



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

**Report On Government Services
2003**

**Early Childhood Education
2003 Update**

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1. Population trends

Since 1998 there has been a fall of 1.2%, or 18,100, in the overall number of children aged five years and younger in Australia. In 2002, there were 8200 fewer 4 year olds and 12,500 fewer 2-3 year olds than in 1998. There were also 6500 more children aged 0 to less than two years.

In the year to June 2002, the number of four year olds fell by 3100, or 1.2%, across Australia.

Estimates indicate that there has been an increase of 9500 children aged five or younger in the year to June 2002. This is due to a total increase of children aged 0-3 of 14,200. The number of children aged 0 to less than 2 increased by 10,800 or 2.2%, while the number of children aged 2-3 increased by 3,400 or 0.7%. These increases are likely to affect preschool enrolments in 2004-2006.

Table 1

Estimated resident population younger than six years old							
	1998	1999	2000	2001	2002 (b)	Change 98-02 (%)	Change 00-01 (%)
0 to less than 2 years (1 year old or less)	501.7	498.0	498.3	497.4	508.2	1.3	2.2
2 to less than 4 years (2-3 year olds)	518.6	512.7	506.0	502.7	506.1	-2.4	0.7
4 to less than 5 years (4 year olds)	262.5	262.9	259.7	257.4	254.3	-3.1	-1.2
5 to less than 6 years (5 year olds)	263.5	263.6	264.3	261.2	259.6	-1.5	-0.6

(a) As at 30 June 2002.

(b) 30 June 2002 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. For 2002 this apparently also includes Western Australia, where the definition was previously based on pre-primary students (and thus 5 year olds);
- younger children attending preschool services.

Across Australia, 240,019 children attended state funded preschool education in 2001-02, of whom 213,926, or 89.1%, were in the year prior to school. This compares with a total of 253,791 children in attendance in 2000-01. The prime reason for the drop is the change in school entry age and move to full time schooling in the pre-primary year in Western Australia, which accounts for 11,713 children. Across the rest of Australia, there was a total fall of 2059 children, including both 4 year olds and younger children. When Western Australia is excluded, there was a drop of 780 children, or 0.4%, in the number of children enrolled in the year prior to school. That this is a result of demographic factors is seen in the increase in participation rates over the last year.

It is worth noting that in total, there were 193,809 places provided by Commonwealth approved centre based long day care and 70,840 places in approved family day care services. 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

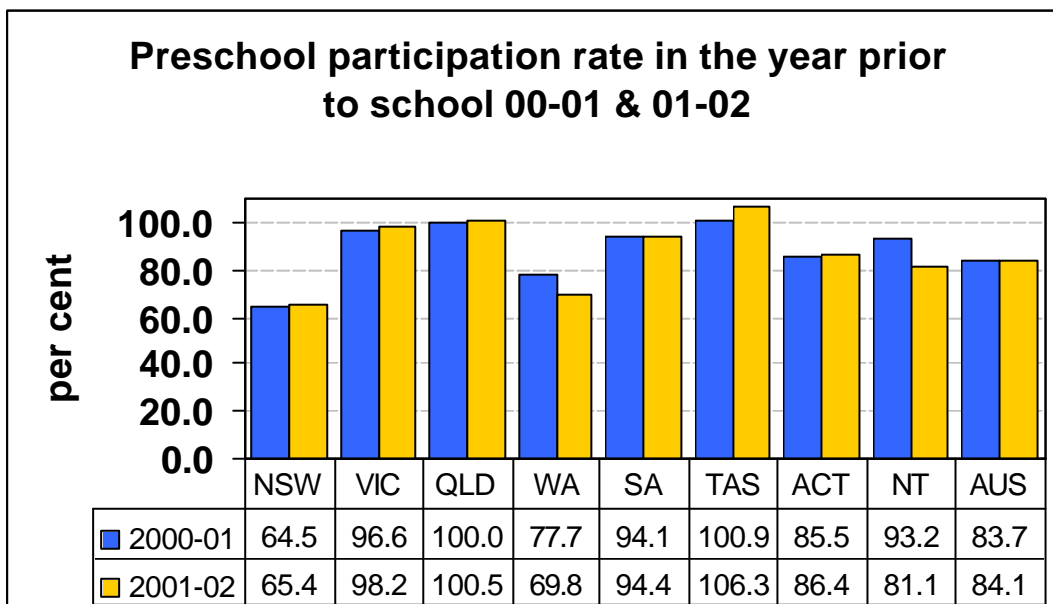
Across Australia, around 84.1% of 4 year olds attended preschool in the year prior to school in 2001-02. The participation rate has increased from 83.7% in 2000-01. Were Western Australia to be excluded from the current figures, the participation rate would be 85.7% in 2001-02.

