

Preschool Reform Agreement

FEDERATION FUNDING AGREEMENT – EDUCATION AND SKILLS

Table 1: Formalities and operation of schedule	
Parties	<p>Commonwealth New South Wales Victoria Queensland Western Australia South Australia Tasmania Australian Capital Territory Northern Territory</p> <p>All parties apart from the Commonwealth are referred to as 'States' in this agreement.</p>
Duration	This Agreement is expected to expire on 30 June 2026.
Purpose	<p>Consistent with the Alice Springs (Mparntwe) Education Declaration:</p> <p>Our vision is for a world class education system that encourages and supports every student to be the very best they can be, no matter where they live or what kind of learning challenges they may face.</p> <p>This begins with making sure that every young child has the opportunity to benefit from structured play-based learning before they start school, because this helps build the social, emotional and cognitive skills they need to succeed in the years to come.</p> <p>Objective:</p> <p>The objective of the Preschool Reform Agreement (the Agreement) is to facilitate children’s early learning and development and transition to school by:</p> <ul style="list-style-type: none"> • maintaining universal access to affordable, quality preschool programs for all children • improving participation in preschool programs • maximising the benefit of the preschool year by improving outcomes for children. <p>This Agreement will support the delivery of 15 hours a week, or 600 hours a year of quality <i>preschool programs</i>, by a degree qualified <i>early childhood teacher</i> for all children, regardless of the <i>setting</i> in which</p>

programs are delivered, in the year before school. This Agreement has a focus on improving preschool participation and outcomes including for:

- Aboriginal and Torres Strait Islander children; and
- *disadvantaged children*.

Outputs:

Quality, affordable *preschool programs* which:

- meet the needs of children, parents, and communities,
- improve preschool outcomes for all children,
- are provided at a cost which does not present a barrier to participation, particularly for *disadvantaged children*.

Measuring and improving outcomes over time

This agreement will also support delivery of the objectives by:

- identifying key measures of preschool outcomes,
- identifying aspects of quality preschool likely to support improvement in those measures,
- seeking to achieve improvements in children's preschool outcomes over time,
- including improving data on participation and outcomes of children who face barriers other than cost.

Note: Italicised terms defined in Appendix A.

Estimated financial contributions	The Commonwealth will provide an estimated total financial contribution to the States of \$1.84b in respect of this Agreement. This does not include payments made prior to 30 June 2022 under the National Partnership on Universal Access to Early Childhood Education.					
	Table 1a: Estimated total financial contribution by program year					
	Table 1a (\$ million)	2022 Program Year	2023 Program Year¹	2024 Program Year¹	2025 Program Year¹	Total²
	Estimated total budget	453.2	457.9	460.6	466.6	1,838.2
	<i>Less estimated National Partnership Payments</i>					
		444.6	426.5	436.9	452.0	1,760.1
	New South Wales	140.7	135.0	137.5	143.1	556.3
	Victoria	124.1	107.4	111.1	116.3	459.1
	Queensland	83.4	89.3	91.5	93.9	358.2
	Western Australia	45.4	46.7	47.1	48.3	187.5
	South Australia	27.4	27.0	27.6	28.3	110.2
	Tasmania	9.8	8.2	8.8	8.7	35.6
	Australian Capital Territory	9.2	8.0	8.5	8.5	34.2
	Northern Territory	4.5	4.8	4.9	5.0	19.1
	<i>Less additional funding to maintain 2021 level³</i>					
		8.6	31.4	23.6	14.5	78.1
	New South Wales	0.1	5.8	3.3	0.0	9.2
	Victoria	4.4	21.1	17.4	12.2	55.1
	Queensland	1.5	0.0	0.0	0.0	1.5
	Western Australia	1.0	0.0	0.0	0.0	1.0
	South Australia	0.9	1.2	0.7	0.0	2.8
	Tasmania	0.0	1.6	1.1	1.1	3.8
	Australian Capital Territory	0.4	1.7	1.2	1.2	4.4
	Northern Territory	0.2	0.0	0.0	0.0	0.2
	<i>Implementation project funding⁴</i>					
		TBC	N/A	N/A	N/A	TBC
	<i>Balance of non-Commonwealth contributions</i>					
		0.0	0.0	0.0	0.0	0.0
	Notes: Table 1a, 1b					
	¹ From the 2023 program year, the Commonwealth will advise States of updated population data and funding amounts for inclusion in Implementation Plans, based on latest Australian Bureau of Statistics (ABS) <i>year before fulltime school (YBFS)</i> data projections. Funding to maintain 2021 levels will be adjusted accordingly. Program year funding will be reconciled					

against Commonwealth funding that followed the child at the *setting* level, per the process outlined in Appendix A.

