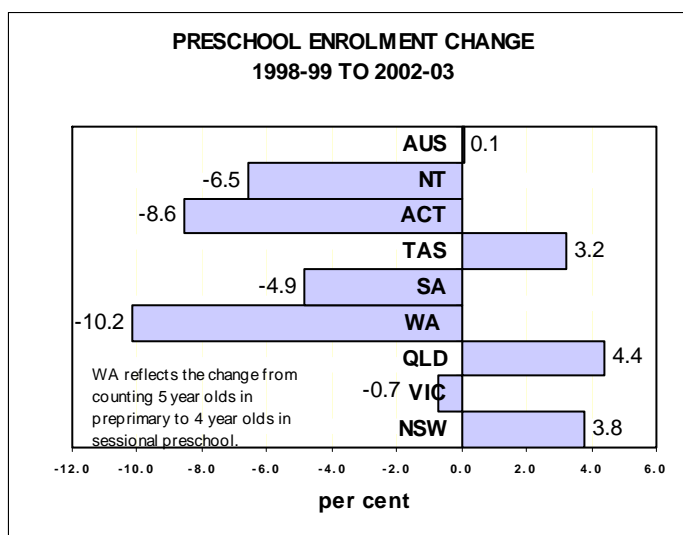
The largest fall has been in NSW, where 3,470 fewer children were enrolled than in 2001-02. The NSW data is based on estimates of the number of children aged four to under six in child care services since preschool programs are provided in both designated preschool centres and other child care services in NSW. The total number of children in NSW aged 4 to less than 6 years fell by 4,584 in the year to 2002-03, a greater drop than that in enrolments. However, the participation rate is calculated on the basis of comparing total enrolments with the 4 year old population, which has fallen by 1811 in the last year. This means that the reported participation rate has fallen from 64.9% in 2001-02 to 61.9% in 2003-03. Increased enrolments have occurred in Queensland, Western Australia, South Australia and the Northern Territory.

Table 2 indicates that there have been fluctuations in enrolment within and across the states and territories, within an overall pattern of modest or stable enrolment growth. The trend data must be treated with some caution given changes both in structures and revisions in data.

Figure 2

Although the number of 4 year olds in the Australian population has dropped by 12,300, or 4.6%, since 1999, the number of 4 year old children enrolled in funded preschool education services has increased by 221 students, a 0.1% increase. This is despite the move of pre-primary into the school system in Western Australia, where enrolments in the earlier 'kindergarten' year were lower although increasing.

Queensland has shown the largest increase in enrolments, 2,105 additional students or 4.4% enrolment growth, since 1998-89.



NSW has had an increase of 1,916 or 3.8% despite the sharp fall in both population and enrolments over the last year. Tasmania has had a 3.2% increase. The ACT fall reflects a drop in reported participation rates but is also likely to reflect the falling population of preschool aged children: participation in childcare has also dropped. The NT is 6.5% down but it is unclear how much this is affected by data revision. Western Australia is down by 10.2% as a result of the entry age and pre-primary changes, although there has been an increase of 4.1% over the last year.

**Table 2**

<b>Children using State/Territory funded and/or provided preschool services</b>					
Year before full-time school	1998-99	1999-00	2000-01	2001-02	2002-03
NSW	50 683	53 237	56 376	56 069	52 599
VIC	60 725	60 160	60 380	60 286	60 282
QLD	48 056	49 215	49 525	49 581	50 161
WA	20 797	20 394	20 500	17 944	18 680
SA	18 343	18 010	17 501	17 430	17 450
TAS	5 758	6 400	6 178	6 087	5 945
ACT	3 836	3 841	3 657	3 629	3 508
NT	3 147	3 070	3 145	2 900	2 941
	211 345	214 327	217 262	213 926	211 566

*In NSW, preschool programs are defined as children attending both childcare and preschool services above the age of 4 years.*

*In Victoria, includes 8946 children attending preschool in long day care services in 02-03 and 9265 in 01-02.*

*In Queensland, includes only children attending at schools for a minimum of 25 hours per fortnight and children at C&K preschools.*

*In WA, based on 4 year olds from 2002-3, 5 year olds in earlier years.*

*In Tasmania, data for 99-00 include nongovernment preschool services.*

Between 2001-02 and 2002-03 there has been a significant increase in the number of younger children attending preschool, 1611 or 6.2%. These increases range from 37% in the ACT and 36.5% in the Northern Territory to 11.5% in NSW and smaller increases in South Australia and Queensland.