Participation rates range from 100% in Queensland and Tasmania to 65.4% 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 Western Australia, the move to fulltime pre-primary and the change in the entry age has meant that from 2000-01, a half cohort is moving its way through the system. For this reason, Western Australia is seen to have a significantly reduced enrolment and participation rate at this time.

The only other system to show a reduced participation rate is the Northern Territory. While the data for the Northern Territory has been substantially revised, the reason for the reported drop in participation rates from 93.2% to 81.1% over the last year is not clear.

Figure 1



2.3 Participation rates of younger children

In NSW, Queensland, South Australia and the ACT younger children are also funded to attend preschool education. Around 26,100 3 year olds attended preschool in 2001-02, or about 16.3% of all 3 year olds. The fall from the 2000-01 participation rate of 23.2% is again due primarily to the adjustment of Western Australian data.

3. Enrolment trends

Although the number of 4 year olds in the Australian population has dropped by 8200, or 3.1%, since 1998, the number of 4 year old children enrolled in funded preschool education services has increased by 2581 students, a 1.2% increase. When Western Australia is excluded, enrolments have increased by 5434 or 2.9%, over that period.

Table 2 indicates that there have been some fluctuations in enrolment within and across the states and territories, within an overall pattern of enrolment growth.

As Figure 2 demonstrates, NSW has shown the largest increase in enrolments, 5386 additional students, or 10.6% enrolment growth since 1998-89. Tasmania has had a 5.7% increase and Queensland a 3.2% increase. South Australia and the ACT have had falls of 5% and 5.4% respectively, Victoria is 0.7% down. The NT is 7.8% down but it is unclear how much this is affected by data revision. Western Australia is down by 13.7% as a result of the entry age and pre-primary changes.

Excluding Western Australia, total enrolments of 4 year olds decreased by 780 in the year to 2001-02, or by 0.4%.

Figure 2

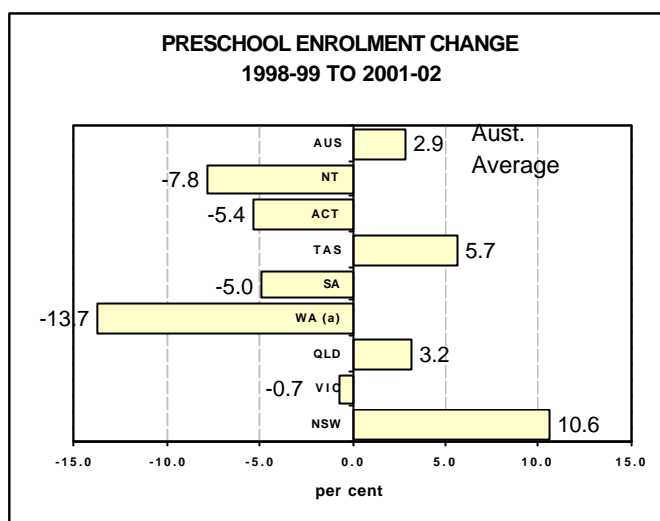


Table 2

Children using State/Territory funded and/or provided preschool services

Year before full-time school	1998-99	1999-00	2000-01	2001-02
NSW	50 683	53 237	56 376	56 069
VIC	60 725	60 160	60 380	60 286
QLD	48 056	49 215	49 525	49 581
WA	20 797	20 394	20 500	17 944
SA	18 343	18 010	17 501	17 430
TAS	5 758	6 400	6 178	6087
ACT	3 836	3 841	3 657	3629
NT	3 147	3 070	3 145	2900
	211 345	214 327	217 262	213 926