²Totals may not add up due to rounding.

³See Appendix A: 'Allocation and use of Commonwealth funding' for details.

⁴Project funding to support implementation of reforms may be available. The Commonwealth will negotiate implementation project funding on a bilateral basis, with details to be agreed by 31 January 2022 and included in bilateral implementation plans.

Table 1b: Estimated total financial contribution by financial year

Table 1b (\$ million)	2021-22	2022-23¹	2023-24¹	2024-25¹	2025-26¹	Total²
Estimated total budget	136.0	454.6	458.7	462.4	326.6	1,838.2
<i>Less estimated National Partnership Payments</i>	133.4	439.2	429.6	441.5	316.4	1,760.1
New South Wales	42.2	139.0	135.8	139.2	100.2	556.3
Victoria	37.2	119.1	108.5	112.7	81.4	459.1
Queensland	25.0	85.2	90.0	92.2	65.7	358.2
Western Australia	13.6	45.8	46.8	47.4	33.8	187.5
South Australia	8.2	27.2	27.2	27.8	19.8	110.2
Tasmania	2.9	9.4	8.4	8.8	6.1	35.6
Australian Capital Territory	2.8	8.9	8.1	8.5	5.9	34.2
Northern Territory	1.3	4.6	4.8	4.9	3.5	19.1
<i>Less additional funding to maintain 2021 levels³</i>	2.6	15.4	29.1	20.9	10.2	78.1
New South Wales	0.0	1.8	5.1	2.3	0.0	9.2
Victoria	1.3	9.4	20.0	15.8	8.5	55.1
Queensland	0.5	1.1	0.0	0.0	0.0	1.5
Western Australia	0.3	0.7	0.0	0.0	0.0	1.0
South Australia	0.3	1.0	1.1	0.5	0.0	2.8
Tasmania	0.0	0.5	1.4	1.1	0.8	3.8
Australian Capital Territory	0.1	0.8	1.5	1.2	0.8	4.4
Northern Territory	0.1	0.1	0.0	0.0	0.0	0.2
<i>Implementation project funding⁴</i>	TBC	N/A	N/A	N/A	N/A	TBC
<i>Balance of non-Commonwealth contributions</i>	0.0	0.0	0.0	0.0	0.0	0.0

<p>Additional terms</p>	<ol style="list-style-type: none">1. States agree to implement the Agreement in accordance with the Funding Principles outlined at Appendix A.2. As part of this Agreement, States and the Commonwealth agree to work collaboratively to implement the following reforms:<ul style="list-style-type: none">• implement a <i>Commonwealth funding follows child</i> at the <i>setting</i> level approach from 2023; the approach will be outlined in Implementation Plans from 2022, and payment will be contingent on implementation from the 2023 program year.• implement new national preschool enrolment and attendance measures, with payment tied to performance against bilateral targets from 2024 to be agreed in Implementation Plans.• implement a new national Preschool Outcomes Measure with payments tied to participation in trials in 2023, refinement in 2024 and implementation of the measure in 2025.3. As the measures above have not been developed at the commencement of the Agreement, appendices to this agreement will be developed as a mechanism to provide authorisation points for States. These appendices will be agreed by Education Ministers and once agreed, States agree to implement the Agreement henceforth in accordance with the appendices:<ul style="list-style-type: none">• Appendix A.1 will outline details of the enrolment and attendance measure for agreement by the end of 2022.• Appendix A.2 will outline details of the Preschool Outcomes Measure trial for agreement by the end of 2022.• Appendix A.3 will outline details of the Preschool Outcomes Measure implementation for agreement by the end of 2024.
-------------------------	--