**Table 3**

<b>Younger children using State/Territory funded and/or provided preschool services</b>					
	1998-99	1999-00	2000-01	2001-02	2003-03
NSW	14 285	13 494	11 669	10 733	11 966
VIC	na	na	na	na	na
QLD	10 684	10 740	10 644	10 293	10 438
WA	17 182	17 102	9 157	-	na
SA	4 769	4 660	4 689	4 650	4 730
TAS	na	na	na	na	na
ACT	144	131	159	135	185
NT	222	196	211	282	385
	47 286	46 323	36 529	26 093	27 704

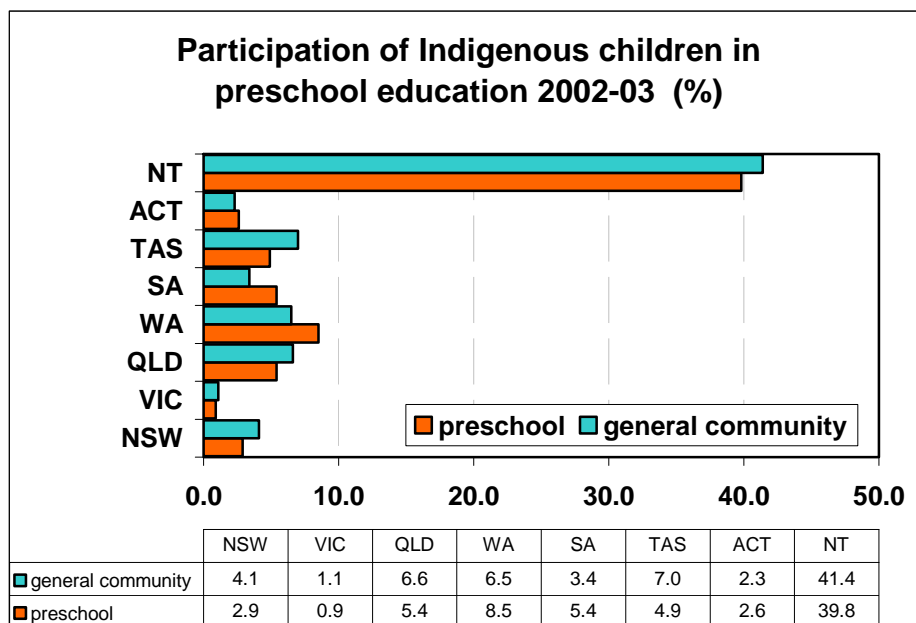
*In Queensland, community kindergartens and preschools under Creche and Kindergarten Association.*

*In WA, half cohort in 2000-01 as a result of changed school entry age. In 2002-03, pre-primary students transferred to school data and 4 year olds defined as in the year before school and included in table 2.*

The June 2003 ABS *Child Care* (4402.0) provides 2002 data on participation in preschool by children aged 0 to 4 years old. It too shows increased participation, with the participation rate in 2002 (15.7%) higher than at June 1993 and subsequent surveys.

#### 4. Aboriginal and Torres Strait Islander children in preschool education

Figure 3



All jurisdictions provided some data on the proportion of Indigenous children attending preschool education. There is a need for considerable caution in relation to the comparison with the general community, since it is based on community population data for 0-14 year olds in the 2001 ABS Census of Population and Housing. The rapid growth in the number of young Indigenous children is likely to be understated.

The report, whilst noting the need for caution in the data, continues to record that:

*‘Across jurisdictions, the proportion of Indigenous children attending preschools in 2002-03 was broadly similar to their representation in the community’. (p. 14.17)*

It also suggests that the proportion of Aboriginal and Torres Strait Islander children attending preschool has varied across jurisdictions but has ‘been relatively constant over time within jurisdictions’. However, even on the available data, only in Western Australia and South Australia are Indigenous children represented at a level above that of the stated representation in the community – despite the fact that the data provided is likely to under-represent the number of young Indigenous children in the community. In the Northern Territory, the data has previously been revised and now indicates that Indigenous children are under-represented in preschool education. What is unclear is the extent to which increases in the reported participation rates, in every system to some degree, are a reflection of actual improvements or of data revision.

