Final Report

Cost/Benefit Analysis Relating to the Implementation of a Common School Starting Age and Associated Nomenclature by 1 January 2010

Volume 2

The State and Territory and System and Sector Findings

Report prepared for the Ministerial Council on Education, Employment, Training and Youth Affairs

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Atelier Learning Solutions Pty Ltd
in consortium with
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Introduction

Volume 2 of the Report on the Common School Starting Age Project contains eight chapters. These are the reports on the impact and implications of each of the options for a common minimum school starting age for each of the states and territories, each by overview and by sector. Each sector’s section has been developed in conjunction with the sector and approved by the sector. The overview for each state or territory has been agreed by each sector as a fair representation of the likely impacts.

The analyses were developed in consultation with each sector, applying the nationally comparable model to the sector. Caveats and modifications to the model as requested by the sectors have been included.

The analysis in overview models the national social costs and benefits associated with each option relevant to creating change in the sector. These social costs and benefits represent the projected financial impact on the sectors being examined. In that sense they are non-attributable costs and benefits, projected to be paid by or accrued to governments, parents and children themselves.

In the schooling sector, the analysis also provides breakdown by funding source in relation to each of the options. For the non-government school sectors, it is noted that savings could represent a loss of income to the sector, while costs could represent an increase in income to the sector. Similar apparently contra impacts are noted in other sectors where appropriate.

Overall, the sector chapters present both the relative scale and absolute direction of the impacts of each of the options for a common minimum school starting age by 2010. The chapters should be read in conjunction with Volume 1 which provides the national overview, and Volume 3 which provides detailed explanation of the assumptions and approaches, data sets and information that underpin the model.

A most significant caveat should also be noted. The approach to the national social cost/benefit analysis has been developed through modelling. That modelling, while based on the best current available data and tested as robust to both relative scale and direction, remains subject to the limitations of the assumptions underpinning the analysis. These were examined throughout the consultation and agreed by the widely representative Project Reference Group.

However, they remain open to change as behaviour changes and they remain challengeable when applied to particular instances. They produce a ‘best planning estimate’ of the outcomes for each sector rather than a firm impact that could be used as the basis, for example, for funding agreements or requirements. Only the actual impact at the time can be this accurate.

Where the initial underlying assumptions were at odds with the policy, practice or evidential outcomes in a particular sector, the model was modified. For example, rolling enrolments in South Australia required particular modelling analysis and assumptions. Similarly, in Queensland and Western Australia, placement procedures lead to little delay in enrolment past the minimum school starting age. The model was adjusted accordingly. The management of the New South Wales Catholic sector by 11 dioceses created the need to model each diocese.
In other jurisdictions where there was no evidence of a difference but a view that the outcome would be different based on knowledge of the likely behaviours of parents, additional material has been provided to note the impact of the sector assumptions, as well as the impact projected by the model. The most notable case is Tasmania, where there is no evidence that delay would not occur but the education authorities believe it would not be significant, given their experience of past changes. For Tasmania, both the national model, which incorporates significant delay, and the impacts of no delay are modelled for each option.

The results of the cost/benefit analysis are presented in terms of 2004-05 dollars and represent the ‘net present value’ (NPV) of the future flow of social benefits and social costs by child care sector, school and post school education sectors and employment in the state and territory or the sector, out to the year 2072. While the full period of the model is to 2072 when the affected children will retire from the workforce, the national social costs and benefits in the model cover the passage of the affected cohort until that time. Positive estimates indicate social benefits or less overall spending on the sector by governments and parents. Negative estimates indicate social costs or more overall spending on the sector by governments and parents.

The child care figures cover the full period of the model as these effects would be permanent. The pre-school figures are for 2009, when this sector would be impacted. Except for South Australia, the school sector costs and benefits cover the 13 years of schooling from 2010 to 2022. In South Australia many school sector impacts would be permanent but in the model have been provided to 2072.

The VET and university costs and benefits are projected over a 10 year period from 2021 to 2030. Employment impacts are projected over the full period of the model as they include parental workforce re-entry and earlier or later entry of children to the workforce at school completion. Transition costs are one-off point costs associated with the management of the change.

In the pre-school and child care figures, ‘formal’ refers to any provision which involves the payment of fees, benefits, subsidies and rebates. ‘Informal-parents’ refers to the imputed costs of care provided by parents. These costs have been imputed at $5 per hour on the basis of a 30 hour week. ‘Informal-other’ refers to the imputed costs of care provided by other members of the family and family friends. These costs have been imputed at $1 per hour on the basis of a 30 hour week.

‘Static employment’ covers the costs and benefits arising from affected children having either a reduction or increase of one year in their working lives. It also covers the costs and benefits that will arise for affected parents having to delay workforce re-entry by one year under a move to an older minimum school starting age option or being able to re-enter the workforce 12 months earlier under a younger minimum school starting age.

‘Dynamic employment’ refers to the benefits that would arise should national consistency in minimum school starting age be implemented. The projected ‘dynamic employment’ figures are based on the conservative assumption that national consistency in minimum school starting age will lead to a one per cent increase in school completions for those children who cross school borders during their schooling.

The chapters are each presented in five sections. The state or territory overview is followed by a section addressing each of the 14 Terms of Reference for the Project as applied particularly to the state or territory. The three sector sections follow.
Chapter 1: New South Wales

1.1 The State Overview

1.1.1 Current Situation

The current position in New South Wales in relation to the school starting age has been long established. The New South Wales Government regulates 4 years and 5 months (children must be 5 years of age by 31 July in the year of enrolment) as the minimum school starting age for the government school sector. This regulation does not apply to the two non-government school sectors, but to a lesser or greater extent influences practice in them.

The compulsory age by which a child must commence schooling, irrespective of sector, is 6 years of age. Because there is usually only one intake, at the start of each year, this means children are generally in school at the latest by the beginning of the school year in which the will turn 6 years of age. In exceptional cases, schools may accept an enrolment on the child’s 6th birthday during the year.

The year prior to Year 1 is termed Kindergarten in New South Wales. The year two years prior to Year 1 is generally termed pre-school although the term ‘early learning centre’ also has currency in the independent school sector.

As a matter of policy, the current minimum school starting age in the government school sector is viewed as extending a significant level of choice to parents about when they wish their children to commence school. While the government school sector policy provides for the youngest minimum starting age in any state or territory, the fact that the compulsory age is 6 years means that parents have a wide range within which they can make decisions about the school commencement of the children. Some parents take advantage of the choice by delaying school entry for a further 12 months past the time of initial eligibility. The rate of delay in the system appears to increase the younger the age of the child.

The current minimum school starting age reflects a philosophy of schooling that there are advantages for children in being engaged in learning at a relatively early age. An earlier commencement at school is perceived as laying the foundations for the establishment of sound learning habits and stronger learning outcomes at later stages.

In the New South Wales government school sector, and in the Catholic and independent school sectors where individual schools have a minimum school starting age of 4 years and 5 months, early entry is complemented by a Kindergarten approach that provides a structured introduction to learning. During the Kindergarten year, the foundations are laid for more formalised approaches in later years.

An important consideration in this approach has been the extent to which a minimum school starting age of 4 years and 5 months is perceived as enabling an early identification of students with learning needs. On the basis of this early identification, there is a view that appropriate intervention programmes can be implemented. These programmes are perceived as cost efficient and effective compared to the costs and inefficiencies of delayed service provision when the children are older.

There is also a strong equity consideration that underpins the younger minimum school starting age in the New South Wales government school sector. There is a widespread
belief that earlier access to schooling contributes to the likelihood of greater equity in educational outcomes for children from particular groups. The younger minimum school starting age addresses issues arising from the fact that, on average, 20 per cent of children do not access any aspect of formal prior-to-school provision. In some school communities, this figure rises to more than 50 per cent. To further address this issue, in recent times there has been an increase in the number of government pre-schools, located especially in areas of disadvantage.

The 4 years and 5 months minimum school starting age is thus perceived in the government school sector, within a number of the Catholic dioceses and in a number of independent schools as appropriate on several grounds. It allows for relatively early entry to school while according parents a maximum range in which choices can be made about commencement age. It provides opportunity on equity grounds to address learning issues early and is perceived to give advantages in terms of later outcomes that can only be delivered through formal schooling.

However, while all schools in the government sector follow policy and apply a 4 years and 5 months minimum school starting age with few exceptions, many Catholic and independent schools have more locally developed policies with minimum school starting ages including 4 years and 6 months and 4 years and 8 months. Indeed, some schools have no policy with regard to minimum school starting age, taking children when their parents think they are ready for school.

The Catholic school sector, for example, consists of 11 dioceses, each of which determines a minimum school starting age. This level of internal differentiation sets New South Wales apart from Catholic school sectors in the other states and territories.

The minimum school starting age generally ranges across the dioceses from 4 years and 5 months to 4 years and 8 months, with the largest number of dioceses aligning to government school enrolment policy. Data provided by the Catholic school sector indicate that 68 per cent of children are enrolled in dioceses where the minimum school starting age is 4 years and 5 months. A further 20 per cent are enrolled in dioceses where the minimum school starting age is 4 years and 6 months. The remainder, 12 per cent, are enrolled in dioceses where the minimum school starting age is 4 years and 8 months.

By way of further exception, some dioceses allow parishes and schools to determine the most appropriate starting age for individual children. Therefore, it is not possible to talk about a current common minimum school starting age for the New South Wales Catholic school sector.

The independent school sector, similarly, does not have a common minimum school starting age policy. Data about individual school practice are not held by the independent school sector to demonstrate the relative percentages of schools in terms of minimum school starting age policy.

However, each school in the sector sets its own minimum school starting age. Individual schools make decisions around what they see as the appropriate age of school commencement. Some follow the practice in the government school sector of a minimum school starting age of 4 years and 5 months as at January 1. That is, children have to have turned 5 years of age by 31 July in the year of entry.

Other independent schools have an older minimum starting age. An older minimum school starting age in some independent schools is based on the belief that schooling

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1 While one diocese does not have a minimum school starting age policy and another has a range, the average age of children within the dioceses has been used in this analysis to infer a minimum school starting age.
should commence closer to 5 years of age than to the 4 years and 5 months that applies generally in New South Wales. The educational underpinning of this approach is that children younger than an age that approximates 5 years are considered to be too young to engage in formal learning. The underpinning is drawn largely from the research evidence that points to the importance of early childhood development being supported through play-based learning activities. Many non-government schools have been concerned at the level of formal learning required in the New South Wales Kindergarten (Level 1) syllabuses.

This older minimum school starting age recognises the tendency of some parents to delay entry of their children to formal schooling until they are older. In response, some schools in the independent sector in New South Wales have increased the level of their prior-to-school provision with the formation of early learning centres. Such provisions have enabled these schools to meet parental demand for child care while simultaneously giving assurance to parents about future, but delayed, enrolment in formal schooling.

### 1.1.2 Implications of the options

The initial assumption of the nationally comparable cost/benefit analysis model is that a one month change to the minimum school starting age will in general represent 8.3 per cent of the total cohort. However, accounting for the present pattern of delayed entry, Table 1.a shows the broad impact of the options in New South Wales.

**Table 1.a  Broad implications in relation to New South Wales cohort size and age by options**

<table>
<thead>
<tr>
<th></th>
<th>4 years and 5 months (and both range options)</th>
<th>4 years and 6 months</th>
<th>4 years and 8 months</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percentage change in cohort size</strong></td>
<td>Stet for the government sector For those schools in the non-government sectors that have a minimum starting age of older than 4 years and 5 months, there could be changes depending on the option chosen. If the option implies an earlier age of entry it is likely that there would be an increase in the size of the cohort for these schools.</td>
<td>A decrease of up to 2.7 per cent in the introductory cohort, with these children entering Kindergarten a full year later than at present. This smaller cohort would then progress through the subsequent 12 years of schooling.</td>
<td>A decrease of up to 10.2 per cent in the introductory cohort, with these children entering Kindergarten a full year later than at present. This smaller cohort would then progress through the subsequent 12 years of schooling.</td>
</tr>
<tr>
<td><strong>Change in age of cohort</strong></td>
<td>Stet for the government sector For those schools in the non-government sectors that have a minimum starting age of older than 4 years and 5 months, there could be changes depending on the option chosen. If the option implies an earlier age of entry it is likely that there would be a decrease in the average age of the cohort for these schools.</td>
<td>Children entering Kindergarten who are up to 1 month older than the current youngest children.</td>
<td>Children entering Kindergarten who are up to 3 months older than the current youngest children.</td>
</tr>
</tbody>
</table>

The delay factor for New South Wales incorporated into the nationally comparable model is 59 per cent for the 4 years and 8 months option and 67 per cent for the 4 years and 6 months option. It should be noted that, because Catholic and independent schools in the State may not follow the government school policy of a 4 years and 5 months minimum school starting age, it is feasible that even a 4 years and 5 months option across the State would mean changes in the cohort size of the affected schools. While this has been factored in where data are available, especially in Section 1.4 of this Volume on the Catholic sector, this State overview has been presented as though all schools in the State have a 4 years and 5 months minimum school starting age policy. This approach has also been followed in the national model presented in Volume 1.

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2 It should be noted that, because Catholic and independent schools in the State may not follow the government school policy of a 4 years and 5 months minimum school starting age, it is feasible that even a 4 years and 5 months option across the State would mean changes in the cohort size of the affected schools. While this has been factored in where data are available, especially in Section 1.4 of this Volume on the Catholic sector, this State overview has been presented as though all schools in the State have a 4 years and 5 months minimum school starting age policy. This approach has also been followed in the national model presented in Volume 1.
The broad impact is very much reduced by the delay factor. For New South Wales overall, the adoption of either the 4 years and 8 months option or the 4 years and 6 months option would produce a smaller cohort of students in the year of the change. This smaller cohort, which would be older on average, would then proceed through the subsequent 12 years of schooling.

An implication of an older minimum school starting age would be to delay by 12 months the entry to school of children whose birthdays are in July for the 4 years and 6 months option, and between May and July for the 4 years and 8 months option. This group of children would complete school and enter the tertiary sector, training or the workforce one year later than under present arrangements.

Table 1.a above reflects New South Wales data which indicate that currently up to 71 per cent of children with July birthdays have a delayed school commencement. The percentage of delay decreases with each older month. Consequently, the overall cohort impact of a change in the minimum school starting age is likely to be substantially less than would otherwise be predicted.

The effect of the change in enrolments in the first year may fall unevenly. Apart from differences in minimum starting age policies in schools across the sectors, other factors contributing to an uneven impact include population growth differentials across geographical areas. Where there is substantial population growth and the agreed minimum school starting age creates a loss in enrolments, the number of ‘older’ children may compensate for a proportion of ‘lost’ places. However, overall, there is a declining school age population in New South Wales. An older minimum school starting age would, in general, have the implication of exacerbating the effects associated with declining enrolments over the 13 years of schooling.

An older minimum school starting age could also have the implication of the under-utilisation of resources in the introductory year and over the subsequent 12 years of schooling. However, New South Wales Government education policy to reduce Kindergarten class sizes will be in place by 2007. A reduction in the size of the cohort may complement this policy.

For the non-government schools, the same effects would not necessarily apply. Those schools with a younger current minimum school starting age could have a decrease in income commensurate with the size of the reduction in their cohort. They would possibly have freed-up physical resources but no funding for utilisation of these resources. Others currently with an older minimum starting age may see no change in the actual size of their intake cohort or may in fact be able to enrol additional students.

The actual effect on enrolments could also depend on the size of present waiting lists in the two non-government school sectors. Where waiting lists are large, cohort size reductions may not occur to the extent predicted. This could have an implication for the size of the cohort that would seek enrolment in government sector schools in 2010, perhaps further exacerbating the decrease in government school enrolments created by the 4 years and 8 months option or the 4 years and 6 months option.

Any move to an older minimum school starting age would have implications for the staffing of schools. In the majority of schools, decisions would need to be made in relation to the allocation of some permanently employed teachers, teacher aides and administrative support staff. However, it is likely that the impact could be managed in large measure through the normal school staffing mechanisms, involving such aspects as retirements and leave. The impact of industrial issues or changes in government policy has not been considered in this analysis as it cannot be reliably identified or quantified.
An older minimum school starting age in New South Wales was perceived by the schooling sector as having a number of potential benefits and opportunities. The older minimum school starting age could be viewed as an appropriate response to the arguments associated with delaying the formal schooling of some children to a later age.

The argument was put, especially by the non-government school sectors, that a number of parents believe the curriculum for Kindergarten has become overly formalised and their children could be advantaged by remaining in a play-based prior-to-school environment. This was cited as particularly the case for boys. Also canvassed was the potential increase in maturity of students as they move into secondary schooling and later to work or further learning.

Another benefit related to the view that many Kindergarten teachers may find an older profile cohort more independent and less demanding in terms of early skills, including toileting and discipline. Student safety issues associated with playground movement and travel to and from school were raised in this regard.

However, it was noted that the present overall range of school commencement from a minimum of 4 years and 5 months to the compulsory 6 years of age allowed for 12 months delay in school entry where families considered it appropriate. Thus, all of the educational advantages for an older age of entry to school could be identified as being achievable under the current arrangements.

1.1.3 Cost/benefit modelling

The estimated impact of each of the options on the size of the decrease in the cohort and the savings from servicing the cohort in the New South Wales school sector are summarised by option in the cost/benefit analysis model illustrated in Table 1.b below.

The model uses nationally comparable 2002-03 cohort and cost estimates based on the Australian Bureau of Statistics, the Australian Government Department of Education, Science and Training and the Department of Family and Community Services data sets. The model also discounts longer term economic benefits to 2004-05 dollars in order to realistically demonstrate the value of a younger school starting age in macro-economic terms. In addition, the model discounts for delayed entry based on the 2003 enrolment pattern in New South Wales as reported in the National Schools Statistical Collection.

The model provides a picture up until the introductory cohort retires from economic life in 2072. This is termed long term. All figures in the model reflect the economic costs and benefits applying to relevant years over that period. For example, school related figures are from 2010 to 2022. Post school education and training are from 2021 to 2030. Employment figures would commence in 2021 and cease in 2072, although they would be permanent beyond that time.

Because the impacts on the most aspects of the prior-to-school sector are permanent, they too are modelled over the entire period, but would continue. The exception here is the impact on pre-school which would occur in 2009 and, without change in policy and procedure, would be one-off. Vacation care and outside school hours care are modelled from 2010 until the affected children leave primary school in 2017. Transition costs are one-off, modelled over the first year or so of introduction of the changes.

The model at state level does not include dynamic employment effects produced because of common minimum school starting age and nomenclature. These have been modelled at national level but are not seen to be ‘safe’ at state level. (See Volume 3, Appendix 1, page 7.) All figures in the model are discounted to 2004-05 dollars.
Table 1.b  Long term costs and benefits for New South Wales using nationally comparable assumptions

<table>
<thead>
<tr>
<th>Comparison of options</th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
<td>4.5</td>
</tr>
<tr>
<td>Pre-school and child care</td>
<td></td>
</tr>
<tr>
<td>Formal</td>
<td>$0</td>
</tr>
<tr>
<td>Informal - parents</td>
<td>$0</td>
</tr>
<tr>
<td>Informal - other</td>
<td>$0</td>
</tr>
<tr>
<td>Primary</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$0</td>
</tr>
<tr>
<td>Secondary</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$0</td>
</tr>
<tr>
<td>Tertiary</td>
<td></td>
</tr>
<tr>
<td>VET</td>
<td>$0</td>
</tr>
<tr>
<td>University</td>
<td>$0</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
</tr>
<tr>
<td>$0</td>
<td>-$0.9</td>
</tr>
<tr>
<td>Total</td>
<td>$0</td>
</tr>
</tbody>
</table>

In each of the relevant scenarios, there would be identifiable, but perhaps not readily realisable, up-front savings to be made by the schooling sectors. These, however, are relatively small compared to the discounted present value of the economic impacts of decreased employment that would be imposed on the children themselves and their parents through loss of potential income, and governments through loss of taxation revenue. Costs would be borne by parents and governments in the prior-to-school sector through the permanently increased size of the prior-to-school cohort.

Figure 1.a shows the net benefits and costs for New South Wales for each of the options. As mentioned above, the model illustrated in Figure 1.a assumes all sectors currently operate on the basis of a common minimum school starting within the State. Under this assumption, the model will tend to somewhat overestimate costs and benefits.

Figure 1.a Net benefits and costs from 2010 to 2072 for New South Wales for each of the options based on nationally comparable data

Costs(-)/benefits(+) ($ million, 2004 05)
Under the 4 years and 8 months option, the potential saving to the total New South Wales schooling sector over the 13 years in which the smaller cohort moves through the years of schooling could be in the order of $753m.

Under the 4 years and 6 months option, for example, the potential saving to the total New South Wales schooling sector over the 13 years in which the smaller cohort moves through the years of schooling could be in the order of $200m.

In reality, the degree to which schools and sectors would be able to realise savings on a per capita basis is likely to be much less than these figures imply. For example, although some physical capital may not be needed, its fixed costs would still have been expended and could not be recouped. Similarly, in relation to staffing costs, although formulae may require fewer staff because enrolments have decreased, there may be some friction in staffing procedures that would require a sector to retain permanent employees for some time over and above establishment.

For the 4 years and 8 months option, in the first year of implementation payments would need to be met by those families having to bear the cost of prior-to-school provision because their children would have to wait an additional year before enrolment in school. This cost would occur every year thereafter and would be indexed. The cost could be in the order of $616m over the 62 year period being modelled, discounted to present value. These costs would continue.

In the first year of implementation of the 4 years and 6 months option, payments would need to be met by those families having to bear the cost of prior-to-school provision because their children would have to wait an additional year before enrolment in school. The cost could be in the order of $130m over the long term period being modelled, discounted to present value. These costs would continue past the period of the model and would be permanent.

The longer term employment loss to the economy arising out of later entry into the workforce could amount to a figure in the order of $1,947m under the 4 years and 8 months option. For the 4 years and 6 months option, the long term income loss could be a figure in the order of $488m. For both options, these costs would occur over the working lives of the individuals and are discounted to 2004-05 dollars.

A caveat should once again be noted in relation to non-government schools. As mentioned previously, some schools in the two non-government sectors do not conform to the general 4 years and 5 months minimum school starting age in the State. Once Catholic sector information about variation in starting age is factored in to the analysis, it is apparent that the initial impact would be to include some children under the apparently stet 4 years and 5 months option. Similarly, the 4 years and 5 months to 4 years and 6 months range option would see the addition of children to the introductory cohort. The impact on the 4 years and 6 months option and the 4 years and 8 months option would be to reduce the savings from the formerly assumed loss of students.

There are no independent school data held centrally to provide an indication of the extent of variation from the 4 years and 5 months minimum school starting age. It can be assumed, however, that the tendency would be similar to that shown in the Catholic sector. The cohort size impacts would be proportionately smaller than in the Catholic sector because the Kindergarten year in the independent school sector is substantially smaller than it is in the Catholic school sector.
1.1.4 Impact of the options

The nationally comparable model demonstrates that, under the older minimum school starting age options, overall there would be strong economic or opportunity costs. For those children starting school one year later, the lower economic returns would come from a reduction of one year in the workforce compared to entry into the workforce under current school starting age arrangements. These costs would be in the form of lost potential earnings and the loss of potential taxation revenue.

While these opportunity costs would not occur until a future point, the figure in the model is the current value of the lost earnings and tax revenue. As is the practice in such models, it represents how, at present and in current dollars, later earnings and revenue would be valued. The actual earnings and taxation revenue at the time would be much greater in dollar terms than the value in the model.

For government, the decreased size of the economy arising from the implementation of an older minimum school starting age would lead to equivalent tax losses. Although considerably delayed, these losses would strongly outweigh the 13 year implementation savings. An immediate impact in terms of cost would be increased money flows from government for child care subsidies for those children whose entry to the school sector had been delayed by 12 months.

The nationally comparable model shows increased costs in the child care sector generated as some children move one year later into the schooling sector. These costs would be for government in terms of the child care benefit, and for parents in terms of the requirement to pay fees over and above subsidy for a period of 12 months longer than under present arrangements. Moreover, parents whose children are not able to enter the schooling sector for a further 12 months would be precluded from gaining the financial advantages of a generally lower fee school environment. They may also be precluded from re-entering the workforce during this period, thus reducing their overall income potential and government revenue through taxation.

The retention of older children in the prior-to-school sector for the additional year could exacerbate the current excess demand for places in the sector, creating further cost pressures. Finding places in the prior-to-school sector for these older children could mean that younger children may experience difficulty in gaining entry to the sector. There may also be a need to provide training for early childhood staff to deal with slightly older children in the cohort.

While the savings would largely be over the 13 years of schooling, many costs would occur both at the outset and would be permanent. For example, the costs from increased prior-to-school fees for parents with children whose birthdays fall between May and July for the 4 years and 8 months option, or in July for the 4 years and 6 months option would be immediate. They would also occur for every similar cohort thereafter. The costs through loss of parental income to the economy would also be immediate and ongoing. However, while the child care costs to government would be immediate and ongoing, they would probably, initially at least, be offset by younger children who otherwise would have taken a place not being able to enter the sector.

On the other hand, the implementation of a national common minimum school starting age, irrespective of the particular age option, could have a positive employment impact arising from a reduction in the number of students who would repeat a year as a consequence of transferring across state and territory borders. The nationally comparable model assumes that greater contiguity arising from a common school starting age would likely, albeit marginally, increase the overall skill level of school leavers as they would have
gained the benefit of increased continuity in their schooling. Overall retention rates would be likely to increase slightly as students gain the benefits of reduced disruption to schooling arising from inter-state transfers. This is termed the dynamic employment effect in the national model. (See Volume 3, Appendix 1, Page 7.)

There would also be some positive employment impact for parents arising from the introduction of a national common school starting age. Parents would benefit from the removal of one barrier to the mobility of the workforce across state and territory borders. The benefit would come from increased opportunities for employment and possible higher levels of remuneration.
1.2 Analysis of the Issues against the Terms of Reference

The minimum school starting age in New South Wales is generally 4 years and 5 months. That is, in most schools children are able to start school if they will be 5 years of age by 31 July in the year of commencement. In both the Catholic and independent school sectors the minimum school starting age of 4 years and 5 months does not apply in every instance. From the evidence across the two non-government school sectors, the minimum school starting age can range from 4 years and 5 months to an age older than 5 years. This means that some children may be affected by the introduction of a common minimum school starting age of 4 years and 5 months.

However, the cost/benefit analysis modelled for New South Wales overall has been based on the assumption that any move from 4 years and 5 months would create a decrease in the size of the introductory cohort.

The modelling involved the consideration of two change options, 4 years and 8 months and 4 years and 6 months. Should either of the range options be adopted as a national common minimum school starting age, it is assumed that New South Wales schools currently operating with 4 years and 5 months as the minimum school starting age would be unaffected. Obviously, this assumption should be considered in relation to the caveats about diversity of current minimum school starting age policy in the two non-government school sectors noted above and previously.

1.2.1 Benefits of proposed changes to school starting age

Across the three school sectors in New South Wales, there is substantial recognition of the benefits that are likely to arise from the adoption of a common national minimum school starting age. While the overall New South Wales sector preference is that this age be the current New South Wales position of 4 years and 5 months or either of the range options, there is appreciation that benefits would flow to New South Wales students, teachers, parents and the wider school sector from a common national minimum school starting age.

Commonality of minimum school starting age is perceived as likely to bring identifiable educational benefits. These include the facilitation of cross-state student transfer in and out of New South Wales schools. Students are likely to have greater continuity in their learning, with benefits arising in relation to increased engagement in schooling, increased retention in school education and increase in skill level that this produces.

Other benefits of commonality are likely to be associated with a reduction in cross-state friction in the labour market as parents recognise that one of the significant barriers to their employment mobility has been addressed. Indeed, the removal of this barrier is likely to have a positive economic effect by contributing to national capacity to address regionally based skills shortages.

However, the benefits to be gained by either a younger or an older minimum school starting age are highly contested across the three sectors and, indeed, within each of the two non-government sectors. There is no consensus on this matter. The perceived benefits depend upon the current philosophies, approaches and practices that have been developed within the sectors. Around each of the 5 options, there are views which regard them as likely to bring benefits and opportunities. Likewise, there are views which regard each as likely to bring costs and risks.
1.2.2  Impact of changes in school cohort size over time

The introduction of the option of 4 years and 8 months as a common minimum school starting age in 2010 is likely to mean that approximately 8,500 New South Wales children could have their entry to Kindergarten delayed for one year.

The introduction of the option of 4 years and 6 months as a common minimum school starting age in 2010 is likely to mean that approximately 2,300 New South Wales children could have their entry to Kindergarten delayed for one year.

From both of the relevant options, the decreased size of the introductory cohort would proceed through the subsequent 12 years of schooling. Following cohorts would revert to a ‘normal’ size.

The key school sector impact of the decreased size of the introductory cohort would be the nominal saving associated with the need for reduced resources to service fewer students. In the two non-government school sectors, another impact would be to reduce income. The figures below are discounted to present value.

Over the 13 years of schooling from 2010, reduced expenditure in the total New South Wales schooling sector could be in the order of $750m for the 4 years and 8 months option. The reduced expenditure could be in the order of $200m for the 4 years and 6 months option. ³

Reduced expenditure would also extend into the training and tertiary sectors. For the 4 years and 8 months option, the reductions projected from 2021 to 2030 in the nationally comparable model could be in the order of $83m. For the 4 years and 6 months option, the reductions could be in the order of $22m. All figures are discounted to 2004-05 dollars.

1.2.3  Impact on the range and continuum of child care and education services

Should New South Wales move to an older minimum school starting age, there would be impacts on the range and continuum of child care services. With the exception of cases where schools have different minimum school starting ages, children whose 5th birthdays fall between May and July for the 4 years and 8 months option, or in July for the 4 years and 6 months option, would be precluded from enrolling at school for a further 12 months. Consequently, the affected children would remain in the prior-to-school sector, generating additional demand for available places in child care and pre-schools.

One of the impacts of the increased number of children seeking places in the prior-to-school sector could be to extend existing waiting lists. Another impact could be a reduction in the number of places for children who are younger than 3 years of age, thus making available places for the increased number of 4 year olds. This may occur because the costs of regulated prior-to-school provision for younger children are generally higher than for older children.

The additional funding from the Australian Government and from parents required to service the prior-to-school sector may provide an opportunity for private providers to further expand provision in the sector. The fact that the additional children retained

³ It should be noted that any current deviation from 4 years and 5 months minimum school starting age in the two non-government sectors would decrease the savings for each option and may incur costs for the 4 years and 5 months option and the 4 years and 5 months to 4 years and 6 months range option.
permanently in the sector would represent the older end of the age spectrum may be seen as increasing commercial viability.

Equally, community based providers operating on a not-for-profit basis may identify an opportunity to increase the number of available places. However, many of these providers operate in leased facilities where there may be little opportunity to increase places because of limited space. Only in low demand areas, including rural and remote areas, would existing infrastructure be able to accommodate the increased number of children seeking places.

Either of the older age options would also have an impact on the provision of vacation care and outside school hours care while the changed cohort size was in primary school, to 2017. With a potential decrease in the size of the introductory Kindergarten cohort, there would be reduced demand for places. The decrease in the size of the cohort arising from the 4 years and 8 months option could result in a saving to parents in the order of $5.9m for vacation and outside school hours care. The saving in the first year could be in the order of $0.9m in 2010. This saving for parents would be a loss of income for providers.

Table 1.c Impact on savings for outside school hours and vacation care while the decreased cohort is in primary school

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2010 to 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside school hours</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.1</td>
</tr>
<tr>
<td>Vacation care</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>NSW 4.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside school hours</td>
<td>$0.7</td>
<td>$0.6</td>
<td>$0.6</td>
<td>$0.6</td>
<td>$4.6</td>
</tr>
<tr>
<td>Vacation care</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$1.3</td>
</tr>
<tr>
<td>NSW 4.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In relation to vacation care and outside school hours care, the decrease in the size of the cohort arising from the 4 years and 6 months option would have only a minimal impact on parents overall, and on providers,

1.2.4 Impact on child care services and pre-school education

As discussed in the section above, the nationally comparable model shows that for the 4 years and 8 months option, up to 8,500 additional places could be needed in New South Wales, private long day care and community based long day care, family day care, informal care and parental care in 2010. The model also shows that for the 4 years and 6 months option, up to 2,200 additional places could be needed in private long day care and community based long day care, family day care, informal care and parental care in 2010. Unless the number of places for children younger than 3 years of age is reduced on a commensurate basis, the need for these places would be permanent from 2010.

For pre-schools, the number of places would have to be reduced in 2009 to avoid the need to repeat those children who could not enter school under the new minimum school starting age in 2010. This reduction would be one-off and limited to 2009 only. The reduced number of pre-school places would result in a one-off benefit in 2009 for either relevant change option.

Costs associated with these measures and impacts are shown in Table 1.d below. It should be noted that, while Table 1.d shows the costs over the 62 year period being modelled, they would be permanent. The impact of modelling them to infinity at a discount rate to 2004-05 dollars would add approximately 25 per cent to each area.
Table 1.d Short, medium and long term impact on costs for child care services

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014 to 2017</th>
<th>2010 to 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New South Wales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 years and 6 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private long day care</td>
<td>-$2.2</td>
<td>-$2.1</td>
<td>-$2.0</td>
<td>-$1.9</td>
<td>-$15.2</td>
<td>-$51</td>
<td></td>
</tr>
<tr>
<td>Community based long day care</td>
<td>-$1.1</td>
<td>-$1.0</td>
<td>-$1.0</td>
<td>-$1.0</td>
<td>-$7.5</td>
<td>$25</td>
<td></td>
</tr>
<tr>
<td>Family day care</td>
<td>-$0.3</td>
<td>-$0.3</td>
<td>-$0.3</td>
<td>-$0.3</td>
<td>-$2.4</td>
<td>$8</td>
<td></td>
</tr>
<tr>
<td>Pre-school</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$2.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal care</td>
<td>-$0.2</td>
<td>-$0.2</td>
<td>-$0.2</td>
<td>-$0.2</td>
<td>-$1.4</td>
<td>$5</td>
<td></td>
</tr>
<tr>
<td>Parental care only to age 5</td>
<td>-$1.8</td>
<td>-$1.8</td>
<td>-$1.7</td>
<td>-$1.6</td>
<td>-$12.8</td>
<td>-$43</td>
<td></td>
</tr>
<tr>
<td>4 years and 8 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private long day care</td>
<td>-$3.8</td>
<td>-$3.7</td>
<td>-$3.5</td>
<td>-$3.4</td>
<td>-$26.6</td>
<td>-$90</td>
<td></td>
</tr>
<tr>
<td>Community based long day care</td>
<td>-$1.7</td>
<td>-$1.6</td>
<td>-$1.5</td>
<td>-$1.5</td>
<td>-$11.5</td>
<td>-$39</td>
<td></td>
</tr>
<tr>
<td>Family day care</td>
<td>-$0.7</td>
<td>-$0.7</td>
<td>-$0.6</td>
<td>-$0.6</td>
<td>-$4.9</td>
<td>$17</td>
<td></td>
</tr>
<tr>
<td>Pre-school</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$9.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal care</td>
<td>-$0.7</td>
<td>-$0.7</td>
<td>-$0.7</td>
<td>-$0.6</td>
<td>-$4.9</td>
<td>$17</td>
<td></td>
</tr>
<tr>
<td>Parental care only to age 5</td>
<td>-$20.0</td>
<td>-$19.1</td>
<td>-$18.3</td>
<td>-$17.6</td>
<td>-$138.3</td>
<td>-$469</td>
<td></td>
</tr>
</tbody>
</table>

Because it is possible that a proportion of the increased child care demand could not be met by the prior-to-school sector from 2010, it is likely that community pressure would build for the expansion of places.

The fact that children turning 4 in July for the 4 years and 6 months option, and May and June for the 4 years and 8 months option, would not be eligible for pre-school may allow additional places for older eligible children in 2009. However, the cohort size would return to normal in 2010, with the consequence that the demand and supply nexus for pre-school would return to normal.

A major risk identified in relation to child care provision concerned the possibility that an increased prior-to-school cohort may lead to pressure from providers for relaxation of the regulatory environment. In particular, reference was made to the possibility that some providers may argue that their only capacity to provide additional places would be through larger group sizes, changed teacher-children ratios, lower requirements around training and qualifications, and less stringent facilities regulations.

1.2.5 Impact on the government and non-government school sectors

For New South Wales, in general each of the three school sectors would be affected by a move to an older minimum school starting age. The nationally comparable cost/benefit analysis model demonstrates that the option of 4 years and 8 months, and the option of 4 years and 6 months, would see decreases in the size of the introductory cohort. Any decrease would occur initially in 2010 and would move subsequently through the following 12 years of schooling until the students entered further training, tertiary studies or the workforce.

The overwhelming majority of children in New South Wales are able to enrol in schools that have a minimum school starting age of 4 years and 5 months. Should an older minimum school starting age be adopted nationally, the most significant identified risk that the change would carry for New South Wales children would be to preclude some of them from participation in the school education sector for a further 12 months.
This preclusion would run counter to the philosophy of engaging children in learning at the earliest possible age in order to lay the foundations for later success. The change options would reduce the opportunities that currently exist to make early identification of children with learning difficulties and ensure that appropriate programmes are implemented. With many New South Wales children not engaging in any type of formal prior-to-school provision, preclusion from schooling for a further 12 months may exacerbate any current level of risk.

A significant risk that is likely to arise from either of the older age options relates to the possibility that the contraction of the total school education sector over a period of 13 years would be viewed as removal of government funds from the sector. For the two non-government school sectors, the loss of income over this period is the most significant risk. For the government school sector, the funding reduction would change its relativities to other agencies, with possible uncertainty about the relativities being returned to ‘normal’ in 2022 when the reduced cohort would leave schooling.

Any benefits of an older school starting age were, in general, highly contested. They were perceived as likely to impact in only marginal ways and to fall unevenly across the school education sector.

However, the idea of a common national minimum school starting age, irrespective of age, was a reform that was generally seen as likely to bring potential benefits. In particular, commonality was seen as enabling issues around inter-state transfer of students to be addressed and to facilitate comparability of state- and territory-based information about student performance.

### 1.2.6 Impact on the different roles in funding of primary and secondary schools

Any of the older age options, if adopted as a common minimum school starting age, would reduce demand for funds on the New South Wales State Government and on the Australian Government through grants to schools. While the introductory cohort was at school, there would also be a reduced demand for private recurrent expenditure on school education, including fees.

**Table 1.e** School sector recurrent savings impacts on the Australian Government, the State Government and private recurrent expenditure for both relevant options over 13 years of schooling, based on nationally comparable figures

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th></th>
<th>4 years and 8 months option</th>
<th>4 years and 6 months option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Government</td>
<td>$300.9</td>
<td>$27.8</td>
</tr>
<tr>
<td>Catholic</td>
<td>$54.2</td>
<td>$33.8</td>
</tr>
<tr>
<td>Independent</td>
<td>$36.2</td>
<td>$9.8</td>
</tr>
<tr>
<td>Total primary</td>
<td>$391.4</td>
<td>$71.4</td>
</tr>
<tr>
<td>Government</td>
<td>$247.0</td>
<td>$22.8</td>
</tr>
<tr>
<td>Catholic</td>
<td>$63.9</td>
<td>$37.3</td>
</tr>
<tr>
<td>Independent</td>
<td>$51.3</td>
<td>$16.4</td>
</tr>
<tr>
<td>Total secondary</td>
<td>$362.2</td>
<td>$76.6</td>
</tr>
<tr>
<td>Total overall</td>
<td>$753.6</td>
<td>$148.0</td>
</tr>
</tbody>
</table>

The reduced demand would be generated by the decrease in the size of the introductory cohort in 2010 and in the subsequent 12 years of schooling. Thus, the reduced funding impacts arise for both primary and secondary schooling. After 2022, the demand on
governments for funding through grants and parents for funding through fees would return to ‘normal’. These features are shown at Table 1.e above.

Under the nationally comparable model, the overall saving associated with the 4 years and 8 months option could be in the order of $753m over the 13 years of schooling, discounted to 2004-05 dollars. The overall school sector saving associated with the 4 years and 6 months option could be in the order of $200m.

In terms of the impact on Australian Government contributions to schooling in New South Wales, the following figures can be extrapolated from the nationally comparable model. The school sector saving to the Australian Government associated with the 4 years and 8 months option could be in the order of $148m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector saving to the Australian Government associated with the 4 years and 6 months option could be in the order of $37m.

The school sector saving to the State Government associated with the 4 years and 8 months option could be in the order of $511m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector saving to the State Government associated with the 4 years and 6 months option could be in the order of $104m.

Funding from private sources, including fees, would include a substantial shift to the priorto-school sector from the school sector. The school sector saving to families associated with the 4 years and 8 months option could be in the order of $94m over the 13 years of schooling, discounted to 2004 dollars. The school sector saving to families associated with the 4 years and 6 months option could be in the order of $23m.

It is possible to extrapolate from the school sector recurrent costs over the 13 years of schooling the recurrent costs that would be incurred by the Australian Government, the New South Wales State Government and by parents in 2010. Table 1.f shows the first year recurrent school sector costs that could be incurred in 2010 for each of the options. The costs are broken down by contributor.

Table 1.f First year school sector recurrent savings to the Australian Government, the State Government and parents for each option, based on nationally comparable data

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 8 months</th>
<th>4 years and 6 months option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Government</td>
<td>$4.3</td>
<td>$39.5</td>
</tr>
<tr>
<td>Catholic</td>
<td>$0.3</td>
<td>$0.1</td>
</tr>
<tr>
<td>Independent</td>
<td>$1.5</td>
<td>$0.7</td>
</tr>
<tr>
<td>Total</td>
<td>$6.1</td>
<td>$40.3</td>
</tr>
</tbody>
</table>

In all cases, annual savings would be approximately equal over the first four years.

For the Australian Government, recurrent first year school sector savings for the implementation of a common minimum school starting age could range from approximately $2.9m to $6.1m, depending on the option chosen.

For the New South Wales Government, recurrent first year school sector savings from the implementation of a common minimum school starting age could range from approximately $11.2m to $40.3m, depending on the option chosen. In addition, there would be related savings in areas such as infrastructure and student transport.

For parents, the effect of either of the options would be to postpone their private costs for schooling for 12 months. However, the overall impact of these savings would be
diminished by the effect of additional costs of formal child care. For parents, the recurrent first year school sector savings for the implementation of a common minimum school starting age could range from approximately $1.8m to $5.7m, depending on the option chosen.

1.2.7 Impact on staffing

The impact on staffing of any of the options for an older minimum school starting age in New South Wales is included in the cost measures associated with the nationally comparable model. The impact was absorbed within the cost per student measures used in the model.

Across the New South Wales schooling sector as a whole, for the 4 years and 8 months option, the reduction in teaching staff required could be in the order of 340 teachers if a class average of 25 were used or 425 if a class size of 20 were used. For the 4 years and 6 months, the reduction in teaching staff required could be in the order of 90 teachers if a class average of 25 were used or 112 if a class size of 20 were used.

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,737 per student, the teacher related savings in the first year could be in the order of $40.2m for the 4 years and 8 months option or $10.7m for the 4 years and 6 months option. These savings would be greater if the higher cohort size projections of the New South Wales Department were used and would also be greater if the increased costs associated with class size of 20 for Kindergarten were factored in.

It was also noted that if any of the older age options were adopted, there would be increased demand for pre-school teachers and teacher aides. There may also be a need for the further professional development of primary teachers who would be teaching older children.

When the smaller cohort of students moved to secondary school, one of the impacts could be to ease pressure on some currently difficult-to-staff subject areas. These areas include mathematics, the sciences and technology.

1.2.8 Impact on infrastructure

For both of the older age options, there would be an immediate reduced level of infrastructure required. This reduced level would continue over the subsequent 12 years of schooling but would affect primary schools for 7 years and secondary schools for the following 6 years.

For the government school sector, it is possible that fewer demountable classrooms could be needed for the 4 years and 6 months option. For the 4 years and 8 months option, it is estimated that the reduced requirement for demountables could be quite substantial. Over

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4 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers. However, in the government sector for New South Wales schools, a class size of 20 has been introduced. Therefore, the analysis of the correct class size ratio of 1:20 is provided for New South Wales.

5 It should be noted that the New South Wales Department projects a higher cohort size reduction for the 4 years and 8 months option than in the national model. If this eventuates, the numbers of teachers lost in New South Wales overall under the 4 years and 8 months option may be more than projected here. The Department itself projects a loss of 375 teachers under this option.

6 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
the 13 years of schooling, the excess demountables may need to be ‘mothballed’, providing an opportunity for refurbishment. More broadly, the reduced level of infrastructure requirement may provide an opportunity for refurbishment of permanent accommodation and conversion of some spaces to specialist use.

In the non-government sector, the response in relation to infrastructure would be for schools to utilise the freed-up space that may arise from a smaller cohort. In many instances, however, the reduction in the size of the cohort may be so minimal as to have no implication for infrastructure use.

Reduced need for accommodation would generally result in lower utility costs overall. It should be noted, however, that where the excess accommodation is permanent it would be necessary for the associated fixed costs to be carried by primary schools for 7 years and by secondary schools for 6 years.

1.2.9 Impact on school curriculum (including pre-school)

Curriculum related impacts arising from an older minimum school starting age were perceived as being relatively marginal in terms of cost. It was noted that, if the option of 4 years and 6 months were adopted as the common minimum school starting age, the requirements to adjust the curriculum would be relatively minor. For the 4 years and 8 months option, however, there may be a need to review both the pre-school and Kindergarten curricula to ensure appropriateness for older children.

Another curriculum related impact from an older age option could arise in relation to professional learning for pre-school and Kindergarten teachers. However, while this additional activity could be needed for teachers of up to Year 4, there are already substantial professional learning activities around the pedagogies for the early years. Again, the impact is likely to be one that could readily be adsorbed into already funded approaches.

A major consideration in terms of curriculum costs could relate to the increased demand for intervention programmes in the middle and late primary years should the minimum school starting age be older. This particularly relates to the 4 years and 8 months option where some students would have assessment of their learning delayed by a further 12 months.

The increased costs in the school sector would arise from the need for specialist support for older children who have not had the advantage of the earlier identification that is possible under current arrangements. In the prior-to-school sector, the introduction of an older minimum school starting age may generate demand for the allocation of increased funds to identify children who are developmentally delayed and whose later formal learning could be at risk.

1.2.10 Impact on nomenclature for the early years

In the total New South Wales school sector, there are two markedly different views about costs and benefits associated with a possible change in nomenclature for the early years of schooling. One view, articulated within the government school sector, is that a change from the term Kindergarten to describe the year before Year 1 would involve a very substantial level of both cost and risk. The costs would arise because of the need to redraft and reprint syllabus and curriculum support documents, reconfigure data bases, redraft and reprint departmental policy documents, and change signage. The risk would arise from the view that there is a deep emotional and historical attachment in New South Wales to the term Kindergarten. Any attempt to change the term is likely to be viewed negatively by many.
A contrary view, expressed by the non-government school sectors, is that the benefits that would arise from a change to a common national nomenclature for the early years of schooling would far outweigh the costs and risks. In this view, there was recognition of the very significant level of confusion that arises from the differing nomenclature for the early years of schooling across the states and territories.

The view was expressed by the non-government sectors that, if a common nomenclature were adopted, it should reflect the philosophy of continuous learning over the early years, including into formal schooling. A suggestion that was perceived as emphasising the continuity of learning was to term the current Kindergarten as Year 1, given that, for almost all students, it is in fact the first year of schooling. While the costs that would arise over the full 13 years were recognised, it was believed that the benefits from simplicity and inter-state commonality would be far greater.

1.2.11 Impact on policy and legislation covering school starting/leaving ages (including the change management lessons)

The legislation in New South Wales makes every parent responsible for their child’s attendance at a (government or non-government) school from 6 years of age to 15 years of age, with exemptions. While the regulations stipulate that entry to a government school cannot occur before a child is 5 years of age as at 31 July in the year of enrolment, there is no state-based restriction on the ability of non-government schools to enrol children at a particular minimum age. Although the change to an older minimum school starting age would not require amendment of the legislation, it would require a change in the regulations and procedures around entry to school.

From a management perspective, the preferred option in New South Wales is generally the current minimum school starting age of 4 years and 5 months by 1 January in the year of commencement. If either of the range options were adopted, *viz* 4 years and 5 months to 4 years and 8 months or 4 years and 5 months to 4 years and 6 months, New South Wales would generally retain the status quo. If an older age option were adopted as a common minimum school starting age, from a management perspective, New South Wales would be less affected by the option of 4 years and 6 months as it involves lower up-front and longer term impacts and a reduced level of risk.

It should be noted that, in the non-government sector, a number of schools have a minimum school starting age older than 4 years and 5 months. It is possible that they would be unaffected by the options if the agreed minimum school starting age coincided with their current practice. However, for these schools, any agreed minimum school starting age at variance with their practice would create the need for these schools to change their minimum school starting age policy.

Should an older minimum school starting age be introduced in New South Wales, one of its impacts would be to increase the overall age of the student cohort. Consequently, students would be older as they entered the senior years. This could impact significantly on the attempts to retain students from Year 10 to Year 11. One of its impacts could be in the area of curriculum provision to ensure the engagement of all students with the aim of increasing retention.
1.2.12 Impact on families

If the current minimum school starting age of 4 years and 5 months were to become the basis of a common national minimum school starting age, most New South Wales families would have continuing certainty about the arrangements that will apply to the entry of their children into school. The continuation of the current minimum school starting age is likely to be perceived as an endorsement of the arguments around the benefits of children commencing formal schooling at a younger age.

Should an older minimum school starting age be adopted nationally, it would decrease the age range over which parents could elect to send their children to school. For some parents, the impact could be to preclude the entry of their children to school for a further 12 months.

Many families would be likely to identify a cost arising from the introduction of an older minimum school starting age through the postponement of participation of their children in formal schooling and reduced opportunity to acquire the knowledge and skills that can be gained through a planned curriculum. Additionally, they may identify risks in terms of the delayed assessment of their children and the inability of their children to access intervention programmes.

The nationally comparable model demonstrates that there would be major economic costs of an older minimum school starting age for the parents of those children who would be unable to commence schooling for a further 12 months. These children would have to remain in the higher cost prior-to-school sector for a further 12 months compared to current arrangements. Their parents would be unable to take advantage of the generally lower cost school sector and the opportunity for earlier re-entry to the workforce that they now enjoy. For the children unable to commence school for another year, an economic cost would arise from their shortened period of participation in the workforce.

In the prior-to-school sector for the 4 years and 8 months option, the direct costs for increased formal care could be up to $130m over the 62 years in the nationally comparable model and continuing. The imputed long term costs for informal care could be up to $486m. In 2010, these total costs could be in the order of $48m.

In the prior-to-school sector for the 4 years and 6 months option, the direct costs for increased formal care could be up to $82m over the 62 years in the nationally comparable model and continuing. The imputed long term costs for informal care could be up to $48m. In 2010, these total costs could be in the order of $10m.

In addition, for parents, the loss of economic benefit projected over the 62 years in the nationally comparable model could be in the order of $368m for the 4 years and 8 months option and $26m for the 4 years and 6 months option. These losses of economic benefits would arise because of delayed re-entry to the workforce of parents whose children were affected by the older school starting age.

For children, the loss of economic benefit projected over the 62 years in the nationally comparable model could be in the order of $1,607m for the 4 years and 8 months option and $428m for the 4 years and 6 months option. These losses of economic benefits would arise because of contraction in the length of the working lives of the individuals affected by the older school starting age.
1.2.13 Impact on Indigenous students and students with special needs

In general, younger minimum school starting age options were perceived as likely to provide the best opportunities for Indigenous students and students with special needs to connect with formal schooling.

