

2024 Election Commitment – ACT Greens

Name of Commitment:	Free and universal early education	Reference Number: GRN010
Request Submitted by:	Shane Rattenbury MLA, ACT Greens	
Date Request Received:	10-Oct-24	
Additional Information Requested (details and date)	N/A	
Additional Information Received (details and date)	N/A	

Financial Implications					
Impact On:	2024-25	2025-26	2026-27	2027-28	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues ^(a)	0.0	0.0	0.0	0.0	0.0
Expenses ^{(a)(b)}	-6,237.5	-17,816.1	-26,946.1	-36,725.5	-87,725.2
- Employee Expenses	0.0	0.0	0.0	0.0	0.0
- Other Expenses	-6,237.5	-17,816.1	-26,946.1	-36,725.5	-87,725.2
- Cost of Financing	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0
Net Operating Balance	-6,237.5	-17,816.1	-26,946.1	-36,725.5	-87,725.2
Capital Requirement	0.0	0.0	0.0	0.0	0.0
Net Capital Requirement	0.0	0.0	0.0	0.0	0.0
Cash Surplus/Deficit	-6,237.5	-17,816.1	-26,946.1	-36,725.5	-87,725.2
<small>(a) A negative number indicates a decrease in revenue or an increase in expenses.</small>					
<small>(b) Excludes depreciation</small>					

Other Information
Costing Methodology Used:
- Costing Technique:
<p>The costing is for \$87.725 million over four years from 2024-25 to 2027-28 inclusive to expand the free and universal early education program, and for new scholarships for early childhood educators. The costing comprises:</p> <ul style="list-style-type: none"> • \$59.711 million for a graduated introduction of increased universal free three-year-olds from six hours to 18 hours over four years from 2024-25 to 2027-28 (with a half-year impact in 2024-25); • \$24.014 million for a graduated introduction of increased universal free four-year-olds from 15 hours to 18 hours over four years from 2024-25 to 2027-28 (with a half year impact in 2024-25); and • \$4.0 million over four years comprising: <ul style="list-style-type: none"> - 72 scholarships of \$25,000 each, totalling \$1.8 million, to support the Early Childhood Education Centre (ECEC) workforce, phased over four years from 2024-25 to 2027-28; - 80 scholarships of \$25,000 each, totalling \$2.0 million, for preschool educators undertaking a masters in an ECEC relevant field, phased over four years from 2024-25 to 2027-28; and - administration costs of \$50,000 per annum over four years, totalling \$200,000, from 2024-25 to 2027-28.

- Proposal Parameters:

- The costing assumes a 1 January 2025 commencement date.
- The costing assumes a take-up rate of 80 per cent of the total three-year old population in each year, further adjusted for the 500 three-year-old children already benefiting from priority funding for two days per week free.
- Indexation of 3 per cent per annum has been applied, consistent with existing government policy on indexation for school funding.
- The costing assumes it is reasonable that existing resources provided to the Education Directorate in the 2023-24 Budget initiative *Universal access to preschool for three-year-olds* to establish and manage the three-year-old program would be sufficient to continue to administer and deliver the expansion of the free three-year-old preschool program.
- The costing assumes it is reasonable that existing resources provided to the Education Directorate to manage the gradual increase in free four-year-old preschool from 15 hours to 18 hours would be sufficient to continue to administer and deliver the four-year-old preschool program.
- The costing excludes funding already provided for the delivery of 300 hours per year of free three-year old preschool.

Caveats or qualifications to the costing:

- Treasury has costed this request assuming 18 hours as approximately three days per week and approximately 900 hours per year free consistent with the costing methodology for the 2023-24 Budget initiative *Universal access to preschool for three-year-olds*. Treasury has also increased the number of free hours per week per year, consistent with the costing request of 25 per cent increments:
 - nine hours in 2024-25 (half-year impact), 12 hours in 2025-26, 15 hours in 2026-27 and 18 hours in 2027-28.
- Commonwealth Government funding under the current *Preschool Reform Agreement* runs from 2022-2025. The level of funding available to the ACT for four-year-olds from the Commonwealth may vary dependent on the outcomes of negotiations for the next *Preschool Reform Agreement*.
- The costing is based on the 2023-24 estimated outcome for the number of enrolments in four-year-old preschools, as per the Education Directorate 2024-25 Budget Statements. The costing does not assume fluctuations or population growth over the next four years. Fluctuations and population growth would alter the cost from year-to-year.
- Publicly available data indicates that the average cost of a scholarship is likely to be lower than the maximum amount of \$25,000. Examples of the ACT based education providers program costs include: the Canberra Institute of Technology offering a Diploma of Early Childhood Education and Care with an expected cost of \$2,664 for a full year; the Australian Catholic University offering an undergraduate degree at approximately \$4,624 per year; and University of Canberra offering a Masters of Education degree at approximately \$23,100 (for a 16-month program). ACT-based students are also eligible to apply for the Commonwealth Supported Place and Commonwealth Teaching Scholarship.

Other Comments:

The costing differs from that submitted as an estimated 4,717 students, rather than 5,117 students, are assumed to have access to the three-year-old program in 2027-28. This revised estimate accounts for the funding already provided for 500 places to priority three-year-old children for two days per week free. The costing also accounts for a flat rate of 4,169 eligible students for four-year-old preschools across four years to 2027-28.

The costing also differs from that submitted due to inputs being re-based over a calendar year, and indexation being applied to the unit cost from 2024-25, and set at 3 per cent consistent with Government policy for school funding indexation.

- Statistical Data Used:

Treasury estimates. Publicly available links for the number of estimated three-year-olds and four-year-olds in the ACT, and an outline of the 500 places priority three-year-old program offered by the ACT Government are below:
https://www.treasury.act.gov.au/_data/assets/pdf_file/0011/2513459/2024-25-Budget-Statements-F.pdf
<https://www.education.act.gov.au/early-childhood/set-up-for-success-an-early-childhood-strategy-for-the-act/quality-early-childhood-education-for-three-year-olds>
<https://www.treasury.act.gov.au/snapshot/demography/act>



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