Although the Report on Government Services suggests that the reported rates of representation of Indigenous children in preschool exclude younger children from the data, this does not appear to be the case, given that the proportion of children attending preschool who are Indigenous children has been calculated on the basis of all children attending preschool, not just the 4 year olds.

The limitations of the data make it fairly impossible to estimate the number of Indigenous children who are missing out on preschool education. However, within these limitations, it is perhaps worth giving some indication of the scope of the issues.

In the Northern Territory, for example, there are 1323 Indigenous children enrolled in preschool, 39.8% of the total preschool population of 3326. Of this total enrolment, 385 are younger children, and these children are Indigenous children who are entitled to access preschool education at 3 years old.

Indigenous children are reported to be an estimated 41.4% of the general Northern Territory community. If this were extrapolated to the total number of 4 year olds in the Northern Territory, then 1475 would be Indigenous children. Yet only an estimated 938 four year old Indigenous children attend preschool. Extrapolation to the estimated total number of 3 year olds would suggest that some 1493 are Indigenous children, yet only 385 are enrolled in preschool education.

On this basis, it would seem that about 1644 Indigenous children aged three and four in the Northern Territory are missing out on accessing a preschool education.

The Department of Employment, Education and Training in the Northern Territory has suggested that there was an under-enrolment of 2400 three and four year old children in the NT in 2003. A large proportion of those children would be Indigenous children. Participation rates in the Northern Territory range from 99.9% in urban areas to 44.3% in remote and 33.3% in very remote areas. (*Presentation to the Independent National Inquiry into Preschool Education, national forum 21 October 2003*).

In Queensland, younger children can attend subsidised services offered by C & K. Younger Indigenous children living in remote areas may attend preschool. When a comparison is done of the number of Indigenous children enrolled in preschool education with their reported representation in the general community for three and four year olds, some 2050 children are estimated to be missing out.

In South Australia, where three year old Indigenous children are also entitled to attend preschool, Indigenous children appear to be represented more strongly in preschool education than in the general community. When similar methodology is applied to the South Australian data, there appear to be some 48 Indigenous children aged three and four who are missing out.

In NSW, children are able to attend funded preschool education at three and four years of age. Extrapolating from the estimated representation of Indigenous children in the general community and comparing this with actual Indigenous enrolments reported, would suggest that some 5240 Indigenous children in NSW are missing out on preschool education opportunities.

In the ACT, the estimated number missing out is 103 Indigenous children.

In Victoria, Western Australia and Tasmania there do not appear to be programs which enable three year old Indigenous children to attend preschool. Calculation of the number of four year olds missing out suggest that there are 145 Indigenous four year old children missing out in Victoria, 114 in Western Australia and 175 in Tasmania.

The data limitations and the need to make a number of assumptions mean that these rough estimations must be treated with great caution. However, these estimates suggest that over 9500 eligible Indigenous children are missing out on preschool education opportunities. That's without taking into account the local data provided by the Northern Territory Department for one.

The data also points to the inequities of access that currently exist between systems. Three year old children are entitled to participate in preschool education in some systems, but not apparently in others. If all three and four year old Indigenous children were entitled to participate then the number

who are currently missing out on this opportunity is an estimated 12,300 three and four year old Indigenous children across Australia.

The *National Report to Parliament in Indigenous Education and Training, 2002* provides total Indigenous preschool enrolments, while the 2001 report provided the total number of three and four year old Indigenous children in 2001. On this data, some 13,160 Indigenous children are missing out on preschool education.

More reliable and specific data needs to be provided on the number of Indigenous children, and indeed all children, who are missing out on preschool education.

## 5. Access of target groups

The report indicates that the data on the proportion of preschool attendees from specified target groups is not extensive across all jurisdictions. As for data relating to Indigenous children, there is a need for considerable caution in relation to this data, since here too the comparison with the general community is based on population data for 0-14 year olds and the source and age of the data varies, from 1996 to 2001 data from a range of instruments. Some of the data has been revised.

Children from non-English speaking backgrounds are substantially under-represented in preschool education, relative to their representation in the community, across all jurisdictions for which there is data.

Children with disabilities are underrepresented in every preschool education system for which data is available, with the exception of NSW and South Australia.