For those Indigenous children whose birthdays fall from May to July for the 4 years and 8 months option and in July for the 4 years and 6 months option, there were perceived risks in being unable to commence school for a further 12 months. The later access was perceived as likely to exacerbate the educational risks that confront many Indigenous children.

On the other hand, a view was put that an older minimum school starting age may enable some Indigenous children to remain connected to the supportive and culturally inclusive environment of their families. It should be noted however, that, as for parents generally, Indigenous parents would be able to make decisions about when their children commence schooling up to the compulsory age.

For children with disabilities and learning difficulties, an argument was put that postponement of access to formal schooling for a further 12 months could increase significantly the overall level of risk of the affected children. If the needs of these children were to be met in the prior-to-school sector, there would need to be a shift of resources from the school sector. Such resource shifts were in themselves perceived as likely to involve costs in terms of management and risks to the school sector. They were also likely to impact negatively on children in the school sector because of reduced economies of scale.

1.2.14 Impact on school completion, tertiary entrance and entry to the workforce.

The nationally comparable model shows that, over the years of schooling to age 15, approximately 450,000 student movements occur in and out of New South Wales. In any one year, the magnitude of inter-state movement in and out of the State is in the order of 41,000 students. It should be noted that no other state or territory has the same minimum school starting age as New South Wales so every movement is potentially affected by a minimum school starting age disparity.

Each time a student crosses borders there is a risk that, because of confusion or age/grade misalignment in part associated with differences in the minimum school starting age between states and territories, they may fall out of alignment with the cohort that they left behind. This may result in them having to ‘skip’ or ‘repeat’ a year of schooling. Many of these students are likely to experience an impact that reduces their level of engagement with and success at schooling.

The nationally comparable model assumes that there will be some impact on school completions arising from the reduction of a barrier to transferability that non-common minimum school starting ages represent. The model assumes that the impact will not occur for every student who transfers from one state or territory to another. The model assumes conservatively that, should a common minimum school starting age be introduced, its impact on school completions would be in the order of a one per cent increase in the completion rate. In other words, one in every hundred students who move across New South Wales borders would be more likely to complete school because the minimum starting age is common on a national basis.

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7 Data for 2002-03 supplied by the Australian Bureau of Statistics in January 2005 as a result of a special request from the Australian Government Department of Education, Science and Training.
Given the conservative assumptions in the nationally comparable model, it is possible that the adoption of a common minimum school starting age could increase the level of school completion in New South Wales. There could be up to 410 more school completions each year across New South Wales schools. This increased completion rate is likely to be permanent for all subsequent cohorts.

The post-school impact of the reduced cohort under the relevant minimum school starting age options is shown in Table 1.g below.

Should an older common school starting age be introduced other than the current 4 years and 5 months in New South Wales, the affected cohort would complete Year 12 in 2022. They would, in fact, begin to enter further training, tertiary education or the workforce from 2021 when they are older than the upper compulsory age limit.

It should be noted that the impact in Table 1.g on university may be nominal only. The excess demand for university places would most likely see no decrease in actual places needed or offered.

<table>
<thead>
<tr>
<th>Numbers of affected students</th>
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</thead>
<tbody>
<tr>
<td>4 years and 8 months</td>
</tr>
<tr>
<td>2021</td>
</tr>
<tr>
<td>VET</td>
</tr>
<tr>
<td>University</td>
</tr>
<tr>
<td>FT employment</td>
</tr>
<tr>
<td>PT employment</td>
</tr>
</tbody>
</table>

| 4 years and 6 months        |
| 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| VET   | -241 | -241 | -241 | -241 | -175 | -175 | -175 | -175 | -175 | -241 |
| University | -3  | -202 | -544 | -622 | -600 | -501 | -359 | -264 | -216 | -3  |
| FT employment | -128 | -302 | -530 | -778 | -989 | -950 | -1,116 | -1,251 | -1,370 | -128 |

The long term costs and benefits associated with the decreased size of the introductory cohort in relation to further training, university and employment are shown in Table 1.h below. The Table refers to the period from 2021 to 2030 for the VET and university sectors and to the period from 2021 to 2072 for employment. The employment impact would be permanent, adding perhaps a further 25 per cent to the employment figures, discounted to 2004-05 dollars. All costs and benefits in Table 1.h are discounted to 2004-05 dollars.

The employment impact does not include the dynamic component, created through a common minimum school starting age and nomenclature. This has been calculated at the national level and is not considered to be ‘safe’ at the state and territory level.

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
</tr>
<tr>
<td>University</td>
</tr>
<tr>
<td>Employment</td>
</tr>
</tbody>
</table>
While there would be potential savings to both the VET and university sectors over the ten years of the model from 2021 to 2030, there would be substantial reductions in potential income over the working lives of the individuals who commenced school one year later under the older age options.

Although the VET and university sectors would have a long lead time to plan for the impact of the decreased size of the introductory cohort as it moves out of the school sector, it is not possible to predict with certainty the areas of training or further education that would be affected. The only assumption that could be made is that the cohort would be likely to take up further training or education in a similar pattern to the pattern in previous ‘normal’ size cohorts.
1.3 New South Wales Government School Sector

1.3.1 Current situation

The New South Wales government school sector has long had a minimum school starting age of 4 years and 5 months. This means children are able to enter school at the commencement of the year in which they turn 5 years of age by the 31 July. Children are at least 4 years and 5 months by January 1 of their year of school entry. The compulsory age of schooling in New South Wales is 6 years of age.

While intake is generally at the commencement of the school year, some entry occurs throughout the year at the discretion of the school principal. This is particularly the case for children who have been identified as gifted or talented, or who have special needs.

Currently, based on Australian Bureau of Statistics 2003 data, the government school sector enrols 71 per cent of primary students and 63 per cent of secondary students in New South Wales. Overall, the sector’s share of total enrolments is 68 per cent.

In providing an account of the current situation, the sector noted that there had been a trend in recent years for the further development of play-based learning in Kindergarten. This accorded with research on how young children learn. It had also been implemented in recognition that many parents want Kindergarten to provide an environment in which the foundations can be laid for more formalised approaches beginning in Year 1.

At the same time, however, the figures suggest that a number of parents delay entry of their children to Kindergarten beyond the minimum school starting age. In the 2003 government sector Kindergarten cohort, for example, approximately 71 per cent of children whose birthdays were in July had a delayed entry to school of one year.

It was noted by the sector that, across the State, 20 per cent of children did not access any form of prior-to-school provision. In some low socio-economic status communities, the figure was more than 50 per cent. The government school sector has recently undertaken an expansion of pre-school provision. Many of the pre-schools have been located to serve communities where access to other formal prior-to-school provision may not be readily available or may be beyond the financial capacities of families.

1.3.2 Implications of the options

The New South Wales government school sector would be affected by two of the options, viz 4 years and 8 months, and 4 years and 6 months. It is assumed that if either of the range options were adopted as the common minimum school starting age, the New South Wales government school sector would elect to retain 4 years and 5 months as the minimum school starting age.

Table 1.i below shows the New South Wales government school sector projections for the decreased size of the introductory cohort against the change options. Table 1.i also shows projections based on the nationally comparable model.

In considering these cohort figures, the following caveat should be noted in relation to both options. It is possible that some schools in the non-government sectors may make places available to children who otherwise would have enrolled in a government school. Where this occurs, the impact would be to further reduce the size of the cohort in the government school sector. This factor has been taken into account in the calculations used by the Department to project cohort size implications shown in Table 1.i.
Table 1.i Comparisons of government sector cohort size under nationally comparable and sector assumptions

<table>
<thead>
<tr>
<th></th>
<th>4 years and 6 months</th>
<th>4 years and 8 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>New South Wales Department estimate of decrease in the cohort size ⁸</td>
<td>-1,600</td>
<td>-7,100</td>
</tr>
<tr>
<td>Nationally comparable model estimate of decrease in the cohort size</td>
<td>-1,589</td>
<td>-5,393</td>
</tr>
</tbody>
</table>

Information provided by the government school sector indicates that there is no current internal plan to move from the present minimum school starting age. The clear preference within the government school sector is for 4 years and 5 months to be the common minimum school starting age.

In general, however, the 4 years and 6 months option was perceived as the option that would have the least impact on the sector should there be a move from 4 years and 5 months. This was particularly the fact because only approximately 29 per cent of eligible children with July birthdays generally enrol in their first year of eligibility. The impact of losing this relatively small number of children from the system was seen as more manageable by the sector than the change that would arise from the 4 years and 8 months option.

1.3.3 Cost/benefit modelling

The cost/benefit analysis modelled in Table 1.j below shows the costs and benefits associated with the New South Wales government school sector. The figures are derived from the nationally comparable cost/benefit model and therefore use the cohort size projections in the model.

Table 1.j Nominal savings over the 13 years of schooling for the New South Wales government school sector, based on the nationally comparable cost/benefit analysis model

| Costs(-)/benefits(+) ($ million, 2004 05) |
|-----------------------------------------|------------------|
|                                        | 4.5 | 4.6 | 4.8 | 4.5 - 4.6 | 4.5 - 4.8 |
| Primary                                | $0  | $80 | $301| $0         | $0         |
| Secondary                              | $0  | $72 | $247| $0         | $0         |
| Totals                                 | $0  | $163| $558| $0         | $0         |

Under the 4 years and 8 months option, the model shows the nominal saving to the New South Wales government school sector over the 13 years in which the smaller cohort moves through the years of schooling could be in excess of $558m. Discounting for any capital costs, the potential nominal saving to the government school sector in the introductory year could be in the order of $46m.

It is possible, given the potential for non-government schools to access their waiting lists, that the loss of students under the 4 years and 8 months option would be substantially

⁸ These projections, developed by the Department, are calculated on the basis of inclusion of the projected loss of students to the non-government sectors as they access active waiting lists to stem their loss because of the shift to an older minimum school starting age under the 4 years and 8 months option and under the 4 years and 6 months option. All figures in the nationally comparable model do not take this into account, but the possibility of it occurring is noted in the text of the Report.
more than projected in the nationally comparable model. In this case, the savings to the New South Wales government school sector would be commensurately higher than shown in Table 1.j.

Under the 4 years and 6 months option, the model shows the nominal saving to the New South Wales government school sector over the 13 years in which the smaller cohort moves through the years of schooling could be in the order of $163m. Discounting for any capital costs, the potential nominal saving to the government school sector in the introductory year could be in the order of $12m.

Table 1.k Nominal savings by funding sources in the New South Wales government school sector by option over the 13 years of schooling

<table>
<thead>
<tr>
<th></th>
<th>4.8</th>
<th>4.6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overall savings</td>
<td>AG</td>
</tr>
<tr>
<td>Primary</td>
<td>$300.9</td>
<td>$27.8</td>
</tr>
<tr>
<td>Secondary</td>
<td>$247.0</td>
<td>$22.8</td>
</tr>
</tbody>
</table>

Table 1.k above shows the nominal saving shares of the Australian Government, the New South Wales State Government and parents arising from the reduced number of government sector students in the introductory cohort for the change options. Per capita expenditure is averaged but excludes capital and user costs of capital. The assumption in Table 1.k is that the government school sector would lose its ‘normal’ share of the reduced number of students.

In terms of Australian Government grants, the savings could amount to a figure in the order of $4.3m in the introductory year for the 4 years and 8 months option. Over the 13 years of schooling, the savings could be in the order of $50.7m.

For the 4 years and 6 months option, the savings to the Australian Government could be in the order of $1.1m in the introductory year. Over the 13 years of schooling, the savings to the Australian Government through reduced grants could be in the order of $14.1m10.

In terms of savings to the New South Wales State Government, the amount could be in the order of $40m in the introductory year for the 4 years and 8 months option. Over the 13 years of schooling, the saving could be in the order of $470m11.

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9 The proportions used to derive the breakdowns come from figures supplied by the Australian Government Department of Education, Science and Training.

10 Should the shift of students to the non government sectors under the 4 years and 8 months option follow the projections of the New South Wales Department, these savings could be substantially higher, resulting in a greater shift of income from the New South Wales Government than projected by the national model.

11 Should the shift of students to the non government sectors under the 4 years and 8 months option follow the projections of the New South Wales Department, these savings could be substantially higher.
For the 4 years and 6 months option, the New South Wales State Government could save in the order of $10.5m in the introductory year. Over the 13 years of schooling, the savings in State grants could be in the order of $130.7m.

If the government sector were to lose its current proportional share of the total student reduction in the introductory cohort, savings to parents through private contributions for the 4 years and 8 months option could amount to a figure in the order of $2.3m in the introductory year. Over the 13 years of schooling, the savings to parents could be in the order of $27m.

For the 4 years and 6 months option, savings to parents through private contributions could amount to a figure in the order of $0.6m in the introductory year. Over the 13 years of schooling, the savings to parents could be in the order of $7.6m.

The expenditure calculations in the nationally comparable cost/benefit analysis model reflect only truly recurrent items and exclude depreciation and user cost of capital. However, they are average costs, and do not reflect the excess capacity in any system to incorporate new students without other cost increases.

Such a figure would be reflected by the marginal cost to a system, a figure that has proved quite elusive in national literature. Various Senate inquiries have long recognised the nature of marginal costs but there are no national publications in education, including those published by the Productivity Commission that present a table of marginal costs for each jurisdiction.

During the data gathering for the cost/benefit analysis, various amounts were put forward by jurisdictions to indicate marginal costs. However, no one nationally comparable methodology was used. Therefore, as an acceptable rule of thumb across jurisdictions, the approach used in the calculation of the Enrolment Benchmark Adjustment to ‘notional costs’ has been used in this Report. This places notional costs at 50 per cent of average costs.

If notional cost figures are substituted for the cost estimates in the nationally comparable cost/benefit analysis model, the estimated impacts of each of the options on the New South Wales government school sector are shown below.

Table 1.1 Government sector 13 year savings using notional per capita cost estimates

<table>
<thead>
<tr>
<th></th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>$0</td>
<td>$28</td>
<td>$105</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Secondary</td>
<td>$0</td>
<td>$24</td>
<td>$66</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td>$0</td>
<td>$52</td>
<td>$171</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

These figures show substantially lower savings for any of the proposed options than would have been anticipated using the nationally comparable data. This is further demonstrated in Table 1.m below.

Table 1.m Comparison of impact of sector figures and nationally comparable figures on costs and benefits for each of the options.

<table>
<thead>
<tr>
<th>Government school sector</th>
<th>4.8 based on national average cost modelling</th>
<th>4.8 based on notional cost modelling</th>
<th>4.6 based on national average cost modelling</th>
<th>4.6 based on notional cost modelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$548</td>
<td>$171</td>
<td>$152</td>
<td>$52</td>
</tr>
</tbody>
</table>

The New South Wales government school sector also provided further information to complement the nationally comparable model. The sector noted the potential high degree of variability that could impact on the costs and benefits associated with either of the change options.

Because the starting ages for the two change options are older than the current minimum school starting age, there would be a reduction in staffing required for the introductory cohort. This reduction in staffing could produce costs savings to the government school sector. These savings would continue over the subsequent 12 years of schooling. The savings are included in the model above.

Based on the nationally comparable model, in the order of 6,019 fewer students would be enrolled in the introductory cohort of the New South Wales government school sector under the 4 years and 8 months option. Based on New South Wales Departmental figures, the cohort loss would be closer to 7000 students for the 4 years and 8 months option. For the 4 years and 6 months option, the reduction would be in the order of 1,602 students, a figure agreed in the model and by the Department.

Across the New South Wales government school sector as a whole, for the 4 years and 8 months option based on the national model cohort projection, the reduction in teaching staff required could be in the order of 240 teachers if a class size average of 25 were used or 300 if the projected kindergarten class size for 2010 of 20 were used. If New South Wales Departmental cohort predictions and a class size of 20 were used the number of teachers lost to the sector could be in the order of 375 for the 4 years and 8 months option.

For the 4 years and 6 months and the related range option, the reduction in teaching staff required could be in the order of 64 teachers for a class average of 25 or 80 if a class size of 20 were used. If New South Wales Departmental cohort predictions and a class size of 20 were used the number of teachers lost to the sector could be in the order of 93 for the 4 years and 6 months option.

For the government school sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,737 per student, the teacher related savings in the first year could be in the order of $28.5m for the 4 years and 8 months option and $15.2m for the 4 years and 6 months option. If the New South Wales government school sector, figures based on the projected 2010 Kindergarten class size of 20 are also provided.

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14 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers. For the New South Wales government school sector, figures based on the projected 2010 Kindergarten class size of 20 are also provided.

15 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
Departmental cohort size for 4 years and 8 months option were used, the savings in teacher costs could be in the order of $33.2m.

All costs for staffing are included within the nationally comparable model as part of the cost per student used in the calculations. Because of class size reductions in the kindergarten area, cost per student may increase between now and 2010 for the New South Wales government school system, thus tending to increase the potential savings associated with either of the relevant change options. The higher levels of savings discussed above are the more likely outcome for the sector.

The sector noted, however, that the projected savings from reduced expenditure on staffing would be offset against other costs arising from any change to the minimum school starting age in New South Wales. In particular, it was noted that apparent savings from the under-utilisation of capital would not be realised. The fixed cost component of capital would largely remain, with few if any savings.

1.3.4 Impact of the options

In any of the options that move from 4 years and 5 months, there will be costs, benefits, risks and opportunities for the New South Wales government school sector. The overall level of impact would be greatest should the option of 4 years and 8 months be introduced as a common minimum school starting age. The level of impact would be minimal for 4 years and 6 months. All other options would see the New South Wales government school sector retain 4 years and 5 months as the minimum school starting age.

In terms of costs and benefits associated with any change from 4 years and 5 months, both initial and medium term savings would accrue to the New South Wales Government through a decrease in the size of the introductory cohort. These would include savings associated with staffing, infrastructure, administration and related areas such as student transport. These savings would occur in 2009 for pre-school and for each year from 2010 as the smaller cohort progresses through schooling and into the tertiary sector.

However, given that the reduced teacher numbers would form a significant part of the savings, there could be an industrial impact. This may depend on how the reduction in staff is managed. In general, the sector indicated that it would be able to manage the reduction associated with a move to 4 years and 6 months through natural attrition and leave arrangements. The implications of the 4 years and 8 months option would, however, be more difficult to manage.

The sector identified that an older minimum school starting age could impact on the areas of teacher recruitment and training. The capacity of the sector to employ graduates could be reduced, leading to possible disaffection amongst recent graduates anticipating employment. Additionally, broader awareness of the upcoming reduced intake of teachers may lead some who otherwise would have pursued teacher education studies to decide on a different career path.

Issues were explored in relation to the impact on staffing over time arising from the adoption of an older minimum school starting age. As the reduced cohort of students progresses through their schooling, the initial reduction in teacher numbers would need to be incrementally replaced. This incremental nature would occur because larger class sizes, and hence larger student-teacher ratios, in Years 1, 2, and 3 to 10 mean that a reduced student enrolment would have less impact on the required teacher workforce than under the early years student-teacher ratios. Similarly, the level of non-teaching staff would be affected.
In 2017, when the introductory cohort moves from primary to secondary school, and again in 2023 when the cohort leaves school, the primary and secondary school enrolments respectively would return to a ‘normal’ level. At these times, any reduction of staffing resulting from an older minimum school starting age would need to be fully restored.

The observation was made by the government school sector that, in relation to the 4 years and 8 months option in particular, the replacement of a large number of secondary teachers in 2023 could present difficulties in any subject areas where shortages of teachers were being experienced at that time. Also noted in relation to secondary schools was the likely impact of a reduced cohort on the range of curriculum offerings that some schools would be able to make. This could exacerbate an already existing trend in smaller secondary schools.

In relation to the impacts on students, the sector identified the potential isolation from related services for some students who were precluded from enrolling for a further 12 months than would be the case at present. In particular, reference was made to the important role that the government school sector plays in identifying students with health and disability related needs and in coordinating services across agencies.

Issues were canvassed in relation to the likelihood that many children precluded from enrolment at school for a further 12 months in 2010 may not have access to child care services. With another 12 months in informal and unregulated care, some could be further disadvantaged and at greater risk. One of the views expressed was that an impact of an older school starting age could be an increased risk for some children in relation to child protection issues.

An area that the government sector identified as particularly high risk in association with an older minimum school starting age was the likely impact on the capacity of the sector to identify students with learning needs. The view was also expressed that by delaying identification for twelve months, some students could be significantly disadvantaged in their schooling over the immediate, medium and long term. Attention was especially drawn to the effectiveness and cost efficiency of intervention at an early age compared to the costs associated with intervention programmes implemented for older students. The view was put that delayed service delivery has increased costs.

The evidence for the educational benefit of a younger school starting age is perceived as being demonstrated in the performance of New South Wales students over time on nationally comparable tests. The age profile of New South Wales students in these tests is overall a younger one than the other jurisdictions. Irrespective of this difference, New South Wales students consistently perform well by comparison.

The potential for increased disadvantage for Indigenous students and those from low socio-economic families was also identified. It was felt that progress was being made in working with communities to engage children positively in schooling. Furthermore, many schools acted in a coordinating capacity to ensure that needs were well identified and addressed, and families could be supported. The effect of the delayed entry of one year for some students would be to increase their level of educational risk and risk in areas such as nutrition and health.

In relation to prior-to-school provision, the sector noted significant potential costs arising from the increased number of students in 2010 that would be retained in the prior-to-school sector under wither of the relevant change options. While these costs would be borne by the affected parents and Australian Government through Child Care Benefits and Rebates, the sector noted the potential for increased pressure on it to move toward universal provision of educational services for the year preceding Kindergarten. This was
particularly so in the area of pre-school provision, with older children not eligible for school and often not able to access pre-school places.

One of the areas of potential impact identified by the child care sector was that private prior-to-school providers could attempt to bring about change in the regulations governing child care service provision. In particular, some may argue for an increased child-adult ratio in order to accommodate the increased demand for places.

The view was expressed that some providers may respond to the increased number of older children seeking places by reducing provision for children who are 3 years of age and younger. Another area of pressure in the prior-to-school sector that may arise from an increase in the number of children seeking places could be a call to reduce training standards and qualifications for staff.

In relation to impacts on the government school system as a whole, the sector canvassed the likely costs associated with maintaining some small schools that, due to an older minimum school starting age, may fall below the enrolments required for viability. Also canvassed were the likely impacts should it be necessary to close any schools. Given that many of these potentially affected schools are located in small rural communities, the economic impacts are likely to extend beyond schooling.

The potential impact in some schools for a reduced cohort size to affect the classification of schools was noted. If the issue were to be managed by the sector by quarantining the classification impact because of its short term nature, costs would be involved. These costs would be associated with maintenance of executive classifications, recurrent school allowances, salaries, associated on-costs and ancillary staff entitlements. These costs would need to be borne for a period of 7 years for the affected primary schools and then for a further 6 years for what would probably be a small number of affected secondary schools.

In all of these issues noted above, the sector recognised that the impact of the 4 years and 6 months option would be relatively small compared to the 4 years and 8 months option. Given that the low percentage of students with July birthdays who currently enrol at the first opportunity, it was likely that the issues would be marginal in relation to this option.

The sector also observed, however, that non-government schools may be able to ameliorate the effect of a reduced introductory cohort size by enrolling students from waiting lists. The full effect of the reduced enrolments, therefore, may potentially be felt in the government school sector but not in the other two sectors. This impact would be likely to continue over time, given such factors as continuing sibling enrolments that otherwise may have been enrolled in government schools.

1.3.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the current situation is that the year before Year 1 is called Kindergarten. The year prior to Kindergarten is described as pre-school in the government school sector.

The government school sector identified any change in nomenclature around the early years of schooling as highly likely to involve a significant level of costs. These costs were identified as arising from the need to redraft and reprint, *inter alia*, syllabus and curriculum support documents, policy documents, school manuals, and promotional material. There would also be costs associated with changes in signage, web sites and databases both at school level and systemically.

These cost impacts were identified as being of such a magnitude as to require additional funding in the order of $1m if the name of any one school year were to be changed.
Further, New South Wales noted that any change in nomenclature that created a need to change the nomenclature in each Year would create significantly higher costs.

A further issue in relation to nomenclature was the view expressed that across the schooling community in New South Wales there is a strong emotional attachment to the term Kindergarten to describe the year before Year 1. The term is perceived as being deeply embedded in the history and psyche of the government school sector. In this view, any suggestion of a change from Kindergarten to another term is likely to be perceived negatively across the sector.

1.3.6 Conclusion

Overall, for the New South Wales government school sector, the implications of either of the relevant options would mean the enrolment of fewer children in the first year of implementation. The smaller cohort would then proceed through the subsequent 12 years of schooling. The reduced cohort would be older, with children affected by the change unable to enter school for a further 12 months.

The nationally comparable model shows that, for the 4 years and 8 months option, the overall saving to the New South Wales government school sector could be in excess of $548m over the 13 years of schooling, with a figure in the order of $46m in reduced expenditure by the end of the first year. For the 4 years and 6 months option, the overall benefit could be up to $152m, with a figure in the order of $12m in reduced expenditure by the end of the first year.

The most critical risk identified by the sector that would arise from a change to an older minimum school starting age would be the potential effects on those students precluded from commencing school for a further 12 months. Apart from a substantial economic loss to the individuals over their working lives, the sector would not be able to identify the learning needs of these students until a year later. Nor would it be able to implement appropriate intervention programmes. The educational risks were perceived by the sector as having both short and long term consequences for the affected students.

Moreover, risks were identified in relation to equity considerations that would arise from a change to an older minimum school starting age. Students from disadvantaged communities are perceived as gaining benefits from an earlier school entry under the current arrangements. For the affected students, these benefits would be lost as a consequence of either of the relevant change options being adopted.

Another risk for the sector would relate to the need to reduce staff requirements arising from a decrease in the number of students in the introductory cohort and over the subsequent 12 years of their schooling. There would also be risks in relation to under-utilisation of capital over a period of 13 years during which many capital related costs will remain fixed.

Further risks were identified in relation to the likely impact of the change options on prior-to-school provision. One of the impacts may be to increase demand for the expansion of government pre-school provision. Another may be to increase the level of informal and unregulated care. Both of the change options could produce pressures on the prior-to-school sector in areas including staffing, facilities, access, fees and the regulatory environment. The impact would be liable to fall more harshly in disadvantaged communities.

In all of this, the sector noted that the impact of the 4 years and 6 months option would be substantially less than for the 4 years and 8 months option. However, the sector sees early
connection with school as an important educational issue. Given that some 20 per cent, and in some communities up to 50 per cent, of children do not have any formal prior-to-school experience, early contact with them is a high priority.

In terms of nomenclature, significant costs were identified, up to $1m for a change in nomenclature for the year before Year 1. For options that made ongoing changes to the nomenclature across the years of schooling, such costs would be substantially greater.

These costs would be principally associated with the redrafting and reprinting of syllabus and curriculum support documents and school and systemic databases. The sector argued that there is a strong historical background to the term ‘Kindergarten’ and that any proposal to change the term would be viewed negatively across the sector.
1.4 New South Wales Catholic School Sector

1.4.1 Current situation

Currently, based on Australian Bureau of Statistics 2003 data, the Catholic school sector enrols 20 per cent of primary students and 23 per cent of secondary students in New South Wales. Overall, the sector’s share of total enrolments is 21 per cent.

Unique among the state and territory jurisdictions, the Catholic dioceses in New South Wales operate independently, with schools often relating to each parish council. Across the 11 dioceses there is a range of minimum school starting ages, from 4 years and 5 months to 4 years and 8 months. Six dioceses have a minimum school starting age of 4 years and 5 months in alignment with the government school sector. Three dioceses have a minimum school starting age of 4 years and 6 months. The remaining 2 dioceses operate with a minimum school starting age of 4 years and 8 months.

Additionally, there are 48 congregational Catholic schools which are governed on an autonomous basis, not operating as part of any parish or diocese. Each Congregational school sets its own minimum school starting age. Moreover, even within a diocese there are likely to be differences in policy around school entry, depending on the decisions of parish councils, principals and local communities.

Data provided by the sector indicate that 68 per cent of children are enrolled in dioceses where the minimum school starting age is 4 years and 5 months\(^\text{16}\). A further 20 per cent are enrolled in dioceses where the minimum school starting age is 4 years and 6 months. The remaining 12 per cent are enrolled in dioceses where the minimum school starting age is 4 years and 8 months. These percentages provide the most reliable available indication of the situation in the Catholic school sector, although there is some internal variation from them within dioceses.

In general, the dioceses are moving to reduce average class sizes in Kindergarten but this will not be fully in place until after 2010. Thus, any move to change the minimum school starting age in 2010 will coincide with what is currently an expensive exercise. Depending on the practice at the diocesan, parish or individual school level, adoption of any common school starting age option could have implications that lead to either an increased or a decreased introductory cohort in individual schools. Overall, however, a change to an older minimum school starting age than 4 years and 5 months would mean a smaller cohort of students in the introductory year.

1.4.2 Implications of the options

The analysis below relies initially on the nationally comparable model and assumptions, based on the National Schools Statistical Collection and other nationally compiled data held by the Australian Bureau of Statistics and by the Australian Government Department of Family and Community Services. The nationally comparable model assumes that all schools in the sector operate with a minimum school starting age of 4 years and 5 months.

\footnote{16 Analysis of the average age of children at entry to Congregational schools indicates that these schools effectively operate around a minimum 4 years and 5 months entry age. They have therefore been included in the 4 years and 5 months percentage.}

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It is this assumption that forms the basis of the national figures in Volume 1 of this Report.

However, the analysis below has been adjusted for the Catholic school sector to reflect that only approximately 68 per cent of children enrol in schools with this starting age. As mentioned above, a further 20 per cent and 12 per cent enrol in schools with 4 years and 6 months and 4 years and 8 months minimum school starting ages respectively.

In effect, should the option of 4 years and 6 months be adopted, 3 of the dioceses would be unaffected and both costs and benefits across the sector reduced accordingly, compared to the national model. Should the option of 4 years and 8 months be adopted, 2 of the diocese would be unaffected and both costs and benefits across the sector reduced accordingly, compared to the national model. Should the option of 4 years and 5 months be adopted, 6 of the diocese and most of the Congregational schools would be unaffected. This conforms to the national model although.

Based on the nationally comparable cost/benefit analysis model, without these modifications, the New South Wales Catholic school sector nominally would be affected by two of the options, viz: 4 years and 8 months and 4 years and 6 months.

Table 1.n below shows projections for the New South Wales Catholic school sector. Under both relevant options, there would be a decrease in the size of the introductory cohort.

**Table 1.n Projected change in cohort size for the New South Wales Catholic school sector based on nationally comparable assumptions and sector information**

<table>
<thead>
<tr>
<th></th>
<th>4 years and 5 months</th>
<th>4 years and 6 months</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months to 4 years and 8 months range option</th>
<th>4 years and 5 months to 4 years and 8 months range option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected change in the cohort size according to the nationally comparable model.</td>
<td>0</td>
<td>-451</td>
<td>-1,694</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Projected change in the cohort size using sectoral information about the spread of starting ages across dioceses</td>
<td>+293</td>
<td>-158</td>
<td>-1,401</td>
<td>+149</td>
<td>0</td>
</tr>
</tbody>
</table>

The nationally comparable cost/benefit analysis model indicates that the size of the introductory Catholic school sector cohort in 2010 would decrease by 1,694 for the option of 4 years and 8 months. For the option of 4 years and 6 months, the decrease would be in the order of 451.

However, applying the varying percentages of children who are enrolled in diocesan schools provides a different picture.

If the 4 years and 5 months option were to be agreed across all sector schools, an additional 293 children would be able to enrol, made up of children enrolling in schools that currently have 4 years and 6 months (90 children) and 4 years and 8 months (203 children) minimum school starting ages.
If the 4 years and 6 months option were to be agreed across all sector schools, a net loss of 158 children would occur across the sector, made up of children unable to enrol in schools that currently have 4 years and 5 months minimum school starting age (a loss of 307 children) but who would be able to enrol in schools that had a 4 years and 8 months (a gain of 149 children) minimum school starting age.

If the 4 years and 8 months option were to be agreed across all sector schools, a net loss of 1401 children would occur across the sector, made up of children unable to enrol in schools that currently have 4 years and 5 months (a loss of 1,152 children) and 4 years and 6 months (a loss of 249 children) minimum school starting ages.

If the 4 years and 5 months to 4 years and 6 months option were to be agreed across all sector schools, a further 149 children would be able to enrol, made up of children enrolling in schools that currently have 4 years and 8 months (149 children) minimum school starting ages.

If the 4 years and 5 months to 4 years and 8 months option were to be agreed across all sector schools, there would be no change.

Both the 4 years and 5 months option and the 4 years and 5 months to 4 years and 6 months range option could lead to costs for the sector as a whole. On the other hand, the 4 years and 6 months option and 4 years and 8 months options could lead to net savings for the sector as a whole. However, the savings, net of reduced use of capital, would occur in the form of reduced income from State Government and Australian Government grants and private income including fees.

### 1.4.3 Cost/benefit modelling

Based on the nationally comparable cost/benefit analysis model, the impact of each of the change options in terms of nominal savings over the full 13 years of schooling can be demonstrated as shown in Table 1.o below.

#### Table 1.o Savings over the 13 years of schooling for the New South Wales Catholic school sector based on the nationally comparable model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catholic Primary</td>
<td>$0</td>
<td>$14</td>
<td>$54</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Catholic Secondary</td>
<td>$0</td>
<td>$14</td>
<td>$64</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$0</td>
<td>$28</td>
<td>$114</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

The calculations above are based on the recurrent annual expenditure estimates per student provided by the State Government to the Australian Government Department of Education, Science and Training. A premise of the calculations counts all eligible students who would normally enrol in Catholic schools assuming that all Catholic schools in the sector operate with a minimum school starting age of 4 years and 5 months. Costs are average but exclude capital and user costs of capital.

Using the nationally comparable costs, for each of the cohort size scenarios above, the decrease in student numbers in the initial cohort would save recurrent funding throughout their school tenure. For the 4 years and 8 months option, the savings could be in the order of $114m over the 13 years of schooling. For the 4 years and 6 months option, the savings could be in the order of $28m over the 13 years of schooling. The savings would coincide with reduced income to the sector from State Government and Australian Government grants (including special purpose provisions) and private sources, including fees.
However, the nationally comparable model assumes that all schools in the sector have a 4 years and 5 months minimum school starting age. As discussed above, this is not the case. Once sectoral information about the proportions of students entering school under the various age options is factored into the model, a different picture emerges.

For the 4 years and 5 months option, rather than no effect, the net effect would be to add July birthday students to the cohort creating a cost. This cost could be in the order of $18.8m over the full 13 years of schooling.

For the 4 years and 6 months option, the net effect would be to lose students to the cohort creating a saving. This saving could be in the order of $10m over the full 13 years of schooling.

For the 4 years and 8 months option, the net effect would also be to lose more students to the cohort creating an even greater saving. This saving could be in the order of $98m over the full 13 years of schooling.

For the 4 years and 5 months to 4 years and 6 months range option, the net effect would be to add more students to the cohort creating a cost. This cost could be in the order of $9.6m over the full 13 years of schooling.

For the 4 years and 5 months to 4 years and 8 months range option, there would be no change.

Table 1. Nominal costs and savings by funding sources in the New South Wales Catholic school sector by option over the 13 years of schooling based on sector information

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
<th>13 year primary and secondary costs based on sector information</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 to 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>Overall savings</td>
<td>AG</td>
<td>State</td>
<td>Private</td>
<td>AG</td>
</tr>
<tr>
<td>Primary</td>
<td>$9.38</td>
<td>-$5.9</td>
<td>-$2.3</td>
<td>-$1.3</td>
<td>$5.05</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$9.4</td>
<td>-$5.5</td>
<td>-$2.3</td>
<td>-$1.6</td>
<td>$5.05</td>
</tr>
</tbody>
</table>

Table 1. above shows the saving and cost shares of the Australian Government, the New South Wales State Government and parents (private recurrent funding) arising from the changed number of Catholic sector students in the introductory cohort for the relevant change options. The assumption in Table 1. is that the Catholic school sector would gain or lose its ‘normal’ share of the changed number of students in the introductory cohort. Table 1. is based on the impact of the different minimum school starting ages across the diocese.

For the 4 years and 8 months option, savings to the Australian Government could be in the order of $4m in the introductory year and $59m over the 13 years of schooling. Savings to the New South Wales State Government could be in the order of $1.7m in the introductory year and $23.5m over the 13 years of schooling. Savings to private recurrent
funding could be in the order of $0.9 m in the introductory year and $15m over the 13 years of schooling.

For the 4 years and 6 months option, savings to the Australian Government could be in the order of $0.5m in the introductory year and $6m over the 13 years of schooling. Savings to the New South Wales State Government could be in the order of $0.2m in the introductory year and $2.4m over the 13 years of schooling. Savings to private recurrent funding could be in the order of $0.1m in the introductory year and $1.6m over the 13 years of schooling.

For the 4 years and 5 months option, costs to the Australian Government could be in the order of $0.9m in the introductory year and $11.4m over the 13 years of schooling. Costs to the New South Wales State Government could be in the order of $0.3m in the introductory year and $4.6m over the 13 years of schooling. Costs to private recurrent funding could be in the order of $0.2m in the introductory year and $3m over the 13 years of schooling.

For the 4 years and 5 months to 4 years and 8 months range option, costs to the Australian Government could be in the order of $0.4m in the introductory year and $4m over the 13 years of schooling. Costs to the New South Wales State Government could be in the order of $0.2m in the introductory year and $1.5m over the 13 years of schooling. Costs to private recurrent funding could be in the order of $0.1m in the introductory year and $0.8m over the 13 years of schooling.

1.4.4 Impact of the options

In any of the options apart from the 4 years and 5 months to 4 years and 8 months range option, there will be costs, benefits, risks and opportunities for the New South Wales Catholic school sector. The overall level of change would be greatest should the option of 4 years and 8 months be introduced as a common school starting age. The level of change would be less for the 4 years and 6 months option. For both of these options, there would be net savings to the sector as the introductory cohort would be smaller.

For the 4 years and 5 months option and the 4 years and 5 months to 4 years and 6 months range option however, the change would add students to the cohort. The level of change for these two options would be relatively small, with the 4 years and 5 months option being about double the impact of the range option. The range option would be approximately equal in magnitude to the 4 years and 6 months option, although in the opposite direction.

The Catholic school sector identified a number of educational risks associated with an older minimum school starting age. The risk and opportunity analysis generally assumed a loss of students to the sector, with the cohort being older than at present. The implications below reflect this assumption.

In relation to students, one of the risks centred on the potential impact of an older cohort on early identification of learning difficulties and the establishment of intervention programmes. Because some students would be precluded from commencing school for a further 12 months, it is likely that a number would be disadvantaged in terms of access to support for learning.

Also identified as a risk was the importance of all early years teachers adjusting their pedagogies to promote the learning of an older cohort. The view was expressed that there may be some costs associated with professional learning activities to address this risk.
A risk was also expressed that the older average age of the cohort may support a practice of formality in Kindergarten learning structures and requirements that was seen to be growing in New South Wales syllabus requirements. This early level of formality was seen as counter to the learning needs of children around the age of 5 years. Any potential reinforcement of the approach because of an older average cohort age was seen as inappropriate.

For the secondary years, a generally older cohort was perceived as possibly increasing the incidence of issues in areas such as smoking and the consumption of alcohol. There may be a need to make adjustments to pastoral care programmes as a consequence.

The view was expressed that some parents may consider a smaller cohort arising from an older minimum school starting age as an attractive proposition for their children. Where this occurred, parents may perceive an advantage in delaying the entry of their children into school from 2009 until 2010. It could be possible that such decisions may impact on the viability of some schools one year earlier than would otherwise be anticipated.

The sector identified potential disruption to families should an older minimum school starting age be introduced. This disruption could result from affected parents having to carry child care costs for a further 12 months. In this regard, there was also potential for a reduction of programmes for children younger than 3 years of age in the prior-to-school sector, impacting negatively on the access to child care for parents with young children.

There was a perceived risk that, in some communities, older children not able to enter school for a further 12 months would be called upon to care for younger siblings. For those parents unable to re-enter the workforce for a further 12 months, an older minimum school starting age would impact on family income.

One of the potential risks was that schools may manage the smaller cohort by forming multi-age classes. Where these classes were large, there may be an educational risk for some children who would have benefited from the more individualised attention available in a smaller class.

The sector alluded particularly to the risks associated with the viability of some small schools should an older minimum school starting age be introduced. These risks particularly relate to small parish schools in rural areas where viability is often a continuing issue. Should those schools significantly affected by a reduced cohort size be maintained because the impact would be temporary, the unfunded costs could be significant.

Another area of risk related to secondary schooling. This risk concerned the likely impact of the reduced cohort on curriculum offerings, exacerbating issues in many smaller Catholic secondary schools.

At the same time, the sector identified a number of benefits that could potentially arise from the introduction of an older minimum school starting age. In particular, it was noted that schools may take advantage of the smaller introductory cohort to repeat students whom they identified as likely to benefit from more individualised attention. Additionally, it was felt that benefits may accrue to a number of students by commencing school at an older age, when they may be at a higher level of readiness for more formal learning. This was especially seen as likely to bring benefits to some boys.

An older school starting age was perceived as potentially providing an opportunity to re-think issues in relation to prior-to-school provision. These included how society could expand access for children and develop a pre-school curriculum that provided greater continuity into the formal school curriculum. As the cohort progressed through schooling
and into further training, tertiary studies and the workforce, its generally older profile may mean that more students would demonstrate the maturity required for post school options.

Irrespective of the option adopted for a common school starting age, the sector identified some potential benefits from national commonality. These included the facilitation of inter-state student transfers and national testing which provided a more reliable level of comparability. Reference was also made to potential benefits from a common school starting age that may accrue to families in receipt of social welfare benefits and support that related to children at school. Their movement from one jurisdiction to another would be facilitated by assurances about the continuation of the levels of benefit and support they were currently receiving.

1.4.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the current situation in the sector is that the year before Year 1 is called Kindergarten.

No significant costs to the New South Wales Catholic school sector were identified as being associated with a possible change in nomenclature. Costs associated with areas such as signage and databases were seen as being readily absorbable.

Benefits in relation to a common nomenclature across the nation were identified by the sector. The main benefit identified related to making the transfer of students from one state or territory to another easier for the student, the family and the school. A common nomenclature for the early years of schooling was perceived as likely to assist the exchange of data about students between schools in different states and territories.

The sector expressed the view that its preference would be for common nomenclature that emphasised the continuity of schooling. The sector indicated that the introduction of the Prep year in Queensland by 2007 meant that there would then be a universal 13 years of school provision in all states and territories. If a nationally common school starting age were to be achieved, two of the key elements necessary for a common nomenclature around the years of schooling would be in place.

One model for nomenclature could be to use the term Year 1 for the first year of schooling, currently Kindergarten. This would then enable the reality of the 13 years of universal schooling to be recognised in the nomenclature. Furthermore, it would provide a common sense and straightforward solution to the diversity of terms used across the states and territories to describe the year before Year 1. While there may be costs associated with such a nomenclature model, the benefits over the longer term were perceived by the sector as greater.

1.4.6 Conclusion

Any conclusions about the impact of the implementation of a common minimum school starting age on the New South Wales Catholic school sector needs to take account of the diversity of practice that characterises the sector. In relation to the 4 years and 6 months option and the 4 years and 8 months option, the nationally comparable cost/benefit analysis model demonstrates that the sector would most likely have a decreased introductory cohort, consequent savings to government and parents, and a decrease in anticipated sectoral income.

However, the impacts of a nationally common minimum school starting age would not fall evenly across the dioceses or the schools in the sector. As the modifications to the model explored above demonstrate, for the 4 years and 5 months option and the 4 years and 5 months to 4 years and 6 months range option, it would be likely that the sector would see
an increase in the introductory cohort. This increase would result in a slightly younger group of children overall. The increase in the introductory cohort would have consequent costs to government and parents and an increase in anticipated sectoral income.

In terms of a possible change in nomenclature, any costs were identified as being both minimal and manageable over time. Substantial benefits were identified should a common national nomenclature be achieved around the early years of schooling.
1.5 New South Wales Independent School Sector

1.5.1 Current situation

Currently, based on Australian Bureau of Statistics 2003 data, the independent school sector enrols 9 per cent of primary school students and 13 per cent of secondary students in New South Wales. Overall, the sector’s share of total enrolments is 11 per cent.

There is some anecdotal evidence that many independent schools align their minimum school starting age policy with the government sector. Others apparently do not. However, there is no hard evidence regarding the level of consistency in practice across the sector because there are no central data that indicate either the range or the variation in minimum school starting age polices among schools.

The independent school sector stressed that it is not a system and that schools make individual decisions based on local circumstances or parental philosophy. Even schools organised as small systems within the sector, for example the system of Anglican schools, retain school independence in relation to setting a minimum school starting age.

However, all independent schools in the State conform to the legislation which makes 6 years the compulsory age of schooling. Similarly, all schools in the independent sector are cognisant of the fact that State Government funding is provided only for children older than 4 years and 5 months at the start of their Kindergarten year. They are all also cognisant of the fact that Australian Government grants are only provided for children who will go directly to Year 1 in the year following Kindergarten.

In providing an account of the current situation, the sector noted that there has been a trend in recent years for some parents to want their children to commence school at an age older than the government school minimum starting age of 4 years and 5 months. Over the same time, and linked to delayed commencement of schooling, there has been increased parent interest in prior-to-school provision. However, for some parents, the earliest possible entry to school is the preference for their children.

The trend to older school entry has been associated with parents wanting their children to spend as much time as possible in a learning centre environment that focused on play-based learning. In the New South Wales independent school sector, this has been addressed through the formation of ‘prep’ classes prior to the commencement of formal schooling at Kindergarten.

The trend toward an older minimum school starting age and the trend for increased parent demand around prior-to-school provision are, in the view of the sector, closely linked. While child care is perceived as a ‘driver’ in the growing demand for ‘prep’ provision, for some parents the greater is the demand for a place that will provide a structured, caring environment as a base for progression into Kindergarten at a ‘ready age’.

Nevertheless, the sector noted the contrary trend that meant some children enrolling in school at the earliest possible opportunity. This trend may be associated with the higher cost of child care compared with the costs associated with some of the newer low fee paying independent schools.

The sector expressed the view that, in some schools, there is broad parent concern that the curriculum for Kindergarten has become overly demanding and is ‘more like what Year 1 used to be’. There is a view among some in the sector that many parents believe their children will best cope with the Kindergarten curriculum by being older on entry. In
contrast, there is a call from some in the sector for more formality in learning in the early years. This divergence reflects the nature of the independent schooling sector.

### 1.5.2 Implications of the options

For the benefit of this analysis, the nationally comparable model assumes that all independent schools in the State operate under a minimum school starting age policy of 4 years and 5 months, as is the government school sector approach. In the sectoral discussions, it was agreed that the issues raised by the cost/benefit analysis would be considered within the broad parameters of the implications of changes arising from a move to an older school starting age. All findings in the analysis, however, are made with the caveat that there are no data available that would allow analysis against actual policy at the individual school level.

Schools in the independent sector have minimum school starting ages that range from 4 years and 5 months, through 4 years and 8 months, to an age that may even be greater than 5 years. Some independent schools facilitate earlier school entry of children at a younger age, despite the unfunded nature of that policy. Some independent schools operate with a philosophy that incorporates an older age of engagement with formal learning. Indeed, anecdotal evidence suggests that some independent schools may not have an explicit minimum school starting age policy and may make decisions on a case-by-case basis.

Because of this variation, a caveat in the New South Wales independent school sector in relation to the nationally comparable cost/benefit analysis model needs to be noted. For those schools that have an older minimum school starting age policy than 4 years and 5 months, the effect of a nationally agreed common minimum school starting age would be different to what the nationally comparable model predicts.

Compared to the figures shown in the nationally comparable cost/benefit analysis model, any loss of students from the introductory cohort for the sector would be smaller. In fact, for some schools, there could be additional students in the cohort. In general, the nominal savings for government in the school sector, and consequently the loss of income to the sector, would be less than predicted in the model. The costs for government and parents in the prior-to-school sector would also be less. However, some schools would generate income from State and Australian Government grants and from parent fees if their cohort were to increase.

On the basis of the nationally comparable model, the two options that could impact on the sector are the 4 years and 8 months option and the 4 years and 6 months option. Should either of the range options be adopted, the level of change across the sector overall would be reduced. While, according to the model, the 4 years and 5 months option would mean no change, for those schools with an older minimum school starting age changes may occur with associated costs and benefits.

For the independent sector, Table 1.4 below shows the projections for the decrease in the size of the introductory cohort against the two change options, based on the nationally comparable model.
Table 1.q Estimated decrease in the cohort size for the independent sector based on the nationally comparable model

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 8 months</th>
<th>4 years and 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated decrease in the cohort size.</td>
<td>-559</td>
<td>-165</td>
</tr>
</tbody>
</table>

However, as well as taking account of the caveats above, it should be noted that the sector believes the extent of the cohort decreases would not be as great as the figures project. The factor explaining this is the strong likelihood that many independent schools will replace the younger children with older children from waiting lists. One of the waiting list effects could be to minimise significantly the overall impact in the sector of a move to an older minimum school starting age, especially when considered in relation to those schools that already have an older minimum age of entry. Another impact may be to further reduce the size of the cohort that seeks enrolment in schools in the government sector.

1.5.3 Cost/benefit modelling

Cohort size and cost per student calculations based on nationally agreed data sets and nationally comparable assumptions have been built into the cost/benefit analysis model. All assumptions and methodologies are detailed in Volume 3 of this Report. The following Table 1.r is based on the cohort size in the nationally comparable model. Nationally comparable assumptions discount for the present delayed entry rates across New South Wales.

Table 1.r Nominal savings over the 13 years of schooling for the New South Wales independent school sector, based on the nationally comparable model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.5</td>
</tr>
<tr>
<td>Independent Primary</td>
</tr>
<tr>
<td>Independent Secondary</td>
</tr>
<tr>
<td>Totals</td>
</tr>
</tbody>
</table>

The figures in Table 1.r above are based on the recurrent annual cost estimates per student provided by the State Government to the Australian Government Department of Education, Science and Training. The assumption is that all eligible students who would normally enrol in independent schools will be enrolled. No account is taken of the extent to which individual schools may maintain a ‘normal’ cohort size by accessing waiting lists. Additionally, as noted above, any current practices in individual schools where the minimum starting age is older than 4 years and 5 months would have the effect of decreasing the figures in Table 1.r.

Table 1.s below shows the nominal saving shares of the Australian Government, the New South Wales State Government and parents arising from the reduced number of independent sector students in the introductory cohort for both of the relevant change options. Per capita expenditure is averaged but excludes capital and user costs of capital. The assumption in Table 1.s is that the independent school sector would lose its ‘normal’ share of the reduced number of students.
Table 1.5  Sources of funding in the New South Wales independent school sector, based on the nationally comparable cost/benefit analysis model

Costs(-)/benefits(+) ($ million, 2004 05)

<table>
<thead>
<tr>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
<th>4 years and 8 months</th>
<th>4 years and 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall savings</td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Primary</td>
<td>$36.2</td>
<td>$9.8</td>
</tr>
<tr>
<td>Secondary</td>
<td>$51.3</td>
<td>$16.4</td>
</tr>
</tbody>
</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent sector</td>
<td>$5.5</td>
<td>$1.5</td>
<td>$0.7</td>
<td>$3.32</td>
<td>$1.5</td>
</tr>
</tbody>
</table>

13 year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent sector</td>
<td>$87.6</td>
<td>$26.2</td>
<td>$12.9</td>
<td>$48.5</td>
<td>$19.3</td>
</tr>
</tbody>
</table>

For both of the cohort size scenarios above, the loss of students in the introductory cohort would see a loss of income to the sector over the 13 years of schooling. The loss of funding would be from State Government and Australian Government grants, including special purpose provisions, and from private sources including fees payable by parents.