Performance requirements, reporting and payment summary 2022		
Milestone	Due	Payment
Implementation Plan agreed between the Commonwealth and the State for the period 1 January 2022 to 31 December 2022.	By 31 January 2022	30% of estimated program year funding, plus Implementation Project funding (if applicable)
<p>The Implementation Plan will outline:</p> <ul style="list-style-type: none"> • Steps to ready the State to ensure Commonwealth funding follows child at the setting level can be implemented in 2023. • Strategies to facilitate preschool attendance by children in the year before full-time school. For strategies relating to Aboriginal and Torres Strait Islander children, consistent with the Closing the Gap agreement, engage those communities and/or representative bodies in the design process. • Work to ready the State to measure preschool attendance in 2024 and provide baseline data to the Commonwealth in 2023. • Plans for how the State will work with the Commonwealth to develop the preschool outcomes measure. • State-specific data and implementation issues and strategies for how these will be overcome in the context of assessing performance under the Agreement. 		
Performance Report <ul style="list-style-type: none"> • A progress update on actions agreed in the Implementation Plan. • Additional contextual remarks and supplementary data, if applicable. 	31 March 2023	70% of program year funding subject to performance assessment^{1,2}: <ul style="list-style-type: none"> • 20% of estimated program year funding paid in advance from 1 August 2022 • Balance of performance payment due paid before 30 June 2023
Performance Indicator	Performance benchmarks	Payment (proportion of 70% funding)
1: Proportion of children enrolled in quality preschool program(s) in the year before full-time school.	1(a) At least 95% 1(b) At least 90% 1(c) 2021 achievement improved >3% 1(d) 2021 achievement maintained	If target 1(a) is met, 11.7% or, If target 1(b) is met, 10.5% or, If target 1(c) is met, 8.3% or, If target 1(d) is met, 5.8%
2: Proportion of Aboriginal and Torres Strait Islander children enrolled in quality preschool program(s) in the year before full-time school.	2(a) At least 95% 2(b) At least 90% 2(c) 2021 achievement improved >3% 2(d) 2021 achievement maintained	If target 2(a) is met, 11.7% or, If target 2(b) is met, 10.5% or, If target 2(c) is met, 8.3% or, If target 2(d) is met, 5.8%
3: Proportion of disadvantaged children enrolled in quality preschool program(s) in the year before full-time school.	3(a) At least 95% 3(b) At least 90% 3(c) 2021 achievement improved >3% 3(d) 2021 achievement maintained	If target 3(a) is met, 11.7% or, If target 3(b) is met, 10.5% or, If target 3(c) is met, 8.3% or, If target 3(d) is met, 5.8%
4: Proportion of children enrolled in quality preschool program(s) for 600 hours per year, in the year before full-time school.	4(a) At least 95% 4(b) At least 90% 4(c) 2021 achievement improved >3% 4(d) 2021 achievement maintained	If target 4(a) is met, 11.7% or, If target 4(b) is met, 10.5% or, If target 4(c) is met, 8.3% or, If target 4(d) is met, 5.8% or,
5: Proportion of Aboriginal and Torres Strait Islander children enrolled in quality preschool program(s) for 600 hours per year, in the year before full-time school.	5(a) At least 95% 5(b) At least 90% 5(c) 2021 achievement improved >3% 5(d) 2021 achievement maintained	If target 5(a) is met, 11.7% or, If target 5(b) is met, 10.5% or, If target 5(c) is met, 8.3% or, If target 5(d) is met, 5.8%
6: Proportion of disadvantaged children enrolled in quality preschool program(s) for 600 hours per year, in the year before full-time school.	6(a) At least 95% 6(b) At least 90% 6(c) 2021 achievement improved >3% 6(d) 2021 achievement maintained	If target 6(a) is met, 11.7% or, If target 6(b) is met, 10.5% or, If target 6(c) is met, 8.3% or, If target 6(d) is met, 5.8%

Performance requirements, reporting and payment summary 2023		
Milestone	Due	Payment
Implementation Plan agreed between the Commonwealth and the State for the period 1 January 2023 to 31 December 2023	By 31 January 2023	30% of estimated program year funding
<p>The Implementation Plan will outline:</p> <ul style="list-style-type: none"> • How Commonwealth funding follows child at the setting level will be implemented in the State, noting that this will be required to be acquitted with reconciliation to occur before the final performance payment. The ABS will advise revised YBFS population data and the Commonwealth will make corresponding adjustments in program year funding for inclusion in the Implementation Plan. • Strategies to facilitate participation in preschool by children in the year before full-time school. For strategies relating to Aboriginal and Torres Strait islander children, consistent with the Closing the Gap agreement, engage those communities and/or representative bodies in the design process. • The approach to measure preschool enrolment and attendance and how data will be provided to the Commonwealth, in accordance with Appendix A.1. • Plans for how the State will trial the preschool outcomes measure, in accordance with Appendix A.2. • State-specific data and implementation issues and strategies for how these will be overcome in the context of assessing performance under the Agreement. 		
Performance Report <ul style="list-style-type: none"> • A declaration of the number of children and total funding spent in each preschool setting and on programs to promote enrolment and attendance for children who are in the year before full-time school. • A progress update on actions agreed in the Implementation Plan. • Additional contextual remarks and supplementary data, if applicable. 	31 March 2024	70% of program year funding subject to performance assessment^{1,3}: <ul style="list-style-type: none"> • 20% of estimated program year funding paid in advance from 1 August 2023 • Balance due paid before 30 June 2024
Performance Indicator	Performance benchmarks	Payment (proportion of 70% funding)
1: Progress towards -proportion of children in the year before full-time school who are attending a preschool program(s) for 600 hours.	Baseline data provided as defined in Implementation Plan.	If yes, 20%
2.1 Progress towards: Proportion of Aboriginal and Torres Strait Islander children in the year before full-time school who are enrolled in a preschool program(s) for 600 hours.	Baseline data provided as defined in Implementation Plan.	If yes, 10%
2.2 Progress towards: Proportion of Aboriginal and Torres Strait Islander children in the year before full-time school who are attending a preschool program(s) for 600 hours.	Baseline data provided as defined in Implementation Plan.	If yes, 10%
3.1 Progress towards: Proportion of disadvantaged children in the year before full-time school who are enrolled in a preschool program(s) for 600 hours.	Baseline data provided as defined in Implementation Plan.	If yes, 10%
3.2 Progress towards: Proportion of disadvantaged children in the year before full-time school who are attending a preschool program(s) for 600 hours.	Baseline data provided as defined in Implementation Plan.	If yes, 10%
4: Progress towards - implementation of an outcomes measure	State participates in trial of the outcomes measure as agreed in Implementation Plan and Appendix A.2.	If yes, 10%