Children from rural and remote areas are reported to be represented in preschool education in proportions higher than their representation in the general community where data is available, except for Queensland and the Northern Territory.

**Table 4**

<b>Participation by target equity groups in preschool education 2002-03</b>								
	<b>NSW</b>	<b>VIC</b>	<b>QLD</b>	<b>WA</b>	<b>SA</b>	<b>TAS</b>	<b>ACT</b>	<b>NT</b>
<b>Non-English speaking background</b>								
preschool	6.5	12.7	2.5	na	9.2	na	9.3	na
general community	20.4	19.9	7.1	11.0	11.2	2.6	13.1	29.4
<b>Children with disabilities</b>								
preschool	6.8	4.3	1.0	2.3	14.2	na	4.1	5.1
general community	6.6	6.6	8.1	10.4	9.9	7.5	na	na
<b>Rural/remote</b>								
preschool	30.2	na	23.7	34.1	32.7	70.2	1.0	46.6
general community	28.4	27.5	35.4	30.1	31.0	42.7	0.2	59.0

## 6. Participation by labour force status of parents

The report cites 2002 data from the 2003 ABS Child Care survey (4402.0), noting that the survey now reports employment status, not workforce participation status, and disaggregates the data by couple and single family classifications.

70% of couple families using childcare services had both parents in the workforce, compared to 44% of couple families using preschool services. While 28% of couple families using childcare services had at least one parent not in the workforce, this was true for 54% of couple families using preschool services. 61% of single parents using childcare services were in employment, compared to 40% using preschool services.

The ABS Child Care survey (4402.0) shows that in couple families in 2002, 72.4% of mothers of children in long day care centres and 46.3% in preschool are employed. In other words, 27.5% of childcare mothers and 53.7% of preschool mothers are not employed. Of those mothers who are employed, 77.6% of mothers with children in long day care and 82.3% in preschool are employed part time. In addition, 7.9% of fathers with children in long day care are not employed and 28.8% of those who are employed work fewer than 34 hours a week. 8.5% of fathers with children in preschool are not employed and 27.4% work fewer than 34 hours per week.

The problem with the data is that the childcare services are for children aged 0-11, including after school care and other services.

The October 2002 ABS Labour Force data (6203.0) indicates that 59.1% of employed women with a partner and children under 15 work part time. A further 38% of women with children under 15 and a partner are not in the labour force.

## 7. Average hours of attendance

NSW and Victoria provided no data on the average hours of attendance. Previous information has suggested that children in Victoria attend an average of 10 hours per week.

Reported data for four year olds in 2002-03 shows a range from 10.5 hours in the ACT to 12.7 hours in Queensland.

There is less information on the attendance hours for 3 year olds.

The average attendance at centre based long day care in 2002 was 19.2 hours, compared to 24.7 hours in 2001.

**Table 5**

<b>Hours of attendance 2000-01</b>		
	<b>4 YEAR OLDS</b>	<b>3 YEAR OLDS</b>
NSW	na	na
VIC	na	na
QLD	12.7	11.0
WA	11.0	na
SA	11.0	2.6
TAS	10.6	na
ACT	10.5	5.3
NT	12.5	8.0

*In Queensland data is based on average hours service operated.*

*In South Australia the pre-entry program provides one session for ten weeks in the term before preschool.*

*In the NT, estimate is based on the average sessional hours and number of children attending.*

## 8. Expenditure on preschool education

### 8.1 Total expenditure on preschool services

In 2002-03, the states and territories reported total expenditure of \$447.5m on preschool education services. This is about 78.3% of all expenditure by the states and territories on children's services. Total expenditure in some states and territories includes expenditure on funded preschool places for younger children as well as expenditure on child care services.

The Commonwealth spent about \$1.7B, of which 80.6% was for financial support to families through assistance with child care fees. The Commonwealth provides some funding directly to Queensland for the preschool year since other states are funded for a preparatory or reception year in school. Similar funding was provided to Western Australia but with the move to fulltime pre-primary, this would now presumably be funded as part of primary schooling. The Commonwealth also provides supplementary funding for preschool education for Aboriginal and Torres Strait Islander children. With these exceptions, funding of preschool education is currently the responsibility of the states and territories.