In terms of Australian Government grants, the savings (and consequently the loss of income to the sector) could amount to a figure in the order of $1.5m in the introductory year for the 4 years and 8 months option. Over the 13 years of schooling, the savings (and consequently the loss of income to the sector) through reduced grant expenditure could be in the order of $26.2m.

For the 4 years and 6 months option, the savings to the Australian Government from reduced grant expenditure (and consequently the loss of income to the sector) could be in the order of $0.4m in the introductory year. Over the 13 years of schooling, the savings to the Australian Government through reduced grants (and consequently the loss of income to the sector) could be in the order of $5.7m.

In terms of savings to the New South Wales State Government, the saving in State grants (and consequently the loss of income to the sector) could be in the order of $0.7m in the introductory year for the 4 years and 8 months option. Over the 13 years of schooling, the saving (and consequently the loss of income to the sector) could be in the order of $12.9m.

For the 4 years and 6 months option, the New South Wales State Government could save State grants expenditure in the order of $0.2m in the introductory year. Over the 13 years of schooling, the savings in State grants could be in the order of $2.8m. These figures would represent consequent loss of income to the sector.

If the independent school sector were to lose its share of the total student reduction in the introductory cohort, savings to parents through reduced private contributions for the 4 years and 8 months option (and consequently the loss of income to the sector) could amount to a figure in the order of $3.3m in the introductory year. Over the 13 years of schooling, the savings to parents (and consequently the loss of income to the sector) could be in the order of $48.5m.

For the 4 years and 6 months option, savings to parents through reduced private contributions (and consequently the loss of income to the sector) could amount to a figure in the order of $0.9m in the introductory year. Over the 13 years of schooling, the savings
to parents (and consequently the loss of income to the sector) could be in the order of $10.8m.

The caveats regarding the diversity of minimum school starting age practices across the sector canvassed above would, of course, need to be taken into account when considering these projections. The caveats would tend to reduce the overall loss of income to the New South Wales independent school sector. In some instances, where the actual minimum school starting age at a school was older than the agreed common minimum school starting age, more students could be enrolled, leading to additional income through State and Australian Government grants and private income.

1.5.4 Impact of the options

In all of the options apart from the 4 years and 5 months option to 4 years and 8 months range option, there will be costs, benefits, risks and opportunities for the New South Wales independent school sector. The overall level of change and savings (and consequently the loss of income to the sector) would be greatest should the option of 4 years and 8 months be introduced as a common school starting age. The level of change and savings (and consequently the loss of income to the sector) would be less from the 4 years and 6 months option. From the 4 years and 5 months option and the 4 years and 5 months to 4 years and 6 months range option the change would be small but would incur some costs. Any of the options would represent a significant loss of diversity and flexibility for the sector in terms of minimum school starting age.

The independent school sector does not collect data from which projections could be made about the likely impact of the options on individual schools. A smaller number of students in the introductory cohort could lead to a reduced requirement for staffing and infrastructure at the outset and over the subsequent 12 years of schooling. In some schools a larger number of students in the introductory cohort could lead to an increased requirement for staffing and infrastructure at the outset and over the subsequent 12 years of schooling. However, friction in employment conditions and fixed costs may see few savings realised at a time when income was substantially less.

The sector consultations indicated that two further factors in addition to the internal sectoral differences in minimum school starting age would tend to curtail the potential impacts. One factor would be the capacity of schools to maintain a ‘normal’ cohort size by accessing waiting lists. Another would be that the reduction or increase in numbers for any individual schools would be so small as to not affect staffing or infrastructure requirements. However, with regard to the 4 years and 8 months option, these factors may not of themselves be sufficient to dampen the impacts.

The sector consultations indicated that it would be unlikely that the viability of any school would be affected by a change to the minimum school starting age. Impacts on viability would be more likely to arise from factors such as changing demographics.

The independent school sector representatives identified a number of educational risks at the individual or school level that could potentially be associated with an older minimum school starting age. As mentioned above, the sector advised that an older and smaller cohort was the most likely outcome across the sector with any move from 4 years and 5 months. The most salient of these were the potential loss of both income and diversity to the sector.

In undertaking the risk and opportunity analysis, the independent school sector participants took a move to an older minimum school starting age as the framework for the
discussion. For the sector overall, the level of risk mentioned below would be mitigated by
the number of schools that already have an older minimum school starting age.

For students, the sector identified possible risks where those with learning difficulties may
not be able to be identified or supported as early as they could under current arrangements.
In relation to secondary students, a potential risk was identified about possible implications
from an older school starting age for school practices in the area of pastoral care. The view
was expressed that, as students entered secondary school, teachers and school communities
would need to be especially responsive to the issues that arise in early and middle
adolescence.

For parents, the sector canvassed the possibility that some may take advantage of a smaller
introductory cohort by delaying the enrolment of their children. There may be a possibility
that schools would have to plan for a slight reduction in the 2009 cohort where parents
took the view that an advantage may arise for their children by enrolling them in 2010.

Although the sector has been active in meeting parent demand for prior-to-school
provision, the view was expressed that some families could be affected negatively by an
older school starting age. Where families needed to meet child care costs for an additional
12 months, family budgets could come under pressure. In those instances where
independent schools offered either full time or sessional ‘prep’ (pre-school) places at a high
fee level, the increased time in ‘prep’ could have an impact on families.

One of the effects of the introduction of an older minimum school starting age could be to
increase demand for places in ‘prep’. This would arise because some children may be
precluded from entry to Kindergarten for 12 months longer than currently would be the
case. It is unlikely that any school would increase ‘prep’ infrastructure to cover a temporary
increase in the size of the cohort. In any event, the majority of independent schools have
waiting lists form ‘prep’ classes and the effect of an older minimum school starting age in
these instances would simply be to increase the length of the waiting list.

At the individual school level, the sector generally expressed the view that the overall level
of risk from an older minimum school starting age was low. Accessing waiting lists of older
children would tend to mitigate risks. Moreover, the view was taken that, of itself, any
move to an older minimum school starting age would be unlikely to call school viability
into question.

Should an older minimum school starting age be agreed nationally, the sector expressed the
view that there could be potential benefits from the opportunity to reconsider approaches
to prior-to-school provision. The sector noted the significant work undertaken within it in
recent years to increase the extent and improve the quality of prior-to-school provision and
of how strongly supportive many parents had been.

Additionally, it was felt that an older minimum school starting age would ensure more
students would commence formal schooling when they were deemed ‘ready’. An older
minimum school starting age was especially seen as likely to bring benefits to some boys.

The sector expressed the view that some important benefits would be likely to arise from
the adoption of a common minimum school starting age, irrespective of the age decided
upon. Student transfers would be facilitated and the level of parent confusion and family
disruption associated with many interstate transfers would be reduced. National
commonality was perceived as likely to bring benefits in related areas, including the
provision of a common basis for social security payments. Also noted were the benefits
that would arise for many defence services families as they moved between states and
territories.
1.5.5 Nomenclature

The current situation in the independent school sector is that the year before Year 1 is termed ‘Kindergarten’. The year before Kindergarten is generally termed ‘prep’, irrespective of whether it is offered on a full time or sessional basis. In some instances, the term ‘early learning centres’ is also used to describe prior-to-school provision.

The independent sector expressed the view that there would be no significant sectoral costs attached to any move toward a common national nomenclature for the early years of schooling. Benefits were identified in areas such as facilitation of inter-state transfers, the achievement of consistent data bases, and potential improvements in national data analysis.

The sector recognised that in some states and territories there would be emotional attachments to particular nomenclature. However, the view was expressed that such attachments should be regarded as a lesser consideration than the benefits that would accrue, from a common nomenclature, to students and their families, schools, and national work in school education.

The suggestion was made that whatever the common nomenclature that may be agreed upon, it should be simple and readily understandable for parents and students. A possibility canvassed by the sector could be to term the present Kindergarten as Year 1, given that Australia would have a universal 13 years of schooling by 2010.

1.5.6 Conclusion

The New South Wales independent school sector is highly differentiated in terms of practice around the minimum age of school commencement. The impact on individual schools would vary, depending on the option agreed upon, their current minimum school starting age and any requirements to adhere to the agreed option. Some schools would be unaffected by the adoption of a particular option. Others may find that a particular option leads to an older and potentially smaller introductory cohort. Still others may find that the same option would lead to a younger and potentially larger introductory cohort.

However, the sector agreed that modelling the impact of change arising from an older introductory cohort would provide the best basis for understanding the costs and benefits to the sector from the introduction of a common national minimum school starting age. The figures provided in the nationally comparable cost/benefit analysis model provide an indication of the direction of impact and implications but need to be considered in the context of the identified caveats.

For all options other than the 4 years and 5 months to 4 years and 8 months range option, the nationally comparable cost/benefit model identified potential savings or costs in the New South Wales independent school sector. However, where ‘savings’ were identified, their corollary for the sector meant both loss of income and loss of diversity of practice.

The overall level of change and savings would be greatest should the option of 4 years and 8 months be introduced as a common minimum school starting age. The level of change and savings would be less from the 4 years and 6 months option. From the 4 years and 5 months option and the 4 years and 5 months to 4 years and 6 months range or 4 years and 8 months range options, the change would be smaller.
Chapter 2: Victoria

2.1 The State Overview

2.1.1 Current Situation

The current position in Victoria in relation to the minimum school starting age was established in 1995 after a review in 1992. While 6 years of age is the compulsory age by which a child must commence schooling, the review recommended that children be able to enter school in the year in which they turned 5 years of age by 30 April. The recommendation was adopted.

The position across the sectors is as follows.

The government school sector policy is a minimum school starting age of 4 years and 8 months as at January 1, i.e. turning 5 years of age by 30 April in the year of commencement. There is evidence across the sector of a substantial incidence of delayed entry to school up to the compulsory age. This is based on parental views around the need for their children to have sufficient time in a supported play-based prior-to-school learning environment preceding the more formal learning undertaken at school.

The Catholic school sector has a minimum school starting age of 4 years and 8 months as at January 1, i.e. turning 5 years of age by 30 April in the year of commencement. The evidence indicates that the incidence of delayed entry in the Catholic school sector is similar to that in the government sector.

The independent school sector has a minimum school starting age of 4 years and 8 months as at January 1, i.e. turning 5 years of age by 30 April in the year of commencement. However, principals can enrol students at an earlier age depending on local circumstances. Some delay occurs in the independent school sector but the competition for places means there is less delay than in the other school sectors.

In Victoria, the Preparatory year (‘Prep’) is the first year of formal universal education, with children engaged in defined learning areas, progressing through a structured curriculum to meet specified standards. There is an identified readiness element for engagement at this formal level. With a minimum school starting age of 4 years and 8 months, there is an intentional structural alignment between the readiness of children and the formal curriculum. This structural alignment is supported through the curriculum, the Victorian Essential Learnings Standards Framework, and through formalised assessment.

Victorian children have access to kindergarten (pre-school) in the year prior to Prep. Children are provided with a minimum of 10 hours per week on a sessional basis. The 10 hours of kindergarten is subsidised by the Victorian Government to a level of 40 per cent of costs. Kindergartens are provided by 1,082 separate agencies. Kindergartens are operated by community groups that typically lease infrastructure from local government and in some cases from independent schools.

Approximately 94 per cent of children who are at least 3 years and 8 months of age on or before January 1 enrol in a kindergarten. Some kindergarten provision is made over 4 half days or more recently over 2 full days. There is some evidence of delay, including through repetition, at the kindergarten level. Kindergarten funding guidelines require the provider to promote to parents the advantages of a later school starting age.
There is no curriculum for kindergarten and there is currently no regulation around family day care and outside school hours care. All other regulation in the prior-to-school sector is under the jurisdiction of the Department of Human Services, including the licensing of kindergartens.

### 2.1.2 Implications of the options

Without delay factors, it can be assumed that a one month change to the minimum school starting age would in general represent 8.3 per cent of the total cohort. Thus, adoption of the 4 years and 5 months option would bring about a 24.9 per cent increase in the size of the introductory cohort. For the 4 years and 6 months option, the anticipated increase in the cohort would be in the order of 16.6 per cent.

The national data indicate that there is currently a pattern of delayed entry in Victoria of 17 per cent. These data are extrapolated from the number of 5 and 6 year old children in Year 1. Little Victorian data on delay are available for children who turn 5 in May, June or July. What data there is comes from the former move from 4 years and 6 months minimum school starting age to 4 years and 8 months. These data indicate that there is likely to be a substantial level of delay for these children.

Thus, the Victorian government school sector would suggest that Victoria would most likely be affected by a similar delay impact for May, June and July birthdays to that occurring in New South Wales. Overall, the New South Wales data show a pattern of delay of 3.98 per cent per month up to the minimum school starting age.

Incorporating this level of delay with Victorian figures, the most likely increases in Victoria would be in the order of 7.9 and 5.9 per cent respectively. This represents a delay factor of 68 per cent for the 4 years and 5 months option and 64 per cent for the 4 years and 6 months option. This level of delay is supported by the Victorian government school sector analysis.

Table 2.a below shows the broad implications of the options for Victoria, taking into account the delay factor explained above.

#### Table 2.a  Broad implications in relation to Victorian cohort size and age by options

<table>
<thead>
<tr>
<th></th>
<th>4 years and 5 months</th>
<th>4 years and 6 months (and 4 years and 5 months to 4 years and 6 months)</th>
<th>4 years and 8 months (and 4 years and 5 months to 4 years and 8 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage change in cohort size</td>
<td>An increase of up to 7.9 per cent in the introductory cohort, with these children entering Prep a full year earlier than at present. This larger cohort would then progress through the subsequent years of schooling.</td>
<td>An increase of up to 5.9 per cent in the introductory cohort, with these children entering Prep a full year earlier than at present. This larger cohort would then progress through the subsequent years of schooling.</td>
<td>Stet</td>
</tr>
<tr>
<td>Change in age of cohort</td>
<td>Children entering Prep who are up to 3 months younger than the current youngest children.</td>
<td>Children entering Prep who are up to 2 months younger than the current youngest children.</td>
<td>Stet</td>
</tr>
</tbody>
</table>

For Victoria overall, any change in the minimum school starting age would produce a larger cohort of students in the year of the change. This larger cohort would then proceed through the subsequent 12 years of schooling. If the change were introduced in 2010, the cohort would complete school in 2022. They would move from primary to secondary
school in 2017 and to senior secondary school in 2021. Additionally, in 2009 the kindergarten cohort would be affected by any change, with a younger and larger cohort to be enrolled that year.

In the year of introduction of a new minimum school starting age and in each year thereafter, a younger group of children would be able to enter school a full year earlier than under the current minimum school starting age. This group of children would complete school and enter the tertiary sector or the workforce one year earlier than under present arrangements.

The effect of the increase in school enrolments in the first year may fall unevenly. The factors contributing to this include population growth differentials across geographical areas. Additionally, some parents may make decisions to enrol their children at a younger age to avoid child care costs. Others may delay entry to school if they believe their children would be advantaged by spending more time in play-based situations at home or in child care. The figures provided are based on limited understanding of the current patterns of choice by parents which may change as family circumstances change.

Should any of the relevant options for a younger minimum school starting age be adopted, one of its implications would be to widen the range between the minimum school starting age and the compulsory age. The current maximum range in which parents can make choices about school commencement is 16 months. This would become 19 months for the 4 years and 5 months option or 18 months for the 4 years and 6 months option or related range option.

This wider range would provide more parents with choice about when to enrol their children in school. Thus, children who have 5th birthdays from the beginning of May up to the agreed minimum school starting age (i.e. up to the end of June for the 4 years and 6 months option and the end of July for the 4 years and 5 months option) and who are ready to start school could enrol one year earlier than under current arrangements. On the other hand, parents would retain the right to delay the entry of their children if they felt they were not ready, up to the compulsory age of schooling. This would be likely to reinforce the information about delay canvassed above.

The effect of the increase in enrolments may vary considerably among the school education sectors. The effect may depend on such factors as the size of present waiting lists in the non-government sectors. The effect may also depend on the capacity of particular schools to expand to accommodate an increase in the size of the introductory cohort and as it moves through the years of schooling. Local school management decisions may also impact on capacity to absorb the increase.

The principal educational arguments for a minimum school starting age of 4 years and 8 months relate to the view that this is the appropriate minimum age at which children should commence formal schooling. As mentioned above, the view is put that younger children need to engage in less formalised, play-based learning which is most appropriately undertaken in the prior-to-school sector and at home. School, on the other hand, is perceived as the appropriate place where formal learning commences. There is strong evidence in Victoria that this view is widely supported in some sections of the community and among educators.

However, educational arguments around the possibility of a younger minimum school starting age in Victoria identified a number of potential benefits and opportunities. Earlier engagement with schooling may assist in the identification of learning difficulties and the establishment of intervention programmes. A younger school entry cohort may lead to closer links between the prior-to-school sector and the school sector. This may come about
if primary teachers are supported to implement early learning strategies for the younger children. The younger minimum school starting age could lead to an increased focus on the importance of continuity as children move from one sector to the next. It could also ensure that appropriate approaches for the education of young children continue into formal schooling.

2.1.3 Cost/benefit modelling

The estimated impact of each of the options on the size of the increase in the cohort and the costs of servicing the cohort in the Victorian school sector is summarised by option in Table 2.b below. The figures in Table 2.b emanate from the nationally comparable cost/benefit analysis model. As mentioned above, the model incorporates a delay factor for Victorian children, reflecting the current evidence about delay in the State and extrapolating assumptions about delay for children with May, June and July birthdays.

The nationally comparable model uses cohort and cost estimates based on the Australian Bureau of Statistics, the Australian Government Department of Education, Science and Training and the Department of Family and Community Services data sets. The model also discounts longer term economic benefits to present value in order to demonstrate the current value of a younger school starting age in macro-economic terms.

The model provides a picture up until the introductory cohort retires from economic life in 2072. This is termed long term. All figures in the model reflect the economic costs and benefits applying to relevant years over that period. For example, school related figures are from 2010 to 2022. Post school education and training are from 2021 to 2030. Employment figures would commence in 2021 and cease in 2072, although they would be permanent beyond that time.

Because the impacts on most elements of the prior-to-school sector are permanent, they are modelled over the entire period, but would continue. Pre-school costs however, are modelled only in 2009, with a one-off cost impact for Victoria. Costs for vacation care and outside school hours care are modelled while the introductory cohort is in primary school, up to 2017. Transition costs are modelled at the introduction of the changes.

The model at state level does not include dynamic employment effects produced because of common minimum school starting age and nomenclature. These have been modelled at national level but are not seen to be ‘safe’ at state level.

### Table 2.b Long term costs and benefits for Victoria based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Pre-school and child care</td>
<td></td>
</tr>
<tr>
<td>Formal</td>
<td>$43</td>
</tr>
<tr>
<td>Informal - parents</td>
<td>$246</td>
</tr>
<tr>
<td>Informal - other</td>
<td>$9</td>
</tr>
<tr>
<td>Primary</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>-$193</td>
</tr>
<tr>
<td>Secondary</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>-$179</td>
</tr>
<tr>
<td>Tertiary</td>
<td></td>
</tr>
<tr>
<td>VET</td>
<td>-$9</td>
</tr>
<tr>
<td>University</td>
<td>-$41</td>
</tr>
<tr>
<td>Employment</td>
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</tr>
<tr>
<td>Static</td>
<td>$1,177</td>
</tr>
<tr>
<td>Transition costs</td>
<td>-$1.8</td>
</tr>
<tr>
<td>Total</td>
<td>$1,063</td>
</tr>
</tbody>
</table>
It should be noted that the model assumes all sectors currently operate on the basis of a common minimum school starting within the State. Given that all government schools operate within the regulation and that a substantial number of non-government schools also conform to it, this assumption is reasonable. Moreover, there are no available data to demonstrate the level of variation from the assumption, especially in the independent school sector.

For each of the relevant change options, there would be identifiable up-front costs to be paid by the school sectors. These would, however, be relatively small compared with the discounted present value of the economic impacts of increased employment that would accrue to the affected children themselves, to their parents and to governments through taxation. Figure 2.a shows the net benefits and costs for Victoria for each of the options.

**Figure 2.a Net benefits and costs for Victoria from 2010 to 2072 for each of the options based on nationally comparable data**

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th>Year of impact</th>
<th>Net benefit</th>
<th>Net cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2015</td>
<td>-$30</td>
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</tr>
<tr>
<td>2020-2025</td>
<td>-$20</td>
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<td>2030-2035</td>
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<td>2050-2055</td>
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<td>2060-2065</td>
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<td>-$10</td>
</tr>
<tr>
<td>2070</td>
<td>$30</td>
<td>-$10</td>
</tr>
</tbody>
</table>

Under the 4 years and 5 months option, the total cost to the Victorian school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $372m. Discounting for any capital costs, the cost to the school sectors in the introductory year could be in the order of $28m.

In the first year of implementation, a total benefit would occur within the prior-to-school sector. Much of this benefit would accrue to families that no longer have to meet the costs of prior-to-school provision for their children because they could now enter schooling one year earlier. This benefit would occur every year thereafter for the following cohorts and would be indexed. The benefit could be in the order of $298m over the period 2010 to 2072 being modelled, discounted to 2004-05 dollars.

Part of this benefit would also be a saving in Australian Government child care benefit payments. However, this benefit would probably be nominal as the children leaving child care would most likely be replaced by younger children.
The longer term employment benefits, which would accrue to affected parents by being able to re-enter the workforce 12 months earlier and to affected young people through an extended working life, could amount to a figure in the order of $1,177m over the working lives of the individuals from 2022 to 2072, discounted to 2004-05 dollars.

Under the 4 years and 6 months option and the related range option, the total cost to the Victorian school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $281m. Discounting for any capital costs, the cost to the school sectors in the introductory year could be in the order of $21m.

In the first year of implementation, a total social benefit would accrue within the prior-to-school sector. Much of this benefit would accrue to families that no longer had to meet the costs of prior-to-school provision for their children because they could now enter schooling one year earlier. This social benefit would occur every year thereafter for the following cohorts and would be indexed. The benefit could be in the order of $257m over the period 2010 to 2072 being modelled, discounted to 2004-05 dollars.

Part of this benefit would also be a saving in Australian Government child care benefit payments. However, this benefit would probably be nominal as the children leaving child care would most likely be replaced by younger children.

The longer term employment benefit to 2072, which would accrue to affected parents by being able to re-enter the workforce 12 months earlier and to affected young people through an extended working life, could amount to a figure in the order of $888m over the working lives of the individuals, discounted to 2004-05 dollars.

### 2.1.4 Impact of the options

For each of the relevant options, there would be an immediate and significant impact on the Victorian State Government in terms of the increased budget appropriation required to enable the additional students to be enrolled in kindergarten in 2009 and government schools from 2010 to 2022. There would be an extra margin of funding for non-government schools. This could have implications for reduced expenditure for other budget sectors or reduction in services in the school education sector.

The nationally comparable model demonstrates that, under the younger minimum school starting age options, there is a strong economic benefit arising from a proportion of children entering the workforce one year earlier than they would under the present minimum school starting age. While these earnings would not occur until a future point, the figure in the model is the current value of the earnings. As is the practice in such models, it represents how, at present and in current dollars, later earnings would be valued. The actual earnings at the time would be much greater in dollar terms than the value in the model.

The higher economic returns come from an extra year in the workforce for those children now able to enter school one year earlier. There would be a positive employment effect arising from any reduction in the number of students whose transfer across state and territory borders may have led to repetition of a year of schooling. Greater contiguity arising from a common school starting age would likely increase the overall skill level of school leavers as they would have gained the benefit of increased continuity in their schooling. Overall retention rates would be likely to increase slightly as students gain the benefits of reduced disruption to schooling arising from inter-state transfers.

For parents, there would be a positive employment effect from increased contiguity among sectors and states, arising from a reduction in a significant barrier to the mobility of the workforce across state and territory borders. Parents would benefit through reduced costs...
of child care and an increase in disposable income. They would have increased opportunities to use the time formerly devoted to family child care to re-enter the workforce or to move from part time to full time employment or leisure activities.

For governments, the increased size of the economy would lead to equivalent tax benefits which, while considerably delayed, would strongly outweigh the up-front costs of implementation. An immediate effect, however, may be reduced money flows from the Australian Government for child care subsidies, although this is likely to be balanced by the entry of younger children to child care.

The model shows savings in the child care sector generated as some children move earlier into the school sector. However, it is possible that there would be few cost savings for the Australian Government in the child care sector as current excess demand could lead to freed places being filled. It should be noted that the costs associated with these places, essentially for younger children, are likely to be higher than for the children leaving the sector. These higher costs would be borne substantially by parents.

In relation to kindergarten, it would be necessary to enrol younger students in 2009 to have them ready for entry to Prep in 2010. As a one-off event, a significant number of additional kindergarten places would be needed in 2009, creating both a funding and infrastructure issue. There could also be a demand for additional child care places to complement the sessional kindergarten enrolments.

While some of the benefits would clearly be downstream effects and costs would be largely up-front, many benefits would occur from the outset and many would be permanent. For example, the benefits to parents able to enrol their children in kindergarten or school 12 months earlier would be immediate and ongoing.

Moreover, these benefits would be further increased by the effects that would arise from national commonality in minimum school starting age, irrespective of the age that may be decided upon. There would be a positive employment impact arising from any reduction in the number of students whose transfer across state and territory borders may have led to repetition of a year of schooling. Greater contiguity arising from a common school starting age would be likely to increase the overall skill level of school leavers as they would have gained the benefit of increased continuity in their schooling.

Overall retention rates would be likely to increase slightly as students gain the benefits of reduced disruption to schooling arising from inter-state transfers. For parents, there would be a positive employment effect from increased contiguity among sectors and states, arising from a reduction in a significant barrier to the mobility of the workforce across state and territory borders.
2.2 Analysis of the Issues against the Terms of Reference

The minimum school starting age in Victoria is generally 4 years and 8 months. That is, children are able to start school if they will be 5 years of age by 30 April in the year of commencement. The cost/benefit analysis involves the consideration of five options, of which two cover the current minimum school starting age in the State. Should either of these options be adopted as the common school starting age, there would be no change for Victoria.

However, if any of the other three options were to be adopted, it would be necessary for Victoria to change the current minimum school starting age. The outcomes that are likely to be associated with each of these options are considered below against each of the Terms of Reference for the Project.

2.2.1 Benefits of proposed changes to school starting age

Across the three school sectors in Victoria there is substantial recognition of the benefits that may arise from the adoption of a common minimum school starting age. While the clear preference is that this age be the current Victorian position of 4 years and 8 months, there is recognition that benefits may flow to Victorian students, teachers, parents and the wider school sector from a common minimum school starting age.

Irrespective of a particular minimum school starting age, national commonality is perceived as likely to bring identifiable educational benefits. These include the facilitation of cross-state student transfer in and out of Victorian schools. Students would be likely to have greater continuity in their learning. Benefits could arise in relation to increased engagement in schooling that would accompany a reduction in inter-state barriers. It is likely that commonality would improve retention rates in school education. With improved retention rates and time at school, it is well documented that there would be an increase in the skill level of young people as they move into the tertiary sector or employment.

Other benefits of commonality are likely to be associated with a reduction in cross-state friction or blockages in the labour market as parents recognise that one of the potential barriers to their employment mobility has been addressed. Indeed, the removal of this barrier is likely to have a positive economic effect by contributing to national capacity to address regionally based skills shortages.

There are likely to be educational benefits for some Victorian children should the common minimum school starting age be younger than 4 years and 8 months. These benefits are likely to be greater for the 4 years and 5 months option than the 4 years and 6 months option or the 4 years and 5 months to 4 years and 6 months range option.

The educational benefits especially relate to those children who are ‘ready’ for formal schooling but who, under present arrangements, are not able to commence schooling until 12 months later. With an increase in the proportion of younger students in the cohort, it is possible that greater account will be taken of their learning needs through the provision of appropriate pedagogies which are advocated during the early years of formal schooling. A younger school starting age may thus act as a stimulus to strengthen the continuity of learning from the prior-to-school sector to the school sector. Additionally, it may lead to reconsideration of emphases in teacher pre-service education and in teacher professional learning programmes.

For some children who have learning difficulties, a younger school starting age may offer the prospect of an earlier assessment by trained teachers and the provision of appropriate
intervention programmes. There are likely to be long term benefits for many of these children arising from earlier identification and response. In addition, earlier intervention is likely to be more cost effective than a response that has been delayed.

In addition to the educational benefits, the cost/benefit analysis demonstrates that there would be significant economic benefits arising from the adoption of a younger school starting age. These benefits would be greatest for the 4 years and 5 months option. The would be marginally less for the 4 years and 6 months option and the 4 years and 5 months to 4 years and 6 months range option.

Economic benefits would accrue to Victorian children and parents and to the wider Australian economy. The economic benefits to the children who are able to enter school earlier would arise from the opportunity for earlier entry into the workforce and the consequent extension of their working lives.

The economic benefits to parents, associated with a younger minimum school starting age, would arise from the opportunities for the earlier movement of their children out of the relatively expensive prior-to-school sector to the generally lower cost school sector. Benefits would accrue to these parents through cost transfers, the opportunity for earlier workforce re-entry and the imputed income from increased leisure time. The benefits would flow to these parents 12 months earlier than under the current minimum school starting age.

In addition, any movement to a younger school starting age for Victoria would increase the degree of choice that parents have about when their children should start school. This increased choice would not negate the right that some 17 per cent of Victorian parents currently exercise to delay the commencement of their children's formal schooling until they are older. On the other hand, it would allow other parents to enrol their children at a younger age.

2.2.2 Impact of changes in school cohort size over time

The introduction of the option of 4 years and 5 months as a common minimum school starting age in 2010 is likely to enable an extra 4,701 Victorian children to commence school 12 months earlier in the introductory year. Subsequent cohorts, while of a ‘normal size’ would enable children with May, June and July birthdays to commence school. Under current arrangements, these children are precluded from school commencement until the following year.

The introduction of the option of 4 years and 6 months, or the related range option, as a common minimum school starting age in 2010, would see an additional 3,545 Victorian children enrolled 12 months earlier in the introductory year. Subsequent cohorts, while of a ‘normal size’ would enable children with May and June birthdays to commence school. Under current arrangements, these children are precluded from school commencement until the following year.

The increased introductory cohort would proceed through the subsequent 12 years of schooling. The key impact of the increased size of the introductory cohort would be the costs associated with funding educational provision up to and including the completion of tertiary education or training. In the two non-government sectors, another impact would be to increase income. The figures below are discounted to 2004-05 dollars.

Over the 13 years of schooling from 2010, increased expenditure in the total Victorian schooling sector could be in the order of $372m for the 4 years and 5 months option and $281m for the 4 years and 6 months option and the associated range option.
Increased expenditure would also be extended to the training and tertiary sectors. For the 4 years and 5 months option, the increases projected from 2021 to 2030 in the nationally comparable model could be in the order of $50m. For the 4 years and 6 months option, the increases could be in the order of $38m. All figures are discounted to 2004-05 dollars.

2.2.3 Impact on the range and continuum of child care and education services (including issues around the entry to secondary school)

Should Victoria move to a younger school starting age, there would be likely impacts on the range and continuum of child care services. With the movement of children whose birthdays are from May to July for the 4 years and 5 months option, places could be freed-up in child care for children at the younger end of the age spectrum. There would be a similar effect from the 4 years and 6 months option and the related range option for those children born in May or June.

In order to guarantee the continuity of children from prior-to-school into schooling, the impacts would need to be managed in the kindergarten services sector from 2009. This would involve increasing the size of the kindergarten cohort in that year so that all eligible children would have full and continuous access to kindergarten provision and then to schooling in 2010. Without increasing the size of the kindergarten cohort in 2009, those children with 4th birthdays between April and the new minimum school starting age would not be eligible for kindergarten in 2009 but would be eligible for school in 2010.

Management of the impact on continuity of a younger minimum school starting age on kindergarten provision would mean the creation of additional kindergarten and child care places in 2009. This would be achieved by lowering the minimum kindergarten entry age in 2009 to 3 years and 5 months or 3 years and 6 months, depending on the option decided upon.

For the 4 years and 5 months option, this would mean an increase in 2009 in the order of 4,700 places in sessional kindergarten. This represents approximately 7.8 percent of current kindergarten places. For the 4 years and 6 months option and the related range option, it would mean an increase in the order of 3,500 sessional places, an addition of 5.8 per cent.

On the basis of figures provided in the Report on Government Services 2005 (Table 14.A33), the total additional kindergarten recurrent costs paid by the Victorian Government in 2009 could be in the order of $7.8m for the 4 years and 5 months option, and $5.8m for the 4 years and 6 months option and the related range option. These costs would only occur in the introductory year and, for the Victorian Government, would be additional expenditure.

As the State Government funds 40 per cent of total kindergarten costs, it can be extrapolated that the additional costs to parents could be in the order of $19.5m for the 4 years and 5 months option. For the 4 years and 6 months option and the related range option, the costs to parents could be in the order of $14.5m.

For the parents concerned, they are costs that, while brought forward one year, would have been incurred under current arrangements. However, these parents would see their children move out of the relatively high cost child care environment one year earlier than under present arrangements.

In relation to kindergarten facilities, additional infrastructure may be needed to enrol the temporary increase in the size of the 2009 cohort. Many kindergarten facilities are leased, often from local government, and there may not be a significant level of opportunity to access additional space. On the other hand, leasing arrangements incorporate fixed costs and in many instances involve a peppercorn rent. As the increased cohort is temporary,
there may be opportunities to make use of other community facilities to cover the shortfall. This would alleviate the need for capital expenditure.

There would be parallel flow-on effects from each of the relevant options to community, corporate and family long day care provision in 2009. In Victoria, local government provides 90 per cent of family day care. Not only would there be increased demand for care in 2009, the children would also be younger and therefore provision for them would be more expensive. These expenses would arise from the need for additional staff, the higher costs associated with younger children, the reconfiguration of spaces and the provision of additional accommodation.

The advice of the prior-to-school sector is that there is little current infrastructure capacity in child care to absorb increased demand of the magnitude arising from the options. However, it is unlikely that additional infrastructure would be built as the additional need is of a temporary nature. In areas of already high demand, therefore, it is likely that many families would not be able to secure a formal child care place for their children during 2009.

One of the potential impacts of a younger school starting age may be to strengthen continuity between prior-to-school provision and Prep. With younger children in Prep, opportunities were identified to further strengthen the place and implementation of play-based learning in the early years of formal schooling. Innovation in Prep using pedagogies associated with early learning may foster relationships between early learning teachers and Prep teachers. Structuring in joint professional development across the sectors was cited as a suitable management approach.

Each of the younger age options would also have an impact on the provision of vacation care and outside school hours care. With a potential increase in the size of the introductory Prep cohort in the order of either 4,700 or 3,500 children for the 4 years and 5 months and 4 years and 6 months and related range options respectively, there would be increased demand for vacation care and outside school hours care. These costs have been calculated in Table 2.c while the increased cohort moves through primary school, up to 2017.

The increase in the size of the cohort arising from either of the change options could result in a first year cost to parents in the order of $0.5m for vacation and outside school hours care. Over time, the costs could amount to between $3m and $4m. This cost for parents would be potential income for providers.

Table 2.c Impact on savings for outside school hours and vacation care while the decreased cohort is in primary school

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2010 to 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vic 4.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside school hours</td>
<td>-$0.4</td>
<td>-$0.4</td>
<td>-$0.4</td>
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<td>-$3.0</td>
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<td>Vacation care</td>
<td>-$0.1</td>
<td>-$0.1</td>
<td>-$0.1</td>
<td>-$0.1</td>
<td>-$0.6</td>
</tr>
<tr>
<td>Vic 4.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside school hours</td>
<td>-$0.5</td>
<td>-$0.5</td>
<td>-$0.4</td>
<td>-$0.4</td>
<td>-$3.3</td>
</tr>
<tr>
<td>Vacation care</td>
<td>-$0.1</td>
<td>-$0.1</td>
<td>-$0.1</td>
<td>-$0.1</td>
<td>-$0.6</td>
</tr>
</tbody>
</table>

While not of particular focus for Victoria and not explored as part of the cost/benefit analysis, the issue of the primary-secondary school interface was canvassed by the sectors as being relevant to issues around a common school starting age. A potential benefit was identified that if a common school starting age were to be accompanied by a common primary-secondary school interface, both of the major recognised structural barriers inhibiting inter-state transfer would have been removed. The benefits arising from a common school starting age were perceived as being strengthened significantly if the
primary-secondary school interface issue were to be addressed from a national perspective at some future point.

Along with most other states and territories, there is a move in Victoria to increase the age at which children can leave school or participate in further training or employment. With younger children able to enter school, Year 10, or even Year 11, if the age requirement became 17 years, could effectively become a compulsory year. This has major implications for pedagogy, curriculum and engagement of students. However, with the introduction of the Victorian Certificate of Applied Learning, the State is well placed to respond to the issues that may arise.

2.2.4 Impact on child care services and pre-school education

As discussed in the section above, changing the regulation to enable a younger cohort of children to access kindergarten in 2009 would have the effect of increasing the size of the introductory cohort in preparation for an earlier school entry age. Costs (-) for this are shown in Table 2.d below. However, it would also enable subsequent cohorts in the kindergarten year to return to a normal level, although younger, from 2010. Thus additional kindergarten costs would be on-off in 2009.

All other elements of the prior-to-school sector would have decreased numbers of children from 2010. Savings (+) associated with these measures and impacts are shown in Table 2.d below. It should be noted that, while Table 2.d shows the costs over the 62 year period being modelled, they would be permanent. The impact of modelling them to infinity at a discount rate to 2004-05 dollars would add approximately 25 per cent to the savings in each area.

| Table 2.d Short, medium and long term impact on costs and savings for child care services |
|---------------------------------|----------------|
| Costs(-)/benefits(+) ($ million, 2004 05)  |     |
| 2009  | 2010  | 2011  | 2012  | 2013  | 2010 to 2017  | 2003 to 2072  |
| 4 years and 5 months |
| Private long day care | $1.0 | $0.9 | $0.9 | $0.8 | $6.6 | $7 |
| Community based long day care | $0.8 | $0.7 | $0.7 | $0.7 | $5.3 | $5 |
| Family day care | $0.5 | $0.5 | $0.5 | $0.5 | $3.8 | $7 |
| Kindergarten | -$6.1 |   |   |   |   |   |
| Informal care | $0.4 | $0.4 | $0.4 | $0.3 | $2.7 | $7 |
| Parental care only to age 5 | $10.5 | $10.0 | $9.6 | $9.2 | $72.5 | $249 |
| 4 years and 6 months |
| Private long day care | $0.3 | $0.3 | $0.3 | $0.3 | $2.1 | $33 |
| Community based long day care | $0.2 | $0.2 | $0.2 | $0.2 | $1.4 | $18 |
| Family day care | $0.3 | $0.3 | $0.3 | $0.3 | $2.1 | $13 |
| Kindergarten | -$4.6 |   |   |   |   |   |
| Informal care | $0.3 | $0.3 | $0.3 | $0.3 | $2.0 | $9 |
| Parental care only to age 5 | $10.6 | $10.2 | $9.7 | $9.3 | $73.3 | $249 |

Given that infrastructure is limited and that places are under high demand in many areas, the prior-to-school sector may find it difficult to absorb the temporarily increased numbers in that year. While kindergarten places could be found through lease arrangements, child care places may not necessarily be readily available for all children in the increased cohort.

It is unlikely that any registered child care provider would make the investments in infrastructure necessary to meet licensing regulations to accommodate a one year increase
in enrolments. Only in low demand areas, including rural areas, would existing infrastructure be able to accommodate temporary increases of the magnitude that would arise from each of the options.

Even where providers had capacity for further enrolments under their licenses, they may not necessarily want or be able to enrol an increased cohort. It is likely that they would take account of limiting factors such as staffing issues and community views about appropriate group size. Other providers may respond by temporarily cutting back on provision for younger children in order to accommodate the one year temporary increase in the size of the cohort. Any reduction in programmes for younger children is likely to lead to negative community reactions.

There is a universal expectation about sessional kindergarten provision and access, with 93 per cent of children attending a kindergarten programme. It is possible that earlier access for younger children into kindergarten would be viewed as a positive initiative by some sections of the community.

2.2.5 Impact on the government and non-government school sectors

In Victoria, each of the three school sectors would be affected by a move to a younger minimum school starting age. The nationally comparable model and the cohort projections provided by the school sectors demonstrate that the option of 4 years and 5 months, and the option of 4 years and 6 months and the related range option, would see significant increases in the size of the introductory cohort. For the schooling sector, any increase would occur initially in 2010 and would move subsequently through the following 12 years of schooling until the students entered further training, tertiary studies or the workforce.

The major risk identified across the three Victorian school sectors related to the level of funding required to enrol the increased size of the introductory cohort and to fund educational provision for them over the full 13 years of schooling. A potential risk was identified in adopting a younger minimum school starting age that was counter to the view which endorsed older commencement of formal schooling. However, it was also noted that an effect of any of the younger age options would be to increase the range of age within which parents would be able to make decisions about school entry.

Benefits were seen as likely to arise for the Victorian schooling sector from national commonality of minimum school starting age. In particular, the extent to which a common minimum school starting age would address a significant barrier to the inter-state movement of students and families was identified.

A key caveat should be noted in any consideration of the impact on Victorian schooling overall of a move to a younger minimum school starting age. The impact of an increased introductory cohort size arising from the younger age options is unlikely to fall proportionately across the three school sectors. Given the limitations identified by the Catholic and independent school sectors in their capacity to absorb the projected increase in the cohort size, it is possible that a significant number of students who otherwise may have sought enrolment in schools in these two sectors would enrol in government schools. Hence, the impact would be likely to be substantially greater on the government school sector relative to the Catholic and independent school sectors.

2.2.6 Impact on the different roles in funding of primary and secondary schools

For each of the relevant options there would be increased demand for funds placed on the Victorian State Government and on the Australian Government through grants, and on parents through private contributions, including fees. The projected costs are shown in
Table 2.e below. The additional demand would be generated by the increase in the size of the introductory cohort in Prep in 2010 and over the subsequent 12 years of schooling. After 2022, the demand on governments for funding through grants, and on parents, would return to ‘normal’.

Table 2.e School sector recurrent cost impacts on the Australian Government, the State Government and private expenditure for each option over 13 years of schooling, based on nationally comparable figures

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
<th>4 years and 5 months option</th>
<th>4 years and 6 months option and related range option</th>
</tr>
</thead>
<tbody>
<tr>
<td>AG State Private</td>
<td>AG State Private</td>
<td>AG State Private</td>
</tr>
<tr>
<td>Government</td>
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<td>Total primary</td>
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<tr>
<td>Government</td>
<td>$100</td>
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</tr>
<tr>
<td>Catholic</td>
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</tr>
<tr>
<td>Independent</td>
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</tr>
<tr>
<td>Total secondary</td>
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<tr>
<td>Total overall</td>
<td>-$372.2</td>
<td>-$82.1</td>
</tr>
</tbody>
</table>

Under the nationally comparable model, the overall cost of the 4 years and 5 months option could be in the order of $372m over the 13 years of schooling, discounted to 2004-05 dollars. The overall school sector cost of the 4 years and 6 months option and the related range option could be in the order of $281m.

In terms of the impact on Australian Government contributions to schooling in Victoria, the following figures can be extrapolated from the nationally comparable model. The school sector cost to the Australian Government of the 4 years and 5 months option could be in the order of $82m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the Australian Government of the 4 years and 6 months option and the related range option could be in the order of $62m.

The school sector cost to the State Government of the 4 years and 5 months option could be in the order of $224m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the State Government of the 4 years and 6 months option and the related range option could be in the order of $169m.

Funding from private sources, including fees, would include a substantial shift from the prior-to-school sector to the school sector. The school sector cost to families of the 4 years and 5 months option could be in the order of $66m over the 13 years of schooling, discounted to 2004 dollars. The school sector cost to families of the 4 years and 6 months option and the related range option could be in the order of $50m.

It is possible to extrapolate from the school sector recurrent costs over the 13 years of schooling the recurrent costs that would be incurred by the Australian Government, the Victorian State Government and by parents in 2010. Table 2.f below shows the first year recurrent school sector costs that could be incurred in 2010 for each of the options. The costs are broken down by contributor.
Table 2.f First year school sector recurrent costs to the Australian Government, the State Government and parents for each option, based on nationally comparable data

Costs(-)/benefits(+) ($ million, 2004 05)

<table>
<thead>
<tr>
<th></th>
<th>4 years and 5 months</th>
<th>4 years and 6 months and related range option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Government</td>
<td>-$2.11</td>
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<tr>
<td>Catholic</td>
<td>-$3.30</td>
<td>-$0.86</td>
</tr>
<tr>
<td>Independent</td>
<td>-$0.96</td>
<td>-$0.28</td>
</tr>
</tbody>
</table>

For the Australian Government, recurrent first year costs for the implementation of a common minimum school starting age could range from approximately $4.8m to $6.4m, depending on the option chosen. This expenditure and the subsequent Australian Government contribution to the increased size of the introductory cohort reflect the permanent shift in the school sector to a younger school starting age.

For the Victorian Government, recurrent first year costs for the implementation of a common minimum school starting age could range from approximately $14.9m to $19.7m, depending on the option chosen. In addition, there would be related costs in areas such as infrastructure and student transport. This increased cohort could incur additional kindergarten recurrent costs for the State Government in 2009 in the range of $6m to $8m, depending upon the option selected. Thus, by the end of 2010, the State Government could have to expend between $21m and $28m in implementation of a common minimum school starting age, depending on the option decided upon.

For parents, the effect of any of the options would be to bring their private costs for schooling forward by 12 months. However, the overall impact of these costs would be diminished by the effect of relief from the costs of formal child care. In Victoria, much of this relief would, in fact, come in 2009 as affected children would move earlier into sessional kindergarten provision, which is funded in part by the State Government. For most affected parents, there is likely to be an overall saving in 2009/2010 from any of the options. Parental school costs brought forward to 2010 could be in the order of $2.6m to $3.5m.

2.2.7 Impact on staffing

The impact on staffing of any of the options for a younger minimum school starting age in Victoria is included in the cost measures associated with the nationally comparable model. For each of the relevant options, it would be necessary to provide additional staffing in response to the increase in student numbers in the introductory cohort and as they move through schooling.

Across the Victorian school sector as a whole, for the 4 years and 5 months option, the increase in teaching staff required could be in the order of 190 teachers. For the 4 years and 6 months and the related range option, the increase in teaching staff required could be in the order of 140 teachers.

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17 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.
For the schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,037 per student, the teacher related costs in the first year could be in the order of $19m for the 4 years and 5 months option and $14.3m for the 4 years and 6 months option.

However, no data were available across each of the three sectors of schooling that would demonstrate the relative sectoral capacities to absorb increased numbers of students without the necessity to provide additional staff. For this reason, the number of teaching staff indicated above could vary considerably. Moreover, if the additional students cannot be absorbed by the non-government school sector, the staffing impact would fall to a greater extent in the government school sector.

It was noted that if any of the younger age options were adopted, there would be increased demand for early years teachers and for the further professional development of primary teachers who would be teaching younger children. Additionally, there would be increased demand in the specialist areas of primary schooling where supply was limited. Noted in particular was the area of languages teaching.

When the students moved to secondary school, the principal impact on staffing would be likely to occur in the current difficult-to-staff subject areas. These areas include mathematics, the sciences, and technology and languages.

Planning for increased provision of staffing for the additional students would need to take account of the temporary nature of the impact. The staffing impact in the primary years of schooling would be for 7 years and in the secondary for 6 years. In the secondary years, the impact would not occur until 2017. However, it was noted that the training requirements for secondary teachers may prevent those addressing the need in primary years from moving with the cohort to secondary schooling.

Planning would also have to take into account the possibility that school classification changes may occur in the government and Catholic sectors as a result of an overall increase in student numbers, albeit for 7 years for primary schools or 6 years for secondary schools. Such classification changes may increase the need for executive and ancillary staff and may possibly affect the level of remuneration received by some staff.

In the independent sector, an increase in the size of the introductory cohort may affect allowances and the level of administrative and ancillary staffing. No data could be provided to indicate the magnitude of the impact in these areas because there is no capacity to predict by individual school where the increased enrolments would occur.

2.2.8 Impact on infrastructure

For each of the relevant options, there would be an immediate impact generated by the infrastructure requirements of a larger introductory cohort. Where the increased number of students generated additional teaching spaces and related infrastructure, the impact would be for the provision of such space and infrastructure over the 7 years of primary schooling. By 2017, the impact would be felt in secondary schools where planning would be required to provide additional space and related infrastructure until 2022.

Additionally, infrastructure requirements would arise in 2009 in response to the increased size of the kindergarten cohort. These requirements would impact on community based, corporate and independent schools kindergarten providers.

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18 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
Information provided by the Catholic and independent school sectors indicates that, in general, schools in these sectors would not absorb the increased number of students in the cohort if there were a need to provide additional infrastructure that is not already planned. As a consequence, it is possible that the infrastructure demands in the government sector will be greater than would have otherwise been expected should the additional enrolments have fallen proportionately across the three sectors.

At the same time, however, not all students would lead to the need for additional infrastructure, depending upon where they enrolled and the relative capacities of infrastructure at those sites. Taking this into account, the estimated total infrastructure cost implications of the relevant options across the three Victorian school sectors could be in the order of from $8m to $10m over the 13 years of schooling, depending on the option decided upon\textsuperscript{19}. These costs have not been included in the national model.

### 2.2.9 Impact on school curriculum (including pre-school)

Curriculum related impacts arising from a younger minimum school starting age were perceived as being relatively marginal in terms of cost. It was noted that, if the option of 4 years and 6 months or the related range option were adopted as the common minimum school starting age, the requirements to adjust the curriculum would be relative minor. For the 4 years and 5 months option, however, there may be a need to review the early years component of the Victorian Essential Learning Standards. These costs would principally arise in relation to the salaries of officers undertaking the review. This work would be unlikely to extend beyond 12 months and would largely be able to be absorbed within the current introduction of the Victorian Essential Learning Standards Framework.

Another curriculum related impact from a younger age option would arise in relation to professional learning for early years teachers. However, while this additional work would be needed for teachers of up to Year 4, there are already substantial professional learning activities around the pedagogies for the early years. Again, the impact is likely to be one that could readily be absorbed into already funded approaches.

In relation to curriculum issues in the prior-to-school sector, it is unlikely that any of the younger age options would have a significant impact on approaches in kindergarten or other prior-to-school settings. The play-based approaches that strongly characterise provision in kindergarten and other formal prior-to-school settings are perceived as highly flexible and readily adaptable to children who may be up to 3 months younger than is the case under current arrangements.

### 2.2.10 Impact on nomenclature for the early years

In general, throughout the Victorian school sectors, the view was put that it would be desirable to have a common nomenclature across the country for the early years of schooling. There was recognition of the very significant level of confusion that arises from the differing nomenclature for the early years of schooling across the states and territories.

The only shared view across the three school sectors about an appropriate nomenclature was the adoption nationally of Prep as the term for the year before Year 1 and kindergarten as the term for the two years before Year 1. However, a view was expressed that, if a common nomenclature were adopted, it should reflect the philosophy of continuous learning over the early years, including into formal schooling.