Performance requirements, reporting and payment summary 2024		
Milestone	Due	Payment
Implementation Plan agreed between the Commonwealth and the State for the period 1 January 2024 to 31 December 2024	By 31 January 2024	30% of estimated program year funding
<p>The Implementation Plan will outline:</p> <ul style="list-style-type: none"> • Details of Commonwealth funding follows child at the setting level arrangements, noting that this will be required to be acquitted with reconciliation to occur before the final performance payment. The ABS will advise revised YBFS population data and the Commonwealth will make corresponding adjustments in program year funding for inclusion in the Implementation Plan. • Bilaterally agreed attendance targets for 2024, including for Aboriginal and Torres Strait Islander children and disadvantaged children. • Bilaterally agreed enrolment targets for 2024 for Aboriginal and Torres Strait Islander children and disadvantaged children. • Strategies to facilitate participation in preschool by children in the year before full-time school. For strategies relating to Aboriginal and Torres Strait Islander children, consistent with the Closing the Gap agreement, engage those communities and/or representative bodies in the design process. • The approach to measure preschool enrolment and attendance and how data will be provided to the Commonwealth, in accordance with Appendix A.1. • How the State will implement and refine the preschool outcomes measure, in accordance with Appendix A.2. • State-specific data and implementation issues and strategies for how these will be overcome in the context of assessing performance under the Agreement. 		
Performance Report <ul style="list-style-type: none"> • A declaration of the number of children and total funding spent in each preschool setting and on programs to promote enrolment and attendance for children who are in the year before full-time school. • A progress update on actions agreed in the Implementation Plan. • Additional contextual remarks and supplementary data, if applicable. 	31 March 2025	70% of program year funding subject to performance assessment^{1,2,3,4}: <ul style="list-style-type: none"> • 20% of estimated program year funding paid in advance from 1 August 2024 • Balance due paid before 30 June 2025
Performance Indicator	Performance benchmarks	Payment (proportion of 70% funding)
1: Proportion of children in the year before full-time school who are attending a preschool program(s) for 600 -hours.	Refer Target 1 in Implementation Plan	If Target 1(a) is met, 20% or, If Target 1(b) is met, 18% or, If Target 1(c) is met, 16%
2.1 Proportion of Aboriginal and Torres Strait Islander children in the year before full-time school who are enrolled in a preschool program(s) for 600 hours.	Refer Target 2.1 in Implementation Plan	If Target 2.1(a) is met, 10% or, If Target 2.1 (b) is met, 9% or, If Target 2.1 (c) is met, 8%.
2.2: Proportion of Aboriginal and Torres Strait Islander children in the year before full-time school who are attending a preschool program(s) for 600 hours.	Refer Target 2.2 in Implementation Plan	If Target 2.2(a) is met, 10% or, If Target 2.2(b) is met, 9% or, If Target 2.2(c) is met, 8%
3.1 Proportion of disadvantaged children in the year before full-time school who are enrolled in a preschool program(s) for 600 hours.	Refer Target 3.1 in Implementation Plan	If Target 3.1(a) is met, 10% or, If Target 3.1 (b) is met, 9% or, If Target 3.1 (c) is met, 8%.
3.2: Proportion of disadvantaged children in the year before full-time school who are attending a preschool program(s) for 600 hours.	Refer Target 3.2 in Implementation Plan	If Target 3.2(a) is met, 10% or, If Target 3.2(b) is met, 9% or, If Target 3.2(c) is met, 8%.
4: Progress towards – implementation and refinement of an outcomes measure	State implements outcomes measure as agreed in Implementation Plan and Appendix A.2.	If yes 10%

