

# Why investing in early learning is good economics

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**Investing in early learning is one of the most cost effective investments that a government can make because it increases availability of skilled workers, and hence the productivity of the entire economy.**

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**Increasing access and affordability of early learning and care allows more parents, particularly mothers, to re-enter the workforce.**

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**Australia has one of the lowest female labour force participation rates in the OECD and getting more women into the workforce is a 'gamechanger' for accelerating Australia's economic growth.**

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**Early intervention through access to quality early learning reduces the number of children starting school developmentally vulnerable.**

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**The Henry Review of the Australian Tax System in 2009 recommended major reform of childcare assistance, recognising the importance that early learning and care play in the modern Australian economy:**

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**22% of Australian children start school with a developmental vulnerability: well above what it could be. Early intervention by skilled educators can help identify and redress many of those vulnerabilities.**

**E**conomically speaking, early childhood programs are a good investment, with inflation-adjusted annual rates of return on the funds dedicated to these programs estimated to reach 10% or higher. Very few alternative investments can promise that kind of return."

*Ben Bernanke, President, United States Federal Reserve, 2012*

**I**n 2008 universal access to low-fee childcare in Quebec induced nearly 70,000 more mothers to hold jobs than if no such program had existed—an increase of 3.8% in women employment. Quebec's domestic income (GDP) was higher by about 1.7% (\$5 billion) as a result ... (and) the tax-transfer return the federal and Quebec governments get from the program significantly exceeds its cost."

*Pierre Fortin, Professor of Economics, University of Sherbrooke, 2012*

**I**f Australian women did as much paid work as women in Canada – implying an extra 6% of women in the workforce—Australia's GDP would be about \$25 billion higher ... Paid parental leave also influences female workforce participation, although international experience suggests that government support for childcare has about double the impact of spending on parental leave."

*Grafton Institute, Gamechangers: Economic Reform Priorities for the Australia, 2012*

**E**arly interventions promote schooling, reduce crime, foster workforce productivity, promote adult health through several channels and reduce teenage pregnancy. These interventions are estimated to have high benefit-cost ratios and rates of return, in the range of 6–10% per annum."

*James Heckman, Nobel Prize-winning economist, University of Chicago, 2000*

**A**ccess to high-quality and affordable child care can be an important factor in a parent's decision to remain in or return to the workforce ... Assistance with child care costs recognises that child care is a cost of employment and thereby reduces the disincentives to participate that are created by the tax and transfer system. Access to quality child care also plays a role in early childhood development, particularly of children from families experiencing, or at risk of, social exclusion."

*Henry Review, Australia's Future Tax System, 2009*

**N**early three times what it should be, a rate of early vulnerability that approaches 30% signals that Canada now tolerates an unnecessary brain drain that will dramatically deplete our future stock of human capital. Economic analyses reveal that this depletion will cause Canada to forgo 20% in GDP (gross domestic product) growth over the next 60 years."

*Paul Kershaw et al, University of British Columbia, 2010*

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*Around the world, business leaders have recognised that **early learning is a smart investment** that helps build a stronger education system and a more competitive workforce for the future.*

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*Australia was ranked just **28th out of 45** in the developed world in its commitment to the quality, affordability and accessibility of early learning in a recent study.*

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*Australia's level of public investment in early childhood education is **low**. The OECD's recommendations to boost economic growth include improving the quality and provision of pre-primary education; and increasing childcare assistance for working mothers.*

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*Australia needs to do a lot better in delivering an **affordable, accessible and quality early learning and care** system that works for families, children and the broader economy.*

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*The Federal Government has commissioned the Productivity Commission to report on **Child Care and Early Learning** by October 2014.*

**This is an important opportunity to get our policy settings right for Australia's next generation.**

**“W**hen underprivileged children show up for the first day of school, they're often already behind—and when kids start behind, they usually stay behind. That's why we should help our kids start learning before they even get to school ... High standards, even at the earliest stages, are indispensable if we're going to ensure that students show up at kindergarten—and every stage thereafter—ready to learn.”

*Bill Gates, Chairman of Microsoft, 2006*

**“A**s countries transition towards knowledge-based economies, policy makers need to consider what can be done to develop their stock of human capital. Encouragingly, this index highlights the growing global recognition of the importance of the whole of a child's development, rather than just from the start of primary school. Those countries that do this best will position themselves well for success in the decades ahead.”

*Starting Well: Benchmarking Early Education across the world, Economist Intelligence Unit, 2012*

**“E**nrolment rates in pre-primary education are lower in Australia than in the best-performing OECD countries in this domain ... Raising enrolment in pre-primary education would help in boosting female employment while improving equality of opportunities and social mobility.”

*Organisation for Economic Cooperation and Development, Going for Growth, 2013 Report*

**“W**e really should be investing now in early childhood services, in order to preserve our social institutions because the consequences are awful and so much more expensive. If you look at some of the societal problems we face like crime, welfare dependency, illiteracy, poor school outcomes, mental health, obesity, heart disease; they don't suddenly appear in adolescence and adulthood. Many of those conditions begin in pathways that start early in life.”

*Professor Frank Oberklaid, Director, Centre for Community Child Health, University of Melbourne 2010*

**“T**hat's why we want a Productivity Commission inquiry into childcare so that the childcare sector can better reflect the realities of the modern Australian family; can better reflect the realities of the modern Australian economy which is a 24/7 economy; and can help better do its job which is not simply to mind our children, but to help to educate them because these centres sure are looking after our kids, but they're also early childhood education centres and I think that's very important. They're not just looking after kids, they are actually developing our kids' minds, our kids' social skills. They're helping to prepare them for the years of formal education as they go on in life.”

*Hon. Tony Abbott, July 2013*