\textsuperscript{19} These infrastructure costs are based on the general cost of approximately $180,000 per demountable two classroom unit.
The instance particularly cited as a motivating factor to achieve a common nomenclature was the confusion that arises around nomenclature where kindergarten in Victoria is non-school based and describes the provision two years before Year 1. In adjacent New South Wales, on the other hand, kindergarten is school based and describes the provision one year before Year 1.

The principal costs identified as likely to arise from the adoption of a common nomenclature that varied from current practice related to the modifications that would be needed to data bases and software, signage and documents. While a significant proportion of the costs would be up-front, it is likely that longer term costs would be absorbed into ongoing management practices. Costs around data equating may require supplementary funding.

2.2.11 Impact on policy and legislation covering school starting/leaving ages (including the change management lessons)

Work is currently taking place in Victoria around issues associated with raising the upper range of the compulsory age of schooling. This involves a review of the legislation and consideration of possible implications for the regulations that apply to government sector schools. Should a younger common minimum school starting age be introduced and the review still be underway, it would be necessary for account to be taken of the potential impact of the change in relation to the school leaving age.

The legislation currently makes every parent responsible for their child’s attendance at a (government or non-government) school where they are not less than 6 years of age or more than 15 years of age. While the regulations stipulate that entry to a government school cannot occur before a child is 5 years of age as at 30 April in the year of enrolment, there is no state-based restriction on the ability of non-government schools to enrol children at a particular minimum age. Children do not receive State kindergarten funding unless they are at least 4 years of age as at 30 April in the year of enrolment.

While the change to a younger minimum school starting age would not require amendment of the legislation, it would require a change in the regulations and procedures around entry to school and kindergarten. Given that work is currently underway in this area, no particular issues were perceived as especially arising from a common school starting age other than to respond through appropriate changes to the wording of the regulations.

From a management perspective, the preferred option in Victoria is the current minimum school starting age of 4 years and 8 months by 1 January in the year of enrolment. If the range option of 4 years and 5 months to 4 years and 8 months is adopted, Victoria would retain the status quo.

If a younger age option were adopted as a common minimum school starting age, from a management perspective, Victoria would prefer the option of 4 years and 6 months as it involves lower up-front and longer term costs. Should the range option of 4 years and 5 months to 4 years and 6 months be adopted it is most likely, from a management viewpoint, that Victoria would adopt the 4 years and 6 months position as it is closer to the current position.

Should any of the younger age options be adopted as a common minimum school starting age, two key management considerations were put forward.

First, there would need to be adequate lead time in order to undertake planning and to communicate the change. The fact that, from the end of 2005 there will only be three years before any possible change is implemented means that the time frame for the work that needs to be undertaken is relatively short. Children who are already born will be affected by
any possible change, with consequent implications for decisions that would have been made by many families.

Second, from a management perspective, the view was put that any possible change would be best undertaken on a one-off basis so that it could be introduced in kindergarten in 2009 in preparation for a common minimum school starting age in 2010. The possible alternative of the change being phased in over more than one year was perceived as likely to create confusion and a significant level of management complexity.

2.2.12 Impact on families

If the current minimum school starting age of 4 years and 8 months were to become the basis of a common national minimum school starting age, Victorian families would have continuing certainty about the arrangements that will apply to the entry of their children into school. The continuation of the current minimum school starting age is likely to be perceived as an endorsement of the arguments around the benefits of children commencing formal schooling at an older age.

On the other hand, should a younger minimum school starting age be adopted nationally, it would increase the age range over which parents could elect to send their children to school. Those parents who wished to delay the enrolment of their children would not be disadvantaged. Equally, those parents who wished to enrol their children at a younger age would be likely to identify the opportunity as a benefit to them and their children.

However, should any of the three relevant change options be adopted, there would be an impact on Victorian families. An effect of any change option would be to enable some children to move from the prior-to-school sector into the schooling sector 12 months earlier than is currently possible. A direct corollary would be that affected children would be able to enter kindergarten 12 months earlier. Victorian families would see change in the prior-to-school sector in 2009 and in the schooling sector in 2010.

Families may identify a benefit arising from the introduction of a younger minimum school starting age through the earlier participation of their children in kindergarten and then in formal schooling. Additionally, they may identify benefits in terms of the earlier assessment of their children and, where necessary, the earlier provision of intervention programmes.

The nationally comparable model demonstrates that there would be major economic benefits of a younger school starting age for the parents of those children who would be able to commence kindergarten and school at a younger age. Parents of the affected kindergarten children would benefit from the Victorian Government subsidised and therefore lower costs of kindergarten compared to formal child care.

Parents of the affected Prep children would benefit from a shift out of the higher cost formal prior-to-school sector 12 months earlier than is possible under current arrangements. They would be able to take advantage of the generally lower cost school sector and the opportunity for earlier re-entry to the workforce or the take-up of leisure.

In the first year of implementation, for the 4 years and 5 months option, a benefit in the order of $2.3m could accrue to families whose children are able to move out of the higher cost formal prior-to-school sector 12 months earlier than under current arrangements. The equivalent first year benefit for the 4 years and 6 months option and the related range option would be $0.8m. Over the full 62 years of the model, this benefit could be in the order of $43m for the 4 years and 5 months option and $1m20 for the 4 years and 6 months

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20 It seems counter intuitive that a first year saving of $0.8m would be accompanied by a long term saving of only $1m. However, formal care includes pre-school, vacation and outside school hours care figures which...
option and the related range option. These figures are discounted to 2004-05 dollars. However, this benefit would be a permanent benefit for affected parents in all subsequent cohorts.

Similarly, in the first year of implementation, for all relevant options, a benefit of $11m could accrue to families whose children are able to move out of the informal prior-to-school sector 12 months earlier than under current arrangements. Over the full 62 years of the model, this benefit could be in the order of $255m for all relevant options. However, this benefit would be a permanent benefit for affected parents in all subsequent cohorts.

In addition, for parents the economic benefits projected over 62 years in the nationally comparable model could be in the order of $168m for the 4 years and 5 months option and $186m for the 4 years and 6 months and related range options. These benefits would arise in part from cost transfers to government of an earlier move for some children from the prior-to-school sector. More substantially, they would arise from the opportunity taken up by some parents to re-enter the workforce 12 months earlier or to take up income imputed leisure activities.

For the affected children, the discounted economic benefits projected over 62 years in the nationally comparable model could be in the order of $874m for the 4 years and 5 months option and $659m for the 4 years and 6 months and related range options. These benefits would arise because of extension in the length of the working lives of the individuals affected by the younger school starting age. The benefits would continue for all subsequent cohorts.

2.2.13 Impact on Indigenous students and students with special needs

In general, the younger minimum school starting age options were perceived as likely to have only minimal impact on provision for Indigenous students and students with special needs. For those Indigenous students whose birthdays fall in May or June for the 4 years and 6 months option and the related range option, or from May to July for the 4 years and 5 months option, there was a perceived possible benefit in them being able to commence school 12 months earlier than under the current arrangements. The earlier link to formal schooling was perceived as a positive opportunity for many of these children and their families.

On the other hand, some concern was expressed that a younger minimum school starting age may have a negative impact by separating Indigenous children too soon from the supportive and culturally inclusive environment of their families. It should be noted, however, that as for parents generally, Indigenous parents would be able to make decisions about when their children commence schooling up to the compulsory age.

For students with disabilities and learning difficulties, one of the views expressed was that access to schooling 12 months earlier than is possible under current arrangements may involve a benefit through access to resourced and well structured learning programmes. On the other hand, another view was expressed which suggested that the ratio of adults to children in the prior-to-school sector may mean that the level of support and intervention could be less in the school sector.

One of the benefits identified as being closely associated with the current minimum school starting age in Victoria of 4 years and 8 months was that children were advantaged in their learning by an older entry into formal schooling. This was cited as particularly the case for many boys. The view was put that there is supporting evidence which suggests that boys in do not apply in 2010. When these are discounted (as a cost) from the formal care savings, the savings in the formal pre-school and child care sector are considerably reduced over the long run of the model.
particular benefit from the informal, play-based experiences that are common in the prior-to-school sector.

A move to a younger age minimum school starting age option was perceived as likely to involve a loss of this benefit for boys as some would be engaged in formal schooling 12 months earlier than under current arrangements. However, it should be noted that any of the younger minimum school starting age options, if adopted, would continue to accord parents the right to make decisions about the enrolment of their children in Prep, based on considerations that include readiness, up to the compulsory age.

2.2.14 Impact on school completion, tertiary entrance and entry to the workforce.

The nationally comparable model shows that, over the years of schooling to age 15, a figure in the order of 306,000 student movements occur in and out of Victoria. In any one year, the magnitude of inter-state movement is in the order of 28,000 students. Only approximately 800 of these movements each year, i.e. 8,800 over the age range to 15 years, is to or from the Australian Capital Territory, the only jurisdiction with the same minimum school starting age as Victoria.

Each time a child crosses borders there is a risk that, because of confusion or age/grade misalignment in part associated with differences in the minimum school starting age between states and territories, they may fall out of alignment with the cohort that they left behind. This may result in them having to ‘skip’ or ‘repeat’ a year of schooling. Many of these students are likely to experience an effect that reduces their level of engagement with and success at schooling.

The nationally comparable model assumes that there will be some effect on school completions arising from the reduction of a barrier to transferability that non-common minimum school starting ages represent. The model assumes that the effect will not occur for every student who transfers from one state or territory to another. The model assumes conservatively that, should a common minimum school starting age be introduced, its effect on school completions would be in the order of a one per cent increase in the completion rate for those students who transfer among jurisdictions. In other words, one in every hundred movements will be more likely to complete school because the minimum starting age is common on a national basis.

Given the conservative assumptions in the nationally comparable model, it is possible that the adoption of a common minimum school starting age could increase the level of school completion in Victoria. There could be up to 280 more school completions each year across Victorian schools. This increased completion rate is likely to be permanent for all subsequent cohorts.

Should a younger common minimum school starting age be introduced than the current 4 years and 8 months in Victoria, the increased cohort would complete Year 12 in 2022. They would, in fact, begin to enter further training, tertiary education or the workforce from 2021 when they are older than the upper compulsory age limit. The flow of the cohort increase under the relevant minimum school starting age options is shown in Table 2.g below.

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21 Data for 2002-03 supplied by the Australian Bureau of Statistics in January 2005 as a result of a special request from the Australian Government Department of Education, Science and Training.
Table 2.g Projected post-school participation of the increase in the Victorian introductory cohort based on the nationally comparable cost/benefit analysis model

Numbers of affected students

<table>
<thead>
<tr>
<th></th>
<th>4 years and 5 months</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td></td>
<td>562</td>
<td>562</td>
<td>562</td>
<td>562</td>
<td>462</td>
<td>462</td>
<td>462</td>
<td>462</td>
<td>462</td>
<td>462</td>
</tr>
<tr>
<td>University</td>
<td></td>
<td>0</td>
<td>5</td>
<td>446</td>
<td>1,298</td>
<td>1,413</td>
<td>1,350</td>
<td>1,116</td>
<td>778</td>
<td>567</td>
<td>451</td>
</tr>
<tr>
<td>FT employment</td>
<td></td>
<td>0</td>
<td>108</td>
<td>340</td>
<td>914</td>
<td>1,342</td>
<td>1,380</td>
<td>1,661</td>
<td>2,032</td>
<td>2,422</td>
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<tr>
<td>PT employment</td>
<td></td>
<td>874</td>
<td>1,686</td>
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<td>1,786</td>
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<table>
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<tr>
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<th>2022</th>
<th>2023</th>
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<tbody>
<tr>
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<td>424</td>
<td>424</td>
<td>424</td>
<td>424</td>
<td>348</td>
<td>348</td>
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<td>348</td>
<td>348</td>
<td>348</td>
</tr>
<tr>
<td>University</td>
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<td>0</td>
<td>4</td>
<td>337</td>
<td>979</td>
<td>1,065</td>
<td>1,018</td>
<td>842</td>
<td>587</td>
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<td>1,347</td>
<td>1,334</td>
<td>996</td>
<td>829</td>
<td>804</td>
<td>602</td>
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</tbody>
</table>

The long term costs and benefits associated with the increased size of the introductory cohort in relation to further training, university and employment are shown in Table 2.h.

Table 2.h Projected long term costs and benefits associated with the increase in the size of the Victorian introductory cohort based on the nationally comparable cost/benefit analysis model

Costs(-)/benefits(+) ($ million, 2004 05)

<table>
<thead>
<tr>
<th></th>
<th>4 years and 5 months</th>
<th>4 years and 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>-$9m</td>
<td>-$7m</td>
</tr>
<tr>
<td>University</td>
<td>-$74m</td>
<td>-$56m</td>
</tr>
<tr>
<td>Employment</td>
<td>$1,177m</td>
<td>$888m</td>
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</tbody>
</table>

While there are costs to both the VET and university sectors over the ten years of the model from 2021 to 2030, there are substantial benefits over the working lives of the individuals who commenced school one year earlier under the younger age options. All costs and benefits in the table are discounted to 2004-05 dollars. Although the VET and university sectors would have a long lead time to plan for the impact of the increased size of the introductory cohort as it moves out of the school sector, it is not possible to predict with certainty the areas of training or further education that would be affected. The only assumption that could be made is that the increased number in the cohort would be likely to take up further training or education in a similar pattern to the rest of the cohort at that time.
2.3 Victorian Government School Sector

2.3.1 Current situation

The Victorian government school sector established a minimum school starting age from 1995 of 4 years and 8 months, after review in 1992. This means children are able to enter school at the commencement of the year in which they turn 5 years of age by the 30 April. Children are at least 4 years and 8 months by January 1 of their year of school entry. The compulsory age of schooling in Victoria is 6 years of age.

Intake is generally at the commencement of the school year, although some entry occurs throughout the year at the discretion of the school principal. Currently, the national data, confirmed by data provided by the government school sector, indicate that many parents delay entry of their children to Prep beyond the minimum school entry age. In general, the closer the child’s birthday is to the minimum school starting age, the greater the probability of delay.

Based on Australian Bureau of Statistics 2003 data, the government school sector enrols 69 per cent of primary students and 60 per cent of secondary students in Victoria. Overall, the sector’s share of total enrolments is 65 per cent.

2.3.2 Implications of the options

The Victorian government school sector would be affected by three of the options, viz 4 years and 5 months, 4 years and 6 months and the range 4 years and 5 months to 4 years and 6 months. Table 2.i shows the Victorian government sector projections for the increased size of the introductory cohort against the change options.

Table 2.i shows projections based on the nationally comparable model and the sector data. The figures incorporate a significant delay factor that more than halves the expected cohort increases. Victoria has little data that indicates the delay factor for children with May, June and especially July birthdays. However, extrapolating from what data is held in Victoria and elsewhere about delay for children born in these months, a delay factor for Victoria for 4 year olds has been agreed at a rate of 3.98 per cent a month overall.

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months</th>
<th>4 years and 5 months to 4 years and 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government school sector estimate of the increase in the size of the cohort</td>
<td>3,800</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td>Nationally comparable estimate of increase in the cohort size</td>
<td>3,244</td>
<td>2,446</td>
<td>2,446</td>
</tr>
</tbody>
</table>

In considering these cohort figures, the following caveats should be noted. Both of the caveats could tend to make the cohort increase larger than departmental or nationally comparable estimates, with the second caveat most likely to produce this outcome.
• Actual numbers of parents wishing to delay their child’s entry and the number taking advantage of earlier enrolment may be affected by the conditions of the job market and other economic indicators in 2009 and 2010.

• Furthermore, information from both the Victorian Catholic Education Office and the Association of Independent Schools, Victoria indicates that there would be limited capacity in those sectors to absorb an increase in the size of the introductory cohort. If that is the case, up to a further 30 per cent of the cohort increase may seek enrolment in government schools in 2010.

Information provided by the government school sector indicates a strong preference for the retention of the present minimum school starting age of 4 years and 8 months. In general, however, if the government school sector were to move to a younger minimum school starting age, it would most likely do so at one point in time (2010) and would, if possible, tend to opt for the nearest age to the current 4 years and 8 months by January 1 in the year of entry. However, as discussed below, the State would need to move in 2009 to lower the minimum starting age for kindergarten to ensure continuity of service for all children able to enter school in 2010.

2.3.3 Cost/benefit modelling

The cost implications related to the Victorian government school sector are modelled below in Table 2.j.

Table 2.j Costs over the 13 years of schooling for the Victorian government school sector, based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>-$143</td>
<td>-$108</td>
<td>$0</td>
<td>-$108</td>
<td>$0</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$100</td>
<td>-$76</td>
<td>$0</td>
<td>-$76</td>
<td>$0</td>
</tr>
<tr>
<td>Totals</td>
<td>-$243</td>
<td>-$184</td>
<td>$0</td>
<td>-$184</td>
<td>$0</td>
</tr>
</tbody>
</table>

Under the 4 years and 5 months option, the model shows the cost to the Victorian government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $243m. Under the 4 years and 6 months option and the related range option, the model shows the cost to the Victorian government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $184m.

Table 2.k below shows the cost shares of the Australian Government, the Victorian State Government and parents in funding the additional government sector students in the introductory cohort for the change options. The assumption in the Table is that the sector would enrol its ‘normal’ share of the additional students. Should the sector be required to enrol children who would otherwise have enrolled in non-government schools, all figures would increase to a commensurate level.

In terms of Australian Government grants, the government sector could receive an additional amount in the order of $2.1m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $23.6m.

For the 4 years and 6 months option and the related range option, the government sector could receive in the order of an additional $1.6m in the introductory year from Australian
Government grants. Over the 13 years of schooling, the additional amount could be in the order of $17.8m from Australian Government grants.

Table 2.k Sources of funding in the Victorian government school sector by option over the 13 years of schooling

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months and related range option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>AG</td>
<td>State</td>
<td>Private</td>
</tr>
<tr>
<td>Primary</td>
<td>-$143</td>
<td>-$13.8</td>
<td>-$121.7</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$100</td>
<td>-$9.7</td>
<td>-$85.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>First year costs based on the nationally comparable model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government sector</td>
</tr>
<tr>
<td>-$2.11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13 year costs based on the nationally comparable model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government sector</td>
</tr>
<tr>
<td>-$23.6</td>
</tr>
</tbody>
</table>

In terms of State funding, if the government sector were to enrol its normal share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $19m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $207m.

For the 4 years and 6 months option and the related range option, the government sector could receive in the order of an additional $14m in the introductory year from State funding. Over the 13 years of schooling, the additional amount could be in the order of $156m from State funding.

If the government sector were to enrol its share of additional students in the introductory cohort, for the 4 years and 5 months option the sector could receive an additional amount in the order of $1.1m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $12.1m.

For the 4 years and 6 months option and the related range option, the government school sector could receive in the order of an additional $0.8m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $9.2m from private recurrent income.

The average per capita cost estimates used in the nationally comparable cost/benefit analysis model were based on government school expenditure per student as reported by the state and territory governments. These were calculated in accrual format. The 2004-05 school sector annual costs per student used in the nationally comparable model are $7,551 for primary and $9,881 for secondary.

The expenditure calculations in the nationally comparable cost/benefit analysis model reflect only truly recurrent items and exclude depreciation and user cost of capital. However, they are average costs, and do not reflect the excess capacity in any system to incorporate new students without fixed cost increases.

Such a figure would be reflected by the marginal cost to a system, a figure that has proved quite elusive in national literature. Various Senate inquiries have long recognised the nature

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22 Data supplied by the Australian Government Department of Education, Science and Training from NSSC information.
of marginal costs\textsuperscript{23} but there are no national publications in education, including those published by the Productivity Commission that present a table of marginal costs for each jurisdiction.

During the data gathering for the cost/benefit analysis, various amounts were put forward by jurisdictions to indicate marginal costs. However, no one nationally comparable methodology was used. Therefore, as an acceptable rule of thumb across jurisdictions, the approach used in the calculation of the Enrolment Benchmark Adjustment\textsuperscript{24} to ‘notional costs’ has been used in this Report. This places notional costs at 50 per cent of average costs.

If notional cost figures are substituted for the cost estimates in the nationally comparable cost/benefit analysis model, the estimated impacts of each of the options on the Victorian government school sector are shown in Table 2.m below.

Table 2.m Government sector 13 year costs and benefits using notional per capita cost and cohort size estimates

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Primary</td>
<td>-$46</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$11</td>
</tr>
<tr>
<td>Total</td>
<td>-$57</td>
</tr>
</tbody>
</table>

These figures show substantially lower implementation costs for any of the proposed options than would have been anticipated using the nationally comparable data or sector projections. These costs and benefits are shown in Table 2.n below. Table 2.n also shows projected costs calculated by the sector using internal projections of marginal costs.

Table 2.n Comparison of impact of nationally comparable figures on costs and benefits with notional marginal costs for each of the options.

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Total cost for government schools based on nationally comparable figures</td>
<td>-$243</td>
</tr>
<tr>
<td>Total cost for government schools based on notional ‘marginal’ costs</td>
<td>-$57</td>
</tr>
<tr>
<td>Total costs based on sector cost figures and cohort size projected by the model</td>
<td>-$244</td>
</tr>
</tbody>
</table>

Additional cost areas arising from a younger minimum school starting age were identified by the Victorian government school sector. These included the possible need to review the Victorian Essential Learning Standards up to and including Year 4 and to make


\textsuperscript{24} See for example http://www.dest.gov.au/NR/rdonlyres/628923C0-1053-4AC5-9B70-83E2CBE0440/1447/part1.pdf
adjustments accordingly. Related to any adjustments to the standards, there would be costs associated with professional learning for primary school teachers. These adjustment and professional learning costs were cited as likely to be ‘small’ and able to be absorbed within the current introduction of the Victorian Essential Learning Standards Framework.

Likely cost increases were also identified in relation to many of the Australian Government special purpose programmes as younger children were introduced into the cohort. Payments for such programmes as the New Arrivals Programme, the ESL Programme and the programmes for Indigenous students would need to be increased to address issues associated with the younger children. No estimate of such costs was provided but these costs would be incurred both at the outset and for subsequent years as the programmes responded to the learning needs of a younger cohort profile. These costs are included in the nationally comparable model.

In relation to the 4 years and 5 months option, up to 3,300 students would require 160 extra classrooms, if they were to be provided with facilities to accommodate a class size ratio of 1:21 for Prep to Year 2. The estimated cost to provide a double classroom is $180,000, making the overall cost in the order of $14.4m, expended by the introductory year. These costs would be additional to those identified in the nationally comparable cost/benefit analysis model.

In relation to the 4 years and 6 months option and the related range option, 2,500 students would require an extra 120 classrooms if they were to be provided with facilities to accommodate a class size ratio of 1:21 for Prep to Year 2. The estimated additional cost would be in the order of $10.8m, expended by the introductory year. These costs would be additional to those identified in the nationally comparable cost/benefit analysis model.

Across the Victorian government school sector, for the 4 years and 5 months option, the additional teaching staff required could be in the order of 130 teachers. For the 4 years and 6 months and the related range option, the additional teaching staff required could be in the order of 100 teachers.

For the Victorian government school sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,037 per student, the teacher related costs in the first year could be in the order of $13.1m for the 4 years and 5 months option and $9.9m for the 4 years and 6 months option and the related range option. These projected staffing costs are included in the recurrent cost calculations above.

It was also noted by the government school sector that there are likely to be ‘small’:

- cost increases in terms of teacher aide support for students with disabilities
- costs associated with increased demand for Reading Recovery in Year 1.

The sector also advised that there would be a need for additional government sector staff to manage the change process arising from any of the options. The need for them would arise prior to 2009 and would likely continue into 2011 at least. On the basis of a 3 year management time frame, the transition costs could be in the order of $1.8 to $1.3,

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25 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

26 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
depending on the option decided upon. These projected transition costs are included in the recurrent cost calculations in the model.

### 2.3.4 Impact of the options

In any of the options that move from 4 years and 8 months, there will be costs, benefits, risks and opportunities for the Victorian government school sector. The overall level of change would be greatest should the option of 4 years and 5 months be introduced as a common school starting age. The level of change would be less for 4 years and 6 months or the range option of 4 years and 5 months to 4 years and 6 months. Victoria would, of course, be unaffected by the introduction of 4 years and 8 months as the common school starting age or by the range option of 4 years and 5 months to 4 years and 8 months.

In terms of costs associated with any change from 4 years and 8 months, both initial and medium term costs would be borne by the Victorian and Australian Governments in providing for an increase in the size of the introductory cohort. These would include costs associated with staffing, infrastructure, administration and related costs in areas such as student transport. These costs would occur at the outset and for each year as the larger cohort progresses through schooling and into the tertiary sector and employment.

The principal risks identified by the sector relate to the financial impact and management of an increased cohort size. The most salient element of this risk was the concern related to the provision of funds to cover government school sector costs prior to and during the initial year of any change and as the introductory cohort progresses through the subsequent 12 years of schooling.

Risks were identified by the Victorian government school sector in relation to the exacerbation of potential teacher shortages, especially as the cohort moves into secondary schooling. Of particular concern were shortages in areas of teaching such as mathematics, the sciences and technology. Some aspects of primary teaching such as languages were also cited.

It was anticipated that there may be some industrial issues arising out of dealing with a younger cohort, particularly associated with the supply of kindergarten and primary teachers. Of note was the issue that the child-adult ratio in kindergarten was much lower than it was in Prep through the use of child care workers, especially for children with learning difficulties and disabilities. There was also a risk that teacher education courses may not provide the pedagogy and content needed for teachers to deal with younger children.

Risks were also identified around the possibility of members of the parent community and particular academic advocates reacting negatively to a younger minimum school starting age. The change may be perceived by some parents as the government school sector resiling from its message of the benefits of an older school starting age.

A further risk was also identified in relation to rural and special school bus arrangements. In this regard, the issue was raised of concerns that may arise where younger children would have to travel relatively long distances to school.

The educational arguments noted as risks included the belief that the current arrangements around an older school starting age addressed issues related to readiness for formal schooling. There could be a risk that younger children could be less ready for school if a younger minimum school starting age were introduced. A risk was identified in particular that boys and Indigenous children may be disadvantaged by starting school at a younger age. There could be a risk that the younger school entrants may not be capable of performing at the standards established for Prep.
In terms of potential benefits from a younger minimum school starting age, these would accrue to the sector relative to its size and budget. Benefits would also accrue to parents as costs shift from the prior-to-school sector. Places would be freed-up in the high demand child care sector, allowing parents of younger children to access child care services. Young people would benefit economically from earlier entry to the workforce.

The principal opportunities identified by the government school sector were those that would arise from national commonality. There would be opportunities to achieve a greater level of comparability in relation to student performance data across all states and territories. Schools may find it easier to understand data about students who have transferred across state and territory borders because more students of similar age would be in the same year. Movement between states, especially for families living near border areas, would be facilitated.

A change to a younger minimum school starting age was perceived by some as likely to assist the capacity of the sector to identify and respond early to the needs of students with learning difficulties. This was seen as particularly relevant in Victoria because the government school sector has no access to children prior to the Prep year. A younger cohort was also perceived as possibly enabling the sector to strengthen its focus in professional learning programmes on pedagogies for the early years of schooling.

A younger minimum school starting age was also identified as likely to relieve the current level of demand for places in child care and kindergartens. Opportunities to better align the learning aspects of kindergarten with the curriculum in Prep were identified, including providing professional learning for teachers. It was noted that, with a younger kindergarten age of entry, some children could have an earlier opportunity to engage with learning programmes designed to better meet their needs.

### 2.3.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the current situation is that the year before Year 1 is called Prep. The year prior to Prep is generally called kindergarten, although terms such as pre-school and early learning centres are also used.

No significant costs to the government school sector were identified as likely to arise from a change in nomenclature for either Prep. Given that the government school sector does not operate kindergartens, no costs of a change in nomenclature were identified.

Cost areas in the government school sector included changes in signage, databases and the titles of curriculum documents. The cost implications associated with any change were seen as capable of being contained and managed. However, the sector specifically identified the risks involved in making changes to data sets should there be a change in nomenclature. Potentially adverse impacts were identified in relation to data collection, analysis and software.

Opportunities and benefits in relation to a common nomenclature were identified by the Victorian government school sector. These primarily related to the positive impacts arising from all states and territories having a common nomenclature for the early years of schooling, especially for the year before Year 1. Common nomenclature was seen as likely to greatly assist families as they moved across state and territory borders. Data about students transferred between states and territories could be more readily and accurately interpreted with a common nomenclature.

Common nomenclature was also seen as likely to facilitate the capacity of schools in the government school sector to make ‘good decisions’ about the year level placement of
students transferring from another state or territory. In addition, common nomenclature was perceived as highly desirable to assist sector officers and stakeholders participating in national meetings, obviating the need for continual clarification and assisting comparability.

### 2.3.6 Conclusion

Overall, for the Victorian government school sector, the implications of any of the relevant change options would mean an additional enrolment of younger children in the first year of implementation. These additional children would be younger and they would be able to enter school one full year earlier.

The costs of this additional cohort as it moves through the years of schooling would be the major costs involved in the options. For the 4 years and 5 months option, the overall costs could be in the order of $243m, with a figure greater than $21m to be expended prior to or by the end of the first year. For the 4 years and 6 months option and the related range option, the overall costs would be in the order of $184m, with more than $16m to be expended prior to or by the end of the first year.

The major risk identified related to the funding required to staff to accommodate any increase in the size of the introductory cohort. There would also be risks in relation to provision of teachers in specialist areas. There is clearly a significant level of commitment within the Victorian education and wider communities to an older age of entry to school. Any change to a younger school starting age would carry the risk of being perceived negatively by some sections of the community.

On the other hand, a younger school starting age may provide a greater time range in terms of parent choice as the compulsory age of schooling would be unaffected. Additionally, a younger school starting age may enable the earlier identification of learning difficulties and the implementation of intervention programmes. Benefits would also be likely to arise from national commonality so that the transfer of students across state and territory borders could be more readily facilitated.

In terms of nomenclature, no significant costs were identified. However, any change in nomenclature around the early years of schooling would be likely to involve costs associated with changes in data bases, signage and documents.
2.4 Victorian Catholic School Sector

2.4.1 Current situation

As with the government school sector, children are able to enter Victorian Catholic schools at the commencement of the year in which they turn 5 years of age by the 30 April. This means they have to be at least 4 years and 8 months by January 1 of their year of school entry.

This minimum starting age was introduced in 1995, in line with the change made by the government system. Intake is generally at the commencement of the school year, although some entry occurs throughout the year at the discretion of the school principal. As for the government sector, the compulsory age of schooling is 6 years of age. The Catholic school sector does not operate kindergartens.

Currently, based on Australian Bureau of Statistics 2003 data, the Catholic school sector enrols 22 per cent of primary students and 22 per cent of secondary students in Victoria. Overall, the sector’s share of total enrolments is 22 per cent.

2.4.2 Implications of the options

The Victorian Catholic school sector would be affected by three of the options, viz 4 years and 5 months; 4 years and 6 months; and, the range from 4 years and 5 months to 4 years and 6 months.

Table 2.o shows the Victorian Catholic sector projections for the increase in the size of based on the nationally comparable model. While internal Victorian Catholic school sector projections would be substantially larger, they are based on current sector data in relation to children who are in the sector schools at present. There are no data on children with May, June and especially July birthdays.

Data on the amount of delay expected for children with these birthdays have been extrapolated from data elsewhere for the purposes of this modelling exercise. The rate of delay expected for these children is in the order or 3.98 per cent per month. This has the effect of cutting the anticipated increase in children for each option quite significantly.

Table 2.o Projected changes in cohort size for the Catholic sector based on the nationally comparable approach to modelling delay

<table>
<thead>
<tr>
<th>Number of affected students</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 years and 5 months</td>
</tr>
<tr>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Nationally comparable model of increase in the cohort size.</td>
</tr>
</tbody>
</table>

The nationally comparable cost/benefit analysis model indicates that the size of the introductory cohort in 2010 would increase by 1,049 for the option of having the minimum school starting age set at 4 years and 5 months at January 1 of the year of enrolment. For the option of 4 years and 6 months and the related range option the projected increase would be 791.
Without delay elements as mentioned above, the sector would project a 25 per cent increase in the size of the introductory cohort for the 4 years and 5 months option and a 16.5 per cent increase for the 4 years and 6 months option and the related range option. These would lead to cohort increases of 3,308 and 2,183 respectively.

Whether to additional students in the introductory cohort were as modelled or as predicted by the sector, it would be unlikely that the Catholic school sector could fund additional infrastructure for a temporary increase in the size in one cohort in particular locations. While it is sector policy to enrol all Catholic students who seek a place, the pressure on infrastructure in particular locations caused by an increased cohort size would likely mean that some students seeking enrolment would be directed to another school. Depending on location and accessibility, this could be a school in the government sector.

This could represent a substantial relative loss of income through State and Australian Government recurrent grants and fees from parents. The loss would occur in relation to the 4 years and 6 months option, the range option of 4 years and 5 months to 4 years and 6 months, and be greatest for the 4 years and 5 months option. This loss from the Catholic sector, in many instances, would be over the full 13 years of schooling.

Moreover, the lack of infrastructure capacity to enrol some of the additional students in the cohort would place additional pressure on the government sector, increasing the likely size of the government school sector share of the increase in the cohort.

### 2.4.3 Cost/benefit modelling

Based on the nationally comparable model and the extrapolated pattern of delay, the impact of each of the options in terms of costs over the full 13 years of schooling can be demonstrated. Table 2.p below shows costs on the basis of the nationally comparable model.

**Table 2.p Costs over the 13 years of schooling for the Victorian Catholic school sector, based on nationally comparable information about cohort size**

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
<th>With nationally comparable assumptions ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Catholic Primary</td>
<td>-$32</td>
</tr>
<tr>
<td>Catholic Secondary</td>
<td>-$36</td>
</tr>
<tr>
<td>Total</td>
<td>-$68</td>
</tr>
</tbody>
</table>

The costings above are based on the recurrent annual cost estimates per student provided by the State Government to the Australian Government Department of Education, Science and Training. The assumption accounts for all eligible students who would normally be expected to enrol in Catholic schools.

The additional students in the initial cohort would require additional recurrent funding throughout their school tenure. Using nationally comparable data, for the 4 years and 5 months option, the costs could be in the order of $68m over the 13 years of schooling. For the 4 years and 6 months option and the related range option, the costs could be in the order of $51m over the 13 years of schooling. The additional funding would need to be sourced from State Government and Australian Government grants (including EMA and other special purpose provisions) and private sources, including fees.

For all relevant options, provided all additional students were enrolled, the results of lowering the minimum school starting age show a substantial potential inflow of resources.
to the Catholic school sector. However, because many schools in the sector are currently operating at full capacity, without capital injections the increased flows would be likely to take place in the government school sector rather than in the Catholic school sector, with consequent changes in the proportional long term value of the sectors.

Table 2.q  Sources of funding in the Victorian Catholic school sector by option over the 13 years of schooling

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004 05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
</tr>
<tr>
<td>Overall costs AG State Private Overall costs AG State Private</td>
</tr>
<tr>
<td>Primary</td>
</tr>
<tr>
<td>Secondary</td>
</tr>
</tbody>
</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Catholic sector AG State Private</th>
<th>AG State Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>-$4.83</td>
<td>-$3.30</td>
</tr>
</tbody>
</table>

13 year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Catholic sector AG State Private</th>
<th>AG State Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>-$67.5</td>
<td>-$42.1</td>
</tr>
</tbody>
</table>

Table 2.q above shows the cost shares of the Australian Government, the Victorian State Government and parents in funding the additional Catholic sector students in the introductory cohort for the change options. The assumption in the Table is that the sector would enrol its ‘normal’ share of the additional students.

In terms of Australian Government grants, if the Catholic sector were to enrol its share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $3.3m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $42m.

For the 4 years and 6 months option and the related range option, the Catholic sector could receive in the order of an additional $2.49m in the introductory year from Australian Government grants. Over the 13 years of schooling, the additional amount could be in the order of $32m from Australian Government grants.

In terms of State Government grants, if the Catholic sector were to enrol its share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $0.86m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $12m.

For the 4 years and 6 months option and the related range option, the Catholic sector could receive in the order of an additional $0.65m in the introductory year from State Government grants. Over the 13 years of schooling, the additional amount could be in the order of $9m from State Government grants.

If the Catholic sector were to enrol its share of additional students in the introductory cohort, for the 4 years and 5 months option the sector could receive an additional amount in the order of $0.67m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $14m.

For the 4 years and 6 months option and the related range option, the Catholic school sector could receive in the order of an additional $0.5m in the introductory year from...
private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $11m from private recurrent income.

Across the Victorian Catholic school sector as a whole, for the 4 years and 5 months option, the additional teaching staff required could be in the order of 80 teachers. For the 4 years and 6 months and the related range option, the additional teaching staff required could be in the order of 32 teachers27.

For the Catholic schooling sector, based on figures for 2002/03 published by the Productivity Commission28, with teacher costs of $4,037 per student, the teacher related costs in the first year could be in the order of $4.2m for the 4 years and 5 months option and $3.2m for the 4 years and 6 months option and the related range option.

These projected costs are included in the recurrent cost calculations above.

Based on the national model projection of the increase in the introductory cohort, projected infrastructure costs can be calculated. For the 4 years and 5 months option, the approximately 25 additional classroom learning spaces may be needed. At a unit cost of $150,000, the additional infrastructure funding could be in the order of $3.8m. For the 4 years and 6 months option and the related range option, there may be a need for approximately 15 additional classroom learning spaces. This could necessitate additional capital funding in the order of $2.3m.

The sector noted that further infrastructure costs would be incurred in 2017 as the cohort moved into secondary school, and would anticipate that commensurate infrastructure costs would be incurred again. These projected costs are not included in the recurrent cost considerations above.

The sector also advised that there would be a need in the introductory year for Catholic Education Office staff to manage the change process arising from any of the options. An estimate of the transition costs in the order of $0.5m was indicated for the 4 years and 5 months option with less for the other relevant options. This is included in the nationally comparable model and figures.

2.4.4 Impact of the options

In any of the options that move from 4 years and 8 months, there will be costs, benefits, risks and opportunities for the Victorian Catholic school sector. The overall level of change would be greatest should the option of 4 years and 5 months be introduced as a common school starting age. The level of change would be less for 4 years and 6 months or the range option of 4 years and 5 months to 4 years and 6 months. The Victorian Catholic school sector would, of course, be unaffected by the introduction of 4 years and 8 months as the common school starting age or by the range option of 4 years and 5 months to 4 years and 8 months.

Without infrastructure expenditure, these impacts at their full extent are unlikely to occur in the Victorian Catholic school sector. It is probable that any increase in the size of the 2010 Prep year cohort resulting from a younger minimum school starting age would be managed by the Catholic school sector in a way to contain impact.

27 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

28 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
Where the additional students could be absorbed into sector schools without affecting staffing or infrastructure, it is likely that places would be made available. Where this is not possible, it is likely that families seeking enrolment for their children would be directed to schools in the other sectors, most probably the government sector.

This loss of natural enrolments would most likely be permanent, extending in many instances to the enrolment of younger siblings. The lack of capacity of the sector to enrol the full increase in the size of the cohort would represent a significant loss of future income from both government grants and fees.

The Catholic school sector identified a number of educational risks associated with a younger minimum school starting age. These included the need to adjust pedagogy in the Prep year to better support the entry of younger children. There was a perceived risk that some teachers may continue to employ pedagogies that did not extend sufficiently to respond to the learning needs of younger children. In relation to this there was a risk that transitional funding would not be available to address teacher professional learning needs. There was also a risk that the learning outcome requirements for younger children would not be adjusted appropriately.

Risks were also identified in relation to those instances where schools may have capacity to absorb increased numbers. In some schools, a smaller class size enabled teachers to take advantage of the available learning spaces. Increase in the size of classes to their maximum may limit capacity to utilise the spaces effectively.

It was noted that such risks could be greater in lower socio-economic areas, where pressure on infrastructure and fees was already great and where funds to support professional learning were limited. Some schools in older areas were cited as having infrastructure that was perceived by many as ‘outdated and restricted’ and not suitable for a larger student population overall.

Risks were also perceived in relation to the increased number of students with disabilities, and the age of those children. The education of these children could be at risk if adequate resources were not provided. The risk of being unable to fund additional teacher aides was especially noted in this regard. Moreover, with larger classes and the demands involved in teaching younger children, it was felt that the risk of not identifying any learning or developmental difficulties might increase.

One of the identified risks related to the view that some children, especially boys, needed to be older when they first encountered formal education. The risk was also noted that teachers might find it harder to cope with the broader age range in their classes arising from a younger minimum school starting age. The risks associated with the availability of funding to provide appropriate pre-service and in-service training in support of teachers in this area were highlighted.

On the other hand, opportunities were identified by the Catholic school sector. In particular, a younger minimum school starting age was perceived as increasing opportunities for parents to make decisions about the readiness of their children for schooling.

A younger minimum school starting age was perceived as providing greater opportunities for teachers to make early identification of students with learning difficulties. It was also felt that children would benefit from increased teacher professional dialogue about readiness issues and any resulting curriculum reform that would come about with younger children entering school.
The Catholic school sector also identified opportunities for families. These included reducing the cost burden of child care and earlier workforce re-entry for parents. It was also felt that families would benefit from easier movement between states, particularly if the national primary/secondary interface were also standardised. While this issue was not explored in the costs/benefit analysis, it was seen by the Victorian Catholic school sector to be a relevant and associated issue. A perceived benefit was the likelihood of a reduction in demand for child care services.

### 2.4.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the current situation is that the year before Year 1 is called Prep. The year prior to Prep is generally called kindergarten, although terms such as pre-school and early learning centres are also used.

Some significant costs to the Catholic school sector were suggested as being linked to change in nomenclature. It is likely that there would be costs associated with changes in signage and databases. No actual cost estimates were provided by the sector.

Benefits in relation to a common nomenclature across the nation were identified by the Victorian Catholic school sector. The main benefit identified related to making the transfer of students from one state or territory to another easier for the student, the family and the school. A common nomenclature for the early years of schooling was perceived as likely to assist the exchange of data about students between schools in different states and territories.

### 2.4.6 Conclusion

Any conclusions about the impact of a younger minimum school starting age on the Victorian Catholic school sector needs to take account of the limitations of the schools within the sector to enrol additional students. The view of the Victorian Catholic Education Office is that the enrolment capacity of individual schools will be the most important criterion in determining the overall sectoral response to a younger minimum school starting age.

Given that many Catholic schools will have only marginal capacity to enrol additional students in 2010, it is likely that, without an injection of funding for infrastructure, a significant proportion of the sector’s normal share of the additional enrolment would seek places in the government school sector. Should this occur, by implication there would be a significant loss of potential revenue and market share to the Catholic school sector in the introductory year and in the years thereafter.

In terms of a possible change in nomenclature, costs were identified but not quantified by the Catholic school sector.
2.5 Victorian Independent School Sector

2.5.1 Current situation

As with the government and Catholic school sectors, children are able to enter Victorian independent schools at the commencement of the year in which they turn 5 years of age by the 30 April. This means, in general, they are at least 4 years and 8 months by January 1 of their year of school entry.

While this minimum starting age was introduced in 1995, in line with the change made by the government system, there remains the practice throughout the sector of enrolling children at a younger age, depending on local circumstances. Intake is generally at the commencement of the school year, although some entry occurs throughout the year at the discretion of the school principal. State legislation makes 6 years the compulsory age of schooling.

Almost half of independent schools operate kindergartens and represent 6 per cent of total kindergarten enrolments. A significant proportion of kindergartens are operated as early learning centres through associated child care provision.

Currently, based on Australian Bureau of Statistics 2003 data, the independent school sector enrolls 9 per cent of primary students and 18 per cent of secondary students in Victoria. Overall, the sector’s share of total enrolments is 13 per cent.

2.5.2 Implications of the options

The three options that could impact on the sector are the 4 years and 5 months option, the 4 years and 6 months option and the 4 years and 5 months to 4 years and 6 months range option. The 4 years and 8 months option and the range that includes this option will impact on those schools in the sector that have a minimum school starting age which differs from the State standard. However, there are no central data to indicate the extent of this differentiation.

For the independent sector, Table 2.r shows the projections for the increase in the size of the introductory cohort against the change options, based on the nationally comparable model. These projections include an estimate that current growth in the sector will be maintained.

They also reflect the current pattern of delay across Victorian schooling as a whole, with parents choosing to delay the commencement of children for a further year after they would be eligible to enrol. Moreover, the figures represent a delay pattern extrapolated from the government school sector which incorporates information about delay for July birthdays. Overall, the delay percentage for the sector that is built-in to the model is in line with projections in the other two Victorian school sectors.

Table 2.r Estimated increase in the cohort size for the independent sector

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months</th>
<th>4 years and 5 months to 4 years and 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationally comparable model of increase in the cohort size.</td>
<td>947</td>
<td>634</td>
<td>634</td>
</tr>
</tbody>
</table>
Depending on the current practice of each individual school in relation to a minimum starting age, the impact of the three relevant options will vary. However, with any of the options for a younger school starting age, there is, in theory, likely to be a larger eligible cohort within the sector in the first year of introduction of the change. The extent to which individual schools will adjust enrolment policies in 2009 for kindergarten and in 2010 for Prep in response to the increase in eligible children seeking enrolment will depend, largely, on local decisions around their capacity.

In general, apart from some newly formed schools that are bringing infrastructure on-line, capacity is reported as being limited to current enrolment sizes. Indeed, many schools have extensive waiting lists of children seeking enrolment. Moreover, the impact of current growth in the sector of approximately 250 students annually may absorb much of the capacity needed to enrol any increase in the size of the cohort arising from a younger school starting age.

Many independent schools in the growth corridors to the west and south-east of Melbourne are at capacity as a result of high demand. This situation is unlikely to change before 2010, given current trends. Additionally, demand for places in well established schools is also high. Schools in growth corridors and well established schools typically have waiting lists and operate at capacity.

Another factor in making decisions about a response to an increased available school entry cohort in 2010 may be considerations around maintaining small class sizes or a smaller school population. These characteristics are key identifying features of some independent schools and are the source of parental demand for placement.

Where parents support an older entry age, it is also possible that schools will maintain an older minimum school starting age. This is an essential element of the philosophy of some independent schools.

Philosophies aside, it is possible that smaller schools in the sector operating multi-level classes may be able to accept additional enrolments depending on existing class sizes. Similarly, schools with one or more Prep classes may be able to accept additional numbers depending on available spaces. For these schools there would be an increase in revenue through grants and fees without significant additional costs.

Some larger, multiple-stream schools may consider an additional stream in response to increased demand arising from a younger school starting age. However, they would be cognizant of the fact that the enrolment increase would only be temporary. Moreover, schools with restricted sites and limited capacity to accommodate additional classrooms or those that felt they had reached their optimal size would be unlikely to consider the addition of a stream.

The current size of the introductory cohort in the sector is 5,600. Given the current growth rate in the sector of 4.4 per cent, by 2010 the size of the introductory cohort could be approximately 7,250. On average, Victorian independent schools are each currently growing at a rate of about 2 students per year. Under the 4 years and 5 months option, a further potential average increase of up to 2 students per school would occur. For the 4 years and 6 months option and the related range option, the further increase would be up to 1.6 students per school.

There are no sector data that show the capacity of individual schools to absorb increased numbers of this magnitude in particular streams. Schools with excess capacity would benefit from being able to enrol the additional students to fill available places. These students would attract additional income but few costs. However, schools with no current
infrastructure capacity to enrol additional students would, in general, find the funding involved to be beyond their budgets.

Without data around this issue of capacity, it is not possible to predict how many children from the addition to the cohort caused by a change to the minimum school starting age would be absorbed into the sector. However, a generalised conclusion can be drawn. The limitations that exist within the sector on enrolling an increased number of students in 2010 arising from a younger minimum school starting age may mean a number of students will likely seek enrolment in government sector schools in 2010. As a consequence, demand for places in government schools could be higher than anticipated on the basis of current share. As the independent school sector share of primary enrolments is approximately 9 per cent, the additional students seeking enrolment in the government sector could potentially be increased up to this magnitude.

### 2.5.3 Cost/benefit modelling

Cohort size and cost per student calculations based on nationally agreed data sets and nationally comparable assumptions have been built into the cost/benefit analysis model. Table 2.s is based on the cohort size in the nationally comparable model. Nationally comparable assumptions discount for the present delayed entry rates across Victoria. They also extrapolate data from elsewhere about the probable pattern of delay for children with May, June and July birthdays, data which are not available from the current Victorian data.

**Table 2.s  Costs over the 13 years of schooling for the Victorian independent school sector, based on the nationally comparable cost/benefit analysis model**

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Independent Primary</td>
<td>$-19</td>
</tr>
<tr>
<td>Independent Secondary</td>
<td>$-43</td>
</tr>
<tr>
<td>Totals</td>
<td>$-62</td>
</tr>
</tbody>
</table>

The calculations in Table 2.s are based on the recurrent annual cost estimates per student provided by the State Government to the Australian Government Department of Education, Science and Training. The assumption is that all eligible students who would normally enrol in independent schools will be enrolled.

Any capacity issues that lower the proportional intake from the potential increase in the cohort would lower the figures in Table 2.s. There may also be impacts arising from instances where individual schools may decide to maintain an overall smaller school population even though not all capacity would be fully utilised. There are no data, however, to indicate the possible extent of this response at the individual school level and, therefore, across the sector.

Table 2.t below shows the cost shares of the Australian Government, the Victorian State Government and parents in funding the additional independent sector students in the introductory cohort for the change options. The assumption in the Table is that the sector would enrol its ‘normal’ share of the additional students.

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29 Data provided by the Australian Government Department of Education, Science and Training from NSSC information.
Table 2.1  Sources of funding in the Victorian independent school sector by option over the 13 years of schooling, based on the nationally comparable model

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months and related range option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Primary</td>
<td>-$19</td>
<td>-$6.3</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$43</td>
<td>-$10.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>First year costs based on the nationally comparable model</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent sector</td>
<td>-$2.94</td>
<td>-$0.96</td>
<td>-$0.28</td>
<td>-$1.70</td>
<td>-$2.21</td>
<td>-$0.72</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13 year costs based on the nationally comparable model</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent sector</td>
<td>-$61.8</td>
<td>-$16.5</td>
<td>-$5.0</td>
<td>-$40.4</td>
<td>-$46.6</td>
<td>-$12.4</td>
</tr>
</tbody>
</table>

In terms of Australian Government grants, if the independent sector were to enrol its share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $0.96m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $17m.

For the 4 years and 6 months option and the related range option, the independent sector could receive in the order of an additional $0.72m in the introductory year from Australian Government grants. Over the 13 years of schooling, the additional amount could be in the order of $12m from Australian Government grants.

In terms of State Government grants, if the independent sector were to enrol its share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $0.28m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $5m.

For the 4 years and 6 months option and the related range option, the independent sector could receive in the order of an additional $0.21m in the introductory year from State Government grants. Over the 13 years of schooling, the additional amount could be in the order of $4m from State Government grants.

If the independent sector were to enrol its share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $1.7m in the introductory year for the 4 years and 5 months option from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $40m.

For the 4 years and 6 months option and the related range option, the independent school sector could receive in the order of an additional $1.28m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $31m from private recurrent income.

Given the difficulties involved in projecting where the additional enrolments may fall at the individual school level, and given that the sector has no central information on school capacity, no data were able to be provided about possible capital costs. However, it can be extrapolated from average data in other Victorian sectors that for the 4 years and 5 months option, the independent sector need approximately 15 additional classroom learning...
spaces. At a unit cost of $150,000, the additional infrastructure funding could be in the order of $2m.