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

In Victoria, includes 9265 children attending preschool in long day care services in 01-02 and 8515 in 2001. In Queensland, includes only children attending at schools for a minimum of 25 hours per fortnight and children at C&KA preschools.

In WA, based on 4 year olds in 2001-2, 5 year olds in earlier years

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

However, only in the Northern Territory was there an actual increase in the number of young children enrolled. Excluding Western Australia, there was a drop of 1279 children or 4.7% between 2000-01 and 2001-02, across the states and territories which enrol younger children.

Table 3

Younger children using State/Territory funded and/or provided preschool services

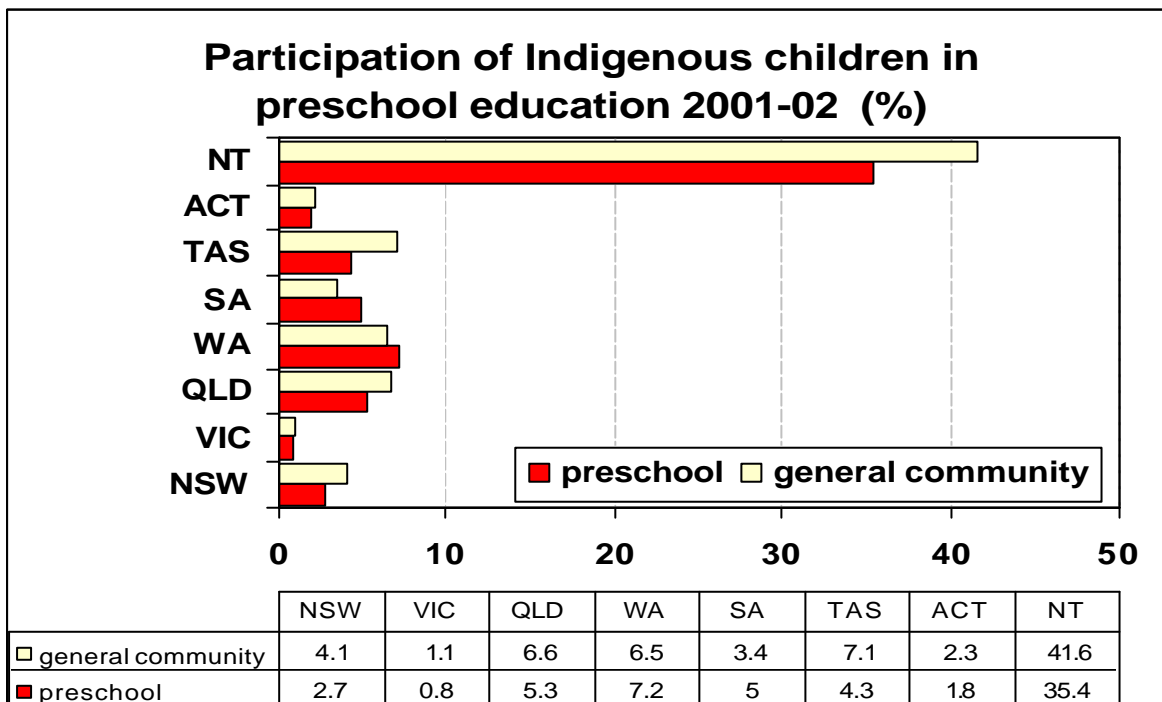
	1998-99	1999-00	2000-01	2001-02
NSW	14 285	13 494	11 669	10 733
VIC	na	na	na	na
QLD	10 684	10 740	10 644	10 293
WA	17 182	17 102	9 157	-
SA	4 769	4 660	4 689	4 650
TAS	na	na	na	na
ACT	144	131	159	135
NT	222	196	211	282
	47 286	46 323	36 529	26 093

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.