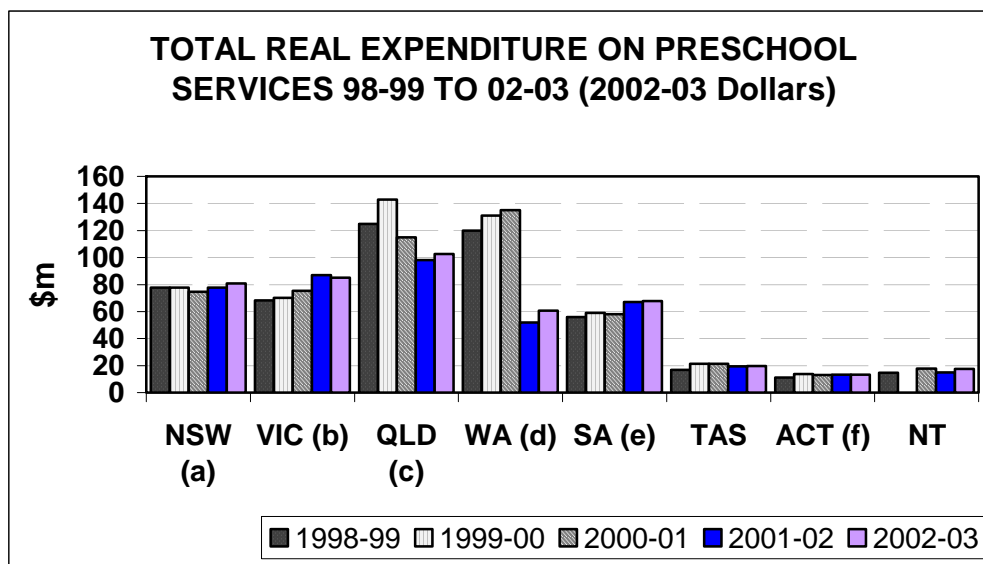
On the surface, total state and territory expenditure across Australia has decreased by \$39.2m, or 8.1%, in real terms over the period 1998-99 to 2002-03 (in 02-03 prices). These figures are however misleading, since the changes in Western Australia led to a reported fall in expenditure of \$81.2m in the year to 01-02. Queensland expenditure is also reported to be underestimated in the last two years reported.

All other systems have reported a real increase in that time and when Western Australia and Queensland are excluded total expenditure has increased by 16.2% in real terms over the period 98-99 to 02-03. The largest increases were reported in Victoria and South Australia.

Within this overall picture, changes in expenditure within each of the jurisdictions show considerable variation in the period 1998-99 to 02-03. There is some need for caution in comparing data across years or across systems. The large apparent increase in the ACT, for example, is at least largely attributable to changed accounting formats. Queensland has reported the need for caution in relation to historical data.

Between 01-02 and 02-03, falls in real expenditure were reported in Victoria (2.3%) and the ACT (0.5%). Across Australia, reported expenditure increased by 4.2% in real terms.

Figure 5



**Table 6**

TOTAL REAL EXPENDITURE ON PRESCHOOL SERVICES 97-98 TO 01-02 IN 2002-03 DOLLARS (\$m)							
	1998-99	1999-00	2000-01	2001-02	2002-03	Change 98-9 to 01-02	Change 01- 02 to 02-03
NSW (a)	77.7	77.7	74.8	77.7	80.9	4.1	4.1
VIC (b)	68.2	70.2	75.5	87.0	85.0	24.6	-2.3
QLD (c)	125.0	143.0	114.9	98.2	102.6	-17.9	4.4
WA (d)	119.9	131.1	135.1	51.9	60.7	-49.4	17.0
SA (e)	55.8	59.0	58.1	67.0	67.8	21.5	1.3
TAS	16.9	21.4	21.4	19.4	19.7	16.4	1.7
ACT (f)	11.1	13.8	13.1	13.3	13.3	19.5	-0.5
NT	14.8	na	17.8	14.9	17.6	19.1	17.5
AUS	489.4		510.6	429.3	447.5	-8.6	4.2

(a) includes \$13.6m financial support to families

(b) includes \$3.5m subsidy to families

(c) Expenditure underestimated in 01-02 & 02-03, excludes expenditure by state and nonstate preschools, but includes funding eg \$84.3m for preschool teachers and \$3.4m for depreciation on buildings. Historical data to be used with caution.