For the 4 years and 6 months option and the related range option, it could be assumed that approximately 10 additional classroom learning spaces may be needed. This could necessitate additional funding in the order of $1.5m. A significant proportion of this accommodation is likely to be needed by 2009 in order to accommodate a potential one-off increase in the size of the kindergarten cohort. Additional infrastructure costs could be incurred in 2017 as the cohort moves into secondary school. Capital costs are not included in the recurrent cost considerations above.

Across the independent school sector as a whole, for the 4 years and 5 months option, the additional teaching staff required could be in the order of 16 teachers. For the 4 years and 6 months and the related range option, the additional teaching staff required could be in the order of 12 teachers30.

For the independent schooling sector, based on figures for 2002/03 published by the Productivity Commission31, with teacher costs of $4,037 per student, the teacher related costs in the first year could be in the order of $3.8m for the 4 years and 5 months option and $2.6m for the 4 years and 6 months option and the related range option.

These projected costs are included in the recurrent cost calculations above.

2.5.4 Impact of the options

In any of the options that move from 4 years and 8 months, there will be costs, benefits, risks and opportunities for the Victorian independent school sector. The overall level of change would be greatest should the option of 4 years and 5 months be introduced as a common school starting age. The level of change would be less for 4 years and 6 months option or the range option of 4 years and 5 months to 4 years and 6 months. The Victorian independent school sector would, of course, be relatively unaffected by the introduction of 4 years and 8 months as the common school starting age or by the range option of 4 years and 5 months to 4 years and 8 months.

However, it should be noted that there is not a uniform minimum school starting age across the independent school sector. Individual schools make decisions about the appropriate minimum school starting age, taking into account factors such as their capacity and views of the parent community.

Under present arrangements, students in non-government schools attract government grants while they are in the year before Year 1, regardless of their age. Should the relationship between a common minimum school starting age and grant funding from State and Australian Governments change, an impact could be to reduce the current level of disparity in minimum starting ages across the sector. However, some schools may choose to enrol ‘unfunded’ students to ensure available places are filled into the future.

The independent school sector identified a number of educational risks associated with a younger minimum school starting age. In particular, the view was expressed that there may be risks in those instances where pedagogy was not changed in order to accommodate a

30 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

31 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
younger group of learners. In order to address this risk, there would be a need for supplementary funding to ensure that Prep teachers in particular would have professional learning opportunities to acquire the appropriate knowledge and skills.

In relation to risks associated with a larger introductory cohort, concern was expressed that some schools may find themselves under resource pressure to respond to students with learning difficulties. There could be instances where a greater number of students in a stream made it more difficult to identify students who needed additional learning support.

Another area of risk concerned instances where schools felt under pressure to enrol students even though space and facilities may be inadequate. One example cited was where schools may feel compelled to enrol younger siblings even though places in normal circumstances may not have been made available.

In terms of opportunities arising from a younger minimum school starting age, amongst the most prominent was the opportunity for parents to have a greater range of time during which they could make decisions about the readiness of their children for formal schooling. Opportunities for some children to develop formal learning skills earlier were identified. Also noted were opportunities for earlier identification of children with learning difficulties.

The independent sector also identified opportunities for families arising from the relief that some would obtain in relation to child care costs. In addition, there would be opportunities for some parents to re-enter the workforce earlier than under present arrangements. For those families moving between states, there could be significant benefits as a common minimum school starting age would have the effect of removing a possible barrier to taking up employment in another state or territory. Reducing the pressure on pre-school places was seen as an opportunity, especially where demand was currently unmet.

2.5.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the current situation is that the year before Year 1 is called Prep. The year prior to Prep is generally called kindergarten, although terms such as pre-school and early learning centres are also used to describe prior-to-school provision, including child care.

No significant costs to the independent school sector arising from a change in nomenclature around the early years of schooling were identified. Issues such as changes in signage were perceived as ones which individual schools would manage in the normal course of their activities. No actual cost estimates were provided by the sector.

Benefits in relation to a common nomenclature across the nation were identified by the Victorian independent school sector. The principal benefit concerned the extent to which students would find movement from one state to another generally easier, increasing the continuity of their schooling.

2.5.6 Conclusion

A key consideration in the cost/benefit analysis insofar as the Victorian independent school sector is concerned is that it is a relatively differentiated sector. There are limitations on the extent to which firm conclusions can be drawn about the extent of the likely impact arising from any of the options that move towards a younger minimum school starting age. Individual schools would make decisions based on factors such as infrastructure capacity and their plans for growth.

Individual schools in the sector would also take account of the extent to which additional students in the cohort would generate increased revenue from government grants and
private sources, including fees. Where schools had capacity to enrol additional students in a cohort without significantly affecting accommodation or other infrastructure, the increased revenue could be seen as attractive. The independent school sector believes, however, that, only a relatively small number of schools may have the capacity to absorb an increase in the size of the cohort in 2010 under any of the younger age options.
Chapter 3: Queensland

3.1 The State Overview

3.1.1 Current Situation

The position in Queensland in relation to the minimum school starting age needs to take account of current movement toward the establishment of a non-compulsory full time year before Year 1, to be known as the Preparator year (Prep). To reflect the introduction of Prep, the minimum school starting age is being changed from 5 years (for Year 1, as the current first year of school) to 4 years and 6 months (for Prep, as the new and non-compulsory first year of school) as of January 1 in the year of enrolment. That is, children will be eligible for enrolment at school at the commencement of the year in which they will turn 5 years of age by 30 June. Both the provision of full time Prep and a minimum school starting age of 4 years and 6 months will apply from 2007.

Accompanying the introduction of Prep with a minimum school starting age of 4 years and 6 months, consideration is being given to legislation that will set a minimum Year 1 entry age of 5 years and 6 months. The maximum compulsory age will be 6 years and 6 months, by which time a child must be enrolled in school. At present, Queensland does not have a universally available year of school prior to Year 1. The sessional pre-school programme is not considered to be ‘school’ because it is not available in all schools and is not legislatively defined as such.

When full time Prep is fully implemented from 2007, it is proposed that current practice around age/grade placement would be applied to the new arrangements. This would mean that children whose entry to school is delayed beyond the minimum age by their parents would forego the non-compulsory Prep year. However, exceptions will be made where the child is not ready to commence Year 1, and so there is still limited potential for an age range within the cohort in the order of 18 months.

The introduction of a full time Prep year in all schools is a major change for schools and for parents. Therefore, prior to 2007, the choices parents will make in 2007 and beyond with regard to enrolment in full time Prep or remaining with a programme in a child care setting can only be speculation.

From 2007, with the addition of the Prep year to schools, parents would have two start-of-year opportunities to enrol their children at school: in either Prep, or in Year 1. It is acknowledged that parents will make different choices about early education and care for their children and some parents may prefer that their child commences school in Year 1 so that they can remain in a child care setting or at home. Where parents choose to delay entry to school, their child would commence by the compulsory age, generally in Year 1. However the child may be enrolled in Prep if he or she is considered not ready for entry to Year 1.

It would appear from the available data from Western Australia when a similar move was made, that most parents will opt for the earliest eligible entry for their children. There is acknowledgment that this situation may be likely to occur in Queensland.

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Subject to further consultation and finalisation of the legislative process.
It is current practice that schools in the Catholic sector and the great majority of independent schools follow government school practice regarding the minimum school starting age. This is likely to continue with the changes to the full time year before Year 1 and the new minimum school starting age.

Prep was trialled in 2003-04 and is currently being phased in. Infrastructure planning is well underway in all three school sectors preparing for full implementation in 2007. In the government school sector, sessional pre-school is being replaced by full time Prep. From 2007, the government school sector will no longer operate pre-school services. The State Government, however, will continue to fund the Crèche and Kindergarten Association to provide community based early childhood services, to be known generally as kindergarten, in the year before Prep.

In introducing Prep along with a change in the minimum school starting age, the Prep cohort in 2007 will be a half cohort. This will occur because pre-school is currently available to children who turn 5 years of age in the year of pre-school entry. Thus, half of the normally anticipated Prep cohort in 2007 would have been eligible for pre-school in 2006. Rather than entering Prep in 2007, they will move directly to Year 1. A further group of children whose birthdays fall between July and December and who would normally have entered pre-school will not enter Prep until the following year.

In 2010, the 2007 half cohort will be in Year 3. The presence of this half cohort will have implications for the capacity of the total Queensland school education sector to respond to a possible change in the minimum school starting age.

### 3.1.2 Implications of the options

Table 3.a below shows the projected increase in the size of the introductory cohort under the nationally comparable model.

Delay trends in the model reflect the pattern of limited delay evident in the Queensland data. Current evidence from the Prep trial indicates a strong response from parents wanting to enrol their children at the earliest possible opportunity.

<table>
<thead>
<tr>
<th>Percentage change in cohort size</th>
<th>4 years and 8 months</th>
<th>4 years and 6 months (and 4 years and 5 months to 4 years and 6 months and 4 years and 5 months to 4 years and 8 months)</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>A decrease of up to 16.0 per cent in the introductory cohort, with these children entering Prep a full year later than the post 2007 arrangements. This smaller cohort would then progress through the subsequent years of schooling.</td>
<td>Stet</td>
<td>An increase of up to 7.9 per cent in the introductory cohort, with these children entering Prep a full year earlier than would be possible under the post 2007 arrangements. This larger cohort would then progress through the subsequent years of schooling.</td>
<td></td>
</tr>
<tr>
<td>Change in age of cohort</td>
<td>Stet</td>
<td>Children entering Prep up to 1 month younger than the youngest children under the post 2007 arrangements.</td>
<td></td>
</tr>
<tr>
<td>Children entering Prep who are up to 2 months older than the oldest children under the post 2007 arrangements.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The data indicate that, for the 4 years and 5 months option, 95 per cent of children would be ‘prompt starters’. For the 4 years and 8 months option, the data indicate that 96 per cent of children would be ‘prompt starters’.

This small delay element is at odds with data from New South Wales and Victoria that indicate a very much reduced prompt starter effect, especially for July birthdays. However, there are no data in Queensland about likely July birthday enrolments and the sectoral information is that few parents would be likely to delay entry of their children to school. This may be reinforced by issues around placement of children whose entry to school is delayed.

For Queensland overall, any change in the post 2007 minimum school starting age of 4 years and 6 months would produce either a larger or smaller cohort of students in the year of introduction. A smaller cohort would occur if the option of 4 years and 8 months were to be agreed upon. If the option of 4 years and 5 months were to be agreed upon, the effect would be to increase the size of the introductory cohort. If either of the range options were agreed, Queensland would retain its 4 years and 6 months minimum school starting age.

If change were introduced in 2010, the affected cohort would proceed over the 13 years of schooling. In 2022, the total student population in Queensland schools would return to a ‘normal’ level, with ‘normal’ being defined as including the full Prep year. For the option of 4 years and 6 months or either of the range options, Queensland would be unaffected.

For the 4 years and 8 months option, in the year of introduction of a new minimum school starting age and in each year thereafter, some children who could, from 2007, enter school under the 4 years and 6 months arrangement, would be precluded from entering school for a full year. These children would have May or June birthdays. This group of children would complete school and enter the tertiary sector or the workforce one year later than under post 2007 arrangements.

For the 4 years and 5 months option, in the year of introduction of a new minimum school starting age and in each year thereafter, some children who, from 2007, would not be able to enter school under the 4 years and 6 months arrangement, would be able to commence school a full year earlier. These children would have a July birthday. This group of children would complete school and enter the tertiary sector or the workforce one year earlier than under post 2007 arrangements.

The effect of the increase or decrease in enrolments in the first year may fall unevenly. The factors contributing to this include population growth differentials across geographical areas. The three school sectors noted the current level of population growth in Queensland and its impact in particular in the south east region of the State.

Under the 4 years and 8 months option, the effect of a decreased cohort is likely to have a limited impact across the three school education sectors. For the government school sector, many schools are located in areas with growing populations. It is likely that the reduction in the size of the cohort caused by the 4 years and 8 months option would be balanced to a significant extent by increased student numbers associated with projected population growth. However, in some rural and remote areas where population is either static or declining, the option may have implications for staffing and school viability, with subsequent flow-on to local economies.

For independent schools, it is likely that many will access waiting lists to maintain their numbers. For Catholic schools, a similar approach would be likely in the south east region of the State, so that ‘normal’ enrolments would be approximately maintained in many
schools. Only in some rural and remote, and in some older city areas where student numbers were declining, would the option of 4 years and 8 months be likely to have an impact and implications for non-government school and sector management.

In those instances where Catholic and independent schools access their waiting lists in order to maintain enrolments, it is likely that one of the effects could be to further decrease the number of students seeking enrolment in government schools in 2010. However, this impact is likely to fall only in the growth areas of the State, thus somewhat ameliorating the overall effect on the government school sector.

Under the 4 years and 5 months option the effect of an increased cohort may vary among the school education sectors. One factor could be the capacity of non-government schools to absorb their share of the additional numbers. With sufficient lead time, it is likely that the great majority of schools in the independent school sector would be able to accommodate their share and possibly more of the additional introductory cohort. For many independent schools, these additional students would constitute a relatively small proportion of the projected growth in student numbers arising from the overall increase in the general population. Current plans for infrastructure development could well absorb the increase without additional costs being specifically attributed to the change to a younger minimum school starting age.

However, for some Catholic schools, issues such as site limitation and existing pressure on infrastructure may mean that not all of the increase in the size of the introductory cohort could be enrolled. Any increase in the cohort would tend to exacerbate current pressure on the Catholic school sector to absorb population increases in particular geographic areas.

Where Catholic schools were unable to enrol students in the introductory cohort, it is possible that the students would seek enrolment in either an independent or a government school rather than in a Catholic school in a location that could be more difficult to access. The effect could be to increase the relative share of the larger cohort across the government and independent sectors.

Educational arguments in Queensland in relation to a minimum school starting age focused primarily on the advantages of universal schooling for 5 year olds. The age of 4 years and 6 months was perceived as one which represented a ‘balance’. On the one hand, students from 2007 will be provided with an opportunity to commence formal schooling at the older end of the 4 years spectrum, with birthdays up to the end of June. On the other hand, 4 years and 6 months is perceived as ensuring that younger children whose birthdays fall after June would remain in the supportive environments of their families and in play-based care situations. In addition, 4 years and 6 months was perceived as one which was relatively straightforward and capable of ready comprehension by parents.

The minimum school starting age of 4 years and 6 months was also perceived as having the advantage of aligning relatively well with other states and territories as a mid-point school starting age. In particular, it was perceived as a sound position relative to the minimum school starting age in Victoria and in New South Wales, the states from which by far the greatest proportion of students transfer to Queensland.

### Cost/benefit modelling

The projected impact in the Queensland school sector of each of the options on the size of the cohort and the costs of servicing an increased cohort, or the savings associated with a decreased cohort, is summarised by option in Table 3.b below. All figures in Table 3.b derive from the nationally comparable cost/benefit model.
The model uses nationally comparable cohort and cost and benefit estimates based on the Australian Bureau of Statistics, the Australian Government Department of Education, Science and Training and the Department of Family and Community Services data sets. The figures in Table 3.b discount longer term economic costs and benefits to present value in order to realistically demonstrate the value of a younger or older school starting age in macro-economic terms.

The model provides a picture up until the introductory cohort retires from economic life in 2072. This is termed long term. All figures in the model reflect the economic costs and benefits applying to relevant years over that period. For example, school related figures are from 2010 to 2022. Post school education and training are from 2021 to 2030. Employment figures would commence in 2021 and cease in 2072, although they would be permanent beyond that time.

Because the impacts on most elements of the prior-to-school sector are permanent, they too are modelled over the entire period, but would continue. Pre-school (kindergarten) impacts are modelled for 2009 only. Vacation and outside school hours care implications are modelled while the introductory cohort is in primary school, to 2018. Transition costs are modelled over the first year or so of introduction of the changes.

The model at state level does not include dynamic employment effects produced because of common minimum school starting age and nomenclature. These have been modelled at national level but are not seen to be ‘safe’ at state level. All figures in the model are discounted to 2004-05 dollars.

Table 3.b Long term costs and benefits for Queensland based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
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</thead>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>$0</td>
<td>$0</td>
</tr>
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<td>$0</td>
<td>$0</td>
</tr>
<tr>
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<td>$0</td>
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<td>$0</td>
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<td>$0</td>
<td>$0</td>
</tr>
<tr>
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<td>$11</td>
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<td>$0</td>
</tr>
<tr>
<td>University</td>
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<td>$69</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
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<td>$0</td>
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</tr>
<tr>
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<td>$0</td>
</tr>
<tr>
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<td>$0</td>
<td>-$2,004</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

In addition, the figures derived from the model discount for delayed entry based on the 2003 enrolment pattern in Queensland, as revealed in data related to the trial of the Prep year. The model uses a nationally consistent approach to breaking the cohort down by age vis a vis the minimum school start date to discount for delay. However, no additional delay factor for July birthday children has been included.

In each of the scenarios, there are identifiable up-front costs to be paid or savings to be made by the schooling sectors. These, however, are relatively small compared with the discounted present value of the economic benefit or loss that occurs for the affected children, for their parents and for governments through taxation changes.
Under the 4 years and 8 months option, the overall saving to the total Queensland schooling sector over the 13 years in which the smaller cohort moves through the years of schooling would be in the order of $648m. Discounting for any capital costs, the saving to the schooling sectors in the introductory year would be in the order of $50m.

In the first year of implementation, a net cost in the order of $10m could occur in the prior-to-school sector. Much of this cost would need to be met by families who would have to meet the out-of-pocket expenses of prior-to-school provision for those children who, from 2010, would be precluded from entering the schooling sector for a further 12 months. It would also include an imputed cost for informal care. The total net cost would occur every year thereafter and would be indexed. The cost could be in the order of $626m over the 62 year period being modelled, discounted to 2004-05 dollars.

For pre-school (kindergarten), adjustments would be needed for 2009 only. For the 4 years and 8 months option, the number of children in pre-schools would have to be reduced by delaying enrolment of those children who, under the new minimum school starting age would not be able to enter school in 2010. The savings for the 4 years and 8 months option would be in the order of $10.6m.

The costs for the Australian Government are incorporated within the figures above. These costs would arise through increased child benefit payments as affected children would stay for a further year in the prior-to-school sector.

A longer term forgoing of income would occur because affected students would enter the workforce one year later than under the 4 years and 6 months minimum school starting age to be in place from 2007. This loss of anticipated income could amount to a figure in the order of $2,022m over the working lives of the individuals, discounted to 2004-05 dollars.

Under the 4 years and 5 months option, the total cost to the Queensland schooling sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $317m. Discounting for any capital costs, the costs to the schooling sector in the introductory year could be in the order of $25m.
In the first year of implementation, a net benefit in the order of $3m could accrue to the prior-to-school sector. This includes a saving to parents from no longer having to meet the out-of-pocket expenses of prior-to-school provision for those children who, from 2010, would be able to enter school 12 months earlier. It also includes an imputed benefit that would accrue to parents in relation to reduced need for informal care. This total net benefit would occur every year thereafter and would be indexed. The benefit could be in the order of $184m over the 62 year period being modelled, discounted to present value.

For the 4 years and 5 months option, the number of pre-school places would have to be increased in 2009 only for each child who, under the new minimum school starting age would be now able to enter school in 2010. The costs for the 4 years and 5 months option would be in the order of $5.2m.

The savings for the Australian Government are incorporated within the figures above. These savings would arise through decreased child benefit payments as affected children would leave the prior-to-school sector one year earlier than under the 4 years and 6 months minimum school starting age. However, these savings would probably be nominal as the children leaving child care would most likely be replaced by younger children.

A longer term increase in income would occur because affected students would enter the workforce one year earlier than under the 4 years and 6 months minimum school starting age to be in place from 2007. The increase in income would also occur because parents of the affected children would be able to re-enter the workforce one year earlier than under the 4 years and 6 months arrangements, or take income-imputed leisure. This extra income could amount to a figure in the order of $891m over the working lives of the individuals, discounted to present value. This figure is before income tax that would be paid by these individuals.

**3.1.4 Impact of the options**

For the 4 years and 8 month option, the nationally comparable model demonstrates that, while there may be up-front savings, there could be substantial long term economic or opportunity costs. For government, the decreased size of the economy arising from the implementation of an older minimum school starting age would lead to equivalent tax losses. Although considerably delayed, these losses would strongly outweigh the up-front savings of implementation.

The model shows increased costs in the prior-to-school child care sector generated as some children move one year later into the schooling sector. These costs are for Australian Government in terms of the Child Care Benefit and Rebates, and for parents in terms of the requirement to pay fees over and above benefit for a period of 12 months longer than would be the case under the post 2007 arrangements. Moreover, parents may also be precluded from re-entering the workforce during this period, thus reducing their overall income potential and government revenue through taxation.

The retention of affected older children in the prior-to-school sector for the additional year would exacerbate the current excess demand for places in high population growth areas, creating further cost pressures. Finding places in the prior-to-school sector for these older children could mean that some younger children may experience difficulty in gaining entry to the sector.

It should be noted, however, that the costs associated with these places are likely to be lower per capita than for the children entering the prior-to-school sector at the younger end of the age spectrum. These lower costs could translate into higher per capita profits for
private providers in the prior-to-school sector. The lower costs could translate into lower fees in relation to community child care provision.

While the savings are largely up-front, many costs occur both at the outset and would be permanent. For example, the costs from increased prior-to-school child care fees for parents whose children’s birthdays are in May and June are immediate and would occur for every cohort thereafter. The costs through loss of parental income to the economy would also be immediate and ongoing. Likewise, the child care costs to government would be immediate and ongoing.

For the affected children, starting school one year later, the lower economic returns come from a reduction of one year in the workforce compared to entry into the workforce under the post 2007 school starting age arrangements. These costs would be in the form of lost potential earnings and the loss of potential taxation revenue. While these opportunity costs would not occur until a future point, the figure in the model is the current value of the lost earnings and tax revenue.

In relation to the discussion above, a significant caveat should be noted. On the face of it, should the option of 4 years and 8 months be adopted, its impact would be to further reduce the size of the total school population in the years during which the 2007 and 2010 cohorts are at school. It would be assumed that this apparent reduction would generate a lower level of funding demand.

However, the school education sectors in Queensland are in reality funding an additional half cohort of students from 2007 and a full cohort each year thereafter. For the school education sectors, the cost is partially offset by the cessation of pre-school provision. From the 4 years and 8 months option there would be, at best, only some further reduction in funding pressure to support the Prep cohorts as they move through school.

Under the minimum school starting age option of 4 years and 5 months, the impacts would generally be the obverse of those under the 4 years and 8 months option.

For governments, the increased size of the economy would lead to equivalent tax benefits which, while considerably delayed, would strongly outweigh the up-front costs of implementation stemming from additional funding through government grants. An immediate effect, however, may be reduced money flows from the Australian Government for Child Care Benefits and Rebates.

Under the 4 years and 5 months option, the model shows savings in the prior-to-school child care sector generated as some children move earlier into the schooling sector. However, it is possible that in some areas of high demand there would be few savings for the Australian Government in the child care sector as current excess demand could lead to freed-up places being filled.

For parents, the 4 years and 5 months option would produce benefits from reduced costs of child care and an increase in disposable income. They would have increased opportunities to use the time formerly devoted to family child care to re-enter the workforce or to move from part time to full time employment or leisure activities.

While some of the benefits are clearly downstream effects and costs are largely up-front, many benefits occur from the outset and many are permanent. For example, the benefits to parents are immediate and ongoing. Any child care savings to government are also immediate and ongoing.

Under the 4 years and 5 months option, there would be a substantial economic benefit arising from a proportion of children entering the workforce one year earlier than they
would under the minimum school starting age operating from 2007. While these earnings would not occur until a future point, the figure in the model is the current value of the earnings.

As for the discussion in relation to the 4 years and 8 months option, a significant caveat should be noted for the 4 years and 5 months option. Should the option of 4 years and 5 months be adopted, its impact would be to further increase the effect of the additional 2007 half cohort on the total school population. In relation to this option, resources would be needed in addition to the already funded resources for the additional half cohort in 2007 and the full Prep cohorts every year thereafter.

Irrespective of the particular option that may be agreed upon, the implementation of a nationally common minimum school starting age could have a positive employment effect arising, for example, from a reduction in the number of students who repeat a year as a consequence of transferring across state and territory borders. The nationally comparable model assumes that greater contiguity arising from a common minimum school starting age would likely, albeit marginally, increase the overall skill level of school leavers as they would have gained the benefit of increased continuity in their schooling. Overall retention rates would be likely to increase slightly as students gain the benefits of reduced disruption to schooling arising from inter-state transfers.

There would also be a positive employment effect for parents arising from the introduction of a national common school starting age. Parents would benefit from the removal of one of the significant barriers to the mobility of the workforce across state and territory borders. The benefit would come from increased opportunities for employment and possible higher levels of remuneration.
3.2 Analysis of the Issues against the Terms of Reference

The minimum school starting age in Queensland will be 4 years and 6 months from 2007 with the introduction of a Prep year. That is, children will be able to start school if they will be 5 years of age by 30 June in the year of commencement.

All analysis in section 3.2 is based on the post 2007 position for Queensland. That is, the impacts detailed in section 3.2 are based on the assumption that the proposed changes regarding universal provision of Prep and a minimum school starting age of 4 years and 6 months have occurred.

The cost/benefit analysis involves the consideration of five options, of which three cover the current minimum school starting age in the State. Should any of these latter three options be adopted as the common school starting age, there would be no change for Queensland.

However, if either the 4 years and 5 months option or the 4 years and 8 months option is adopted, it would be necessary for Queensland to change the planned minimum school starting age. The outcomes that could be associated with either of these options are considered below.

3.2.1 Benefits of proposed changes to school starting age

With the planned introduction of Prep in Queensland from 2007, the State will be aligned with the other states and territories in the provision of 13 years of schooling. The minimum school starting age of 4 years and 6 months which accompanies the Prep reform was selected for its simplicity.

Furthermore, 4 years and 6 months was perceived as the median minimum school starting age relative to other states and territories to facilitate the smooth transfer of students entering and leaving the State. In this regard, the decision to have 4 years and 6 months as the minimum school starting age was also seen as consistent with recent reforms in Western Australia and those planned in the Northern Territory.

The scope and scale of the Prep reform has been and will be substantial. The reform constitutes one of the most far reaching changes in Queensland education. One of its key intended outcomes will be that Queensland will complete a national picture of universal provision of 13 years of schooling for all Australian children and young people. It is a reform that has focused on State priorities in education while also addressing national imperatives. Any move away from a minimum school starting age of 4 years and 6 months is likely to be perceived as placing elements of the reform at risk and as taking insufficient account of the commitment in Queensland to national issues around broad commonality in the provision of schooling.

The mooted changes to the compulsory school starting age in Queensland – that a child must commence school at the start of the year in which they will be 6 by 30 June – are designed in conjunction with the implementation of the Prep year and ensure that Prep is not compulsory. In other jurisdictions, school attendance can become compulsory for children who turn 6 towards the end of the year, and so are required to be in ‘school’. In those jurisdictions Prep enrolment meets the compulsory school requirements for those children.

Commonality of minimum school starting age is perceived as likely to bring identifiable educational benefits. These include the facilitation of cross-state student transfer in and out of Queensland schools. Students are likely to have greater continuity in their learning, with
benefits arising in relation to increased engagement in schooling, increased retention in school education and increase in the skill level that this produces.

Other benefits of commonality are likely to be associated with a reduction in cross-state friction in the labour market as parents recognise that one of the significant barriers to their employment mobility has been addressed. Indeed, the removal of this barrier is likely to have a positive economic effect by contributing to national capacity to address regionally based skills shortages. This is particularly important for Queensland, with a highly mobile population and strong economic growth.

However, it should be noted that the differences between jurisdictions in the level of parental choice about when their child starts school has implications for the degree of commonality which can be achieved. Commonality will be limited while some jurisdictions apply policies of placing late starters into Year 1 with their age cohort while others place them into the Year before Year 1, creating a wide age range within a cohort.

Of all the options, the 4 years and 6 months option was perceived as catering best for both sides of the educational argument around the issues of readiness and delay. It is perceived as the appropriate balance between the 4 years and 8 months option and the 4 years and 5 months option.

Moreover, the 4 years and 6 months option allows parents who may have been precluded from taking up full or part time employment to return to the workforce earlier than would be possible under an older minimum school starting age. For some families, the earlier opportunity for their children to commence formal schooling may represent a significant saving to the family budget through relief from child care costs. For families under economic pressure, such as single parent families, this earlier opportunity could be a significant benefit from the 4 years and 6 months option compared to an older minimum school starting age.

The 4 years and 6 months minimum school starting age is perceived as enabling children to enter school at a sufficiently early age in order for teachers to identify learning issues and to develop appropriate intervention and support programmes. There is recognition that, for some children, a delay of 12 months in formal school commencement could have significant impacts on their longer term learning.

At the same time, there are arguments in support of 4 years and 6 months which recognise key factors associated with an older minimum school starting age and delayed entry. A minimum school starting age of 4 years and 6 months is perceived as ensuring that young children have sufficient time in structured play-based learning in prior-to-school provision and can remain strongly connected to supportive and caring family environments.

As a ‘balanced’ minimum school starting age, 4 years and 6 months is perceived in Queensland as conforming to patterns of parental choice in relation to selection of the most appropriate age for commencement of schooling. In terms of the data from other states which indicate a substantial element of delay for children born in July, 4 years and 6 months is likely to meet the expectations of most parents and the school entry needs of their children.

While the nationally comparable cost/benefit analysis model demonstrates that there are likely to be significant economic benefits arising from the adoption of the 4 years and 5 months option, it also makes clear that substantial economic benefits would arise from the 4 years and 6 months option. However, the scale of the economic benefits decreases as the minimum school starting age moves toward the older end of the age spectrum.
Economic benefits would accrue to Queensland children and parents and to the wider Australian economy more from the younger than the older minimum school starting age options. Compared to the older age option, the economic benefits to the children who are able to enter school earlier arise from the opportunity they would have for earlier entry into the workforce and the consequent extension of their working lives.

The economic benefits to parents associated with the younger minimum school starting age option arise from the opportunities some would have for the earlier movement of their children out of the relatively expensive prior-to-school sector to the generally lower cost schooling sector. Benefits would accrue to these parents through cost transfers to government, the opportunity for earlier workforce re-entry and the imputed income from increased leisure time. The benefits would flow to the affected parents 12 months earlier than would be possible under the older minimum school starting age option.

In summary, 4 years and 6 months is widely perceived in Queensland as a balanced and reasonable approach to the complex educational, social and economic issues associated with age of school commencement. It addresses, in a simple and readily comprehensible way, issues associated with school ‘readiness’, parental choice, identification of learning needs and intervention, the nexus between play-based and formal learning, and the relationship between schooling and the economics of the family. At the same time, it acknowledges the importance of children experiencing an early childhood that is emotionally secure and developmentally appropriate.

### 3.2.2 Impact of changes in school cohort size over time

The following analysis of cohort impact is drawn from the nationally comparable cost/benefit analysis model. It is subject to caveats such as the capacity of sectors to absorb any increases associated with a younger minimum school starting age or their ability to maintain a normal cohort size by accessing waiting lists should an older minimum school starting age be agreed upon.

The introduction of the option of 4 years and 8 months as a common minimum school starting age in 2010 could delay the entry to school of a figure in the order of 8,166 Queensland children for a further 12 months. The introduction of the option of 4 years and 5 months as a common minimum school starting age in 2010 could enable a figure in the order of an extra 3,984 Queensland children to enter school one year earlier. For both options, the affected introductory cohort would proceed through the subsequent 12 years of schooling. Following cohorts would revert to a ‘normal’ size.

For the 4 years and 8 months option, the key impact of the decreased size of the introductory cohort would be the potential saving and, for the non-government school sectors, the loss of income associated with reduced government grants to service fewer students. All figures below are discounted to 2004-05 dollars.

For the Queensland schooling sector, the reductions in expenditure projected over the 13 years of schooling in the nationally comparable model could be in the order of $648m for the 4 years and 8 months option. For the 4 years and 5 months option, costs would be in the order of $317m.

Savings and costs would also extend into the training and tertiary education sectors. For the 4 years and 8 months option, savings in the sector would be in the order of $80m. For the 4 years and 5 months option, costs in the sector arising from the increased size of the introductory cohort would be in the order of $39m. However, these savings and costs, while presented in 2004-05 dollars, would not be realised or incurred until the cohort left school.

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3.2.3 Impact on the range and continuum of child care and education services (including issues around the entry to secondary school)

Should Queensland move to either a younger or older minimum school starting age, there would be impacts on the range and continuum of child care services. For the 4 years and 8 months option, children whose fifth birthday falls in May or June would be precluded from enrolling at school for a further 12 months. Consequently, the affected children would remain in the prior-to-school sector for a further 12 months, generating additional demand for available places in child care. For the 4 years and 5 months option, children whose birthdays fall in July would be able to commence school 12 months earlier than under a minimum school starting age of 4 years and 6 months.

From the 4 years and 8 months option, one of the impacts of the increased number of children seeking places in the prior-to-school sector could be to extend existing waiting lists in areas of high demand or increase the take up of available places in low demand areas.

Another impact could be a reduction in the number of places in prior-to-school provision for children who are 3 years of age and younger, to make places available for the increased number of 4 year olds. This could occur because the costs of regulated prior-to-school provision for younger children are generally higher than for older children.

The additional funding from parents and government required to service the prior-to-school child care sector under the 4 years and 8 months option may provide an opportunity for private providers to further expand provision in the sector. The fact that the additional children retained permanently in the sector represent the older end of the age spectrum may be seen as increasing commercial viability.

Equally, community based providers operating on a not-for-profit basis may identify an opportunity to increase the number of available places under the 4 years and 8 months option. However, many of these providers operate in leased facilities where there may be little opportunity to increase places because of limited space. Moreover, block grants may prove a limitation on the capacity of the sector to accept additional enrolments. Only in low demand areas, including rural areas, would it be likely that existing infrastructure could accommodate the increased number of children seeking places. The present difficulties in staffing centres in rural and remote areas could be exacerbated by the increased demand.

For the 4 years and 5 months option, the nationally comparable model shows that up to 4,000 places could become available in the Queensland prior-to-school sector in 2010. One of the impacts of the decreased number of children seeking places in the prior-to-school sector from this option could be to ease demand pressure for places in that year and in particular geographic areas.

Both options would also have an impact on the provision of vacation care and outside school hours care.

In relation to the 4 years and 8 months option, there would be a potential decrease in the size of the introductory Prep cohort in the order of 8,000 children. This would lead to a reduced demand for places in these school-related services. The decrease in the size of the cohort could result in an apparent saving to parents in the order of $10m for vacation and outside school hours care over the period to the end of primary school. For individual parents, these savings would represent costs put off for one year. However, this saving for parents would be a loss of income for providers.

The 4 years and 5 months option would also have an impact on the provision of vacation care and outside school hours care. While the increased cohort was at primary school, there
would be increased demand for places in these school related services. The increase in the size of the cohort could result in a cost to parents in the order of $2m for vacation and outside school hours care over the 8 years of primary schooling. This cost for parents would be additional income for providers.

These impacts are shown in Table 3.c below. Table 3c shows the costs over the first 4 years and then for the time the children are in primary school, to 2018.

**Table 3.c Impact on costs/savings for outside school hours and vacation care while the changed cohort is in primary school**

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<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
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<th>2012</th>
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<td>Queensland 4.8</td>
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</tbody>
</table>

The issue of the primary-secondary school interface was canvassed in the context of a common minimum school starting age. One of the views expressed was that the adoption of a common minimum school starting age may provide an opportunity to address, at a future point, a nationally common primary-secondary school interface. However, this was not a view shared across the sectors. In particular, the cost of moving one year of primary schooling into secondary schooling was seen as preclusive by the government school sector.

Along with most other states and territories, Queensland has given consideration to increasing the age at which students can leave school or participate in further training or employment. In fact, in Queensland, involvement in school, university, further training or work up to the equivalent of Year 11 is soon to be a legislated requirement.

One effect of a minimum school starting age of 4 years and 8 months would be to make the age profile of Year 11 students older. The impact of this minimum school starting age would be to ‘hold back’ students who under the 4 years and 6 months starting age would have been able to enter work one full year earlier. On the other hand, the 4 years and 5 months option would have the effect of making the overall age profile of the Year 11 cohort slightly younger. Some students would be able to enter the workforce one full year earlier than under the 4 years and 6 months option.

### 3.2.4 Impact on child care services and pre-school (kindergarten) education

The nationally comparable model shows that for the 4 years and 8 months option, some 8,000 additional places could be needed in Queensland pre-schools (kindergartens) in 2009. From 2010, however, a similar number of places would not be needed in child care services.

The model also shows that for the 4 years and 5 months option, up to 4,000 fewer places could be needed in pre-schools (kindergartens) in 2009. However, from 2010, a similar number of additional places would be needed in child care services.

For pre-schools (kindergartens), in relation to the 4 years and 8 months option, the number of places would have to be reduced in 2009 to avoid the need to repeat those children who could not enter school under the new minimum school starting age in 2010. This reduction would be one-off and limited to 2009 only. The obverse would occur for
the 4 years and 5 months option with an addition of one month to the pre-school (kindergarten) cohort in 2009 only.

The impacts on child care, however, would be permanent from 2010. Along with costs and benefits modelled for kindergarten in 2009, costs and benefits associated with these measures and impacts are shown in Table 3.d below. Costs and benefits for the prior-to-school child care sector are modelled to 2072. The impact of modelling costs in the child care sector to infinity at a discount rate to 2004-05 dollars would add approximately 25 per cent to each area.

Table 3.d Short, medium and long term impact on costs for child care services

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2010 to 2017</th>
<th>2010 to 2072</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 years and 5 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private long day care</td>
<td>$4.0</td>
<td>$3.8</td>
<td>$3.7</td>
<td>$3.5</td>
<td>$27.8</td>
<td>$94</td>
<td></td>
</tr>
<tr>
<td>Community based long day care</td>
<td>$1.0</td>
<td>$1.0</td>
<td>$0.9</td>
<td>$0.9</td>
<td>$6.9</td>
<td>$23</td>
<td></td>
</tr>
<tr>
<td>Family day care</td>
<td>$0.5</td>
<td>$0.5</td>
<td>$0.5</td>
<td>$0.5</td>
<td>$3.7</td>
<td>$12</td>
<td></td>
</tr>
<tr>
<td>Pre-school (kindergarten)</td>
<td>-$5.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal care</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$2.4</td>
<td>$8</td>
<td></td>
</tr>
<tr>
<td>Parental care only to age 5</td>
<td>$2.2</td>
<td>$2.2</td>
<td>$2.1</td>
<td>$2.0</td>
<td>$15.6</td>
<td>$53</td>
<td></td>
</tr>
<tr>
<td>4 years and 8 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private long day care</td>
<td>-$3.2</td>
<td>-$3.1</td>
<td>-$2.9</td>
<td>-$2.8</td>
<td>-$22.1</td>
<td>-$75</td>
<td></td>
</tr>
<tr>
<td>Community based long day care</td>
<td>-$0.6</td>
<td>-$0.6</td>
<td>-$0.6</td>
<td>-$0.6</td>
<td>-$4.5</td>
<td>-$15</td>
<td></td>
</tr>
<tr>
<td>Family day care</td>
<td>-$0.7</td>
<td>-$0.7</td>
<td>-$0.7</td>
<td>-$0.6</td>
<td>-$4.9</td>
<td>-$17</td>
<td></td>
</tr>
<tr>
<td>Pre-school</td>
<td>$10.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal care</td>
<td>-$0.7</td>
<td>-$0.6</td>
<td>-$0.6</td>
<td>-$0.6</td>
<td>-$4.6</td>
<td>-$15</td>
<td></td>
</tr>
<tr>
<td>Parental care only to age 5</td>
<td>-$23.4</td>
<td>-$22.4</td>
<td>-$21.5</td>
<td>-$20.6</td>
<td>-$161.8</td>
<td>-$549</td>
<td></td>
</tr>
</tbody>
</table>

The nationally comparable cost/benefit model indicates that the costs associated with the additional formal and informal provision of prior-to-school services for the 4 years and 8 months option could be in the order of $626m. These costs would be borne by the Australian Government, by parents and in part by the Queensland Government.

The nationally comparable cost/benefit analysis model indicates that the savings associated with the reduced demand for formal and informal prior-to-school services for the 4 years and 5 months option could be in the order of $184m. These savings would accrue to the Australian Government and to the affected parents through movement into the generally lower fee school environment.

3.2.5 Impact on the government and non-government school sectors

Each of the three Queensland schooling sectors would be affected by a move to either a younger or older minimum school starting age than the planned 4 years and 6 months. Under the options proposed, any decrease or increase would occur initially in 2010 and would move subsequently through the following 12 years of schooling until the students entered further training, tertiary studies or the workforce.

Should an older minimum school starting age be adopted nationally from 2010, an identified risk for Queensland children would be to preclude some of them from participation in the school education sector for a further 12 months. For all three sectors, there are likely to be negative impacts if a change in the magnitude of two months were to be made to the minimum school starting age that will accompany the Prep reform. Such a
change may mean that the level of certainty generated around the introduction of Prep would have been compromised.

The 4 years and 8 months option would reduce the opportunities that would exist under the 4 years and 6 months minimum school starting age to make early identification of children with learning difficulties and ensure that appropriate programmes can be implemented.

The major risk of the 4 years and 5 months option identified across the three Queensland schooling sectors related to the potential movement away from the planned 4 years and 6 months minimum school starting age. While the magnitude of the change would be less than for the 4 years and 8 months option, in a similar way it could impact negatively on the Prep reform and destabilise the certainty that many now be associated with the 2007 agenda.

One caveat should be noted in any consideration of the impact on Queensland schooling overall of a move to either an older or a younger minimum school starting age. The impact of a changed introductory cohort size is unlikely to fall proportionately across the three schooling sectors.

It is possible that, should the 4 years and 8 months option be adopted, many non-government schools will access waiting lists in order to maintain their normal 'cohort'. This could mean that, in some areas, there could be a further although small reduction in the number of students seeking places in government schools.

In relation to the 4 years and 5 months option, it is possible that the additional students would not be enrolled proportionately across the three sectors. Where non-government schools have no capacity to make additional places available, it is likely that there would be increased demand for places in government schools.

3.2.6 Impact on the different roles in funding of primary and secondary schools

The following analysis should be referenced against some important caveats. The data provided by the sectors indicate that, under either of the change options relevant to Queensland, there are likely to be factors that will reduce the extent of the impact. For example, in relation to the 4 years and 8 months option, schools in areas characterised by high population growth are likely to view the reduced number of students as a relatively minor issue and one that could be readily absorbed into school planning.

Similarly, in relation to the 4 years and 5 months option, many schools will have the capacity to absorb additional numbers without significant impact on staffing or infrastructure. Such caveats would have the effect of reducing savings and costs from those expressed in the nationally comparable model that follows.

The 4 years and 8 months option, if adopted as a common minimum school starting age, would reduce demand for funds from the Queensland State Government and from the Australian Government through recurrent funding and grants to schools. The reduced demand would be generated by the decrease in the size of the introductory cohort in 2010 and in the subsequent 12 years of schooling for the affected students. Thus, the reduced funding impacts would arise for both primary and secondary schooling. After 2022, the demand on governments for funding through recurrent funding and grants would return to ‘normal’.

The 4 years and 5 months option, if adopted as a common minimum school starting age, would increase demand for funds from the Queensland Government and from the
Australian Government. The increased demand would be generated by the increase in the size of the introductory cohort in 2010 and in the subsequent 12 years of schooling for the affected students. Thus, the increased funding impacts would arise for both primary and secondary schooling. After 2022, the demand on governments for funding would return to ‘normal’.

Table 3.e  School sector recurrent saving and cost impacts on the Australian Government, the State Government and private expenditure for both relevant options over 13 years of schooling, based on nationally comparable figures

<table>
<thead>
<tr>
<th></th>
<th>4 years and 8 months option</th>
<th>4 years and 5 months option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Government</td>
<td>$327.0</td>
<td>$32.9</td>
</tr>
<tr>
<td>Catholic</td>
<td>$44.9</td>
<td>$28.8</td>
</tr>
<tr>
<td>Independent</td>
<td>$33.3</td>
<td>$16.4</td>
</tr>
<tr>
<td>Total primary</td>
<td>$405.2</td>
<td>$78.1</td>
</tr>
<tr>
<td>Government</td>
<td>$153.9</td>
<td>$15.5</td>
</tr>
<tr>
<td>Catholic</td>
<td>$40.7</td>
<td>$23.4</td>
</tr>
<tr>
<td>Independent</td>
<td>$48.6</td>
<td>$16.6</td>
</tr>
<tr>
<td>Total secondary</td>
<td>$243.3</td>
<td>$55.5</td>
</tr>
<tr>
<td>Total overall</td>
<td>$648.4</td>
<td>$133.6</td>
</tr>
</tbody>
</table>

Under the nationally comparable model, the overall savings from the 4 years and 8 months option could be in the order of $648m over the 13 years of schooling, discounted to 2004-05 dollars. The overall school sector cost of the 4 years and 5 months option could be in the order of $317m.

In terms of the impact on Australian Government contributions to schooling in Queensland, the following figures can be extrapolated from the nationally comparable model. The school sector savings to the Australian Government of the 4 years and 8 months option could be in the order of $133.6m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the Australian Government of the 4 years and 5 months option could be in the order of $65.2m.

The school sector savings to the State Government of the 4 years and 8 months option could be in the order of $440.2m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the State Government of the 4 years and 5 months option could be in the order of $214.8m.

Funding from private sources, including fees, would include a substantial shift between the prior-to-school sector and the school sector. The school sector saving to families of the 4 years and 8 months option could be in the order of $74.6m over the 13 years of schooling, discounted to 2004 dollars. The school sector cost to families of the 4 years and 5 months option could be in the order of $36.4m.

It is possible to extrapolate from the 13 year data the recurrent savings and costs that would be incurred by the Australian Government, the Queensland State Government and by parents in 2010. Table 3.f below shows the first year recurrent school sector savings and costs that could be incurred in 2010 for each of the options. The savings and costs are broken down by contributor.
Table 3.f First year school sector recurrent savings and costs to the Australian Government, the State Government and parents for the two relevant options, based on nationally comparable data

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Government</td>
<td>$4.4</td>
<td>$37.6</td>
</tr>
<tr>
<td>Catholic</td>
<td>$3.9</td>
<td>$1.3</td>
</tr>
<tr>
<td>Independent</td>
<td>$2.2</td>
<td>$0.7</td>
</tr>
<tr>
<td>Total</td>
<td>$10.6</td>
<td>$39.6</td>
</tr>
</tbody>
</table>

In all cases, recurrent costs and savings would be similar over the first four years.

For the 4 years and 8 months option, there could be saving to the Australian Government in the order of $10.6m in the introductory year. For the 4 years and 5 months option, the cost to the Australian Government from the increased size of the cohort could be in the order of $5.2m, in the introductory year.

For the Queensland Government, the 4 years and 8 months option could lead to savings in the order of $39.6m in the introductory year. For the 4 years and 5 months option, the cost to the Queensland Government from the increased size of the cohort could be in the order of $19.3m in the introductory year.

Either of the options would have an impact on private recurrent income received by schools, principally in the form of fees and contributions. For the 4 years and 8 months option, there could be a reduction private recurrent school income in the order of $4.6m in the introductory year. This would represent a saving to families until the affected children commenced school. For the 4 years and 5 months option, there could be an increase in private recurrent income to schools in the order of $2.2m in the introductory year. This would represent a cost to families brought forward by 12 months through the earlier school commencement of affected children.

3.2.7 Impact on staffing

The impact on staffing of both of the relevant options is included in the cost measures associated with the nationally comparable model.

Across the Queensland school sector as a whole, for the 4 years and 8 months option and the related range option, the reduction in teaching staff required could be in the order of 327 teachers. For the 4 years and 5 months and the related range option, the increase in teaching staff required could be in the order of 159 teachers.

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,352 per student, the salary savings in the first year could be approximately $35.5m for the 4 years and 8 months option. Teacher related costs in the order of $17.3m could occur in the first year of the 4 years and 5 months option.

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33 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

34 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
For the older minimum school starting age option, there would be a reduced need for both teaching and non-teaching staff. This reduced staffing need would occur in the introductory cohort and as the cohort moves through the subsequent 12 years of schooling. All sectors indicated that reductions of these magnitudes, considered on a proportional basis by sector, could be absorbed and readily managed.

As the reduced cohort moves into secondary school, one of its impacts could be to provide temporary relief in some difficult-to-staff subject areas. In Queensland, as in many other jurisdictions, these areas include mathematics, the sciences, technology and languages.

In relation to the 4 years and 5 months option, it should be noted that in many schools likely to be affected by the younger minimum school starting age, the increased students may be absorbed with little discernible impact on staffing. Where the stream is ‘full’ in non-government sector schools, it is unlikely that an additional stream would be formed unless there were guarantees about its longer term viability. If additional classes in the non-government sectors were not formed, the additional staffing requirement would fall disproportionately on the government school sector.

### 3.2.8 Impact on infrastructure

For the option of 4 years and 8 months, it is possible that some schools may have excess infrastructure due to a small decrease in enrolments. However, it is likely that in many schools additional infrastructure that may have been freed up by the older age option would be directed toward those students enrolling as part of the normal growth pattern.

In relation to the 4 years and 5 months option, the analysis indicates that non-government schools would enrol the additional students where they had infrastructure capacity. If additional infrastructure were to be provided for the increase in the cohort, the non-government sectors would require capital funding up to $6m. However, this calculation is based on average figures and takes no account of current excess capacity within the sectors.

In the government sector, infrastructure costs could be minimised if the change in starting age were to coincide with the Prep reform in 2007. Because this management approach has been ruled out as likely to disrupt the Prep reform, the sector estimates that the infrastructure costs could be in the order of $8m.

Therefore, the maximum infrastructure costs could be in the order of $14m. These costs are not included in the costs and savings incorporated in the nationally comparable model.

### 3.2.9 Impact on school curriculum (including pre-school)

Curriculum related impacts arising from the introduction of either the 4 years and 8 months option or the 4 years and 5 months option were perceived as likely to be relatively limited in terms of cost. An increase of two months or a decrease of one month in the age profile of the cohort were generally viewed as being well within the capacity of the recently revised early years curriculum.

A view was expressed that there may be a need to provide further professional support for early years teachers in relation to either option. However, it was considered that any costs associated with professional learning could be readily absorbed.

One of the possible impacts of the 4 years and 8 months option was the limitations that could be placed on the early identification of students with learning needs. The fact that the affected students would be precluded from commencing school for a further 12 months was perceived as likely to increase the need for sustained intervention in their later schooling. The observation was also made that an older minimum school starting age may
require a closer level of liaison between prior-to-school providers and schools around the needs of these students.

3.2.10 Impact on nomenclature for the early years

Across the Queensland schooling sectors, the view was expressed that there would be benefits from a common national nomenclature around the early years of schooling. Comment was made on the degree of confusion for students, families, schools and educational administrators associated with the differing nomenclature across the states and territories.

In the Queensland context, the term Prep for the year before Year 1 was seen by many as appropriate and as enjoying a strong base of public support. However, some expressed the view that the retention of the term Prep should not preclude the State considering the benefits of a common nomenclature that may involve another term. In all of the argument around nomenclature, the view most consistently put was that it should be simple, readily comprehensible and reflect the continuity of schooling.

The major costs identified as likely to arise from the adoption of a common nomenclature other than Prep related to the changes that would be needed to signage and documents. In general, most costs were perceived as capable of being readily absorbed into ongoing management.