Performance requirements, reporting and payment summary 2025		
Milestone	Due	Payment
Implementation Plan agreed between the Commonwealth and the State for the period 1 January 2025 to 31 December 2025	By 31 January 2025	30% of estimated program year funding
<p>The Implementation Plan will outline:</p> <ul style="list-style-type: none"> • Details of Commonwealth funding follows child at the setting level arrangements, noting that this will be required to be acquitted with reconciliation to occur before the final performance payment. The ABS will advise revised YBFS population data and the Commonwealth will make corresponding adjustments in program year funding for inclusion in the Implementation Plan. • Bilaterally agreed attendance targets for 2025, including for Aboriginal and Torres Strait Islander children and disadvantaged children. • Bilaterally agreed enrolment targets for 2025 for Aboriginal and Torres Strait Islander children and disadvantaged children. • Strategies to facilitate attendance at preschool by children in the year before full-time school. For strategies relating to Aboriginal and Torres Strait Islander children, consistent with the Closing the Gap agreement, engage those communities and/or representative bodies in the design process. • The approach to measure preschool attendance and how data will be provided to the Commonwealth (updated if required), in accordance with Appendix A.1. • How the State will fully implement the preschool outcomes measure, in accordance with Appendix A.3. • State-specific data and implementation issues and strategies for how these will be overcome in the context of assessing performance under the Agreement. 		
Performance Report <ul style="list-style-type: none"> • A declaration of the number of children and total funding spent in each preschool setting and on programs to promote enrolment and attendance for children who are in the year before full-time school. • A progress update on actions agreed in the Implementation Plan • Additional contextual remarks and supplementary data, if required. 	31 March 2026	70% of program year funding subject to performance assessment^{1,2,3,4}: <ul style="list-style-type: none"> • 20% of estimated program year funding paid in advance from 1 August 2025 • Balance due paid before 30 June 2026
Performance Indicator	Performance benchmarks	Payment (proportion of 70% funding)
1: Proportion of children in the year before full-time school who are attending a preschool program(s) for 600 hours.	Refer Target 1 in Implementation Plan	If Target 1(a) is met, 20% or, If Target 1(b) is met, 18% or, If Target 1(c) is met, 16%
2.1 Proportion of Aboriginal and Torres Strait Islander children in the year before full-time school who are enrolled in a preschool program(s) for 600 hours.	Refer Target 2.1 in Implementation Plan	If Target 2.1(a) is met, 10% or, If Target 2.1 (b) is met, 9% or, If Target 2.1 (c) is met, 8%.
2.2: Proportion of Aboriginal and Torres Strait Islander children in the year before full-time school who are attending a preschool program(s) for 600 hours.	Refer Target 2.2 in Implementation Plan	If Target 2.2(a) is met, 10% or, If Target 2.2(b) is met, 9% or, If Target 2.2(c) is met, 8%
3.1 Proportion of disadvantaged children in the year before full-time school who are enrolled in a preschool program(s) for 600 hours.	Refer Target 3.1 in Implementation Plan	If Target 3.1(a) is met, 10% or, If Target 3.1 (b) is met, 9% or, If Target 3.1 (c) is met, 8%.
3.2: Proportion of disadvantaged children in the year before full-time school who are attending a preschool program(s) for 600 hours.	Refer Target 3.2 in Implementation Plan	If Target 3.2(a) is met, 10% or, If Target 3.2(b) is met, 9% or, If Target 3.2(c) is met, 8%.
4: Implementation of an outcomes measure	State implements outcomes measure as agreed in Implementation Plan.	If yes 10%

Notes: Performance requirements, reporting and payment summary

¹ Performance payments will not be made prior to agreement of an Implementation Plan.

² Performance will be assessed as having been maintained where performance has not fallen by more than three percentage points below the previous year's baseline. The impact of unanticipated events may also be considered when assessing performance (details in Appendix A).