(d) impact of changes to school entry age and move to full time pre-primary.

(e) includes combined admin salaries for preschool and childcare of \$3.4m.

(f) Data for 98-99 adjusted for estimated salary oncosts, about \$2.7m.

## 8.2 Estimated expenditure per preschool student

Calculation of estimated real expenditure per preschool student provides a way of gauging the actual impact of this increase in total funding.

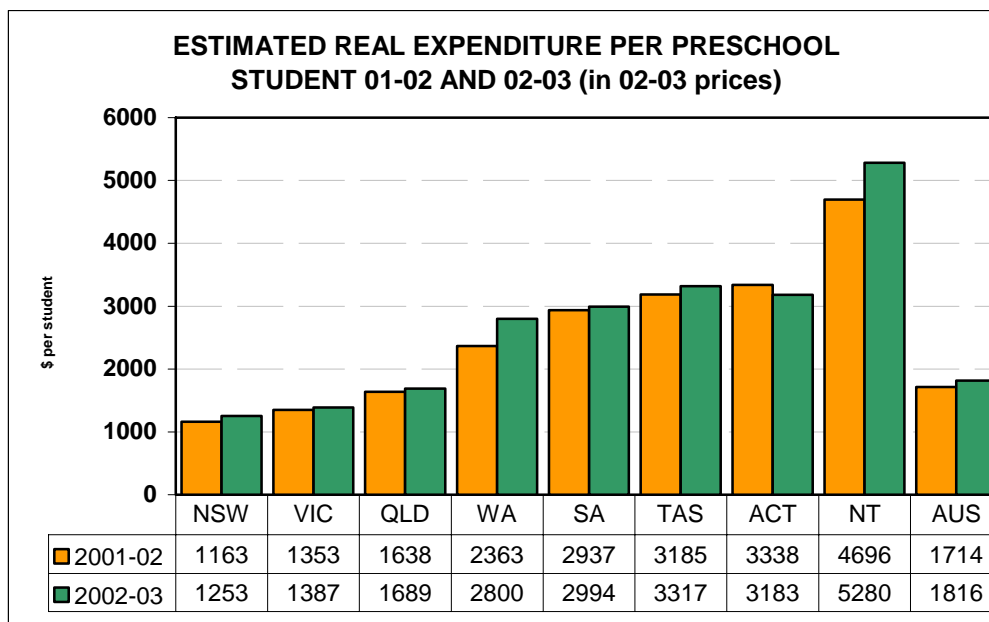
Such a comparison is made more difficult by the fact that only in some systems are 3 year olds also funded to attend preschool education. Figure 6 provides estimates of change in per capita expenditure on preschool students in the year to 2002-03. It includes consideration of 3 year olds and is calculated on the basis of total enrolments. This has the effect of under-estimating per capita expenditure on 4 year olds in those systems which fund 3 year olds, since expenditure on 3 year olds is likely to be considerably less.

On the basis of including 3 year olds, the estimated per capita expenditure on preschool students across Australia increased from \$1714 to \$1816 in 2002-03 prices. This is an increase of \$102 per student, or 6% in real terms.

Within that national picture, reported expenditure per student fell by 4.6% in the ACT and increased in other systems. The largest reported increases in per capita expenditure were in Western Australia (18.5%) and the Northern Territory (12.4%). In the Northern Territory reported expenditure for 2001-02 was 11.6% down on the previous year so the latest increase appears to take NT expenditure back to the previous level.

The Report on Government Services no longer provides information about the level of fees which apply in some states. In NSW and Victoria, services receive some funding and eligible families receive financial support. The most recent data included in previous SCRCSSP reports indicated that in 1999-00, average costs in NSW were \$1.86 per hour and in Victoria \$1.15 per hour while other states [provided access free or on the basis of voluntary contributions, as part of the public school system. In Queensland, C&K services, largely provided for younger children, averaged \$1.80 per hour while preschool provide within the state school system was free.

**Figure 6**



**Sources:**

Data in this report unless otherwise indicated is drawn from:  
 SCRCSSP (Steering Committee for the Review of Commonwealth/State Service Provision), *Report on Government Services 2004*, vol. 2, Productivity Commission, Canberra.

**Other sources:**

ABS Labour Force, 6203.0, October 2002  
 ABS Childcare June 2002, 4402.0