3.2.11 Impact on policy and legislation covering school starting/leaving ages (including the change management lessons)

Queensland has been one of the national leaders in work associated with raising the upper range of the compulsory age of schooling. As of 2006 the compulsory school leaving age will be raised to 16 or the completion of Year 10, whichever comes first. Then students enter the compulsory participation phase where they will have to participate in education or training for a further two years or until they have gained:

- a senior certificate
- a Certificate III vocational qualification, or
- until they turn 17 years of age.

Students in the compulsory participation phase can enter the workforce as long as they are working for at least 25 hours per week.

Should the option of 4 years and 8 months be adopted, one of its effects would be to increase the overall age profile of students. This could result in some students not being able to access alternative pathways as early as they may have should the minimum school starting age have been 4 years and 6 months. This may have a possible implication for the legislation. However, the issue would not arise until 2021 when the 2010 cohort reaches Year 11. This leaves more than sufficient lead time for investigative and preparatory work to be undertaken.

In relation to the 4 years and 5 months option, its effect would be to lower the overall age profile of students. This may have an impact on the maturity level of some students and is an issue that would need to be monitored as 2021 approaches.

A change to an older or younger minimum school starting age in 2010 would require amendment of the legislation as it is anticipated that new legislation to support the introduction of the Prep year in 2007 will identify a minimum school starting age. That is, from 2007 there will be a minimum school starting age of 5 years by 30 June.

From a management perspective, the preferred option in Queensland is the planned minimum school starting age of 4 years and 6 months at January 1 of the year of school
entry. If either of the range options were adopted, Queensland would continue to plan on the basis of 4 years and 6 months.

All three schooling sectors emphasised the scope and scale of the Prep reform. They indicated that any significant change in 2010 arising from a minimum school starting age other than 4 years and 6 months carried the risk of making the management of the Prep reform more difficult.

3.2.12 Impact on families

If the planned minimum school starting age of 4 years and 6 months were to become the basis of a common national minimum school starting age, most Queensland families would have continuing certainty about the arrangements that will apply to the entry of their children into school. The directions of the Prep reform would have been affirmed and clarity around the reform would have been further assured.

Should the option of 4 years and 8 months be adopted nationally, for some parents the effect could be to preclude the entry of their children to school for a further 12 months. Many families would face additional costs arising from the 4 years and 8 months option through the postponement of participation of their children in formal schooling. Some affected parents may identify risks in terms of the delayed assessment of their children and the inability of their children to access intervention programmes. For a number of parents, there would be continuing costs in the higher fee environment of the prior-to-school sector. Some parents would be precluded for a further year from workforce re-entry, thus affecting family incomes.

Should the option of 4 years and 5 months be adopted, those parents who wished to enrol their children at a younger age would be likely to identify the opportunity as a benefit to them and to their children.

Affected families may identify an educational benefit from the 4 years and 5 months option because it would enable the earlier participation of their children in formal schooling rather than remaining in child care. For some affected children, access to earlier identification and intervention may increase their learning outcomes over the longer term.

The cost/benefit model shows that, for the 4 years and 5 months option, there are potential economic benefits of a younger school starting age for the parents whose children would be able to commence school at a younger age. These parents would benefit from a shift out of the higher cost prior-to-school sector 12 months earlier than is possible under arrangements planned from 2007. The younger age option may also provide opportunity for affected parents to re-enter the workforce earlier.

In relation to the 4 years and 8 months option, in the first year of implementation, a cost of $59m could be incurred by families whose children were unable to move out of the higher cost formal and informal prior-to-school sector for a further 12 months than under current arrangements. Over the full 13 years of schooling, this cost could be in the order of $626m. This cost would be permanent for affected parents in all subsequent cohorts.

In addition, the affected parents could incur costs arising from their own delayed re-entry to the workforce. The imputed long term employment related costs arising from the older minimum school starting age could amount to a figure in the order of $445m. This cost would be associated with all future cohorts.

For the children unable to commence school for a further 12 months than under current arrangements, an economic cost would be incurred from their own contracted participation in the workforce. This longer term employment costs for affected children
could be in the order of $1,563m over the working lives of the individuals, discounted to 2004-05 dollars. This cost would be associated with all future cohorts.

In relation to the 4 years and 5 months option, in the first year of implementation, a benefit of $18m could accrue to families whose children are able to move out of the higher cost formal and informal prior-to-school sector 12 months earlier than under current arrangements. Over the full 13 years of schooling the benefit could be in the order of $184m. This benefit would be permanent for affected parents in all subsequent cohorts.

In addition, there would be a benefit to affected parents arising from their own earlier re-entry to the workforce. The imputed long term benefit arising from the younger minimum school starting age could amount to a figure in the order of $6m. This benefit would be associated with all future cohorts.

For the children able to commence school 12 months earlier than under current arrangements, an economic benefit would accrue through their extended participation in the workforce. This longer term employment benefit could be in the order of $763m over the working lives of the individuals, discounted to 2004-05 dollars. This benefit would be associated with all future cohorts.

3.2.13 Impact on Indigenous students and students with special needs

In general, both of the relevant change options were perceived as likely to have only minimal impact on provision for Indigenous students and students with special needs.

For those Indigenous students whose birthdays fall in May and June, there was a perceived possible impact from the 4 years and 8 months option in terms of them being precluded from access to formal schooling for a further 12 months compared to the planned 4 years and 6 months minimum school starting age. The earlier link to formal schooling made possible by 4 years and 6 months was perceived as a positive opportunity for many of these children and their families and as a likely positive outcome of the Prep reform.

Equally, a minimum school starting age of 4 years and 5 months was perceived as potentially benefiting affected Indigenous students by enabling them to gain even earlier access to formal schooling. On the other hand, a view was put that 4 years and 5 months may have a negative impact. In particular instances, it could separate Indigenous children ‘too soon’ from the supportive and culturally inclusive environment of their families.

For students with disabilities and learning difficulties, one of the views expressed was that, for those children with July birthdays, access to schooling 12 months earlier than would be possible under the planned 4 years and 6 months minimum school starting age could provide a benefit. This benefit would arise through access to resourced and well structured learning programmes as opposed to child care.

A contrary view was expressed which indicated that the ratio of adults to children in the prior-to-school sector may mean the level of support and intervention could be less in the schooling sector. In this view, the 4 years and 8 months option may be preferable as a minimum school starting age for children with disabilities.
3.2.14 Impact on school completion, tertiary entrance and entry to the workforce

The nationally comparable cost/benefit analysis model shows that, over the years of schooling to age 15, a figure in the order of 300,000 student movements occur in and out of Queensland. In any one year, the magnitude of inter-state movement is in the order of 27,000 students. Only approximately 5,700 of these movements each year, i.e. 63,000 over the age range to 15 years, is to or from Western Australia and the Northern Territory, the two jurisdictions that from 2007 will have the same minimum school starting age as Queensland. This means that, if all states and territories remained with their current or planned minimum school starting age, from 2007, 80 per cent of Queensland movements, or approximately 22,000 students each year, will move to or from a jurisdiction with a different minimum school starting age.

Each time students cross borders there is a risk that, because of confusion or age/grade misalignment in part associated with differences in the minimum school starting age between states and territories, they may fall out of alignment with the cohort that they left behind. This may result in them having to ’skip’ or ’repeat’ a year of schooling. Many of these students are likely to experience an effect that reduces their level of engagement with and success in schooling.

The nationally comparable model assumes that there will be some effect on school completions arising from the reduction of a barrier to transferability. The model assumes that the effect will not occur for every student who transfers from one state or territory to another. The model assumes conservatively that, should a common minimum school starting age be introduced, its effect on school completions would be in the order of a one per cent increase in the completion rate for those students who transfer among jurisdictions. In other words, one in every hundred movements will be more likely to complete school because the minimum starting age is common on a national basis.

Given the conservative assumptions in the nationally comparable model, it is possible that the adoption of a common minimum school starting age could increase the level of school completion in Queensland. There could be up to 220 more school completions each year across Queensland schools. This increased completion rate is likely to be permanent for all subsequent cohorts.

Should either 4 years and 8 months or 4 years and 5 months be adopted as a common minimum school starting age in 2010, the affected cohort would complete Year 12 in 2022. They would, in fact, begin to enter further training, tertiary education or the workforce from 2021 when some reach the upper compulsory age limit. The flow of the affected cohort under the relevant minimum school starting age options is shown in the Table 3.g below.

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35 Data for 2002-03 supplied by the Australian Bureau of Statistics in January 2005 as a result of a special request from the Australian Government Department of Education, Science and Training.
Table 3.g Projected post-school participation of the increase in the Queensland introductory cohort based on the nationally comparable model

| Numbers of affected students | 4 years and 8 months |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                             | 2021                 | 2022                 | 2023                 | 2024                 | 2025                 | 2026                 | 2027                 | 2028                 | 2029                 | 2030                 |
| VET                         | -674                 | -674                 | -674                 | -674                 | -517                 | -517                 | -517                 | -517                 | -517                 | -517                 |
| University                  | -7                   | -26                  | -699                 | -2,487               | -2,620               | -2,512               | -2,074               | -1,584               | -1,360               | -1,191               |
| FT employment               | .77                  | -.369                | -1,490               | -2,641               | -2,898               | -3,700               | -3,068               | -3,886               | -4,503               | -5,087               |
| PT employment               | -2,543               | -3,136               | -3,209               | -3,137               | -2,703               | -2,574               | -2,499               | -2,065               | -1,751               | -1,352               |

The long term costs or benefits associated with the affected introductory cohort in relation to further training, university and employment are shown in Table 3.h below.

Table 3.h Projected long term costs or benefits associated with the Queensland introductory cohort based on the nationally comparable model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 8 months ($m)</th>
<th>4 years and 5 months ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>$11</td>
<td>-$5</td>
</tr>
<tr>
<td>University</td>
<td>$60</td>
<td>-$34</td>
</tr>
<tr>
<td>Employment</td>
<td>-$2,104</td>
<td>$1,026</td>
</tr>
</tbody>
</table>

While there are potential savings or costs from the respective change options for both the VET and university sectors over the ten years of the model from 2021 to 2030, there are also potential losses and benefits respectively over the working lives of the affected individuals. Those who commenced school one year later under the 4 years and 8 months option would incur loss of income over their working lives. Those affected students who commenced school one year earlier under the 4 years and 5 months option would accrue additional income over their working lives. All costs and benefits in the Table are discounted to present value.

Although the VET and university sectors would have a long lead time to plan for the impact of the affected introductory cohort as it moves out of the schooling sector, it is not possible to predict with certainty the areas of training or further education that would be affected. The only assumption that could be made is that the affected cohort would be likely to take up further training or education in a similar pattern to other exiting cohorts in the years immediately prior to 2021.
3.3 Queensland Government School Sector

3.3.1 Current situation

The Queensland government school sector will implement a full time Preparatory year prior to Year 1, which will be universally available by 2007. The Prep year will be a non-compulsory year of school and to be eligible for enrolment children will need to be 5 years of age by 30 June in the year they commence. That is, the minimum school starting age will be 4 years and 6 months at January 1 of the year of commencement of school.

It is proposed that, from 2008, the compulsory age of schooling will start at the beginning of the year in which the child will be 6 years and 6 months of age by 30 June. From this point the child must be enrolled in and attending at least Year 1 in a non-state school or state school or be registered for home schooling. Prep enrolment will be considered for children of compulsory school age who are not ready to enter Year 1.

The demand for pre-school has traditionally been high in Queensland and it is anticipated that with the cessation of sessional pre-school provision at government schools, and commencement of full time Prep provision, Prep will be taken up by the great majority of eligible children.

The phasing in of the introduction of Prep will mean that from 2007 there will be availability of full time Prep for all eligible Queensland children. For those children who enter school when they are first eligible, 13 years of schooling will be available from 2007. For these children, there will be alignment with most other states and territories. However, children whose entry to school is delayed by one year could have 12 years of schooling compared to 13 years of schooling in most other jurisdictions if they are placed with their age cohort in Year 1.

3.3.2 Implications of the options

The Queensland government school sector would be affected by two of the options, viz 4 years and 8 months and 4 years and 5 months. Table 3.1 below shows the Queensland government school sector projections for the changed size of the introductory cohort against the relevant options. It also shows projections based on the nationally comparable model.

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland government school sector estimate of change in the cohort size</td>
<td>-6,800</td>
<td>3,400</td>
</tr>
<tr>
<td>Nationally comparable model estimate of change in the cohort size</td>
<td>-6,124</td>
<td>2,988</td>
</tr>
</tbody>
</table>

In considering these cohort figures, the following caveats should be noted.

- The nationally comparable figures above are calculated on the basis of the present pattern of delay evident in the Western Australian government school sector, a sector that has recently introduced similar reforms and policies. The calculations are based on
a 96 per cent ‘prompt starter’ effect for 4 years and 8 months option and a 95 per cent ‘prompt starter’ effect for the 4 years and 5 months option. There are yet no Queensland data available on which these calculations can be based. However, the Western Australia data are considered to be a fair representation of what is likely to occur in Queensland following the 2007 Prep reforms.

These data do not provide any evidence about delay trends for children with July birthdays. Should delay of children with July birthdays be greater than the present pattern, the numbers associated with the 4 years and 5 months option could be substantially smaller than the projections above.

- For the 4 years and 8 months option, it is possible that some schools in the non-government sectors may make places available to children who otherwise would have enrolled in a government school. Where this occurs, its effect would be to further reduce the size of the cohort in the government school sector.

- For the 4 years and 5 months option, it is possible that some schools in the non-government sectors may be unable to make places available to some children who otherwise would have been enrolled by them. Where this occurs, its effect would be to further increase the size of the cohort seeking enrolment in the government school sector.

Information provided by the government school sector indicates that, because of the level of planning for and commitment to the Prep changes which incorporate a minimum school starting age of 4 years and 6 months, either of the two change options would involve very significant risk and disruption. The clear preference within the government school sector is for 4 years and 6 months to be the common minimum school starting age. If either of the two range options were agreed upon as the national common minimum school starting age, the Queensland government school sector would opt to continue with 4 years and 6 months.

### 3.3.3 Cost/benefit modelling

The cost/benefit analysis modelled in Table 3.j below is based on nationally comparable assumptions. This modelling shows the potential savings and costs to the Queensland government school sector.

**Table 3.j Costs and benefits over the 13 years of schooling for the Queensland government school sector based on the nationally comparable cost/benefit analysis model**

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Primary</td>
<td>-$160</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$75</td>
</tr>
<tr>
<td>Total</td>
<td>-$235</td>
</tr>
</tbody>
</table>

Under the 4 years and 8 months option, Table 3.j shows that the potential saving to the Queensland government school sector over the 13 years in which the smaller cohort moves through the years of schooling could be in the order of $481m. Discounting for any capital costs, the potential saving to the government school sector in the introductory year could be in the order of $41m.

Under the 4 years and 5 months option, Table 3.j shows the cost to the Queensland government school sector over the 13 years in which the larger cohort moves through the
years of schooling could be in the order of $235m. Discounting for any capital costs, the cost to the government school sector in the introductory year could be in the order of $20m.

Table 3.k Sources of funding in the Queensland government school sector by option over the 13 years of schooling

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
<th>Overall costs</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>Overall costs</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>$327.0</td>
<td>$32.9</td>
<td>$277.8</td>
<td>$16.3</td>
<td>$-159.5</td>
<td>$-16.0</td>
<td>$-135.5</td>
<td>$-8.0</td>
</tr>
<tr>
<td>Secondary</td>
<td>$153.9</td>
<td>$15.5</td>
<td>$130.8</td>
<td>$7.7</td>
<td>$-75</td>
<td>$-7.5</td>
<td>$-63.8</td>
<td>$-3.8</td>
</tr>
</tbody>
</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>State sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>$44.24</td>
<td>$4.4</td>
<td>$37.6</td>
<td>$22.2</td>
<td>$-21.58</td>
<td>$-2.17</td>
<td>$-18.34</td>
</tr>
</tbody>
</table>

13 year costs based on sectoral cohort projections and nationally comparable costs

<table>
<thead>
<tr>
<th>State sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>$480.9</td>
<td>$48.3</td>
<td>$408.6</td>
<td>$24.0</td>
<td>$-234.6</td>
<td>$-23.6</td>
<td>$-199.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>$538.0</td>
<td>$54.0</td>
<td>$457.0</td>
<td>$26.9</td>
<td>$265.3</td>
<td>$26.7</td>
<td>$225.4</td>
</tr>
</tbody>
</table>

Table 3.k above shows the school sector cost and benefit shares of the Australian Government, the Queensland Government and parents arising from the changes associated with the relevant change options. The assumption in Table 3.k is that the sector would enrol or lose its ‘normal’ share of the affected students. For the 4 years and 8 months option, should the sector lose more children than its anticipated normal share to non-government schools, all figures would decrease to a commensurate level. For the 4 years and 5 months option, should the government school sector be required to enrol children who would otherwise have enrolled in non-government schools, all figures would increase to a commensurate level.

In terms of Australian Government funding for the 4 years and 8 months option, if the government sector were to lose its proportionate share of students from the introductory cohort, the savings could amount to a figure in the order of $4.4m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $48.3m. Calculated on the basis of the additional enrolment data advised by the government school sector, the saving to the Australian Government could be in the order of $54.0m.

For the 4 years and 5 months option, if the government sector were to enrol its normal share of additional students in the introductory cohort, the Australian Government would need to provide additional funding in the order of $2.2m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $23.6m. Calculated on the basis of the additional enrolment data advised by the government school sector, the additional amount required from Australian Government funding could be in the order of $26.7m.

In terms of State funding for the 4 years and 8 months option, if the government sector were to lose its proportionate share of students from the introductory cohort, the savings to the Queensland Government could amount to a figure in the order of $37.6m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $408.6m. Calculated on the basis of the additional enrolment data advised by the
government school sector, the saving to the Queensland Government could be in the order of $457m.

For the 4 years and 5 months option, if the government sector were to enrol its normal share of additional students in the introductory cohort, the Queensland Government would need to provide additional funding in the order of $18.3m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $199.3m. Calculated on the basis of the additional enrolment data advised by the government school sector, the additional amount required from State funding could be in the order of $225.4m.

In terms of private recurrent income for the 4 years and 8 months option, if the government sector were to lose its proportionate share of students from the introductory cohort, the savings to parents could amount to a figure in the order of $2.2m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $24m. Calculated on the basis of the additional enrolment data advised by the government school sector, the saving to parents could be in the order of $26.9m.

For the 4 years and 5 months option, if the government sector were to enrol its normal share of additional students in the introductory cohort, additional private recurrent funding in the order of $1.1m would be anticipated in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $11.7m. Calculated on the basis of the additional enrolment data advised by the government school sector, the additional amount from parents could be in the order of $13.3m.

The expenditure calculations in the nationally comparable cost/benefit analysis model reflect only truly recurrent items and exclude depreciation and user cost of capital. However, they are average costs, and do not reflect the excess capacity in any system to incorporate new students without fixed cost increases.

Such a figure would be reflected by the marginal cost to a system, a figure that has proved quite elusive in national literature. Various Senate inquiries have long recognised the nature of marginal costs but there are no national publications in education, including those published by the Productivity Commission that present a table of marginal costs for each jurisdiction.

During the data gathering for the cost/benefit analysis, various amounts were put forward by jurisdictions to indicate marginal costs. However, no one nationally comparable methodology was used. Therefore, as an acceptable rule of thumb across jurisdictions, the approach used in the calculation of the Enrolment Benchmark Adjustment to ‘notional costs’ has been used in this Report. This places notional costs at 50 per cent of average costs.

If notional cost figures are substituted for the cost estimates in the nationally comparable cost/benefit analysis model, the estimated impacts of each of the options on the

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Table 3.1 Government sector 13 year savings and costs using notional per capita cost estimates

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.5</td>
</tr>
<tr>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>Primary</td>
</tr>
<tr>
<td>Secondary</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

These figures show lower costs against the 4 years and 5 months option and lower savings against the 4 years and 8 months option than would have been anticipated using the nationally comparable data.

Table 3.m Comparison of 13 year resource flows under nationally comparable average cost and notional cost models

<table>
<thead>
<tr>
<th>Government school sector</th>
<th>4 years and 5 months based on national average cost modelling</th>
<th>4 years and 5 months based on notional cost modelling</th>
<th>4 years and 8 months based on national average cost modelling</th>
<th>4 years and 8 months based on notional cost modelling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4 years and 5 months</td>
<td>4 years and 8 months</td>
<td>4 years and 8 months</td>
<td>4 years and 8 months</td>
</tr>
<tr>
<td>Total</td>
<td>-$235</td>
<td>-$77</td>
<td>$481</td>
<td>$156</td>
</tr>
</tbody>
</table>

Over the 13 years of schooling for the introductory cohort, Table 3.m above shows the comparative cost/savings outcomes for the nationally comparable average and notional figures. The cost impact for the 4 years and 5 months option created by modelling notional costs is considerably reduced as is the saving impact for the 4 years and 8 months option.

Based on the nationally comparable model, approximately 6,124 fewer students would be enrolled in the introductory government school cohort under the 4 years and 8 months option. Approximately 3000 more students would be enrolled in government schools under the 4 years and 5 months option.

For the 4 years and 8 months option, the reduction in government school sector teaching staff required could be in the order of 306 teachers. For the 4 years and 5 months option, the reduction in teaching staff required could be in the order of 120 teachers.38

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission39, with teacher costs of $4,352 per student, the teacher related savings in the first year could be in the order of $26.7m for the 4 years and 8 months option. The teacher related costs could be in the order of $13m for the 4 years and 5 months option.

The Queensland government school sector identified costs related to infrastructure provision should the option of 4 years and 5 months be adopted. It was estimated that a figure in the order of $8m could be required to meet new capital and refurbishment requirements.

38 As a consistent rule of thumb across the Project, he number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

39 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
3.3.4 Impact of the options

In any of the options that move from 4 years and 6 months, there will be costs, benefits, risks and opportunities for the Queensland government school sector. The overall level of change would be greatest should the option of 4 years and 8 months be introduced as a common minimum school starting age. The level of change would be less for 4 years and 5 months. Either of the range options would have no impact as the Queensland government school sector would almost certainly opt for 4 years and 6 months.

In terms of costs and benefits associated with a change from 4 years and 6 months to 4 years and 8 months, both initial and medium term nominal savings would accrue to the Queensland Government through a decrease in the size of the introductory cohort. These would include savings associated with staffing, infrastructure, administration and related areas such as student transport. These savings would occur at the outset and for each year as the smaller cohort progresses through schooling and until the students progress into the tertiary sector.

In relation to facilities, the 4 years and 8 months option may assist the government school sector to manage facilities in the context of the additional demand generated by the 2007 Prep reform. In some schools, the reduced cohort could have the effect of freeing-up learning spaces and assisting schools in class organisation and learning programmes.

The reduced cohort may enable the government school sector to further extend capital refurbishment programmes and reduce the level of demand for demountable classrooms. In addition, a smaller cohort would be likely to lead to lower maintenance and recurrent costs for utilities as it may be possible to take some facilities off-line. It should be noted, however, that many costs associated with infrastructure are fixed costs and any reduction in cohort size is unlikely to impact on these costs.

The sector perceived the 4 years and 8 months option as having a potential impact in the area of student readiness for schooling. One of the views expressed was that the older school commencement age may increase the likelihood that a greater proportion of students would in fact be ready for the more formal aspects of school education. Particularly noted were issues in relation to the education of boys. It was felt that aspects of the research around the education of boys would be supportive of a move to an older minimum school starting age.

One of the observations made about a longer term impact of an older minimum school starting age was that some students would be older when they left school and entered university, further training or employment. The potentially greater maturity at this stage was seen as a possible benefit arising out of the older age option.

However, contrary views were expressed in relation to these issues in terms of likely impact of the 4 years and 8 months option. The current work in Queensland in association with the Prep trial and professional learning to support early years teachers were perceived as underpinning the capacity of the sector to meet the learning needs of a wide age range of students in the early years. The 4 years and 8 months option would narrow this range.

In particular, it was felt that the early years curriculum was based on a highly informed understanding of structured play-based learning and that students at the younger end of the age spectrum were well catered for. Moreover, the observation was made that a move to an older minimum school starting age may have the impact of making early years education overly formal. It could carry the risk of perhaps restricting teacher pedagogies and limiting the curriculum.
One of the areas explored by the government school sector in relation to the impact of the 4 years and 8 months option was its potential to negatively affect disadvantaged families. Any exacerbation of family disadvantage was perceived as likely to make some issues around schooling more difficult to address. In particular, reference was made to children living in poverty who, under the 4 years and 8 months option, may be precluded for a further 12 months from the educational and social advantages of engaging in schooling.

The 4 years and 5 months option was perceived as likely to have few significant impacts on the early years curriculum given the extensive work that has been undertaken in association with the universal provision of Prep from 2007. A view was expressed that, under the curriculum provision associated with early years schooling in Queensland, no child in an age range older than 4 years and 5 months would be disadvantaged in their learning. It was felt that early years teachers would readily adjust to a one month change in the minimum school starting age. It was noted that a reduction of one month was unlikely to so significantly extend the age range as to pose major challenges in classroom pedagogy.

However, a contrary view was expressed which suggested that a move to a younger minimum school starting age may re-open the debate about the capacity of classes with a wide range of ages to accommodate both play-based learning and more formal approaches.

One of the potential advantages of the 4 years and 5 months option was the opportunity that may arise for affected children to commence their schooling 12 months earlier than would be possible with a minimum school starting age of 4 years and 6 months. Some of these children may have learning difficulties that could be identified earlier and appropriate intervention programmes established.

Irrespective of the option that may be decided upon as the basis for national commonality of minimum school starting age in 2010, the sector expressed the view that one of the impacts would be to bring benefits in relation to those students and families who transfer from one state or territory to another. It was noted that a significant proportion of movements into Queensland are from New South Wales and Victoria. The disparity between the minimum school starting ages in these two states poses continuing management issues for Queensland government sector principals and schools.

Equally irrespective of the option that may be decided upon, the sector expressed the view that impact in the area of school classifications would be relatively minimal. The school classification model has tolerances which would generally cover the variation in cohort size associated with either of the change options. In any case, the greater potential impact on school classifications arises from geographically based demographics of rising or falling populations. An overall annual school population growth rate of 5 per cent means that a change in cohort size arising from the change options would be but one element of the dynamics for which the Queensland government school sector would need to plan. In particular areas where the population is increasing at a high rate, the effect of either of the change options could be well absorbed within present planning.

It should be noted, however, that in those parts of the State where the population is declining, either of the change options may have a more discernible affect. For the 4 years and 8 months option, it could be possible in some situations that the reduced size of the introductory cohort may raise issues about school viability and consequent flow-on effects into local economies. For the 4 years and 5 months option, it could be possible that small schools confronted by declining numbers may gain a temporary benefit from an increase in the size of the introductory cohort.

Critically, by far the greatest potential impact of any of the change options noted was that the change would come on top of a major reform in Queensland in relation to school
commencement. It was felt that the very substantial level of planning and communication undertaken to ensure the effective introduction of universal Prep provision from 2007 could be placed at risk by yet another significant change management undertaking. One of the issues alluded to by the sector was the possibility that public confidence could be eroded.

3.3.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the situation from 2007 will be that the year before Year 1 will be known as Prep, consistent with the nomenclature used in the trial and current phase-in period. Projecting ahead, services available in the year prior to Prep are likely to be called variously kindergarten, pre-school or early learning centre.

The Government funded programme, provided through the Crèche and Kindergarten Association, will continue to be known as kindergarten. Any change in the nomenclature of this service is likely to meet substantial opposition among early years educators in Queensland.

The term Prep has a strong basis in the process of community consultation undertaken around the 2007 reform. Any suggestion of change in nomenclature for this Year of schooling is likely to meet with a negative reaction across the government school sector and the wider community.

However, the term Prep in Queensland means something different to the definitions and understandings in most other jurisdictions in Australia. In Queensland, Prep is literally being seen as a preparatory year for school. It is seen as an optional year, not necessary for those children whose entry to school has been delayed past the minimum school starting age unless they show the need for a preparatory year. In other jurisdictions it is seen as the first year of school for all children, irrespective of their age at entry and their previous preparation for school.

No significant costs to the government school sector were identified as likely to arise from a change in nomenclature for either Prep or the year before Prep. Any cost areas identified included changes in signage, databases and the titles of curriculum documents. The cost implications associated with any change were seen as capable of being contained and managed. However, some potentially adverse impacts were identified in relation to data collection, analysis and software.

Any change to nomenclature that had implications for the years of schooling beyond Prep was perceived by the sector as likely to involve changes to legislation. This was especially in relation to the implications of nomenclature change for current work around the school leaving age. Because this legislation has recently been debated and accepted by the Queensland community, any change to it may involve a risk.

Opportunities and benefits in relation to a common nomenclature were identified by the Queensland government school sector. These primarily related to the positive impacts arising from all states and territories having a common nomenclature for the early years of schooling, especially for the year before Year 1. Common nomenclature was seen as likely to greatly assist families as they moved across state and territory borders.
3.3.6 Conclusion

Overall, for the Queensland government school sector, the implications of either of the relevant options mean a change in the size of the Prep cohort in 2010 and over their subsequent 12 years of schooling for the affected students. This change would come on top of the reform in 2007 that would see the introduction of Prep for students who will be 5 years of age by 30 June in the year of commencement.

For the 4 years and 8 months option, the smaller cohort passing through the government school sector could give rise to a saving in recurrent expenditure in the order of $481m, assuming that the full cost for each student could be realised as a saving. Of this amount, a figure in the order of $48m could be nominally realised by the end of the first year. For the 4 years and 5 months option, the overall costs could be in the order of $235m, with a figure in the order of $22m to be expended prior to or by the end of the first year.

The major risk identified by the Queensland government school sector arising from either of the change options relates to possible impact on current work in the introduction of Prep as the full time year of schooling prior to Year 1.

In terms of the introduction of a common nomenclature for the early years of schooling, no significant costs were identified. However, any change from Prep as the term for the year before Year 1 is likely to be regarded by many as a change that runs counter to the expressed wishes of the wider Queensland community. Moreover, any change in the term kindergarten is likely to encounter opposition from Queensland early learning educators.
3.4 Queensland Catholic School Sector

3.4.1 Current situation

By 2007, the minimum school starting age in Queensland Catholic sector schools will be 4 years and 6 months. In other words, children will be eligible for enrolment in Prep where they will turn 5 years of age before 30 June in the year of commencement. As with the other schooling sectors, the compulsory age of schooling will be 6 years and 6 months. There is a commitment to enrol all Catholic children on the understanding that places are available within existing resources.

This minimum starting age is being introduced in line with the establishment of a Prep year across Queensland schools. While most Catholic sector schools are staffed on a diocesan basis, broad policy approaches in areas such as the minimum school starting age are determined by the Catholic Education Office.

3.4.2 Implications of the options

The Queensland Catholic school sector would be affected by two of the options, viz, the 4 years and 5 months option and the 4 years and 8 months option. Should either of the range options be adopted, the Catholic school sector would most likely continue with 4 years and 6 months as this will be universal across the sector from 2007.

Table 3.o Projected cohort size for the Queensland Catholic school sector based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Number of affected students</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Nationally comparable model of change in the cohort size.</td>
</tr>
</tbody>
</table>

Table 3.o above, derived from the nationally comparable cost/benefit analysis model, indicates that the size of the Catholic school sector share of the introductory cohort in 2010 could decrease by 1,258 students for the 4 years and 8 months option. For the 4 years and 5 months option the cohort could increase by 624 students.

The figures in the national model are calculated on the basis of the present pattern of delay evident in the Queensland schooling sector. These data do not provide any evidence about delay trends for children with July birthdays. Should delay of children with July birthdays be greater than the present pattern, the numbers associated with the 4 years and 5 months option could be substantially smaller than the projections above.

The model has taken account of the projected population growth rates for Queensland as a whole and the likely Catholic sector share on the basis of current trends. Many schools in the Queensland Catholic sector are under the same pressure as government schools in terms of increasing enrolments brought about by the rapid rise in the Queensland population in particular geographic areas.

3.4.3 Cost/benefit modelling

Using the cohort size advice provided by the nationally comparable cost/benefit analysis model, the impact of each of the options in terms of costs or savings over the full 13 years of schooling can be demonstrated. This is shown in Table 3.p below.
Table 3.p Costs and savings over the 13 years of schooling for the Queensland Catholic school sector, based on the nationally comparable cost/benefit model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catholic Primary</td>
</tr>
<tr>
<td>4.5</td>
</tr>
<tr>
<td>-22</td>
</tr>
<tr>
<td>4.6</td>
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<tr>
<td>0</td>
</tr>
<tr>
<td>4.8</td>
</tr>
<tr>
<td>45</td>
</tr>
<tr>
<td>4.5 - 4.6</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>4.5 - 4.8</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>Catholic Secondary</td>
</tr>
<tr>
<td>-20</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>41</td>
</tr>
<tr>
<td>0</td>
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<tr>
<td>Total</td>
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<tr>
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<tr>
<td>0</td>
</tr>
<tr>
<td>86</td>
</tr>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

The calculations in Table 3.p above are based on the recurrent annual cost estimates per student provided by the State Government to the Australian Government Department of Education, Science and Training. The assumption accounts for all eligible students who would normally enrol in Catholic schools.

For the 4 years and 8 months option, the smaller initial cohort of students would lead to reduced recurrent funding throughout their school tenure. Using the nationally comparable data, the savings could be in the order of $86m over the 13 years of schooling. For the 4 years and 5 months option, the increase in the size of the introductory cohort could require additional funding in the order of $42m over the 13 years of schooling. There would be funding implications from either option for the Queensland Government and the Australian Government through recurrent expenditure and grants, and for private sources including fees.

For both relevant options, provided the share of students fell proportionately, the results of changing the minimum school starting age show a substantial potential outflow or inflow of resources from or to the Catholic school sector. However, in terms of the 4 years and 8 months option, it is possible that a number of schools in the sector may be able to maintain enrolments close to those normally anticipated through access to waiting lists. This would have the effect of reducing the outflow of resources from the sector.

For the 4 years and 5 months option, because many schools in the sector are currently operating at full capacity, without capital injections the increased flows would be likely to take place in the government school sector rather than in the Catholic school sector, with consequent changes in the proportional long term value of the sectors.

Table 3.q Sources of funding in the Queensland Catholic school sector by option over the 13 years of schooling

<table>
<thead>
<tr>
<th>Sources of funding in the Queensland Catholic school sector by option over the 13 years of schooling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs(-)/benefits(+) ($ million, 2004 05)</td>
</tr>
</tbody>
</table>

13 year primary and secondary costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Overall costs</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>Overall costs</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>$44.9</td>
<td>$28.8</td>
<td>$10.0</td>
<td>$6.1</td>
<td>-$21.9</td>
<td>-$14.1</td>
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<tr>
<td>Secondary</td>
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<td>$8.5</td>
<td>$8.8</td>
<td>-$20</td>
<td>-$11.4</td>
<td>-$4.2</td>
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</tbody>
</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Catholic sector</th>
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<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6.07</td>
<td>$3.9</td>
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<td>$0.8</td>
<td>-$2.96</td>
<td>-$1.90</td>
<td>-$0.66</td>
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</tbody>
</table>

13 year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Catholic sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>$85.6</td>
<td>$52.2</td>
<td>$18.5</td>
<td>$14.9</td>
<td>-$41.8</td>
<td>-$25.5</td>
<td>-$9.0</td>
</tr>
</tbody>
</table>
Table 3.q above shows the school sector cost and benefit shares of the Australian Government, the Queensland Government and parents arising from the changes associated with the relevant change options. The assumption in Table 3.q is that the Catholic school sector would enrol or lose its ‘normal’ share of the affected students. For the 4 years and 8 months option, should the sector enrol more children than its anticipated normal share, all figures would increase to a commensurate level. For the 4 years and 5 months option, should the sector be unable to enrol children who would otherwise have enrolled in Catholic schools, all figures would decrease to a commensurate level.

In terms of Australian Government funding for the 4 years and 8 months option, if the Catholic school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Australian Government could amount to a figure in the order of $3.9m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $52m.

For the 4 years and 5 months option, if the Catholic school sector were to enrol its normal share of additional students in the introductory cohort, the Australian Government would need to provide additional funding in the order of $1.9m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $25.5m.

In terms of State funding for the 4 years and 8 months option, if the Catholic school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Queensland State Government could amount to a figure in the order of $1.3m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $18.5m.

For the 4 years and 5 months option, if the Catholic school sector were to enrol its normal share of additional students in the introductory cohort, the State Government would need to provide additional funding in the order of $0.7m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $9m.

In terms of private recurrent income for the 4 years and 8 months option, if the Catholic school sector were to lose its proportionate share of students from the introductory cohort, the savings to parents could amount to a figure in the order of $0.8m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $14.9m.

For the 4 years and 5 months option, if the Catholic school sector were to enrol its normal share of additional students in the introductory cohort, additional private recurrent funding in the order of $0.4m would be anticipated in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $7.3m.

Across the Queensland Catholic school sector as a whole, for the 4 years and 8 months option, the reduction in teaching staff required could be in the order of 50 teachers. For the 4 years and 5 months option, the additional teaching staff required could be in the order of 25 teachers.

For the Queensland Catholic schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,352 per student, the teacher costs...
related savings in the first year could be in the order of $5.5m for the 4 years and 8 months option. There could be a first year cost in the order of $2.7m for the 4 years and 5 months option. These savings and costs are all included in the nationally comparable figures shown above.

In addition, the sector noted that there would be costs associated with the employment of teacher aides. However, as their conditions of employment are on the basis of hours worked, no costs could be projected. The sector also noted that for the 4 years and 8 months option, dioceses and schools would need to develop management plans in order to ensure that the reductions in staff arising from the smaller cohort would not raise industrial issues.

In terms of projected infrastructure costs, it can be extrapolated from cohort size data that, for the 4 years and 5 months option, the sector could need approximately 25 additional classroom learning spaces. At a unit cost of $150,000, the additional infrastructure funding could be in the order of $3.7m.

This figure represents the higher end of the scale as it is based on an average class size of 25 in Prep. It should also be noted that many schools within the sector are located on restricted sites and would not be able to provide additional accommodation. Furthermore, schools may not form additional streams unless the streams were to be viable and sustainable over the long term.

The sector noted that further infrastructure costs would be incurred in 2017 as the cohort moved into secondary school, and would anticipate that commensurate infrastructure costs would be incurred again. Neither of these infrastructure costs mentioned above are included in the recurrent cost considerations in the national model.

In relation to the 4 years and 8 months option, the sector noted that most costs associated with infrastructure are fixed. Difficulties would be posed for schools by having to maintain excess infrastructure but with a reduced income from grants and fees. It was felt however, that the overall level of underutilisation arising from the option would be relatively modest.

### 3.4.4 Impact of the options

In either of the options that move from 4 years and 6 months, there will be costs, benefits, risks and opportunities for the Queensland Catholic school sector. The overall level of change would be greatest should the option of 4 years and 8 months be introduced as a common minimum school starting age. The level of change would be less for 4 years and 5 months. The Queensland Catholic school sector would, of course, be unaffected by the introduction of 4 years and 6 months as the common school starting age or by either of the range options.

For either of the relevant change options, however, the size of the impacts are unlikely to be as great as predicted in the nationally comparable model. If schools in the Catholic sector were able to enrol students from waiting lists in order to compensate for the decline in the size of the cohort, the sector would not experience the projected level of impact. Information from the sector indicates that this is the most likely outcome of any move to an older minimum school starting age.

For the 4 years and 8 months option, the decrease in the introductory the cohort would fall unevenly across Queensland Catholic schools. In general, schools located in areas characterised by population increase would access waiting lists to maintain a ‘normal’ cohort size. These are principally schools located in the city and regional areas of the State, which are projected to continue to have significant population growth. In some of these
Schools, for example, it is projected that more than the half cohort of the 2007 Prep intake will be enrolled.

Schools in some rural and remote areas where population is either static or declining may experience a more discernible impact. It should be noted that, even in these schools, the number of students involved is likely to be small and that, of itself, a slight decrease in the size of the cohort may not necessarily raise issues in relation to school viability. By far the greater implication for the viability of these schools is likely to arise from general population decline in their location.

With regard to the 4 years and 5 months option, while it is sector policy to enrol all Catholic students who seek a place, it is unlikely that the Catholic school sector would be able to fund additional infrastructure for a temporary increase in the size in one cohort in particular locations. Any pressure on infrastructure in particular locations caused by an increased cohort size would possibly mean that some students seeking enrolment may be directed to another school. Hence, the lack of infrastructure capacity to enrol some of the additional students in the cohort could place additional pressure on the other two school sectors. This would decrease marginally the relative size of the Catholic school sector should the 4 years and 5 months option be adopted.

However, it should be noted that, for the 4 years and 5 months option, in most instances the additional number of students in the introductory cohort seeking places would be small. Many schools, already faced with a large population increase, would see the change brought about by a younger minimum school starting age as relatively insignificant. Moreover, there has been an extensive building and refurbishment programme in Catholic schools to cater for the Prep reform. In many cases, schools would be able to enrol the students without impact on planned staffing or infrastructure.

The Catholic school sector identified a number of risks that may be associated with the introduction of the 4 years and 8 months option as the nationally common minimum school starting age. One of the impacts would be a reduction in the level of funding at the individual school level for affected schools. In those instances where the reduction in the number of students had to be absorbed with no capacity to draw on waiting lists, there may be no opportunity for savings in areas such as staffing and infrastructure as the number of streams (classes) required would be unlikely to change. At the same time, the income from grants and private sources would have been reduced.

However, where reductions in staff did occur, the sector alluded to some particular difficulties that may arise in the area of staffing. A temporary decrease in the overall student population in some small schools may necessitate the short term displacement of both teaching and non-teaching staff. Where schools did not have the capacity to maintain employment during the period of the reduced cohort, there may be possible industrial impacts.

The Queensland Government has provided funds to the sector for infrastructure development in association with the introduction of Prep in 2007. Given that the 2007 Prep cohort will be a half cohort, some schools may find that they have excess infrastructure availability. Should the 4 years and 8 months option be adopted, one of its effects in these schools could be to further increase the amount of excess infrastructure. At the same time, schools would have to meet many of the costs in relation to utilities and maintenance.

In relation to facilities, the sector expressed the view that some schools would benefit from reduced pressure on available learning spaces. This could lead to the implementation of
intervention programmes for small student groups in dedicated areas or curriculum enrichment programmes made available to all students.

The sector identified potential impact on affected families that could arise from the 4 years and 8 months option. One of the impacts of the option would be to delay by 12 months entry to school of those students whose birthdays are in May and June. The need for the affected families to meet an additional year of child care costs was perceived by the sector as a major risk associated with the option. The sector also noted that some of the affected parents would be precluded for this period of time from re-entry to the workforce. The loss of potential income was perceived as likely to impact in a negative way on the standard of living of the affected families.

The sector acknowledged that, arising from the Prep trial, there has been a heightened awareness in Queensland of issues associated with school readiness. The minimum school starting age of 4 years and 6 months to apply from 2007 enjoys wide endorsement. However, the 4 years and 8 months option was perceived as offering a potential benefit for some students who may not be ‘ready’ for formal schooling at 4 years and 6 or 7 months. A further 12 months in a structured play-based child care environment or in the care of family members may provide a more appropriate basis for their formal schooling. Additionally, there may be benefits over time in that the age profile of the school population would be older. The maturity of students overall may be greater on entering secondary school and then moving into the tertiary education sector.

The Catholic school sector also identified a number of risks that could be associated with 4 years and 5 months as the nationally common minimum school starting age. It is possible that some schools would not be able to enrol the increased number of students in the cohort. Their class streams may be full or the school infrastructure may be insufficient. Where this occurs, it is possible that the dioceses may need to manage issues in relation to parental dissatisfaction.

As mentioned above, the minimum school starting age of 4 years and 6 months has come to enjoy wide endorsement across the Queensland community as an outcome of the Prep reform. Any move toward a younger minimum school starting age is likely to be perceived by many in the wider community as contrary to the arguments that led to the adoption of 4 years and 6 months.

While the sector acknowledged that a possible move to 4 years and 5 months would have only a minimal impact on curriculum and pedagogy, the view was expressed that account would need to be taken of the entry to school of some children 12 months earlier than would be the case under 4 years and 6 months. There may be a need to provide specific professional learning support for teachers to ensure the appropriateness of pedagogy for a younger cohort.

One of the possible effects of the 4 years and 5 months option could be to extend the length of waiting lists in some schools. The sector identified a present level of unmet demand for places in Catholic schools in a number of geographic areas. Any extension of waiting lists would be likely to increase overall parent anxiety about the possibility of their children having a Catholic education.

However, the 4 years and 5 months option was perceived by the sector as having a number of potential benefits. It was noted that affected Catholic families may benefit from the reduction in prior-to-school costs as their children would be able to commence school 12 months earlier. This earlier school commencement could be especially beneficial where families could have a better standard of living through lower imposts on the family budget and the possibility of earlier workforce re-entry.
By increasing the size of the introductory cohort, the 4 years and 5 months option was perceived by the sector as having possible benefits for some small schools. These schools, located principally in rural and remote locations, would be able to increase their overall enrolments and gain the benefit of the increased cohort for a period of 7 years, possibly also benefiting secondary schools at a later stage. Increased certainty around staffing and associated employment, such as providers of student transport, could have flow-on effects into local economies.

Irrespective of the options, the sector noted that there would be risks associated with a change from the minimum school starting age of 4 years and 6 months. The principal risk was that described by the sector as ‘change on change’, i.e. yet another change on top of the Prep reform. The view was expressed that such change would almost certainly lead to a high level of parent confusion and disaffection. Furthermore, there would be costs involved for government and the sector to explain the changes which could be perceived as representing a diversion of funds to a national issue that might more properly be spent on improving the quality of local educational provision.

3.4.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the situation from 2007 will be that the year before Year 1 will be called Prep. Prep will replace pre-school across the sector as the year before Year 1. However, some Catholic schools may continue to provide pre-school in the year before Prep after 2007.

The Catholic school sector expressed the view that it would be best to keep the nomenclature around the early years of schooling both simple and logical. The sector expressed a preference for the adoption of Prep as the nationally consistent term to describe the year before Year 1.

The sector recognised, however, that from 2007 well over 90 per cent of eligible Queensland children would be enrolled in Prep. For these children and their families, Prep will become effectively the first year of school. In terms of simplicity and logic, the adoption of a national nomenclature based on Year 1 to Year 13 was seen as having some appeal. In short, such a nomenclature would reflect the realities of schooling in Australia and would have the added advantage of not being subject to the differing philosophies across states and territories about approaches to provision in the first formal year of schooling. However, the sector noted that Prep will not be a compulsory year and may not be the first year for all students.

The sector identified a range of costs associated with any change in nomenclature around the early years of schooling. These included the areas of stationery, syllabus documents, handbooks, advertising, prospectuses, computer systems, etc.

3.4.6 Conclusion

Any conclusions about the impact of a younger minimum school starting age on the Queensland Catholic school sector needs to be cognizant of the reality that at the individual school level the number of students involved will be small. Should the 4 years and 8 months option be adopted, few schools would lose more than 3 students. Many of these schools would be able to fill these places by accessing their waiting lists and thus retaining a ‘normal’ cohort size. Indeed, the sector observed that some schools would manage the introduction of Prep by enrolling more than their half cohort of students.

Should the 4 years and 5 months option be adopted, the increased demand for places in most schools would be minimal. Only in schools with full Prep streams, where multi-age class configurations were not possible, is it likely that the enrolment of the additional
students might create difficulties. Thus, for either of the change options, it is likely that the sector overall will be relatively unaffected, although there may be particular impacts in some schools.

However, the sector identified risks that are likely to arise from any option that leads to a minimum school starting age other than 4 years and 6 months. The state-wide work around the introduction of Prep for all students has represented a substantial change in Queensland education and is impacting significantly on the Catholic school sector and its community. Any further change in an associated area would only serve to confuse the wider community and place at risk support for the changes that have already commenced.

In terms of a possible change in nomenclature around the early years of schooling, cost areas were identified but not quantified. The sector preference is for the retention of Prep as the term to describe the year before Year 1.
3.5 Queensland Independent School Sector

3.5.1 Current situation

By 2007, the minimum school starting age in the greater majority of Queensland independent sector schools will be 4 years and 6 months. In other words, children will be eligible for enrolment in Prep where they will turn 5 years of age before 30 June in the year of commencement. As with the other Queensland schooling sectors, the compulsory age of schooling will be 6 years and 6 months.

This minimum school starting age is being introduced in line with the establishment of a Prep year across Queensland schools. While all schools or school systems within the sector are managed independently, broad policy approaches are agreed across the sector in areas such as the minimum school starting age.

The independent school sector in Queensland is becoming well established in prior-to-school provision. This provision meets parent demand and provides a broad guarantee for enrolment in Prep.

The growth in the independent school sector cohort in Queensland has been approx 12 per cent in recent years, compared to 3 per cent growth in the school population overall. Between 2000 and 2004, the proportion of Queensland students attending independent primary schools increased from 8.4 per cent to 9.7 per cent. Over the same period, the proportion of Queensland students attending independent secondary schools increased from 16.6 per cent to 17.2 per cent.

Much of this expansion has been in the growth corridors, with the greater proportion of it being in low fee schools. These growth rates are projected by the sector to continue, although schools in some areas may be affected by a decline in the size of the local population.

3.5.2 Implications of the options

Under the nationally comparable cost/benefit analysis model, the Queensland independent school sector would be affected by two of the options, viz, the 4 years and 5 months option and the 4 years and 8 months option. For either of the range options, the independent school sector would retain 4 years and 6 months.

<table>
<thead>
<tr>
<th>Number of affected students</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Nationally comparable model of change in the cohort size.</td>
</tr>
</tbody>
</table>

Table 3.1 above, derived from the nationally comparable cost/benefit analysis model, indicates that the size of the introductory cohort in 2010 would decrease nominally by 776 students for the 4 years and 8 months option. For the 4 years and 5 months option the cohort would increase nominally by 378 students. The model assumes that the sector would either lose or take up its relative share of the overall cohort change.
The figures in the national model are calculated on the basis of the present pattern of delay evident in the Queensland schooling sector. These data do not provide any evidence about delay trends for children with July birthdays. Should delay of children with July birthdays be greater than the present pattern, the numbers associated with the 4 years and 5 months option could be substantially smaller than the projections above.

The model has also taken account of the projected population growth rates for Queensland as a whole and the likely independent sector share on the basis of current trends.

With some 160 schools across the sector, the nominal average decrease in the number of students per school for the 4 years and 8 months option would approximate 5. For the 4 years and 5 months option, the nominal average increase in the Prep cohort would be approximately 2 students per school.

### 3.5.3 Cost/benefit modelling

Using the cohort size advice provided by the nationally comparable cost/benefit analysis model, the impact of each of the options in terms of costs or savings over the full 13 years of schooling can be demonstrated.

**Table 3.s Costs and savings over the 13 years of schooling for the Queensland independent school sector, based on the nationally comparable model**

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Independent Primary</td>
<td>-$16</td>
</tr>
<tr>
<td>Independent Secondary</td>
<td>-$24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-$40</td>
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The calculations in Table 3.s above are based on the recurrent annual cost estimates per student provided by the State Government to the Australian Government Department of Education, Science and Training. The assumption accounts for all eligible students who would normally enrol in independent schools.

For the 4 years and 8 months option, the smaller initial cohort of students would lead to reduced recurrent funding throughout their school tenure. Using the nationally comparable data, the savings could be in the order of $82m over the 13 years of schooling. For the 4 years and 5 months option, the increase in the size of the introductory cohort could require additional funding in the order of $40m over the 13 years of schooling. There would be funding implications from either option for the Queensland State Government and the Australian Government through grants, and for private sources including fees.