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, based on community population data for 0-14 year olds, since the source and age of the data varies from state to state, from 1996 to 2001 data from a range of instruments. In particular, the rapid growth in the number of young Indigenous children is likely to be understated. Some of the data has been substantially revised from the previous year.

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

'Across all jurisdictions, the proportion of Indigenous children attending preschools in 2001-2 was broadly similar to their representation in the community'. (p. 764)

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 been substantially revised and now indicates that Indigenous children are considerably under-represented in preschool education.

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 1128 Indigenous children enrolled in preschool, 35.4% of the total preschool population of 3182. Of this total enrolment, 282 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 41.6% of the general Northern Territory community. If this were extrapolated to the total number of 4 year olds in the Northern Territory, then 1488 would be Indigenous children. Yet only an estimated 846 four year old Indigenous children attend preschool. Extrapolation to the estimated total number of 3 year olds would suggest that some 1478 are Indigenous children, yet only 282 are enrolled in preschool education.

On this basis, it would seem that more than 1800 Indigenous children aged three and four in the Northern Territory are missing out on accessing a preschool education.

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 150 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 5250 Indigenous children in NSW are missing out on preschool education opportunities.

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 three examples alone suggest that some 8000 or so Indigenous children aged three and four are missing out on preschool education opportunities.

At the least, these estimates suggest that it is high time that more reliable and specific data is 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 state to state, from 1996 to 2001 data from a range of instruments. Some of the data has been substantially revised from the previous year.

Data on the representation of children from non-English speaking backgrounds in the general community has been revised upwards substantially. In the latest data, children from NESB backgrounds are under-represented in preschool education, relative to their representation in the community, across all jurisdictions for which there is data.

Data on the representation of children with disabilities in preschool education has also been revised. 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 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.

Where data is available the representation of children from single parent families are seen to be under-represented in preschool education relative to their representation in the general community. This category has little direct relevance in itself unless linked to family income: many single parent families live in poverty, which could well affect access particularly in systems which require parents to pay higher fees.

Table 4

Participation by target equity groups in preschool education 2001-02								
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
Non-English speaking background								
preschool	6.6	12.0	0.7	na	8.8	na	8.4	na
general community	20.4	19.9	7.1	11.0	11.2	2.6	13.1	29.4
Children with disabilities								
preschool	10.2	3.9	0.9	1.6	14.7	Na	4.6	na
general community	6.6	6.6	8.3	10.3	9.6	7.1	na	na
Rural/remote								
preschool	33.2	na	27.5	33.9	33.2	61.4	0.7	43.3
general community	29.0	28.0	36.9	30.6	30.2	39.9	0.2	59.8
Single parent families								
preschool	8.8	11.6	1.0	na	14.4	na	na	na
general community	17.5	16.3	19.9	18.1	19.5	20.9	16.5	20.5

6. Participation by labour force status of parents

There is no specific comparable data for the labour force participation by parents of preschool aged children.

The report cites data from the 1999 ABS Child Care survey, noting that 73% of children using childcare services had both parents in the workforce, compared to 49% of children attending preschool. While 27% of children attending childcare had at least one parent not in the workforce, this was true for 51% of preschool children. The problem with the data is that the childcare services are for children aged 0-11, including after school care and other services.