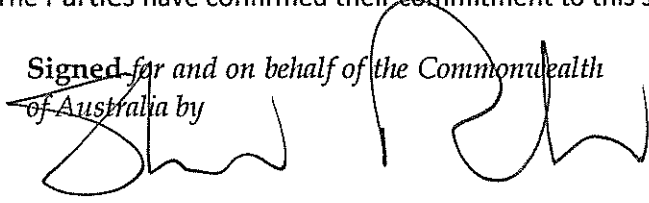
³ The final program year funding will be reconciled against latest YBFS population data and fulfillment of the Commonwealth funding follows child requirement prior to assessment of performance. The balance of funding is calculated by using final program year funding (after reconciliation), assessing performance, less the payments made for implementation plans and the payment made in advance of performance assessment.

⁴ Targets will be negotiated bilaterally in good faith once national baseline data is available:

- Target (a) will be for 'Improvement', where a reasonable percentage increase will be negotiated that takes account of the fact that attendance initiatives take time to be effective. Target (a) will be agreed bilaterally.
- Target (b) will be for 'Maintenance' of baseline performance, noting the target will be considered met if performance has not fallen by more than 3 percentage points from the baseline.
- Target (c) will be paid on the basis of maintained effort and activity, regardless of achievement against targets.

The Parties have confirmed their commitment to this schedule as follows:

~~Signed for and on behalf of the Commonwealth of Australia by~~



Minister for Education and Youth

6 / 12 / 21

news

Signed for and on behalf of the State of New South Wales by


The Honourable Sarah Mitchell MLC

Minister for Education and Early Childhood Learning

6 / 12 / 21

Signed for and on behalf of the State of Victoria by

The Honourable Ingrid Stitt MP

Minister for Early Childhood

___ / ___ / ___

Signed for and on behalf of the State of Queensland by

The Honourable Grace Grace MP

Minister for Education

___ / ___ / ___

Signed for and on behalf of the State of Western Australia by

The Honourable Suzanne Ellery MLC

Minister for Education and Training

___ / ___ / ___

Signed for and on behalf of the State of South Australia by

The Honourable John Gardner MP

Minister for Education

___ / ___ / ___

Signed for and on behalf of the State of Tasmania by

The Honourable Sarah Courtney MP

Minister for Education

___ / ___ / ___

Signed for and on behalf of the Australian Capital Territory by

The Honourable Yvette Berry MLA

Minister for Education and Early Childhood Development

___ / ___ / ___

Signed for and on behalf of the Northern Territory by

The Honourable Lauren Moss MLA

Minister for Education

___ / ___ / ___

The Parties have confirmed their commitment to this schedule as follows:

Signed for and on behalf of the Commonwealth of Australia by

Minister for Education and Youth

___ / ___ / _____

Signed for and on behalf of the State of New South Wales by

The Honourable Sarah Mitchell MLC
Minister for Education and Early Childhood Learning

___ / ___ / _____

Signed for and on behalf of the State of Queensland by

The Honourable Grace Grace MP
Minister for Education

___ / ___ / _____

Signed for and on behalf of the State of South Australia by

The Honourable John Gardner MP
Minister for Education

___ / ___ / _____

Signed for and on behalf of the Australian Capital Territory by

The Honourable Yvette Berry MLA
Minister for Education and Early Childhood Development

___ / ___ / _____

Signed for and on behalf of the State of Victoria by



The Honourable Ingrid Stitt MP
Minister for Early Childhood

10 / 12 / 2021

Signed for and on behalf of the State of Western Australia by

The Honourable Suzanne Ellery MLC
Minister for Education and Training

___ / ___ / _____

Signed for and on behalf of the State of Tasmania by

The Honourable Sarah Courtney MP
Minister for Education

___ / ___ / _____

Signed for and on behalf of the Northern Territory by

The Honourable Lauren Moss MLA
Minister for Education

___ / ___ / _____

APPENDIX A: FUNDING PRINCIPLES FOR THE PRESCHOOL REFORM AGREEMENT

Target cohort

1. This Agreement supports children in the year before full-time school.

Allocation and use of Commonwealth funding

2. A per-child funding allocation will be provided according to the state-specific YBFS population. Annual Implementation Plans will include revised YBFS population data
3. The per-child funding amount is:
 - 2022 - \$1,345.54
 - 2023 - \$1,377.83
 - 2024 - \$1,410.90
 - 2025 - \$1,444.76
4. The Commonwealth commits that for life of this Preschool Reform Agreement, and as the YBFS measure is transitioned in, all States' funding allocations will be at or above their 2021 funding allocation under the 2018-2021 National Partnership on Universal Access to Early Childhood Education (UANP). Where States annual funding allocation at in Table 1A is lower than their funding in 2021, the Commonwealth will pay up to the 2021 funding amount (without indexation applied). All funding provided to States will be subject to annual performance requirements.