For both relevant options, provided the share of students fell proportionately, the results of changing the minimum school starting age show a substantial potential outflow or inflow of resources from or to the independent school sector. However, in terms of the 4 years and 8 months option, it is possible that a number of schools in the sector may be able to maintain enrolments close to those normally anticipated through access to waiting lists. This would have the effect of reducing the outflow of resources from the sector.

For the 4 years and 5 months option, because many schools in the sector are currently operating at full capacity, without capital injections some of the increased flow would be likely to take place in the government school sector rather than in the independent school sector, with consequent changes in the relative long term value of the sectors.
Table 3.t  Sources of funding in the Queensland independent school sector by option over the 13 years of schooling

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Primary</td>
<td>$33.3</td>
<td>$16.4</td>
</tr>
<tr>
<td>Secondary</td>
<td>$48.6</td>
<td>$16.6</td>
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</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Independent sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.50</td>
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13 year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Independent sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
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<td>$81.9</td>
<td>$33.0</td>
<td>$13.2</td>
<td>$35.7</td>
<td>-$40.0</td>
<td>-$16.1</td>
<td>-$6.4</td>
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</tbody>
</table>

Table 3.t above shows the cost and benefit shares of the Australian Government, the Queensland Government and parents arising from the changes associated with the relevant change options for the independent school sector. The assumption in Table 3.t is that the independent school sector would enrol or lose its ‘normal’ share of the affected students. For the 4 years and 8 months option, should the sector enrol more children than its anticipated normal share, all figures would increase to a commensurate level. For the 4 years and 5 months option, should the sector be unable to enrol children who would otherwise have enrolled in independent schools, all figures would decrease to a commensurate level.

In terms of Australian Government funding for the 4 years and 8 months option, if the independent school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Australian Government could amount to a figure in the order of $2.2m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $33m.

For the 4 years and 5 months option, if the independent school sector were to enrol its normal share of additional students in the introductory cohort, the Australian Government would need to provide additional funding in the order of $1.1m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $16.1m.

In terms of State Government funding for the 4 years and 8 months option, if the independent school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Queensland Government could amount to a figure in the order of $0.7m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $13.2m.

For the 4 years and 5 months option, if the independent school sector were to enrol its normal share of additional students in the introductory cohort, the State Government would need to provide additional funding in the order of $0.4m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $6.4m.

In terms of private recurrent income for the 4 years and 8 months option, if the independent school sector were to lose its proportionate share of students from the introductory cohort, the savings to parents could amount to a figure in the order of $1.6m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $35.7m.
For the 4 years and 5 months option, if the independent school sector were to enrol its normal share of additional students in the introductory cohort, additional private recurrent funding in the order of $0.8m would be anticipated in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $17.4m.

Across the Queensland independent school sector as a whole, for the 4 years and 8 months option and the related range option, the reduction in teaching staff required could be in the order of 30 teachers. For the 4 years and 5 months option, the additional teaching staff required could be in the order of 15 teachers.

For the independent schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,352 per student, the teacher related savings in the first year could be in the order of $3.4m for the 4 years and 8 months option. For the 4 years and 5 months option the additional first year cost for teachers could be in the order of $1.6m. All staffing costs and savings are included in the national model figures cited above.

The sector noted that for the 4 years and 8 months option, schools would need to develop management plans in order to facilitate any reductions in staff that may be necessary as a result of the smaller cohort.

A number of strategies to manage reductions in staff are likely to be considered by schools in the independent sector. These could include increasing the number of teachers employed on a casual basis up to 2010 and forming multi-age classes in association with increased teacher aide hours. Schools may also give consideration to increasing the level of cross subsidisation from other Years. Another strategy for some schools could be to extend their school bus programme to reduce the impact of the smaller local cohort.

In terms of projected infrastructure costs, it can be extrapolated from cohort size data that, for the 4 years and 5 months option, the sector could need approximately 15 additional classroom learning spaces. At a unit cost of $150,000, the additional infrastructure funding could be in the order of $2.2m.

This figure represents the higher end of the scale as it is based on an average class size of 25 in Prep. These infrastructure costs are not included in the recurrent cost considerations.

In relation to the 4 years and 8 months option, the sector noted that most costs associated with infrastructure are fixed. Difficulties would be posed for schools by having to maintain excess infrastructure but with a reduced income from grants and fees. In particular, servicing the level of debt held by independent sector schools in areas with either stable or declining enrolments would become more difficult. It was felt however, that the overall level of under-utilisation arising from the option would be relatively modest.

3.5.4 Impact of the options

In either of the options that move from 4 years and 6 months, there would be costs, benefits, risks and opportunities for the Queensland independent school sector. The overall level of change would be greatest should the option of 4 years and 8 months be introduced as a common minimum school starting age. The level of change would be less

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42 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

43 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
for the 4 years and 5 months option. The Queensland independent school sector would, of course, be unaffected by the introduction of 4 years and 6 months as the common minimum school starting age or by either of the range options.

For either of the options, however, the size of the impacts are unlikely to be as great as predicted in the nationally comparable model. If schools in the independent sector were able to enrol students from waiting lists or out of area in order to compensate for the decline in the size of the cohort, the sector would not experience the projected level of impact. Information from the sector indicates that schools are likely to adopt strategies that will substantially minimise the impact of any move to an older minimum school starting age.

It should be noted, however, that there are no sectoral data to demonstrate the real extent of waiting lists in Queensland independent schools. Therefore, it is not possible to make projections about sectoral capacity to utilise waiting lists as a management strategy to reduce the impact of the 4 years and 8 months option.

The independent school sector identified a number of risks that could be associated with the introduction of the 4 years and 8 months option as the nationally common minimum school starting age. The sector made reference to what would probably be a small number of schools where difficulties may arise in relation to staffing. A temporary decrease in the overall student population in some older schools in inner-city areas may create the need to reduce staff.

Another possible affect of the 4 years and 8 months option could be to increase demand for places in independent sector pre-schools. The sector expressed the view that this would be managed at the local level by either increasing the number of available places or by extending waiting lists. The additional costs for parents associated with increased time in prior-to-school provision were noted by the sector. However, some schools may see increased demand for formal prior-to-school places as an opportunity to expand provision as a basis for underpinning school sector growth into the future.

In relation to the 4 years and 5 months option, the independent school sector noted that in areas of high population growth demand for places generally exceeds availability. If additional students were to seek enrolment under the younger age option it would be likely that many schools would respond by adding them to their waiting lists.

However, the sector also noted that the level of planning across the sector for projected growth meant that there would be instances where additional students in the affected cohort may gain a place in an independent school in 2010. There are unlikely to be many instances where independent schools would decline to enrol the additional students in the introductory cohort if they had available places. Apart from the numbers being small and unlikely to impact significantly on staffing or infrastructure, schools would typically regard them as part of the general increase in the student population.

The independent school sector identified a risk that could arise from the 4 years and 5 months option. In those independent schools operating a pre-Prep year, one of the effects could be to reduce the size of the pre-Prep cohort in 2010. However, the sector expressed the view that demand for places in the pre-Prep year would be strong and that most available places would be filled from waiting lists. Where it was not possible to backfill places, schools would cross-subsidise in order to maintain the level of prior-to-school provision.

Another risk identified by the sector related to the current introduction of Prep. Any move toward a change in the minimum school starting age is likely to be perceived by many in
the wider community as contrary to the arguments that led to the adoption of 4 years and 6 months. Another change just three years after the 2007 reform would be viewed by many within the sector as an unnecessary and unwelcome impost.

Irrespective of the options, the sector expressed the view that a change in minimum school starting age in 2010 would create confusion among parents. Moreover, the simplicity of 4 years and 6 months would be lost should either of the change options be adopted.

3.5.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the situation from 2007 will be that the year before Year 1 will be called Prep. Prep will replace pre-schools across the sectors in Queensland. However, the independent sector indicated that it will continue to offer and expand its prior-to-school provision after the introduction of Prep. In 2004, 117 of the some 160 schools in the sector offered a prior-to-school provision. The terms to describe this provision vary and include pre-school, preparatory classes and early learning centres.

The independent sector identified some confusion around the term ‘Prep’. From 2007, the term will apply on a State-wide basis to the year before Year 1. However, some independent primary schools have a long standing tradition of describing all their provision as ‘Preparatory’. Indeed, the term is often a part of the name of the school. As in other states, other independent schools use the term to describe the year 2 years before Year 1.

Given such issues, the independent school sector saw potential benefit in the achievement of a uniform nomenclature across Australia around the early years of schooling. One suggestion made was that the newly universal non-compulsory year could be termed Year 1, so that the full provision of schooling would be to Year 13. A strength of such a nomenclature model was perceived as its emphasis on the continuity of schooling while avoiding the difficulties of specific early years nomenclature that may have different meanings in different jurisdictions

The sector identified few costs associated with any change in nomenclature around the early years of schooling. In the main, the view was that costs could be readily absorbed over time.

3.5.6 Conclusion

The analysis shows that the Queensland independent school sector would, in reality, be largely unaffected by the introduction of either an older or a younger minimum school starting age in 2010. Should the 4 years and 8 months option be adopted, the majority of schools would most likely access waiting lists or introduce other strategies in order to maintain a ‘normal’ cohort size.

Should the 4 years and 5 months option be adopted, its most obvious effect would be to increase the size of waiting lists in areas with strong demand. Where schools are located in areas where the local population is declining, this option may provide an opportunity to increase school viability. Thus, for either of the change options, it is likely that the sector overall would be relatively unaffected, although there may be particular impacts in some schools.

While the sector identified few ‘internal’ risks associated with either of the change options, it noted that any adoption of an older or younger minimum school starting age in 2010 would be viewed by the wider community in a largely negative light. The Prep reform and the establishment of 4 years and 6 months as the minimum school starting age were perceived as well accepted, making any further change unnecessary.
In relation to a possible common nomenclature around the early years of schooling, the sector expressed the view that any costs would, in general, be able to be absorbed over time. Support was expressed for the achievement of a simple and readily comprehensible national nomenclature for the early years of schooling.
Chapter 4: South Australia

4.1 The State Overview

4.1.1 Current Situation

The current position in South Australia in relation to the minimum school starting age has been established for some time. It aligns with research and approaches that advocate an older school starting age with a great deal of additional support provided in the early years. In that regard, both the first year of school and the year prior-to-school are strongly supported and resourced by the South Australian Government.

In South Australia, children have to be 5 years of age on or before their date of enrolment. However, unique in any Australian jurisdiction other than the Northern Territory, children are enrolled at the commencement of any school term after turning 5 years of age. This procedure is known as ‘rolling enrolments’.

Rolling enrolments mean that the youngest children may be 4 years and 3 months as at January 1 of their first year of school, although they cannot commence school until they turn 5 years of age in that year. The compulsory age of schooling in South Australia is 6 years.

The first year of school is called Reception. While relatively young children are able to enter Reception in the second half of each year, it is common for most of those children to stay on in Reception the following year. In fact, 43 per cent of five year olds do a further year of Reception. Almost 30 per cent of a Reception cohort is made up of children who started Reception in the previous year. Thus the age range in Reception is extended to incorporate those children who will turn 5 between late January and the commencement of Term 4 in October and those children who turned 5 from May in the previous year and are doing a further year of Reception. Currently, by the end of the Reception year, Reception in South Australia has the greatest age range for the first year of school of any jurisdiction in Australia.

Those children who progress to Year 1 in the year following their first year in Reception become part of a ‘normal’ sized cohort in Year 1. The size of this cohort is termed ‘normal’ in this Report because it represents the ‘normal’ number of children that make up a Year cohort. Because many children do a further year in Reception, the size of this ‘normal’ cohort is considerably less than the total Reception cohort enrolled by the end of any year. The age range of a ‘normal’ cohort is also considerably less.

By ‘back casting’ from the age range of children in Year 1, the data indicate that the youngest students to go on are those whose 5th birthdays were in July of their Reception year. Children younger than this invariably do a further year in Reception. The data indicate that:

- No children with birthdays after July go directly to Year 1 in the following year. All do a further year in Reception.
- Only 5 per cent of children with July birthdays go directly to Year 1. This means that 95 per cent of children with July birthdays who enter school when they first become eligible do a further year of Reception following their year of school entry.
• Similarly, 7 per cent of children with June birthdays and 23 per cent of children with May birthdays go directly to Year 1 after their first year of Reception. This means that 77 per cent of children with May birthdays and 93 per cent of children with June birthdays who enter school when they first become eligible do a further year of Reception following their year of school entry.

• On average, 96 per cent of children with April birthdays and older go directly to Year 1 after completing their first year in Reception.

Thus, although few children with July birthdays go directly to Year 1, the fact that some do means that, on a nationally comparable basis, the South Australian school education system operates with an effective minimum school starting age of 4 years and 5 months. No child with a birthday younger than this proceeds directly to Year 1 following the first year in Reception.

The process of rolling enrolments at age 5 is generally implemented across each of the school education sectors in South Australia, with some individual school exceptions in the independent sector. Most schools in the Catholic sector do not have a Term 4 intake and some in both non-government sectors have only Term 1 and 3 intakes.

Schools in the government sector are generally staffed and funded by the State Government from the commencement of each school year on the basis of anticipated Term 2 enrolments. Additional resources are provided for Term 3 enrolments (½ FTE State funding) and then again for Term 4 enrolments (¼ FTE State funding). In the two non-government sectors, additional resources are added as enrolments increase throughout the year.

Australian Government funding is based on the August school census figures. However, only those children who are proceeding to Year 1 in the following year can be included in the census figures. Thus no Australian Government grants are provided for Reception children who enrol in Term 4 and Australian Government funding is provided for only 12 per cent of Reception children who enrol in Term 3. The full Australian Government grant is paid for all other Reception children.

Therefore, many of the resources for the group of children who move into Reception during the year, including staffing and infrastructure, are held in the school all year. This additional resource commitment for the students who go on to a further year in Reception is ongoing in that it is required for each Reception class each year. In this modelling exercise, any reduction in the need for these resources is therefore called a ‘permanent’ benefit.

One of the key educational considerations in the implementation of the rolling enrolment process is that children develop at different rates and need to become engaged in formal schooling only when they are ‘ready’. Readiness in this sense is related to age, with 5 years of age associated with the view that this is the appropriate minimum age at which children should generally commence formal schooling.

The relatively small Reception classes in the first semester of each year, and the inclusion of students from the previous Reception year who know the culture and expectations of the school, are seen to allow sufficient adult and peer support for new younger students to learn the ‘skills and drill’ of school. They also provide teachers with the time to ‘get to know’ their new students.

However, while many students have between five and seven terms of Reception under these arrangements, those who enter Reception at the commencement of Term 2 generally have only three terms of Reception before proceeding to Year 1. For the May, June and
July birthday students who enter Reception at the start of Term 3, those who progress directly to Year 1 have only two terms of Reception.

As part of the State Government commitment to early childhood education, South Australian children have access to Government provided kindergarten provision in the year prior to Reception. In addition, 25 independent schools have some form of pre-school service provision, including kindergarten. Consequently, most children attend kindergarten. Children from age 4 are provided with a minimum of 10 hours per week on a sessional basis.

With the exception of the 25 independent pre-schools, kindergarten is conducted by the government sector with both school education and children’s services under the one combined government department. Thus young children who will later enrol in independent or Catholic schools are generally enrolled in a government kindergarten the year before Reception. Enrolment in kindergarten occurs four terms before enrolment in Reception, with children able to commence in the term after they have turned 4 years of age. Under present policy, children are guaranteed four terms of kindergarten.

Kindergarten is generally conducted over four half days although, more recently, a two full day configuration has become an option. Especially in the government sector, there is continuing work towards establishment of kindergarten facilities on school sites to better support the implementation of the birth to 18 years approach inherent in the South Australian Curriculum, Standards and Accountability Framework.

On the face of it, there is little apparent evidence of delay in enrolment beyond the minimum starting age either in kindergarten or in Reception. Within current approaches, developmental differences can be addressed by either having children do a further year in Reception or supporting them to move forward early to Year 1. However, delay is inherent in having younger students do a further year in Reception, with the delay factor increasing the younger the student.

4.1.2 Implications of the options

For South Australia, any of the options for a common minimum school starting age would mean a change from current practice. A common minimum school starting age around practice in the other jurisdictions implies eligibility for enrolment at the commencement of the school year. Advice from all three schooling sectors in South Australia is that the offer to parents of an earlier school starting age than the current age of 5 years, and the possibility of a start-of-year commencement, would mean most parents would choose to enrol eligible children at the commencement of the school year. Thus, by parental choice, it is likely that the introduction of a common minimum school starting age would bring the practice of rolling enrolments to an end.

The flow-on effects of this change would probably include the implication that the current practice of having up to 41 per cent of students doing a further year in Reception would cease. Under a single start of year entry, all students would have completed a full year of Reception prior to Year 1. This would make the size of Reception cohort ‘normal’ after the introductory year of the change. That is, the cohort size would represent a normal range of ages, rather than the larger range enrolled in Reception at present.

The cessation of rolling enrolments that lead to few children needing to complete a further year of Reception would result in a reduced need for resources to support the present large Reception cohort size. The decreased need for resources for the Reception cohort of younger students would be permanent.
A further flow-on effect would impact on kindergarten. Children enrolling in kindergarten would also commence at the beginning of the school year so they could be provided with one full year of kindergarten prior to enrolment in Reception the following year. This would imply a change in the kindergarten minimum entry age, which is currently 4 years, to a minimum age one year younger than the agreed minimum school starting age. It would also imply a single start of year intake for kindergarten.

Because of the uniqueness of South Australia in terms of rolling enrolments, the impact of the minimum school starting age change options needs to be fully explained. Below is a detailed explanation of the potential impact of each option that examines the cohort by affected month of birthdays. It is necessary to show the impact at least at this level to understand the logic of the analysis.

For the purpose of understanding, the explanation below is expressed as if Terms 2 and 3 start at the end of April and July respectively. Thus the affected children would have May, June or July birthdays. The figures, however, and the analysis in the cost/benefit model, account for the actual dates of Term commencement. The figures use actual unit records to make the projections.

**Calculating the implications of the options on the introductory ‘normal’ cohort, with no ‘delay’ elements**

The Year 1 cohort, which is currently the first of the ‘normal’ size cohorts, comprises students whose birthdays fall before late April (depending on Term 2 starting dates). In addition, approximately 23 per cent of the children whose birthdays are in May and 7 per cent of children whose birthdays fall in June and who commenced school at the start of Term 3 (late July) progress directly to Year 1 at the end of their first school year. Moreover, approximately 5 per cent of children with July birthdays who enter school at the start of Term 3 also progress directly to Year 1 at the end of their first Reception year. As mentioned above, this means the effective minimum Reception starting age for South Australian students who continue to Year 1 is 4 years and 5 months.

The introduction of a common minimum school starting age of 4 years and 8 months would, therefore, exclude from the ‘normal’ cohort all continuing students born in May, June and July from enrolment in Reception for a further 12 months. This option would make the cohort older than the current ‘normal’ component of the cohort. The introductory cohort would be smaller than ‘normal’ because the younger children could not be enrolled. The smaller cohort would progress through the subsequent 12 years of schooling.

On the face of it, the 4 years and 8 months option should reduce the ‘normal’ cohort by 24.9 per cent or three months of the overall ‘normal’ cohort, that is 3 x 8.3 per cent. However, 77 per cent of May birthday children, 93 per cent June birthday children and 95 per cent of July birthday children do a further year of Reception. They are not counted in the ‘normal’ cohort.

Thus, from the loss of May birthdays, the ‘normal’ cohort would be reduced by 23 per cent of 8.3 per cent. This is the group of May birthday children that currently goes on directly to Year 1 at the end of their Reception year. The group represents 1.9 per cent of the cohort. The loss of the 7 per cent of June birthday students from the ‘normal’ cohort would reduce the cohort by 7 per cent of 8.3 per cent, which is 0.58 per cent. The loss of July birthdays would be 5 per cent of 8.3 per cent or 0.42 per cent. Adding these elements, the overall decrease in the ‘normal’ cohort associated with the 4 years and 8 months option would therefore be 2.9 per cent.
Assuming parents continue to enrol their children as soon as they are eligible, the option of 4 years and 6 months could involve the intake into the continuing ‘normal’ cohort of all of the students with May and June birthdays, rather than the current proportion of 23 per cent of May birthday students and 7 per cent of June birthday students. No July birthday students could enrol, so the ‘normal’ 5 per cent of July birthday children who progress directly to Year 1 at the end of the year would not be enrolled. This would make the average age of the new ‘normal’ cohort slightly younger. The introductory cohort would be slightly larger than ‘normal’. The larger cohort would progress through the subsequent 12 years of schooling.

On the face of it, the 4 years and 6 months option should reduce the ‘normal’ cohort by 8.3 per cent or one month (July) of the overall ‘normal’ cohort. However, only 5 per cent of July birthdays are continuing students and counted in the ‘normal’ cohort. Thus, the loss of the July birthday elements of the ‘normal’ cohort would reduce the cohort by 5 per cent of 8.3 per cent, which is 0.42 per cent.

However, the 4 years and 6 months option may see the group of students with May and June birthdays who currently do a further year in Reception go on to Year 1 to form part of the new ‘normal’ cohort. Because these students would start at the beginning of the school year, they would have a full year of Reception rather than the current two terms they receive.

Should this be the case, the ‘normal’ cohort would increase by 77 per cent of 8.3 per cent (6.4 per cent) and 93 per cent of 8.3 per cent (7.7 per cent), a total gain of 14.1 per cent. Thus, taking the loss of 0.42 per cent from the gain of 14.1 per cent, the net effect of the 4 years and 6 months option could be an increase in the introductory ‘normal’ cohort of approximately 13.7 per cent.

The inclusion of these students would make the average age of the continuing ‘normal’ cohort younger than at present. The introductory cohort could be slightly larger than ‘normal’. The larger cohort would progress through the subsequent 12 years of schooling.

The option of 4 years and 5 months would, on the face of it, virtually retain the status quo as this is the current minimum school starting age. However, should parents continue the practice of enrolling children as soon as they are eligible, the 4 years and 5 months option could involve the intake into the ‘normal’ cohort of all of the May, June and July birthdays, rather than only the current proportions who go on directly to Year 1.

On the same premises as used in the calculations above, for the 4 years and 5 months option, the ‘normal’ cohort would be increased by 77 per cent of 8.3 per cent (6.4 per cent) and 93 per cent of 8.3 per cent (7.7 per cent), and 95 per cent of 8.3 per cent (7.9 per cent) a total gain of 22 per cent.

The inclusion of these students would make the average age of the continuing ‘normal’ cohort younger again. The introductory cohort could be larger than ‘normal’. The larger cohort would progress through the subsequent 12 years of schooling.

**Calculating the implications of the options on the introductory ‘normal’ cohort, with ‘delay’ elements**

A caveat in relation to the potential increase in the size of the additional cohort for the 4 years and 6 months option and 4 years and 5 months option needs to be mentioned. The caveat relates to what could be interpreted as the present pattern of delay in enrolment of younger children, currently manifest through completing a further year in Reception. In the calculations above, all of the newly eligible May, June and July birthday students who
would have normally completed Reception after a further year in the grade were included in the ‘normal’ cohort. It is by adding these students to the introductory year that the increase in the size of the introductory ‘normal’ cohort occurs in the calculations.

However, this assumes that parents would continue to enrol their children at the earliest opportunity. This may not occur. The national data indicate that many parents in other jurisdictions delay entry of their May, June and especially July birthday children until the following year. Should this form of delay occur, the forecast increase in the introductory cohort built into the model may be limited.

Some indication of the current equivalent of a delay factor can be calculated for South Australia using the proportions of children from May to July who do a further year in Reception. These children virtually use the extra time in Reception to ‘delay’ their start of Year 1 by 12 months from the time when they could first have entered Year 1 under the current entry age requirements. Thus for South Australia, the delay factor could be approximately 77 per cent for May birthdays, 93 per cent for June birthdays and 95 per cent for July birthdays.

If this delay through completion of a further year of Reception were to translate to real delay under a common minimum school starting age, it is possible that, for the 4 years and 6 months option and the associated range option and the 4 years and 5 months option there would be a smaller than anticipated increase in the introductory cohort. If it were to translate at 100 per cent, there would be little increase in the size of the introductory cohort above a ‘normal’ cohort.

The new arrangements around a common minimum school starting age would mean that the cost burden of delay would be transferred from schools which currently resource delay through a further year in Reception, to parents. This cost shift would, of itself, decrease the likelihood of delay. However, given the indication across the sectors that many parents want entry to school for their children as early as possible, it is likely that the current pattern of delay manifest through completion of a further year in Reception would be reduced. Thus the final impact on the ‘normal’ introductory cohort would fall somewhere between calculations with no delay and those with delay presented above. This is further addressed below, with the proposition that a calculation be made in accordance with the nationally comparable approach used in most jurisdictions faced with a similar situation and procedures.

Calculating the implications of the options on the introductory and permanent Reception cohort, with the cessation of children completing a second year of Reception

In the discussion above, the premise has been a ‘normal’ cohort. A ‘normal’ cohort has been defined as those children who have four, three or two terms in Reception and then progress directly to Year 1 plus the students in Year 1 who had five, six or (for a small number) seven terms of Reception. The first year a ‘normal’ cohort emerges currently in South Australia is in Year 1. Prior to this, in Reception, the size of the cohort is inflated by the number of ‘young’ children who are enrolled anticipating a further year in Reception.

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44 That is those children who would be eligible but are considered too young to start school or parents do not want their children to be the youngest in the class. Their school commencement is delayed for 12 months.

45 On the face of it, their delay would increase the size of the following cohort. However, the pattern of delay would be likely to continue. Thus each year would have the same proportion of children wait until the year following their first eligibility before they enrolled. The size of each ensuing cohort would thus remain ‘normal’.
Regardless of the introductory impact on the size of the ‘normal’ cohort, another and larger factor would impact on the size of the Reception cohort. As noted in the introduction, for all of the minimum school starting age options, it is likely that the actual Reception year would be reduced by the curtailment of the option of a further year in Reception. Such a practice would be unlikely as all students would enter school at the start of the year, each completing a full year of Reception prior to graduation to Year 1.

Thus, from the changed introductory cohort size effect caused by each of the options would have to be subtracted the entire number of students who would normally do a further year in Reception. This group represents 30 per cent of the Reception year and is equivalent to 43 per cent of the ‘normal’ cohort. Overall, this impact would be far greater than the impact of the changed minimum school starting age on the introductory ‘normal’ cohort.

**Funding effects**

However, a further caveat is needed in the treatment of this group in the nationally comparable model. The model attributes an average annual cost to each of the increased or decreased students in the introductory cohort. In the case of payments by the South Australian Government and parents, this is not a reasonable approach.

As mentioned above, while a full year of State Government and parental resources is provided for all children entering school in Terms 1 and 2, those entering in Term 3 have only a half year of resources (½ FTE) and those entering in Term 4 have resources for only a quarter of a year (¼ FTE). In terms of South Australia Government funding and parental funding, the model for South Australia has been adjusted to weight the Term 3 enrolments at 50 per cent and the Term 4 enrolments at 25 per cent in terms of their generation of savings.

However, because Australian Government funding is provided on the basis of the August school census figures, the Term 4 cohort effects have been removed. Moreover, only 12 per cent of the Term 3 enrolments are entitled to Australian Government grants. Thus the figures for Australian Government funding have been reduced to reflect these modifications.

**Net effects**

If no ‘delay’ were to occur, that is all children in the affected months would enrol, the net cohort effect on Reception numbers in the introductory year would be a decrease of 46 per cent for the 4 years and 8 months option. With all of these children enrolling at the commencement of their first eligible year, the net cohort effect without a delay element would be a decrease of 29 per cent for the 4 years and 6 months option and a decrease of 21 per cent for the 4 years and 5 months option.

It is possible that the current numbers who do a further year in Reception could become a ‘delay’ element. That is all children in the affected months who presently would do a further year in Reception may not enrol, their parents preferring them to wait until the following year rather than being youngest in the cohort. With all of these children having their entry to school delayed until the following year, the net effect on Reception numbers in the introductory year would be a decrease of 46 per cent for the 4 years and 8 months option. The net effect without a delay element would be a decrease of 41 per cent for the 4 years and 6 months option and a decrease of 40 per cent for the 4 years and 5 months option.
Neither of these situations is likely to be the real outcome with the introduction of a common minimum school starting age in 2010. A mid range approach with some delay elements as occur in other jurisdictions needs to be used in the analysis.

A nationally consistent compromise

As shown above, modelling the cohort size based on all children with May, June and July birthdays enrolling and continuing increases the size of the ‘normal’ cohort. However, this is balanced out against the decreased cohort overall when the children unable to do a further year in Reception are taken out. The overall impact on savings would be lowest for this approach.

Modelling the cohort size based on taking out all children with May, June and July birthdays who complete Reception in the following year decreases the size of the ‘normal’ cohort. However, it does not provide as substantial a balance against the decreased size of the cohort overall when the children unable to do a further year in Reception are taken out. The overall impact on savings would be highest for this approach.

Neither approach is liable to be realistic. It is unlikely that all children who now do a further year in Reception would enrol at the commencement of the Reception year when first eligible. They would be the youngest children in the grade and many parents would consider they were too young for school and may 'fall behind' as they get older. Consequently, many would be likely to delay their entry as happens in other states.

However, it is equally unlikely that all the children who currently do a further year in Reception would have their entry to Reception delayed. The effective subsidy of a further year in Reception would have been removed, shifting the cost of delay back to parents. Some would and some would not delay, depending on their financial circumstances, including when they planned to go back to work, balanced against what they think is right for their child. The difficulty for this cost/benefit modelling exercise is that there is no local indication about what parents would do under these changed circumstances.

In all other states, except in Western Australia and Queensland where delay means missing the equivalent of Reception and entering school at Year 1, the nationally comparable model has used the only actual data about the behaviour of parents in these circumstances. These data come from New South Wales because it is the only state with a clear indication about what happens to children with July birthdays under a start of year regime with no opportunity to do a further year in the equivalent of Reception.

The New South Wales data indicate that, overall, the rate of delay is 3.98 per cent for every month less than the starting age. This figure has been applied in the model to all states other than Western Australia and Queensland.

For South Australia, this scenario provides a middle picture. The decrease in the cohort size in this scenario would be about 1,500 less for the 4 years and 5 months option for example than under the full delay option. However, it would be about 2,000 more than the model without delay. The savings would fall in between the two other scenarios. Thus, this is the approach used below in the cost/benefit analysis for South Australia.

The implications in summary

Table 4.a below summarises the implications of a change in minimum school starting age for South Australia.
Table 4.a  Broad implications in relation to South Australian cohort size and age by options

<table>
<thead>
<tr>
<th></th>
<th>4 years and 8 months (and 4 years and 5 months to 4 years and 8 months)</th>
<th>4 years and 6 months (and 4 years and 5 months to 4 years and 6 months)</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percentage change in cohort size with a delay element</strong></td>
<td>With a delay element equivalent to the current group who do a second year in Reception, a decrease of 2.5 per cent in the introductory cohort compared with the ‘normal’ cohort size. However, compared with the current size of the Reception cohort, there would be a decrease of 46 per cent.</td>
<td>With a delay element equivalent to the current group who do a second year in Reception, an increase of 2.1 per cent in the introductory cohort compared with the ‘normal’ cohort size. However, compared with the current size of the Reception cohort, there would be a decrease of 41 per cent.</td>
<td>With a delay element equivalent to the current group who do a second year in Reception, an increase of 2.6 per cent in the introductory cohort compared with the ‘normal’ cohort size. However, compared with the current size of the Reception cohort, there would be a decrease of 40 per cent.</td>
</tr>
<tr>
<td><strong>Percentage change in cohort size without a delay element</strong></td>
<td>Without a delay element and assuming all in affected months would enrol, a decrease of 2.6 per cent in the introductory cohort compared with the ‘normal’ cohort size. However, compared with the current size of the Reception cohort, there would be a decrease of 46 per cent.</td>
<td>Without a delay element and assuming all in affected months would enrol, a decrease of 13.7 per cent in the introductory cohort compared with the ‘normal’ cohort size. However, compared with the current size of the Reception cohort, there would be a decrease of 29 per cent.</td>
<td>Without a delay element and assuming all in affected months would enrol, a decrease of 22 per cent in the introductory cohort compared with the ‘normal’ cohort size. However, compared with the current size of the Reception cohort, there would be a decrease of 21 per cent.</td>
</tr>
<tr>
<td><strong>Percentage change in cohort size with a 4 per cent delay element</strong></td>
<td>With a 3.98 per cent delay element in line with a nationally consistent approach, the Reception cohort size would be reduced by 44.8 per cent</td>
<td>With a 3.98 per cent delay element in line with a nationally consistent approach, the Reception cohort size would be reduced by 35.9 per cent</td>
<td>With a 3.98 per cent delay element in line with a nationally consistent approach, the Reception cohort size would be reduced by 32.5 per cent</td>
</tr>
<tr>
<td><strong>Impact on affected children</strong></td>
<td>Children whose birthdays were from May to October would enter Reception a full year later than at present but would not do a second year in Reception.</td>
<td>Children with May and June birthdays entering Reception would not do a second year in Reception.</td>
<td>Children with May, June and July birthdays entering Reception would not do a second year in Reception.</td>
</tr>
<tr>
<td><strong>Progress of the cohort</strong></td>
<td>The smaller than ‘normal’ cohort would then progress through the subsequent years of schooling.</td>
<td>The larger than ‘normal’ cohort would then progress through the subsequent years of schooling.</td>
<td>The larger than ‘normal’ cohort would then progress through the subsequent years of schooling.</td>
</tr>
<tr>
<td><strong>Change in age of cohort</strong></td>
<td>Children continuing to Year 1 who are up to 3 months older than the current youngest children.</td>
<td>Children continuing to Year 1 who are up to 1 month older than the current youngest children.</td>
<td>Children continuing to Year 1 who are the same age as the current youngest children.</td>
</tr>
</tbody>
</table>
Regardless of the delay issue inherent in the calculation of the size of the ‘normal’ element of the introductory cohort, from the following year, 2011, for all options, the decrease of 30 per cent in the size of the Reception cohort, or equivalent of 43 per cent of the ‘normal’ cohort, would be permanent.

**Table 4.b Cohort size implications of a move to a common minimum school starting age in 2010**

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>Impact on ‘normal’ introductory cohort and permanent impact with students completing only one year of Reception.</th>
<th>Change in size of the introductory ‘normal’ cohort (13 years)</th>
<th>Annual ‘permanent’ decrease in the Reception cohort</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 years and 5 months option</td>
<td>-5,549</td>
<td>1,837</td>
<td>-7,386</td>
</tr>
<tr>
<td>4 years and 6 months option</td>
<td>-6,135</td>
<td>1,251</td>
<td>-7,386</td>
</tr>
<tr>
<td>4 years and 8 months option</td>
<td>-7,650</td>
<td>-264</td>
<td>-7,386</td>
</tr>
<tr>
<td>4 years and 5 months to 4 years and 6 months range option</td>
<td>-6,135</td>
<td>1,215</td>
<td>-7,386</td>
</tr>
<tr>
<td>4 years and 5 months to 4 years and 8 months range option</td>
<td>-7,650</td>
<td>-264</td>
<td>-7,386</td>
</tr>
</tbody>
</table>

However, the effect of the changed cohort size on savings would be considerably modified when the model is adjusted to take into account when the resources are provided by the Australian Government, the State Government and parents for the rolling enrolments. The modification to the model to adjust for resource issues reduces the proportional impact on savings of children who do a further year in Reception.

Regardless of the option and the changes in delay factors, any larger or smaller than ‘normal’ cohort produced by a change in the minimum school starting age would progress through the subsequent 12 years of schooling. If a common minimum school starting age were introduced in 2010, this would mean the larger or smaller cohort would be in schools until 2022. It would reach secondary school in 2018 and senior secondary school in 2021. The size of the Reception cohort would be permanently reduced from 2010 and reduced to ‘normal’ from 2011.

**Flow on implications**

The indication across the sectors is that any change to the minimum school starting age instigated at government level would be followed by all sectors. However, faced with excess capacity in terms of potential places, it is very likely that the two non-government sectors would seek further enrolments to substitute for ‘lost’ Reception children. These enrolments may come at the expense of government sector enrolments, further exacerbating the loss from the government school sector.
At least in the first year of the change, there would be no element of infrastructure need as the infrastructure available for a large Reception intake would be underutilised with the relatively smaller requirements under each of the options. With the broad acceptance of multi-age classes across South Australian schools, it is probable that infrastructure issues as a larger cohort associated with the 4 years and 6 months option or the 4 years and 5 months option progressed could be mitigated.

It is also possible that the freed-up Reception infrastructure and resources could be used to further the State Government policy of establishing greater contiguity of early years and school services. However, this would depend on whether the State Government allowed the Department to retain some of the forecast savings, resources normally provided on the basis of a student head count rather than a capital grant.

For the independent school sector, the emerging establishment of early learning centres may be facilitated through the freed-up Reception resources. However, for both non-government school sectors, any decline in student numbers translates to a lowering of income overall. At the same time, these sectors currently ‘carry’ a small number of unfunded students who enter school after the national census date in August. This would no longer occur under the changed minimum school starting age arrangements.

While the implications of a change in minimum school starting age procedure have been explored above, for many across the State, there is a view that rolling enrolments around age 5 are a ‘leading edge’ approach to school Reception. Starting school at age 5 is seen to be developmentally appropriate in terms of child ‘readiness’. Especially in the government school sector, any move from this approach could meet considerable opposition from many educators and parents. This is not necessarily a view shared quite so strongly within the non-government sectors.

For supporters, the approach is seen to allow for developmental issues both by subsidising kindergarten and facilitating differential time in Reception. With additional time in Reception, additional highly subsidised early years support can be provided in kindergarten and Reception as needed over a period of up to 30 months. With the strong loading of resources at Reception, small class intakes at the commencement of the school year provide teachers with the time to analyse learning needs, adjust their programmes and provide appropriate interventions for each student. The peer support provided by students who have been acculturated into school practices at Reception, and the self-esteem and maturity developed by these students, add to the perceived benefits of the approach. The maturity of 5 year old children at school entry is generally viewed as a firm foundation for learning.

For parents, the fact that their children are able to access highly subsidised kindergarten followed for some by up to twenty-one months of Reception institutionally and simultaneously addresses issues of child minding and child development. In relation to child development and readiness for school, under this approach there is no call for major parental decisions around delay or sacrifice in terms of cost of child care.

Any change in procedure would mean that some children whose birthdays are from whatever the agreed starting age is up to October 46, and who can currently enter school in the year they turn 5 years of age, would have to wait until the following year. This would place the cost burden of child care back onto affected parents.

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46 October sees the commencement of Term 4. Under current arrangements, children whose birthdays fall after the commencement of Term 4 cannot commence school until the following year.
On the other hand, those children whose birthdays fall in the first half of the year up to the agreed starting date would be able to enter school at the commencement of the school year. For those who would have entered at the beginning of Terms 2 or 3, this would mean earlier entry to school. Moreover, reducing the age of entry to kindergarten to align with the minimum school starting age would bring some parents into a highly subsidised sector earlier than under present arrangements. For these parents, the cost burden of child care would be substantially removed.

In terms of curriculum, the South Australian Curriculum, Standards and Accountability Framework provides for developmental contiguity from early learning through into school. The learning needs of the child are able to be addressed at any age of entry. Professional learning support may be needed for teachers to address the needs of, and develop programmes for, children who come into school or kindergarten younger.

For all sectors, however, there is generally a view that an older school starting age is preferable because children benefit from longer contact with family and care in a play-based environment. On leaving the prior-to-school sector, children are then perceived as being better placed to cope with the demands of formal schooling. Thus, there is reluctance to embrace a move to a common minimum school starting age that brings children younger into school and removes the currently resourced flexibility that allows some children up to twenty-one months in Reception.

### 4.1.3 Cost/benefit modelling

The estimated impact of each of the options on the size of the increase in the cohort and the costs of, or savings in, servicing the cohort in the South Australian school sector are summarised by option in Table 4.c below. The figures in Table 4.c emanate from the nationally comparable cost/benefit analysis model adapted especially to reflect analysis of the South Australia rolling enrolment and resourcing procedures.

As mentioned above, the scenario being modelled includes a 3.98 per cent per month delay factor to take into account the likely impact on enrolments under the changed circumstances of a common minimum school starting age with a start of year intake. It is likely in practice that the outcome would fall somewhere near this scenario, depending on decisions made by parents.

Under a common minimum school starting age, affected parents would be faced with a choice between having their children enter as the youngest in the cohort and delaying their entry with the consequence of a further year in the more expensive child care sector. Delay would also mean that affected parents have to pay child care costs or delay their workforce re-entry for a further year. Thus, it is likely that not all children who currently would anticipate completing a further year in Reception would either enrol at the earliest possible chance, nor would they all delay until the following year. The model pitches the analysis between these scenarios, based on a nationally comparable approach.

Additionally, the model has been modified to adjust for the resourcing procedure associated in the State with rolling enrolments.
Table 4.c  Costs and benefits for South Australia by option, based on the modified nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Pre-school and child care</td>
<td></td>
</tr>
<tr>
<td>Formal</td>
<td>-$135</td>
</tr>
<tr>
<td>Informal - parents</td>
<td>-$54</td>
</tr>
<tr>
<td>Primary</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$596</td>
</tr>
<tr>
<td>Secondary</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>-$55</td>
</tr>
<tr>
<td>Tertiary</td>
<td></td>
</tr>
<tr>
<td>VET</td>
<td>-$2</td>
</tr>
<tr>
<td>University</td>
<td>-$15</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
</tr>
<tr>
<td>$470</td>
<td>$320</td>
</tr>
<tr>
<td>Transition costs</td>
<td>-$2.1</td>
</tr>
<tr>
<td>Total</td>
<td>$791</td>
</tr>
</tbody>
</table>

The model provides a picture up until the introductory cohort retires from economic life in 2072. This is called ‘long term’ in the Project. All figures in the model reflect the economic costs and benefits applying to relevant years over that period. For example, post school education and training costs and benefits are from 2021 to 2030. Employment figures would commence in 2021 and cease in 2072, although they would be permanent beyond that time.

In the case of South Australia uniquely, the savings from the curtailment of students completing an additional year of Reception are modelled over the 62 year period of the model, but would be permanent. All of these savings are registered in Table 4.c against the costs/benefits associated with primary schooling. All savings have been modified to account for the pattern of resources applied to different children who come into school at rolling enrolment points throughout the year.

Because the impacts on the child care sector are permanent, they too are modelled over the entire period, but would continue. Kindergarten cost impacts would normally be considered in the year before any change to a minimum school starting age. However, with the capacity to manage the change so as not to impact on kindergarten costs (see below), there are no costs or savings for kindergarten shown in the model. Transition costs are modelled over the first year of introduction of the changes.

The model at state level does not include dynamic employment effects produced because of a nationally common minimum school starting age and nomenclature. These have been modelled at national level but are not seen to be ‘safe’ at state level. All figures in the model are discounted to 2004-05 dollars.

The model uses nationally comparable cohort and cost estimates based on the Australian Bureau of Statistics, the Australian Government Department of Education, Science and Training and the Department of Family and Community Services data sets. The model also discounts longer term economic benefits or costs to 2004-05 dollars in order to realistically demonstrate the value of changed school starting age procedures in macro-economic terms.

For the 4 years and 8 months option and the associated range option, there would be savings associated with a smaller than ‘normal’ introductory cohort. These savings would continue through the subsequent 12 years of schooling.
On the other hand, for the 4 years and 6 months option and associated range option, and for the 4 years and 5 months option, there would be identifiable up-front costs to be paid by the school sectors. These costs would be associated with a larger than normal introductory cohort entering and then proceeding through schooling. These costs would continue over the next 12 years that the introductory cohort was at school.

However, for all options, any costs or savings would be netted against the savings associated with reducing the Reception cohort to ‘normal’ in the first and subsequent years. These savings would be permanent but are modelled for 62 years of the model up to 2072 when the introductory cohort would leave the workforce.

In addition, for the 4 years and 5 months option and the 4 years and 6 months option and associated range option, to the savings associated with the permanent reduction in size of the Reception cohort, would be added the benefits associated with the potential long term employment effects for the affected children and their parents, and the tax revenue generated by the options.

The savings associated with the 4 years and 8 months option and the associated range option would be significantly greater than the loss in future potential employment income for the affected children, the loss of income of their parents and any associated tax revenue decline. These losses would be associated with delaying entry to school, and subsequently entry to the workforce, for all children whose birthdays are in May, June and July and who currently proceed direct to Year 1 from Reception. They would also be associated with the lost income of parents delayed from re-entry to the workforce. However, while this impact diminishes the potential savings, the ongoing savings from the reduction in an additional year in Reception remain substantial, even discounted to 2004-05 dollars.

**Figure 4.a Net benefits from 2010 to 2072 for South Australia for each of the options, based on modified nationally comparable data**

*Costs(-)/benefits(+) ($ million, 2004-05)*

![Figure 4.a](image-url)
Under the 4 years and 8 months option, the net savings from the permanent reduction in the size of the Reception cohort and the reduction in the initial cohort over the 13 years in which the smaller cohort moves through schooling could be in the order of $723m. Discounting for any capital savings, the savings to the school sectors in the introductory year could be in the order of $27m.

In the first year of implementation, a benefit could accrue to families no longer meeting the costs of prior-to-school provision for those children with February to April birthdays who would now be able to enter schooling at the commencement of the school year. This benefit would occur every year thereafter and would be indexed.

However, some families whose children have birthdays in May, June or July who, under current arrangements, would have moved directly from Reception to Year 1 without a further year in Reception. Under the new arrangements, these children would not be able to enter schooling in the year they would currently anticipate starting. They would remain in the prior-to-school sector for a further year, accruing costs to their parents. For children with May, June or July birthdays, these costs would occur every year thereafter and would be indexed.

In addition, in the first year of implementation, a cost could occur for families no longer able to access subsidised kindergarten for those 3 year old children with May to September birthdays. These children would now be unable to enter kindergarten until the commencement of the year after their current expectation. For children with these birthdays, this cost would occur every year thereafter and would be indexed. The net impact in the prior-to-school sector would be a cost in the order of $280m over the 62 year period being modelled, discounted to 2004-05 dollars.

Longer term employment costs would occur for affected students with May, June or July birthdays who would have moved directly from Reception to Year 1 without a further year in Reception. Having their entry to school delayed for 12 months would mean their entry to the workforce would be delayed for 12 months. As their retirement age is set by law, these students would have one less year in the workforce than under the present arrangements. Moreover, their parents would have their re-entry to the workforce delayed by 12 months. The net loss of potential income could amount to a figure in the order of $68m over the working lives of the individuals, discounted to 2004-05 dollars.

Under the 4 years and 6 months option, the net school sector savings from the permanent reduction in the size of the Reception cohort and the addition to the initial cohort over the 13 years in which the larger than 'normal' cohort moves through schooling could be in the order of $591m. Discounting for any capital savings, the savings to the school sectors in the introductory year could be in the order of $15m.

In the first year of implementation, a benefit could accrue to families no longer meeting the costs of prior-to-school provision for those children with February to June birthdays who would now be able to enter schooling at the commencement of the year. This benefit would occur every year thereafter and would be indexed. However, some families have children with birthdays in July who would have moved directly from Reception to Year 1 without a further year in Reception. These children would not be able to enter schooling in the year they would currently start. They would have to remain in the prior-to-school sector for a further year, accruing costs to their parents.

In addition, in the first year of implementation, a cost could occur for families no longer able to access subsidised kindergarten for those 3 year old children with July to September birthdays. These children would now be unable to enter kindergarten until the commencement of the year after their current expectation. This cost would occur every
year thereafter and would be indexed. The net impact in the prior-to-school sector would be a cost in the order of $224m over the 62 year period being modelled, discounted to present value.

The longer term employment benefits, which would accrue to affected students after they enter the workforce, and to their parents through earlier re-entry to the workforce, could amount to a figure in the order of $320m over the working lives of the individuals, discounted to present value.

Under the 4 years and 5 months option, the net school sector savings from the permanent reduction in the size of the Reception cohort and the addition to the initial cohort over the 13 years in which the larger than ‘normal’ cohort moves through the years of schooling could be in the order of $541m. Discounting for any capital savings, the savings to the school sectors in the introductory year could be in the order of $10m.

In the first year of implementation, a benefit would accrue to families no longer meeting the costs of prior-to-school provision for those children with February to July birthdays who would now be able to enter schooling at the commencement of the year. This benefit would occur every year thereafter and would be indexed. However, in the first year of implementation, a cost would occur for families no longer able to access subsidised kindergarten for those 3 year old children with August to September birthdays. These children would now be unable to enter kindergarten until the commencement of the year after their current expectation. This cost would occur every year thereafter and would be indexed. The net impact in the prior-to-school sector would be in the order of $203m over the 62 year period being modelled, discounted to present value.

The longer term employment benefits, which could accrue to affected students after they enter the workforce, and to their parents through earlier workforce re-entry, could amount to a figure in the order of $470m over the working lives of the individuals, discounted to 2004-05 dollars.

4.1.4 Impact of the options

The nationally comparable cost/benefit analysis model demonstrates that, for South Australia, the most substantial impact of a nationally common minimum school starting age would arise from the permanent reduction in the size of the Reception cohort. This would reduce the costs to government permanently but increase the costs to many parents permanently. For those parents whose children currently enter school in the second half of the year, pending a further year in Reception, any minimum school starting age option would mean delaying school entry for their children until the start of the next school year. Thus the affected parents would have to fund additional child care for their children, a cost currently absorbed within the schooling sector.

Under the 4 years and 6 months option and the related range option and the 4 years and 5 months option, there would be economic benefits arising from a proportion of children entering the workforce one year earlier than they would under the present rolling enrolment with repetition arrangements. While these earnings would not occur until a future point, the figures in the model reflect the current value of the potential earnings. Similarly, there would be positive income effects for affected parents able to re-enter the workforce earlier than under present arrangements.

However, for the 4 years and 8 months option and related range option, there would be an economic loss because a proportion of students would have their entry to and progress through school delayed for 12 months. This delay would reduce their potential working life by 12 months, thus curtailing their potential earnings and consequent tax revenue to
government. Similarly, their parents would have their re-entry to the workforce delayed for a further year.

As is the practice in such models, the figures represent how, at present and in current dollars, later earnings would be valued. The actual earnings or loss of earnings at the time would be much greater in dollar terms than the value in the model.

For each of the options, some parents would access kindergarten services some months earlier than at present, at the commencement of a year. In all, because subsidy occurs from kindergarten onwards in South Australia, this may enable some parents to return to work earlier than under current arrangements, thus increasing their family income.

For the 4 years and 8 months option, some parents would have their children in the prior-to-school sector for 12 months longer than under present arrangements. The 4 years and 8 months option and related range option would create a cost to those parents, made up of the difference between Australian Government child care benefit and the fees charged for child care.

Moreover, the introduction of a minimum starting age in kindergarten applying at the start of the year would mean some children who turn 4 during the year and who can currently enter kindergarten would have to delay their entry until the following year. For the 4 years and 8 months option, this would impact on children with May to early October birthdays and the impact would be up to two terms.

For the 4 years and 6 months option, this would impact children with July to early October birthdays and the impact would, in most cases, be for one term. For the 4 years and 5 months option, children impacted would have August and September birthdays and the impact would be for one term. All of this later entry to kindergarten would place cost burdens back onto affected parents and may delay some parents from re-entry to the workforce.