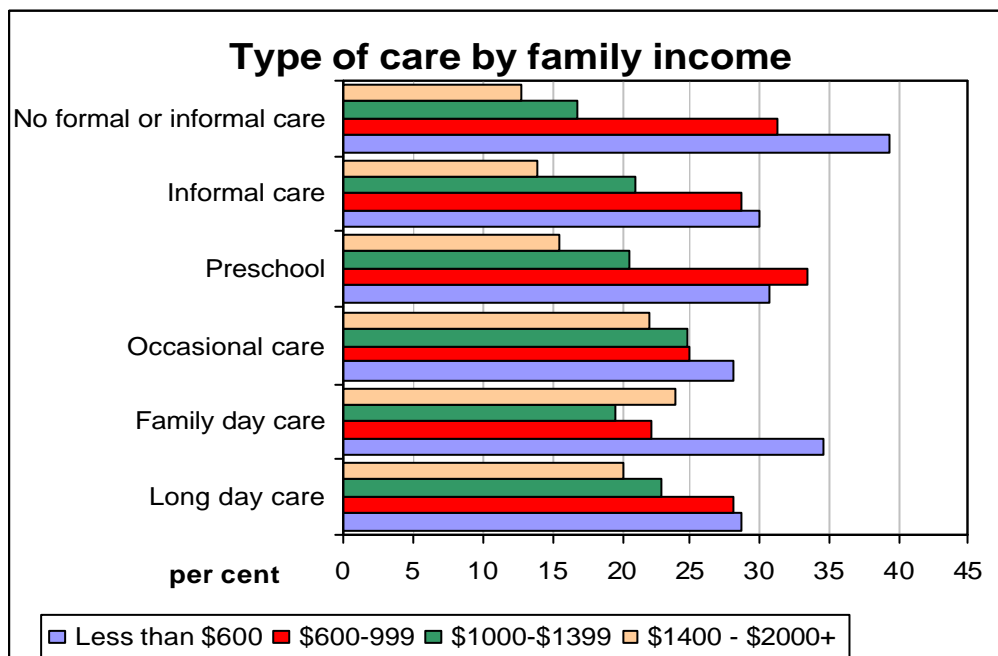
The best available data is from the 1999 ABS Child Care survey (4402.0) and covers the labour force status of mothers (and, separately, fathers) for 0-4 year olds.

That data shows that 65.9% of mothers of children aged 0-4 in childcare and 43.4% in preschool are employed. In other words, 34.1% of childcare mothers and 56.6% of preschool mothers are not employed. Of those mothers who are employed, 57.9% of mothers with children in long day care, 59.3% with children in family day care, 84.7% with children in occasional care and 74.8% in preschool are employed part time.

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.

Family income to some extent reflects these differences in labour force participation. The 1999 ABS Child Care survey indicated that a somewhat higher proportion of children who used long day care services came from families with higher family incomes than is the case for preschool children. The highest proportion of low income families is for those children who do not have access to either formal or informal care. While 70.4% of children who do not access formal or informal care come from families with incomes less than \$1000 per week, this was true for 63.9% of children in preschool, compared to 56.8% of children in long day care or family day care.

Figure 4



Source: ABS Childcare June 1999, 4402.0

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. The report indicates that in 1997-98, NSW children attended for an average of 9.4 hours in the year prior to school and 10.1 hours for younger children.

Reported data for 2001-02 shows a range from 10.4 hours in Tasmania to 12.9 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 2003 was 19.9 hours on preliminary figures, compared to 24.7 hours in 2000.

Table 5

Hours of attendance 2000-01		
	4 YEAR OLDS	3 YEAR OLDS
NSW	na	na
VIC	na	na
QLD	12.9	11.0
WA	12.0	na
SA	11.0	2.6
TAS	10.4	na
ACT	11.0	5.0
NT	12.5	12.5

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 2001-02, the states and territories reported total expenditure of \$417.7m on preschool education services. This is about 77.7% 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 79.4% 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 \$54.4m, or 12.3%, in real terms over the period 1998-99 to 2001-02 (in 01-02 prices). In the year to 01-02, total expenditure has fallen by \$80m or 16.1%. These figures are however misleading, since the changes in Western Australia have led to a reported fall in expenditure of \$81.2m in the year to 01-02. Moreover, 2001-02 data for Queensland includes only Creche and Kindergarten Association preschools, not preschool education in schools which involves the vast majority of 4 year olds.