Table 1c: 2021 maximum funding allocations under the UANP (\$ millions)

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2021 UANP funding	\$140.8	\$128.5	\$85.0	\$46.5	\$28.2	\$9.8	\$9.7	\$4.7

Commonwealth funding follows child

5. The Commonwealth provides a per-child contribution to support delivery of preschool.
6. The Commonwealth contribution must be passed on to benefit children in the setting in which they attend via reduced out-of-pocket fees for families, and/or to improve quality such as through the provision of early childhood teachers. States will have a robust mechanism in place to provide assurance on how this funding is used.
7. Any Commonwealth funding that cannot be attributed to an individual child enrolled in a quality preschool program must be spent on initiatives that promote enrolment and attendance in preschool.
 - a. This includes if a child is enrolled in an early childhood education and care service that does not meet the definition of a preschool program or a service opts out of receiving funding under the Agreement.
8. Additional funding to maintain 2021 levels must be used to support the provision of preschool programs or implementation of the preschool reform agenda. States will have mechanisms in place to provide assurance on how this funding is used.
9. The details of how States implement and acquit Commonwealth funding follows child requirements, including implementation of attendance strategies, will be agreed in Implementation Plans.

End of year reconciliation

10. From 2023, States are to ensure Commonwealth funding is allocated accurately to settings in which children attend preschool. States to be paid on the extent to which Commonwealth funding follows the child. To achieve this the States will:
 - a. identify the numbers of children attending in each setting in the YBFS
 - b. rapidly deploy funding to benefit those children in each setting
 - c. make the arrangements transparent to families
 - d. acquit these numbers and expenditure
11. From 2023, allocated program year funding will be reconciled against Commonwealth funding that followed child at the setting level. Funding that has not been demonstrated to follow child will be deducted from program year funding prior to calculating the final payment for the program year (see 7). Additional funding to maintain 2021 levels, if applicable, must be shown to be expended consistent with the objectives of the agreement (see 8).

A new national preschool attendance measure

12. The Commonwealth and States agree to develop a new national preschool attendance measure underpinned by agreed data collection approaches, reflecting the shared commitment to improve preschool attendance.
13. The Commonwealth and States recognise the value of all children participating in a quality preschool program for 15 hours a week, or 600 hours a year, in the year before school as the foundation of their educational and lifelong outcomes. While acknowledging preschool is not compulsory, the Commonwealth and States will seek to achieve the highest possible number of children attending a quality preschool program for 15 hours a week, or 600 hours a year, in the year before school. This agreement also seeks to maintain an emphasis on enrolment and attendance of Aboriginal and Torres Strait Islander and disadvantaged children.
14. The design of the enrolment and attendance measures (including data definitions, the way in which performance will be measured against the measure, and implementation approach) will be agreed between the Commonwealth and State Education Ministers and included at Appendix A.1 to this agreement prior to baselining of the measure in 2023.
15. Bilateral enrolment and attendance targets, when they become applicable from 2024, will be negotiated in good faith (taking into account differing State circumstances, the non-compulsory nature of preschool, and any other factors that influence preschool attendance) for inclusion in each States' Implementation Plan.
16. The Commonwealth and States will, where possible, share available information to support implementation of reforms and monitor States' progress against the performance indicators.

A new national preschool outcomes measure

17. The Commonwealth and States will aim to develop a nationally consistent approach to the new preschool outcomes measure, developed, trialled, and implemented collaboratively.
18. The development and implementation of the measure will be supported by advice from established experts, the Commonwealth and States.
19. The proposed design of the outcomes measure to be trialled and the approach to trial and evaluation will be agreed between the Commonwealth and State Education Ministers and included at Appendix A.2 to this agreement prior to trialing the measure in 2023.
20. Subject to a successful trial including an evaluation, Education Ministers will be asked to consider options for progressing to national implementation of the outcomes measure. The Commonwealth and State Education Ministers will agree to implementation of the outcomes

measure (including the way in which performance against the outcomes measure will be assessed) and included at Appendix A.3 to this agreement. A national consensus is not required for implementation of the measure to proceed bilaterally in 2025.

Unanticipated events

21. Should events that States cannot reasonably be expected to mitigate (e.g. COVID-19 stay-at-home orders) impact States' ability to meet the requirements of the performance framework, the Commonwealth will initiate a joint process with State Education Ministers to consider what performance requirements should be applied.