When Western Australia and Queensland are excluded, total expenditure has increased by 14.9% in real terms over the period 98-99 to 01-02 and by 6.9% in the year to 01-02.

Within this overall picture, changes in expenditure within each of the jurisdictions show considerable variation in the period 1998-99 to 01-02. 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.

It would appear that NSW may have shown a small fall in expenditure in real terms (ie taking inflation into account) over the period.

Between 00-01 and 01-02, falls in expenditure have been reported in Tasmania and the Northern Territory as well as in Western Australia. The Queensland data is not comparable over these two years.

Figure 5

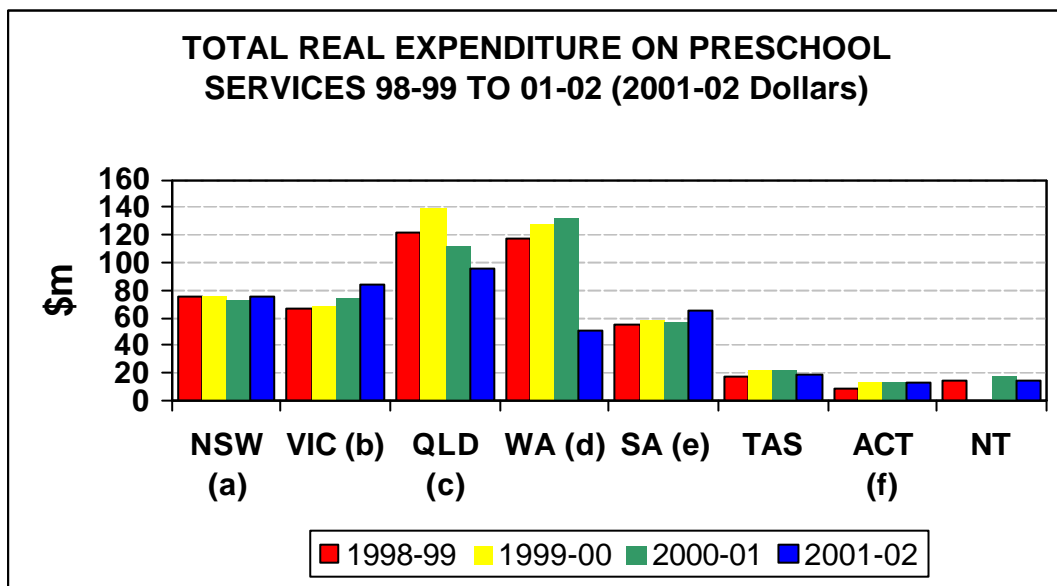


Table 6

	1997-98	1998-99	1999-00	2000-01	2001-02	Change 98-99 to 00-01 (%)	Change 00-01 to 01-02 (%)
NSW (a)	73.7	76.0	75.8	72.9	75.6	-0.6	3.7
VIC (b)	68.1	66.7	68.5	73.6	84.6	26.9	15.0
QLD (c)	117.6	122.3	139.6	112.0	95.6	-21.8	-14.7
WA (d)	113.4	117.3	127.9	131.7	50.5	-57.0	-61.7
SA (e)	51.3	54.6	57.6	56.7	65.2	19.3	15.0
TAS	15.2	16.6	20.9	20.8	18.9	13.8	-9.5
ACT (f)	8.5	8.2	13.5	12.8	13.0	57.7	1.4
NT	15.0	14.4	na	17.4	14.5	0.8	-16.2
AUS	462.7	476.1		497.9	417.7	-12.3	-16.1

(a) Includes \$12.6m financial support to families

(b) Includes \$4.6m subsidy to families

(c) In 2001-02, only includes C&K preschools, not schools, and excludes capital expenditure in schools. 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 \$3.1m.

(f) Data for 99-00 and 00-01 include salary oncosts and nonsalary expenditure such as depreciation etc. These account for \$4.6m of the difference between 98-99 and 00-01.

8.2 Estimated expenditure per preschool student

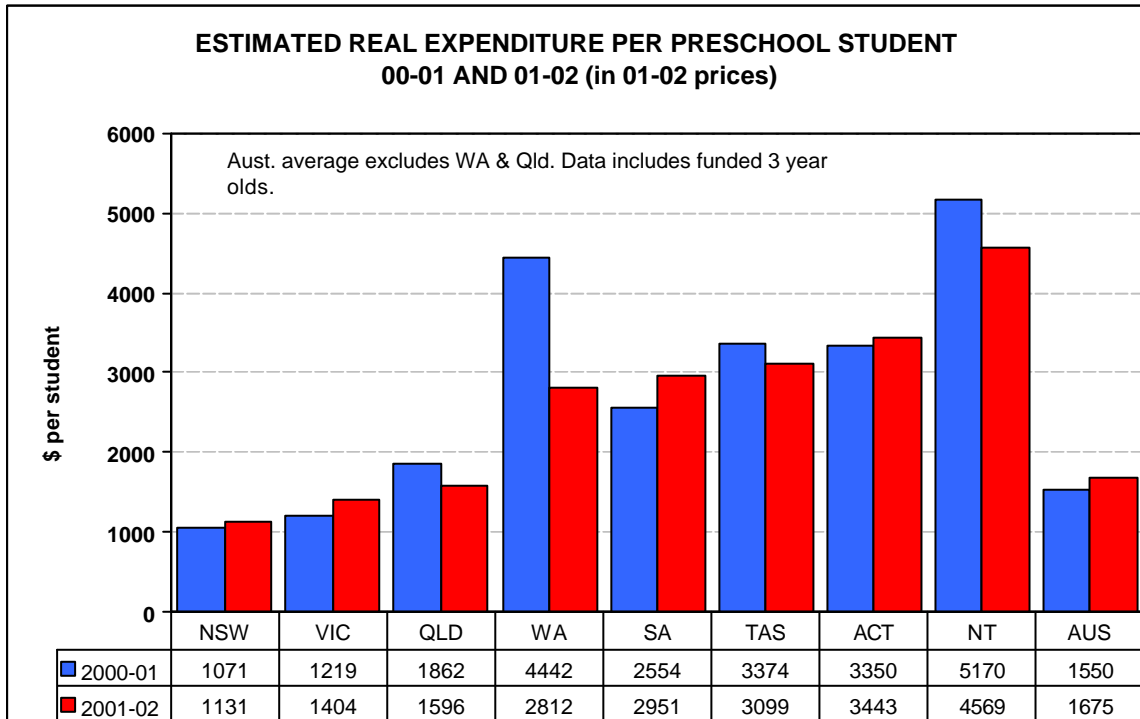
Calculation of estimated real expenditure per preschool student provides a way of gauging the actual impact of this increase in total funding.

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 2000-01. 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 excluding those in Western Australia and Queensland increased from \$1550 to \$1675 in real terms (2001-02 prices). This is an increase of \$125 per student, or 8.1% in real terms.

Within that national picture, reported expenditure per student fell by 8.2% in Tasmania and 11.6% in the Northern Territory.

Figure 6



(a) Years are not comparable for WA since 00-102 only includes 4 year olds not pre-primary

(b) Years are not comparable for Queensland since 00-1-02 only includes Creche & Kindergarten Association, not schools.

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 2003*, vol. 3, Productivity Commission, Canberra.

Other sources:

ABS Labour Force, 6203.0, October 2002

ABS Childcare June 1999, 4402.0