Performance Indicator Specifications

22. Performance indicator specifications are at Appendix B of the Agreement, and will be updated as required.

Definitions

Baseline data – Data provided using secure transmission in accordance with details to be agreed in Appendix A.1 and A.2. Data should be linkable and include details to enable best-practice statistical linkage keys - noting data anonymity will be maintained.

Commonwealth funding follows child – A funding requirement whereby the Commonwealth per-child funding contribution must be used to benefit the child it was nominally allocated for at the setting level.

Disadvantaged children – As defined by the Socio-Economic Index for Areas (SEIFA) measure of relative disadvantage, with potential for a more granular measure of socio-economic disadvantage to be adopted as data improvements are implemented, if agreed by parties to the Agreement. States may use different measures for their performance reporting as agreed bilaterally with the Commonwealth in Implementation Plans.

Early childhood teacher – A teacher that, at minimum, meets National Quality Framework (NQF) qualification requirements.

Preschool program (agreed definition) – An educational program in accordance with the Early Years Learning Framework (or equivalent) and the NQF delivered by an early childhood teacher.

Preschool program (alternatives to agreed definition) – States may impose a more stringent definition of a preschool program, including adherence to quality and audit requirements. There may also be limited circumstances where a service may be taken to be delivering a preschool program despite not meeting the agreed definition. Any modifications to the agreed definition should be outlined in the State's Implementation Plan and will be subject to agreement by the Commonwealth. Only preschool programs that meet the definition as agreed in each State will be counted towards performance targets.

Setting – A term intended to broadly differentiate service types including, school based, centre-based day care and stand-alone dedicated preschools. Setting may also be referred to as 'sector' by some jurisdictions.

School-based services – Includes government and non-government schools. For government schools, this is intended to capture all preschool programs delivered by States irrespective of whether or not it is delivered on a school site.

Year before full-time school (YBFS) – The new, fit for purpose, measure developed by the ABS which uses administrative school enrolment data as a base to determine the YBFS cohort. From the 2023 program year, details of the methodology will be available in Appendix B.

The Commonwealth, through the ABS, commits to continued work in good faith with the States on the new YBFS methodology, including how children who enrol in a year before full time school preschool program two years in a row will be treated.

Appendix A.1 – Enrolment and Attendance Measures

The purpose of this appendix will be to agree the details of the new enrolment and attendance measures. This will include, but not be limited to, consideration of:

- Definition of 'attendance', including a reasonable proportion of 600 hours, and considering reasons for non-attendance and attendance levels in comparable settings
- Definition of 'disadvantaged'
- A set of high-level principles that will guide the setting of bilateral enrolment and attendance targets, including but not limited to:
 - Negotiated in good faith
 - Targets will be set at achievable rates, cognisant of baseline data and States' circumstances
 - Will take into account contemporary data collection methods and good practice
- High level methodology to measure enrolment and attendance with detailed data definitions and calculation to be included in Appendix B – Performance Indicator Specifications.
- How data will be provided (method, frequency)
- Data storage and usage arrangements

Appendix A.1 will be presented to Education Ministers for their signature, reflecting a decision-point and agreement, by the end of 2022.

[Signature page to be inserted]

Appendix A.2 – Preschool Outcomes Measure Trial

The purpose of this appendix will be to agree the details of the new Preschool Outcomes Measure to proceed to trial in 2023. This will include, but not be limited to, consideration of:

- Design of the outcomes measure, including feasibility
- A set of high-level principles will be agreed to guide the trial, including but not limited to:
 - Implemented in good faith
 - Cognisant of States' circumstances
- Design of the trial including where and when the measure will be trialed
- Design of the evaluation including how success will be measured
- How data will be provided

Appendix A.2 will be presented to Education Ministers for their signature, reflecting a decision-point and agreement, by the end of 2022.

[Signature page to be inserted]

Appendix A.3 – Preschool Outcomes Measure(s) Implementation

The purpose of this appendix will be to agree the details of the new Preschool Outcomes Measure to be implemented in 2025, informed by the trial. This will include, but not be limited to, consideration of:

- Design of the outcomes measure
- A set of high-level principles will be agreed that will guide the implementation of the outcomes measure, including but not limited to:
 - Implemented in good faith
 - Cognisant of States' circumstances
 - Will take into account contemporary data collection methods and good practice
- High level methodology (what will be measured and how) with detailed data definitions to be included in Appendix B – Performance Indicator Specifications.
- Implementation approach
- How data will be provided (method, frequency, storage and usage arrangements)

Appendix A.3 will be presented to Education Ministers for their signature, reflecting a decision-point and agreement, by the end of 2024.

[Signature page to be inserted]