For governments, in relation to the 4 years and 6 months option and 4 years and 5 months option, the increased size of the economy would lead to equivalent tax benefits which, while considerably delayed, would strongly outweigh the up-front costs of implementation. The obverse would occur for the 4 years and 8 months option, which would lead to reduced economic activity, income and tax returns.

For the 4 years and 6 months option and the 4 years and 5 months option, the model shows nominal savings in the child care sector generated as some children move earlier into the school sector. Similarly, there would be cost savings in the prior-to-school sector under the 4 years and 8 months option as children with February to April birthdays move into Reception at the commencement of the year rather than at the commencement of Term 2.

However, for all options, some children who would have entered school under rolling enrolments would have to delay their entry until the commencement of the following year, producing some costs for parents in the prior-to-school sector. For the 4 years and 5 months option, these would be children with August and September birthdays. For the 4 years and 6 months option and related range option, these would be children with July to September birthdays. For the 4 years and 8 months option and related range option these would be children with May to September birthdays.

Overall, there would most likely be few cost savings for the Australian Government or the State Government in the prior-to-school sector places freed-up by start of year entry would need to be filled by children up to 6 months younger. In effect, any of the options would make the starting ages of children in kindergarten younger because they would be able to
commence kindergarten at the start of the year, with a minimum requirement one full year less than the minimum school starting age. However, those children whose birthdays fall after the minimum starting date would have their kindergarten entry delayed until the following year.

In addition to the economic benefits associated with the 4 years and 6 months option and associated range option, and 4 years and 5 months option, as described above, for any of the options there would also be benefits arising from national commonality in minimum school starting age, irrespective of the age that may be decided upon. There would be a positive employment impact arising from any reduction in the number of students whose transfer across state and territory borders may have led to repetition of a year of schooling. Greater contiguity arising from a common school starting age would be likely to increase the overall skill level of school leavers as they would have gained the benefit of increased continuity in their schooling.

Overall retention rates would be likely to increase slightly as students gain the benefits of reduced disruption to schooling arising from inter-state transfers. For parents, there would be a positive employment effect from increased contiguity among sectors and states, arising from a reduction in a significant barrier to the mobility of the workforce across state and territory borders.
4.2 Analysis of the Issues against the Terms of Reference

To reiterate, the approach in South Australia is to enrol children at the start of the term after they turn 5. The compulsory age of schooling is 6. Most children attend government kindergarten in the year prior-to-school, enrolling at the start of the Term after they turn 4 years of age.

The cost/benefit analysis involves the consideration of five options, none of which cover the current approach to school commencement in the State. Should any of the options be adopted as the common minimum school starting age, there would be change for South Australia. The outcomes that are likely to be associated with any of the options are considered below against the Terms of Reference for the Project.

4.2.1 Benefits of proposed changes to school starting age

Across the three school sectors in South Australia there is appreciation that benefits would flow to South Australian students, teachers, parents and the wider school sector from the adoption of a nationally common minimum school starting age. However, there are no compelling reasons within the State itself for change. In fact, most strongly in the government sector, rolling enrolments when children turn five years of age are seen as an essential part of a ‘leading edge’ approach to early years education.

Commonality of minimum school starting age is perceived as likely to bring identifiable educational benefits. These would include the facilitation of cross-state student transfer in and out of South Australian schools. Students who move between states and territories would be likely to have greater continuity in their learning, with benefits arising in relation to increased engagement in schooling, increased retention in school education and increase in skill level that this produces.

Other benefits of commonality would be associated with a reduction in cross-state friction or blockages in the labour market as parents recognise that one of the significant barriers to their employment mobility has been addressed. Indeed, the removal of this barrier would be likely to have a positive economic effect by contributing to national capacity to address regionally based skills shortages.

For South Australia with a start of year rather than a rolling entry, there would be children at school younger than at present. With an increase in the proportion of younger students at the start of a school year, it is likely that greater account would be taken of their learning needs through the provision of appropriate pedagogies that are advocated during the early years of formal schooling. The structure and organisation of the South Australian Curriculum, Standards and Accountability Framework lends itself readily to the level of adjustment required.

The cost/benefit analysis demonstrates that there are likely to be significant school sector savings arising from the adoption of a common minimum school starting age. These benefits would arise largely because the approach would most likely see the reduction in rolling enrolments. With this would see the reduction in younger children having a further year in Reception, an approach that, while providing substantial additional support for some children, is very resource intensive.

These school sector savings would be greatest for the 4 years and 8 months option and the 4 years and 5 months to 4 years and 8 months range option. They would be marginally less for the 4 years and 6 months option and the 4 years and 5 months to 4 years and 6 months range option. They would be marginally less again for the 4 years and 5 months option.
In addition, under all options, substantial economic benefits would accrue to South Australian children and parents and to the wider Australian economy. The economic benefits to the children who would be able to enter school earlier and progress directly through schooling without a further year in Reception arise from the opportunity they would have for earlier entry into the workforce and the consequent extension of their working lives.

The economic benefits to some parents, associated with entry for their children to school at the start of the school year, would arise from the opportunities some would have for the earlier movement of their children out of the relatively expensive prior-to-school sector to the generally lower cost school sector. Benefits would accrue to these parents through cost transfers, the opportunity for earlier full or part time workforce re-entry and the imputed income from increased leisure time. The benefits would flow to these parents up to 9 months earlier than would be possible under the current enrolment and progress arrangements.

4.2.2 Impact of changes in school cohort size over time

The introduction of any of the options for a common minimum school starting age in 2010 would decrease the size of the introductory school cohort. While both the 4 years and 6 months option and the 4 years and 5 months option could see some additional children in the ‘normal’ cohort in the introductory year, the reduction in completion of Reception in the following year would see a very substantial decline in the number of children in Reception, both in the first year and permanently from then on.

Under nationally comparable assumptions, should the option of 4 years and 8 months or the related range option be adopted, the initial Reception cohort would decrease by 7,650 students. For the option of 4 years and 6 months, or the 4 years and 5 months to 4 years and 6 months range option, the initial Reception cohort would decrease by 6,135 students. For the 4 years and 5 months option and the related range option, the initial Reception cohort would decrease by 5,549 students.

In each case, the majority of these students would have, under current arrangements, entered school at the commencement of the Term after which they turned 5 years of age and then repeated Reception the following year. Others may have gone directly to Year 1 but, under the new common minimum school starting age would be unable to enter school until the following year.

The smaller introductory Reception cohort would proceed to Year 1 where, for the 4 years and 5 months option and 4 years and 6 months option would appear as a slightly larger than ‘normal’ cohort. The slightly larger than a ‘normal’ Year 1 cohort would then proceed over the next 12 years of schooling until 2022. Following Reception cohorts, from 2011, would revert to a ‘normal’ size.

The key impact of the decreased size of the introductory cohort would be the savings associated with the reduction in children completing a further year in Reception. This would occur in the introductory year and each year thereafter. However, account must be taken of the pattern of deployment of resources for these children. Children who enter in Term 3 receive only half of the annual average per capita resources from parental fees and State Government Grants. Children who enter in Term 4 receive one quarter of the average annual per capita resources from parental fees and State Government Grants. All other children receive the full annual allocation from parental fees and State Government Grants. Australian Government funding is based on the August census numbers. Therefore, students who enrol in Term 4 are not provided with Australian Government grants. Australian Government Grants are provided for only 12 per cent of students who
enrol in Term 3. Amounts below reflect this pattern. All amounts are discounted to 2004/05 dollars.

Over the 62 years of the model, savings for the South Australian school sector could be in the order of $723m for the 4 years and 8 months option and the related range option. The savings could be in the order of $591m for the 4 years and 6 months option and the related range option. The savings could be in the order of $541m for the 4 years and 5 months option.

Costs or savings would apply to the training and tertiary sectors. For the 4 years and 8 months option and the related range option, the savings projected between 13 and 18 years from 2010 in the nationally comparable model, discounted to 2004-05 dollars, could be in the order of $2m. For the 4 years and 6 months option and the related range option, the discounted costs could be in the order of $12m. For the 4 years and 5 months option, there would be savings which could be in the order of $17m.

4.2.3 Impact on the range and continuum of child care and education services (including issues around the entry to secondary school)

Should South Australia move to a common minimum school starting age, there would be impacts on the range and continuum of child care services.

With regard to child care, from 2010 under a common minimum school starting age, children who were older than the minimum school starting age would enter school at the commencement of the year rather than at the commencement of the term after they turn 5 years of age. Thus they would move out of child care earlier.

However, under rolling enrolments, many children who are relatively young move into the school sector and stay on in Reception in the following year. If a common minimum school starting age were introduced, those children whose birthdays fall after the agreed minimum school starting age would be unable to enter school for a further 12 months. Thus, they would remain in the prior-to-school sector for considerably longer than at present.

The net impact on numbers would depend on the agreed minimum school starting age. If the 4 years and 8 months option were adopted, the impact on the child care sector would be that all children born before May could enter school at the commencement of the year, rather than having some enter after the April holidays. However, all born from May to October would have their entry to school delayed until the following year. They would be seeking places in child care. Thus demand for child care would be likely to exceed supply, probably leading to difficulties in finding child care places for younger children.

If the 4 years and 6 months option were adopted, the impact on the child care sector would be that all born before 30 June could enter school at the commencement of the year, rather than having the May and June birthdays enter after the July holidays. However, all born from July to early October would have their entry to school delayed until the following year. Thus, because those moving out (the May and June birthdays) would be fewer in number than those having to remain (the July to October birthdays) demand for child care would also be likely to exceed supply, probably leading to difficulties in finding child care places for younger children.

If the 4 years and 5 months option were adopted, the impact on the child care sector would be that all born before August could enter school at the commencement of the year, rather than having some enter after the October holidays. However, all born from August to October would have their entry to school delayed until the following year. Thus, because those moving out (the May, June and July birthdays) would be approximately equal to
those having to remain (the August to October birthdays) demand for child care would be likely to equal supply. However, if any parents of children with May, June or particularly July birthdays decided to delay the entry of their children to school by a year, this would add to demand pressure in the child care sector. It would probably lead to difficulties in finding child care places for younger children.

In relation to the government funded kindergarten system, and for the 25 independent preschools, management decisions would be needed around phase-in procedures for a common minimum school starting age. These management decisions would apply to all options.

In relation to kindergarten, decisions would be needed about how to manage the introduction of a common minimum school starting age. One approach that reduces the cost burden with little disruption could be as follows.

Using the 4 years and 5 months option as an illustration:

- In 2009, those children entering kindergarten in Term 2 (the February to April birthdays) could be told they would have only three Terms of kindergarten before entering Reception the following year.

- Those children entering kindergarten in Term 3 (the May to July birthdays) could be told they would have only two Terms of kindergarten before entering Reception the following year. These children would bring about the minimum school starting age change to 4 years and 5 months when they enter Reception in 2010.

- It would be possible to offer some additional sessions to these groups to compensate for the shorter time in kindergarten. This could be facilitated by not allowing the usual Term 4 kindergarten intake (the August, September and some October birthdays) in 2009. These children would receive a full year of kindergarten in 2010 and, under current arrangements, would not be entitled to more than 4 terms of Kindergarten. The freed-up resources would then be available to offer additional sessions to the children who would be moving to Reception in 2010 after three or two terms of kindergarten, with perhaps preference being given to the latter.

It should be noted that, under a common minimum school starting age, all children would have a full year of Reception. Under current arrangements, children who enrol in Term 2 receive three terms of Reception before going to Year 1. Those who enrol in Term 3 and go the following year to Year 1 (12 per cent of Term 3 enrolments) only receive two terms of Reception. However, as a corollary, under a common minimum school starting age no children would be provided with five or six terms of Reception as happens now.

This management approach would mean no additional pressure on kindergarten, other than to provide additional sessions for the three and two term children in 2009. If parents decided to delay entry to Reception of their younger children for one year, this would spread the increased introductory cohort size between kindergarten and Reception and would, on the face of it, put pressure on the high demand kindergarten sector in 2010.

However, if 4 terms only of kindergarten were allowed as at present, parents of the 2010 cohort who choose to delay their May to July born children by having them remain in kindergarten for a further year would not be able to do so. Thus, they would have to enrol their children in kindergarten one year later. This would alleviate the pressure in kindergarten and would reduce the size of the increase in Reception in 2010.

The other options could follow similar lines, with the 4 years and 6 months option and the related range option being managed to result in a smaller increase in the introductory
cohort and the 4 years and 8 months option and related range option managed to produce a small decrease in the introductory cohort. Accordingly, costs in the kindergarten sector to prepare for the 2010 introduction of a common minimum school starting age have been taken out of the nationally comparable model.

All of the options would also have an impact on the provision of vacation care and outside school hours care. There is a potential decrease in the size of the introductory Reception cohort of 7,809 children for the 4 years and 8 months option and related range option, 7,025 children for the 4 years and 6 months option and related range option and 6,939 children for the 4 years and 5 months option. Much of this decrease would be permanent. For South Australia, Table 4.d below shows the cost impacts on outside school hours and vacation care for the full period of the model.

**Table 4.d Impact on savings for outside school hours and vacation care while the decreased cohort is in primary school**

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2010 to 2017</th>
<th>2010 to 2072</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside school hours</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.4</td>
<td>-$2.03</td>
</tr>
<tr>
<td>Vacation care</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.2</td>
<td>-$0.99</td>
</tr>
<tr>
<td>South Australia 4.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside school hours</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.5</td>
<td>-$1.63</td>
</tr>
<tr>
<td>Vacation care</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.2</td>
<td>-$0.79</td>
</tr>
<tr>
<td>South Australia 4.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside school hours</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.6</td>
<td>-$1.48</td>
</tr>
<tr>
<td>Vacation care</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.3</td>
<td>-$0.72</td>
</tr>
<tr>
<td>South Australia 4.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside school hours</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.6</td>
<td>-$1.48</td>
</tr>
<tr>
<td>Vacation care</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.3</td>
<td>-$0.72</td>
</tr>
</tbody>
</table>

These decreases would create commensurate decreased demand for places in vacation and outside school hours care. Under the nationally comparable model, the discounted decreased flow of resources to vacation and outside school hours care arising from each of the options is in the order of up to $1m over the years of primary schooling and from $2m to $3m permanently in relation to the reduction of completion of a further year of Reception.

While not of particular focus for South Australia and not explored as part of the cost/benefit analysis, the issue of the primary-secondary school interface was canvassed by the sectors as being relevant to issues around a common school starting age. A potential benefit was identified that if a common school starting age were to be accompanied by a common primary-secondary school interface, both of the major recognised structural barriers inhibiting inter-state transfer would have been removed. The benefits arising from a common school starting age were perceived as being strengthened significantly if the primary-secondary school interface issue were to be addressed at some future point.

South Australia has moved to increase the age at which children can leave school or need to participate in further training or employment. The age requirement for participation in school, training or employment has recently been legislated at 16 years, with the express intention to raise it to 17 years in the near future.

With younger children able to enter school, the equivalent of Year 11, or for some half of the cohort the equivalent of Year 12, would effectively become a compulsory year. This has major implications for pedagogy, curriculum and engagement of students. However, with the introduction of the South Australian Curriculum, Standards and Accountability Framework, and the move to accredited pathways planning in the South Australia Certificate of Education, the State is well placed to respond to the issues that may arise.
4.2.4 Impact on child care services and pre-school education

As discussed in the section above, there would be cost pressures on the prior-to-school services associated with any of the options. Table 4.e below shows the costs, broken down by provider group.

Making management decisions around the entry of children to kindergarten in 2009 and from kindergarten to Reception in 2010 could alleviate cost and demand pressures on kindergarten. Therefore, there are no costs shown in association with the kindergarten sector.

It should be noted that, while Table 4.e shows the costs over the 62 year period being modelled, they would be permanent. The impact of modelling them to infinity at a discount rate to 2004-05 dollars would add approximately 25 per cent to each area.

<table>
<thead>
<tr>
<th>Table 4.e</th>
<th>Short, medium and long term impact on costs for child care services</th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>4 years and 8 months and related range option</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private long day care</td>
<td>-$1.8</td>
<td>-$1.7</td>
</tr>
<tr>
<td>Community based long day care</td>
<td>-$2.8</td>
<td>-$2.7</td>
</tr>
<tr>
<td>Family day care</td>
<td>-$1.2</td>
<td>-$1.2</td>
</tr>
<tr>
<td>Pre-school</td>
<td>$0.0</td>
<td></td>
</tr>
<tr>
<td>Informal care</td>
<td>-$0.6</td>
<td>-$0.6</td>
</tr>
<tr>
<td>Parental care only to age 5</td>
<td>-$2.3</td>
<td>-$2.2</td>
</tr>
<tr>
<td>South Australia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 years and 6 months and related range option</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private long day care</td>
<td>-$2.0</td>
<td>-$1.9</td>
</tr>
<tr>
<td>Community based long day care</td>
<td>-$3.1</td>
<td>-$3.0</td>
</tr>
<tr>
<td>Family day care</td>
<td>-$1.4</td>
<td>-$1.3</td>
</tr>
<tr>
<td>Pre-school</td>
<td>$0.0</td>
<td></td>
</tr>
<tr>
<td>Informal care</td>
<td>-$0.7</td>
<td>-$0.6</td>
</tr>
<tr>
<td>Parental care only to age 5</td>
<td>-$2.6</td>
<td>-$2.4</td>
</tr>
<tr>
<td>4 years and 5 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private long day care</td>
<td>-$2.5</td>
<td>-$2.4</td>
</tr>
<tr>
<td>Community based long day care</td>
<td>-$3.9</td>
<td>-$3.7</td>
</tr>
<tr>
<td>Family day care</td>
<td>-$1.7</td>
<td>-$1.6</td>
</tr>
<tr>
<td>Pre-school</td>
<td>$0.0</td>
<td></td>
</tr>
<tr>
<td>Informal care</td>
<td>-$0.8</td>
<td>-$0.8</td>
</tr>
<tr>
<td>Parental care only to age 5</td>
<td>-$3.2</td>
<td>-$3.0</td>
</tr>
</tbody>
</table>

For the 4 years and 6 months option and the 4 years and 8 months option, there is likely to be strong demand for scarce child care places. This demand would be permanent and may lead to increased infrastructure and provision. Without this, places for younger children would be difficult to obtain. Any reduction in programmes for younger children would be likely to lead to negative community reactions.

4.2.5 Impact on the government and non-government school sectors

In South Australia, each of the three school sectors would be affected by a move to a common minimum school starting age. The nationally comparable model demonstrates that each of the options would see relatively significant decreases in the size of the
introductory cohort. The main component of this decrease would be the reduction in completion of the Reception in the following year for younger children. Any decrease for the school sectors would occur initially in 2010.

However, for the 4 years and 8 months option and the related range option, the cohort would continue as a smaller group throughout their schooling and into the tertiary sector or work. For the 4 years and 5 months option and the 4 years and 6 months and related range options, a slightly larger cohort would move subsequently through the following 12 years of schooling until the students entered further training, tertiary studies or the workforce.

The major risk identified across the three South Australian school sectors related to the reduction in enrolment as children turned 5 years of age. This approach was seen, especially in the government sector, to be the most appropriate in terms of ensuring children were of a sufficient age to be ‘school ready’. Accompanied by further time in Reception for young children, the differentiation of resource provision that this approach allows is seen as ‘leading edge’ practice. This level of differential resource provision was seen as under threat from a common minimum school starting age, with resources tied directly to student numbers likely to be diverted from the sectors if the opportunity for further time in Reception was curtailed.

Benefits were seen as likely to arise for the South Australian school sector from national commonality of minimum school starting age. In particular, the extent to which a common minimum school starting age would address a significant barrier to the inter-state movement of students and families was identified. Some benefit was seen in the potential savings, although few felt that they would be able to access these savings as most were related to student numbers.

4.2.6 Impact on the different roles in funding of primary and secondary schools

For all of the options, if any was to be adopted as a common minimum school starting age, there would be decreased demand for funds currently provided by the South Australian State Government and the Australian Government through grants. There would be decreased demand placed on parents through private contributions including fees. The decreased demand would be generated by the decrease in the size of the introductory cohort in Reception in 2010 and for each Reception cohort thereafter.

From 2011 and over the subsequent 12 years of schooling there would be a slight decrease in demand for resources over ‘normal’ associated with the 4 years and 8 months option and the related range option. There would be a slight increase in demand for resources over ‘normal’ associated with the 4 years and 5 months option and the 4 years and 6 months option and the related range option. After 2022, the demand on governments for funding through grants, and on parents, would return to ‘normal’ in respect of provision for the decrease or increase in the size of the introductory cohort. However, the decreased demand for Reception funding would be a permanent feature.

Under the nationally comparable model, the overall school sector saving from the 4 years and 8 months option and the related range option could be in the order of $723m over the 62 years of the model and beyond, discounted to 2004-05 dollars. The overall school sector saving from the 4 years and 6 months option and the related range option could be in the order of $592m. The overall school sector saving from the 4 years and 5 months option could be in the order of $541m.
Table 4.f  School sector recurrent cost impacts on the Australian Government, the State Government and private expenditure for each option over the 62 years being modelled\(^47\), based on modified nationally comparable figures

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 8 months option and related range option</th>
<th>4 years and 6 months option and related range option</th>
<th>4 years and 5 months option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>State</td>
<td>Private</td>
</tr>
<tr>
<td>Government</td>
<td>$610</td>
<td>$56.0</td>
<td>$523.2</td>
</tr>
<tr>
<td>Catholic</td>
<td>$40</td>
<td>$26.1</td>
<td>$9.4</td>
</tr>
<tr>
<td>Independent</td>
<td>$65</td>
<td>$31.6</td>
<td>$12.1</td>
</tr>
<tr>
<td>Total primary</td>
<td>$715.2</td>
<td>$113.7</td>
<td>$544.7</td>
</tr>
<tr>
<td>Government</td>
<td>$5</td>
<td>$0.5</td>
<td>$4.3</td>
</tr>
<tr>
<td>Catholic</td>
<td>$1</td>
<td>$0.8</td>
<td>$0.2</td>
</tr>
<tr>
<td>Independent</td>
<td>$2</td>
<td>$0.5</td>
<td>$0.2</td>
</tr>
<tr>
<td>Total secondary</td>
<td>$8.0</td>
<td>$1.8</td>
<td>$4.7</td>
</tr>
<tr>
<td>Total overall</td>
<td>$723.2</td>
<td>$115.5</td>
<td>$549.4</td>
</tr>
</tbody>
</table>

The figures in Table 4.f above are relatively high because they refer to permanent savings in the South Australia schooling sector. In fact, if the figures were calculated out permanently, at a discount rate they would be some 25 per cent greater than shown.

In terms of the impact on Australian Government contributions to schooling in South Australia, the following figures can be extrapolated from the nationally comparable model. The school sector saving to the Australian Government of the 4 years and 8 months option and the related range option could be in the order of $116m over the 62 years of the model, discounted to 2004-05 dollars. The school sector saving to the Australian Government of the 4 years and 6 months option and the related range option could be in the order of $89m. The saving to the Australian Government of the 4 years and 5 months option could be in the order of $79m.

The school sector saving to the State Government of the 4 years and 8 months option and the related range option could be in the order of $549m over the 62 years of the model, discounted to 2004-05 dollars. The school sector saving to the State Government of the 4 years and 6 months option and the related range option could be in the order of $460m. The saving to the State Government of the 4 years and 5 months option could be in the order of $426m.

Funding from private sources, including fees, would include a substantial shift from the school sector to the prior-to-school sector. The school sector saving to families of the 4 years and 8 months option and the related range option could be in the order of $58m over the 62 years of the model, discounted to 2004 dollars. The school sector saving to families of the 4 years and 6 months option and the related range option could be in the order of $43m. The cost to families of the 4 years and 5 months option could be in the order of $36m.

It is possible to extrapolate from the school sector recurrent savings those that would be accrued to the Australian Government, the South Australian State Government and to parents in 2010. Table 4.g below shows the first year recurrent school sector savings that

\(^{47}\) The Table represents the full modelling period because savings related to the reduction in completion of Reception in a second year would be permanent.
could be accrued in 2010 for each of the options. The savings are broken down by contributor.

Table 4. First year school sector recurrent costs to the Australian Government, the State Government and parents for each option, based on modified nationally comparable data

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 8 months and related range option</th>
<th>4 years and 6 months and related range option</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>State</td>
<td>Private</td>
</tr>
<tr>
<td>Government</td>
<td>$2.1</td>
<td>$19.3</td>
<td>$1.1</td>
</tr>
<tr>
<td>Catholic</td>
<td>$1.0</td>
<td>$0.4</td>
<td>$0.2</td>
</tr>
<tr>
<td>Independent</td>
<td>$1.2</td>
<td>$0.5</td>
<td>$0.8</td>
</tr>
<tr>
<td>Total</td>
<td>$4.3</td>
<td>$20.2</td>
<td>$2.1</td>
</tr>
</tbody>
</table>

For the Australian Government, recurrent first year savings for the implementation of a common minimum school starting age could range from $1.2m to $4.3m, depending on the option chosen.

For the South Australian Government, recurrent first year savings for the implementation of a common minimum school starting age would range from approximately $8.5m to $20.2m, depending on the option chosen. Much of this saving would occur every year thereafter.

For some parents, the effect of any of the options would be to put back their private costs for schooling by 12 months. Parent reduction in expenditure on school education in the first year would be in the order of $0.8m to $2.1m, depending on the option.

However, for these parents, the overall impact of these savings would be diminished by the effect of additional costs for formal child care. In South Australia, some of this cost would come in 2009 as affected children would be retained in sessional kindergarten and child care provision for a further year than currently anticipated.

4.2.7 Impact on staffing

The impact on staffing of any of the options for a common minimum school starting age in South Australia is subsumed in the cost measures incorporated in the nationally comparable model.

For each of the options, it would be necessary to reduce staffing in response to the decrease in student numbers in the introductory Reception cohort. This decrease would be permanent.

Across the South Australian schooling sector as a whole, FTE calculations of the cohort impact need to be used when calculating the impact on numbers and costs of teachers. The FTE impact across the state as a whole would be in the order of 3,563 students for the 4 years and 8 months option and the related range option, 1,900 for the 4 years and 6 months option and the related range option, and 1,239 for the 4 years and 5 months option. This takes account of the pattern of resource allocation to rolling enrolments.

Thus, the following estimates of teacher numbers can be made. For the 4 years and 8 months option and the related range option, the reduction in teaching staff required could be in the order of 150 teachers. For the 4 years and 6 months and the related range option, the reduction in teaching staff required could be in the order of 90 teachers. For the 4 years...
and 5 months and the related range option, the reduction in teaching staff required could be in the order of 65 teachers\textsuperscript{48}.

For the schooling sector, teacher costs can be calculated from figures for 2002/03 published by the Productivity Commission\textsuperscript{49}, with teacher costs of $4,519 per student. Modifying the calculations to reflect this pattern, teacher related savings in the first year could range from approximately $16m for the 4 years and 8 months option to $8.6m for the 4 years and 6 months option and $5.6m for the 4 years and 5 months option. As many of these savings are associated with the permanent reduction in the size of the Reception cohort, much of them would be ongoing.

\subsection*{4.2.8 Impact on infrastructure}
For each of the options, there would be substantially freed-up school infrastructure requirements because of the very much reduced numbers in Reception, although Term 1 enrolments would be greater than at present. In subsequent years, for the 4 years and 5 months option and 4 years and 6 months option and related range option, there could be some infrastructure pressure to accommodate the small increase in the cohort size above ‘normal’.

There would be a ‘pressure point’ in relation to these options when the increased cohort moved into secondary schooling in 2018. Provision of the increased cohort would need to address specialist and general spaces that were not contiguous with redundant former Reception spaces.

However, during the primary school years, it is likely that the infrastructure freed-up by the substantial reduction in Reception numbers could be utilised to support the cohort as it proceeded through school. As observed by the government school sector, the freed-up Reception infrastructure may provide an opportunity to refurbish some classrooms and move further towards Government policy of making kindergarten locations contiguous with schools. This, of course, would depend on whether the South Australia Government decided to provide conversion funds, perhaps from the savings generated from the reduction in student numbers.

It is likely that the delay in entry of some children to school would place pressure on demand for places in prior-to-school services. For kindergartens, this pressure could be controlled by changing the minimum kindergarten starting age to align with the agreed minimum school starting age. However, for child care services, the demand pressure would need to be addressed either by reducing services to younger children or by building additional infrastructure to absorb the demand. Because the additional demand would be permanent, it is possible that resources from community groups and private or corporate organisations could become available for any expansion.

A caveat in relation to demand for prior-to-school services should be noted. Overall, there is a trend towards a decline in the number of children in South Australia. Should this trend continue, it could mitigate somewhat the impact of the additional demand for prior-to-school services created by any changes in school commencement arrangements.

\textsuperscript{48} As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

\textsuperscript{49} Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
4.2.9 Impact on school curriculum (including pre-school)

Curriculum related impacts arising from a younger minimum school starting age were perceived as being relatively marginal in terms of cost. The recent development and implementation of the South Australian Curriculum, Standards and Accountability Framework means that all schools and teachers have access to a curriculum which is based on a developmental continuum, from birth to 18 years of age. The curriculum is perceived as being readily adaptable. This is fostered by the links between kindergartens and schools, especially in the government school sector. Such linkage is also a growing feature of the independent school sector.

A particular curriculum related impact that could arise from each of the options may be a need to address the professional learning of teachers, some of whose students may be up to 6 months younger than at present. However, while this additional work would be needed for teachers of Reception, there are already substantial professional learning activities around the pedagogies for the early years. Again, the impact is likely to be one that could be absorbed readily into already funded approaches, especially as younger children currently enrol in the second half of each year so teachers already have to address their needs.

In relation to curriculum issues in the prior-to-school sector, it is unlikely that any of the options would have a significant impact on approaches in kindergarten or other prior-to-school settings. The play-based approaches that strongly characterise provision in kindergarten and other formal prior-to-school settings are perceived as highly flexible and readily adaptable to children who may be up to 12 months older than is the case under current arrangements.

4.2.10 Impact on nomenclature for the early years

In general, throughout the South Australian school sectors, the view was put that it would be desirable to have a common nomenclature across the country for the early years of schooling. There was recognition of the very significant level of confusion that arises from the differing nomenclature for the early years of schooling.

A view was expressed that, if a common nomenclature were adopted, it should reflect the philosophy of continuous learning over the early years, including into formal schooling. For some, the terms kindergarten and Reception reflected this continuity. However, others recognised the continuity of prior-to-school and school services and the universality of both the year prior to, and the first year of, school. In this context, the appropriateness of the term Reception was questioned.

The principal costs identified as likely to arise from the adoption of a common nomenclature that varied from current practice related to the modifications that would be needed to data bases and software, signage and documents. While a significant proportion of the costs would be up-front, it is likely that longer term costs would be absorbed into ongoing management practices.

4.2.11 Impact on policy and legislation covering school starting/leaving ages (including the change management lessons)

The legislation in South Australia currently makes every parent responsible for their child’s attendance at a government or non-government school by the time they turn 6 years of age. It is regulated that children may enter school in the term after they turn 5 years of age. As part of regulatory policy, children have a right to from 10 to 14 terms of school from Reception to Year 2.
Kindergarten is provided as a government service for all children who apply for enrolment. It is regulated that children may enter kindergarten in the term after they turn 4 years of age. A maximum of 4 terms of kindergarten prior to school entry is provided.

At the other end of schooling, young people must be engaged in work, training or school until they turn 16 years of age. It is the stated intention of the South Australia Government to legislate this age to be 17 in the near future.

Many of the regulations governing school entry procedures would need to be revised if a common minimum school starting age with start of year entry were to be implemented in South Australia. Flow on effects to kindergarten regulation would also occur. Similarly, there will need to be consideration of the approaches taken to manage the change and the approaches to funding if the change is implemented.

Most importantly, consideration will need to be given about the extent to which pro rata funding will be converted to support the change. What appear to be savings for the schooling sector are generally associated with per capita payments. With fewer students, this funding would not be automatically available to the sector. However, while changes would be needed to regulation, policy and practice, there appears to be no substantial implication for legislation in the State.

4.2.12 Impact on families

For any of the options, South Australian families would face change from the present arrangements. Some families would benefit and some would not.

The effect of any of the options would be to enable those children whose 5th birthdays fall before the agreed minimum school starting age to move from the prior-to-school sector into the schooling sector at the commencement of the school year. For some, this would be up to 6 months earlier than is currently possible. A direct corollary would be that children affected in this way would be able to enter kindergarten with a start of year entry. Some children would need to enter kindergarten with a start of year entry from 2009.

For all families so affected, there would be a move from the prior-to-school child care sector earlier than at present. As this sector is usually more expensive than the school sector, there would be immediate savings to families. There would also be economic benefits associated with earlier parental re-entry to the workforce and, for children once they leave school, a further year in the workforce with consequent economic benefits.

On the other hand, children whose 5th birthdays fall after the agreed minimum school starting age and who would presently anticipate entering school in the term after their birthday would have to wait until the following year. They would not be able to enrol in kindergarten until the commencement of the year before their school commencement. Moreover, they would receive only four terms of Reception rather than up to five or six terms as at present.

For all families so affected, there would be longer in the prior-to-school child care sector than at present. As this sector is usually more expensive than the school sector, there would be immediate costs to parents. There would also be economic costs associated with later parental re-entry to the workforce and, for some children once they leave school, a year less in the workforce with consequent economic benefits. It should be noted, however, that completion of a second year in Reception currently delays workforce entry for affected children and reduces their long term earning accordingly.

Impacts on families around kindergarten would depend on management practices at the time. One approach, detailed above would have the following implications.
In 2009, as an introductory step to the implementation of a common minimum school starting age, children whose 4th birthdays currently allow Term 1 entry to kindergarten would enrol at the commencement of the year and do a full year of sessional kindergarten prior-to-school entry in 2010. Children who would currently expect to enter kindergarten at Term 2 would do so, but would have only three terms of kindergarten prior-to-school entry.

For the 4 years and 6 months option, the related range option and the 4 years and 5 months option, most children who presently expect to enter kindergarten in Term 3 would do so but would have only two terms of kindergarten prior-to-school entry in 2010. For the 4 years and 8 months option and the related range option, these children would generally have to delay their kindergarten entry until the following year. Under this management procedure there would be no Term 4 intake in kindergarten in 2009, freeing-up resources to provide additional sessions, especially for those children entering school in 2010 after only two terms of kindergarten.

Thus different families would be affected in varying ways depending on the birth date of their children.

For some, there would be earlier entry to school and to kindergarten, both of which provide highly subsidised services. These families would face reduced costs and be able to re-enter the workforce or take up leisure activities sooner than they would currently anticipate.

These families may identify a benefit arising from the introduction of their children to kindergarten and school interaction at a younger age. Additionally, they may identify benefits in terms of the earlier assessment of their children and, where necessary, the earlier provision of intervention programmes.

For others, there may be a delay in school entry that would see their children longer in the prior-to-school sector. While kindergarten in this sector is fully subsidised, child care is only partially subsidised. For this reason, the costs for these parents could be higher. Affected parents could be out of the workforce or unable to take up leisure for longer than they would currently anticipate.

These families may identify a risk arising from the delay in the introduction of their children to kindergarten and school interaction. Additionally, they may identify risks in terms of the later assessment of their children and possible delay in provision of intervention programmes.

The nationally comparable model demonstrates that there would be economic benefits of a common minimum school starting age for the parents of those children who would be able to commence kindergarten and school at a younger age. For these parents costs would be shifted earlier to government.

On the other hand, for parents of children whose birthdays were after the agreed minimum school starting age, costs would be shifted back to them. This would occur because the school system would no longer absorb early entry to the system with later completion of a further year in Reception. In effect, this approach has been cost shifting from child minding to the government. Undoing it shifts the costs back to parents, as they are in all other states.

In the first year of implementation, first year costs of $21m, $17m and $15m for the 4 years and 8 months option, the 4 years and 6 months option and 4 years and 5 months option respectively could be imposed on families whose children are unable to access the school sector for a further year. These costs would be brought forward to parents in 2009.
Over the full 62 year period being modelled these costs could range from $283m, to $226m to $205m for the respective options, discounted to 2004/05 dollars. Such costs would be permanent for similarly affected parents in all subsequent cohorts and would be at least 25 per cent greater if modelled permanently at the discount rate.

For the affected children and their parents, the 4 years and 5 months option and the 4 years and 6 months and related range option would produce net economic benefits over 62 years in the nationally comparable model. This could be in the order of $470m and $320m for the respective options.

On the other hand, for the 4 years and 8 months option and the related range option, there would be a net economic loss to the individuals of $68m, discounted to 2004-05 dollars. This option would mean that a substantial number of individuals would have their entry to the workforce delayed for 12 months, shortening their working lives by that delay.

4.2.13 Impact on Indigenous students and students with special needs

In general, all options were perceived as likely to have only minimal impact on provision for Indigenous students and students with special needs. For those Indigenous students whose birthdays fall before the agreed minimum school starting age, there was a perceived possible benefit in them being able to commence school some months earlier than under the current arrangements. The earlier link to formal schooling was perceived as a positive opportunity for many of these children and their families.

For students with special educational needs whose birthdays fall before the agreed minimum school starting age, one of the views expressed was that earlier access to schooling than is possible under current arrangements may involve a benefit through access to resourced and well structured learning programmes. A particular benefit may arise through a younger kindergarten entry age where South Australia has highly developed programmes to identify and support these students.

However, for those younger Indigenous children and children with special educational needs whose birthdays fall after the agreed minimum school starting age, their entry to school would be delayed. For some, this delay may have substantial long term educational consequences.

One of the benefits identified as being closely associated with the current rolling enrolments around 5 years of age in South Australia is that children are advantaged in their learning by an older entry into formal schooling. This was cited as particularly the case for many boys. A move to a younger school starting age for some was perceived as likely to involve a loss of this benefit for boys. However, for others, their actual starting age would be older. Thus, for these children, a common minimum school starting age could be a benefit.

4.2.14 Impact on school completion, tertiary entrance and entry to the workforce.

The nationally comparable model shows that, over the years of schooling to age 15, a figure in the order of 113,410 student movements occur in and out of South Australia. In any one year, the magnitude of inter-state movement is in the order of 10,310 students.

50 It should be noted that, while the reduction of completion of Reception in the following year means delay in school entry for many students, it does not mean delayed entry to the workforce. This was already delayed by a further year in Reception. The positive employment effects from the two options come from the increased size of the introductory cohorts.

51 Data for 2002-03 supplied by the Australian Bureau of Statistics in January 2005 as a result of a special request from the Australian Government Department of Education, Science and Training.
Only 1,036 of these movements is to or from the Northern Territory, the only jurisdiction with the same school starting age approach as South Australia.

Each time a child crosses borders there is a risk that, because of confusion or age/grade misalignment in part associated with differences in the minimum school starting age between states and territories, they may fall out of alignment with the cohort that they left behind. This may result in them having to ‘skip’ or ‘repeat’ a year of schooling. Many of these students are likely to experience an effect that reduces their level of engagement with and success at schooling.

The nationally comparable model assumes that there will be some effect on school completions arising from the reduction of a barrier to transferability that non-common minimum school starting ages represent. The model assumes that the effect will not occur for every student who transfers from one state or territory to another. The model assumes conservatively that, should a common minimum school starting age be introduced, its effect on school completions would be in the order of a one per cent increase in the completion rate for those students who transfer among jurisdictions. In other words, one in every hundred movements will be more likely to complete school because the minimum starting age is common on a national basis.

Table 4.h Projected post-school participation of the change in the South Australian introductory cohort based on the nationally comparable model

<table>
<thead>
<tr>
<th>Numbers of affected students</th>
<th>VET</th>
<th>University</th>
<th>FT employment</th>
<th>PT employment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4 years and 8 months</strong></td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
<td>2024</td>
</tr>
<tr>
<td>VET</td>
<td>-19</td>
<td>-19</td>
<td>-19</td>
<td>-19</td>
</tr>
<tr>
<td>University</td>
<td>0</td>
<td>-1</td>
<td>-32</td>
<td>-67</td>
</tr>
<tr>
<td>PT employment</td>
<td>-60</td>
<td>-104</td>
<td>-98</td>
<td>-83</td>
</tr>
<tr>
<td><strong>4 years and 6 months</strong></td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
<td>2024</td>
</tr>
<tr>
<td>VET</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>University</td>
<td>0</td>
<td>4</td>
<td>150</td>
<td>315</td>
</tr>
<tr>
<td>FT employment</td>
<td>56</td>
<td>61</td>
<td>120</td>
<td>298</td>
</tr>
<tr>
<td>PT employment</td>
<td>286</td>
<td>492</td>
<td>462</td>
<td>393</td>
</tr>
<tr>
<td><strong>4 years and 5 months</strong></td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
<td>2024</td>
</tr>
<tr>
<td>VET</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td>University</td>
<td>0</td>
<td>6</td>
<td>220</td>
<td>463</td>
</tr>
<tr>
<td>FT employment</td>
<td>82</td>
<td>90</td>
<td>176</td>
<td>437</td>
</tr>
<tr>
<td>PT employment</td>
<td>420</td>
<td>723</td>
<td>679</td>
<td>577</td>
</tr>
</tbody>
</table>

Given the conservative assumptions in the nationally comparable model, it is possible that the adoption of a common minimum school starting age could increase the level of school completion in South Australia. There could be up to 93 more school completions each year across South Australian schools. This increased completion rate is likely to be permanent for all subsequent cohorts.

Should a younger common school starting age be introduced than the current 5 years in South Australia, the increased cohort would complete Year 12 in 2022. They would, in fact, begin to enter further training, tertiary education or the workforce from 2021 when they...
are older than the upper compulsory age limit. The flow of the cohort increase under the relevant minimum school starting age options is shown in the Table 4.h above.

The long term costs and benefits associated with the increased size of the introductory cohort in relation to further training, university and employment are shown in the Table 4.i below. VET and university costs and benefits are from 2021 to 2030. Employment costs and benefits cover the 62 years of the model.

**Table 4.i Projected long term costs and benefits associated with the changed size of the South Australian introductory cohort based on the nationally comparable model**

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 8 months</th>
<th>4 years and 6 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>$0</td>
<td>-$2</td>
<td>-$2</td>
</tr>
<tr>
<td>University</td>
<td>$2</td>
<td>-$10</td>
<td>-$15</td>
</tr>
<tr>
<td>Employment</td>
<td>-$68</td>
<td>$320</td>
<td>$470</td>
</tr>
</tbody>
</table>

For the 4 years and 8 months option and the related range option there would be savings for both the VET and university sectors over the ten years of the model from 2021 to 2030. However, there would be substantial loss of income over the working lives of the individuals who commenced school one year later. There would also be a loss of income for parents who had to delay workforce re-entry by a year.

For the 4 years and 5 months option and 4 years and 6 months option and the related range option, there would be costs to both the VET and university sectors over the ten years of the model from 2021 to 2030. However, there would be substantial benefits over the working lives of the individuals who commenced school one year earlier or were able to re-enter the workforce one year earlier.

Although the VET and university sectors would have a long lead time to plan for the impact of the increased size of the introductory cohort as it moved out of the school sector, it is not possible to predict with certainty the areas of training or further education that would be affected. The only assumption that could be made is that the increased (or decreased) number in the cohort would be likely to take up (or not take up) further training or education in a similar pattern to the rest of the cohort at that time.
4.3 South Australian Government School Sector

4.3.1 Current situation

The South Australian government school sector subscribes to a minimum school starting age and rolling enrolment procedure that aligns with the findings of particular recent research into learning in the early years. This policy has been well accepted in South Australia for many years.

The policy is further supported by Government action in subsidising kindergarten for four terms prior to entry into Reception. The government sector operates kindergartens for most children, with some children moving at the end of their kindergarten to Reception in non-government schools.

In effect, the overall early years policy in the government school sector provides considerable additional and flexible resources for children around school entry. For young children in the government school sector, there is opportunity to receive up to twenty-one months of Reception provision.

However, for most children who are not able to enrol in Reception until Term 2 or some who cannot enrol until Term 3, only three or two terms of Reception are provided respectively. The differential, based largely on age, is seen to provide flexibility so that teachers can assess and address any learning issues according to the stage of development of each child.

This policy and the additional resources it entails are regarded as key features of early years education in South Australia. With the approach, the South Australian government school sector considers that it is implementing ‘leading edge’ practice to support the early learning of young children as they enter school.

4.3.2 Implications of the options

For the South Australian government school sector, any of the options for a common minimum school starting age would mean a change from current practice. Advice from the sector is that the offer to parents of an earlier starting age than the current age of 5 years, with the option of a start-of-school-year entry, would mean most would enrol eligible children at the commencement of the school year, thus ending the practice of rolling enrolments.

It is likely that the current practice of having up to 43 per cent of 5 year olds complete a further year in Reception would therefore cease. This would make the size of Reception cohort ‘normal’ after the introductory year of the change, leading to a reduced demand for resources to support the present Reception cohort size. The reduction in resources needed for the additional 43 per cent of 5 year olds would be permanent.

However, the reduction in school sector resources for these students needs to take into account the present pattern of distribution of resources over the rolling enrolment period. Students who enrol in Term 3 receive only 50 per cent of an annual average per capita allocation from the State government and parents. Students who enrol in Term 4 receive only 25 per cent of an annual average per capita allocation. Moreover, students enrolling in Term 4 enrol after the national schools census and are therefore not counted for Australian Government grants. Only 12 per cent of students enrolling in Term 3 generate Australian Government grant allocations. Calculations of resource savings need to be adjusted accordingly.
Table 4.j below indicates the actual cohort changes for each option, the split between the cohort impact on children who no longer do a second year in Reception and the direct cohort impact of each option, and the adjusted cohort figures to take account of the modified school sector resource impact.

### Table 4.j Government sector cohort size under nationally comparable and notionally modified resource assumptions

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 8 months (and 4 years and 5 months to 4 years and 8 months option)</th>
<th>4 years and 6 months (and 4 years and 5 months to 4 years and 6 months option)</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohort size</td>
<td>Cohort size</td>
<td>Cohort size</td>
<td></td>
</tr>
<tr>
<td>Nationally comparable model estimate of change in the ‘normal’ cohort size</td>
<td>-180</td>
<td>+865</td>
<td>+1269</td>
</tr>
<tr>
<td>Cohort reduction brought about by changing the policy on completing Reception in the year after first enrolment</td>
<td>-5,098</td>
<td>-5,098</td>
<td>-5,098</td>
</tr>
<tr>
<td>Net cohort effects of the change</td>
<td>-5,278</td>
<td>-4,233</td>
<td>-3,892</td>
</tr>
</tbody>
</table>

Information provided by the government school sector indicates that there is no current internal plan to move from the present policy. However, should this be agreed nationally, the sector would need to change some kindergarten procedures in 2009 to implement the change in 2010.

Should a range option be agreed, the South Australian government school sector would face a dilemma. On the one hand, 4 years and 8 months would produce the oldest cohort, which would conform most closely to the current philosophy. This option would also lead to the least change in the introductory cohort size compared to a ‘normal’ cohort. The 4 years and 5 months option would conform most closely in terms of the current State minimum school starting age. The 4 years and 6 months option would fall between the current minimum school starting age and preferred older start age.

The cost/benefit model below assumes that the sector would choose the minimum school starting age closest to the older end of the spectrum, which is the 4 years and 8 months option. The sector indicates this would be the preferred position.

#### 4.3.3 Cost/benefit modelling

Table 4.k below shows the cost and benefit implications related to the South Australian government school sector, based on nationally comparable data. The timing associate with Table 4.k is the 13 years of schooling from 2010, with secondary schooling starting for the introductory cohort in 2018.

However, it should be noted that, in contrast to all other similar tables throughout this Report, primary school savings are provided up to 2072. The savings associated with the
reduction in the completion of a second year of Reception would be permanent and are shown for the 62 years of the model until the introductory cohort leaves the workforce. If they were modelled thereafter, they would show a further 25 per cent saving.

As mentioned above, these savings have been modified in the model to reflect the distribution of resources allocated to rolling enrolments. The modified cohort impact shown in Table 4.j above provides the input information used to calculate the resource impact.

Table 4.k Costs and benefits for the South Australian government school sector over the 62 years being modelled, based on the modified nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Primary</td>
<td>$516</td>
<td>$542</td>
<td>$610</td>
<td>$542</td>
<td>$610</td>
</tr>
<tr>
<td>Government Secondary</td>
<td>-35</td>
<td>-24</td>
<td>5</td>
<td>-24</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>$481</td>
<td>$518</td>
<td>$615</td>
<td>$518</td>
<td>$615</td>
</tr>
</tbody>
</table>

Under the 4 years and 8 months option and the related range option, the model shows the savings to the South Australian government school sector over the 62 years of the model could be in the order of $615m. Under the 4 years and 6 months option and the related range option, the model shows the saving to the government school sector over the 62 years of the model could be in the order of $518m. For the 4 years and 5 months option, the model shows the saving to the government school sector over the 62 years of the model could be in the order of $481m.

Table 4.l below shows the saving shares of the Australian Government, the South Australian State Government and parents arising from the reduced number of government sector students in the introductory cohort for the change options. All figures below relate only to the school sector.

Table 4.l Nominal savings by funding sources in the South Australian government school sector by option over the 62 years of the model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.8 Option</th>
<th>4.6 Option</th>
<th>4.5 Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>AG State Private</td>
<td>AG State Private</td>
<td>AG State Private</td>
</tr>
<tr>
<td>Primary</td>
<td>$610</td>
<td>$56.0 $523.2 $30.5</td>
<td>$542.0 $49.8 $465.1 $27.1</td>
</tr>
<tr>
<td>Secondary</td>
<td>$5</td>
<td>$0.5 $4.3 $0.3</td>
<td>-$23.8 -1.2 $20.4 $1.2</td>
</tr>
<tr>
<td>Overall savings based on the nationally comparable model</td>
<td>AG State Private</td>
<td>AG State Private</td>
<td>AG State Private</td>
</tr>
<tr>
<td>Government sector</td>
<td>$22.5</td>
<td>$2.1 $19.3 $1.1</td>
<td>$13.4 $1.2 $11.5 $0.7</td>
</tr>
<tr>
<td>62 year savings based on the nationally comparable model</td>
<td>AG State Private</td>
<td>AG State Private</td>
<td>AG State Private</td>
</tr>
<tr>
<td>Government sector</td>
<td>$614.7</td>
<td>$56.5 $527.5 $30.7</td>
<td>$518.2 $47.6 $444.6 $25.9</td>
</tr>
</tbody>
</table>

52 In all other Chapters of this Volume, this Table refers to a 13 year time frame while the affected cohort is in school. For South Australia, however, the time frame is the full extent of the model because the reduction in completion of Reception in the following year makes savings throughout and permanently.
The calculations above are based on the recurrent annual expenditure estimates per student provided by the State Government to the Australian Government Department of Education, Science and Training. Per capita expenditure is averaged but excludes capital and user costs of capital. The assumption in Table 4.1 is that the government school sector would lose its ‘normal’ share of the reduced number of students.

In terms of Australian Government grants, the savings could amount to a figure in the order of $2.1m in the introductory year for the 4 years and 8 months option and the related range option. Over the 62 years of the model, the savings could be in the order of $52.6m.

For the 4 years and 6 months option and the related range option, the savings to the Australian Government could be in the order of $1.2m in the introductory year. Over the 62 years of the model, the savings to the Australian Government through reduced grants could be in the order of $47.6m.

For the 4 years and 5 months option, the savings to the Australian Government could be in the order of $0.9m in the introductory year. Over the 62 years of the model, the savings to the Australian Government through reduced grants could be in the order of $44.2m.

In terms of school sector savings to the South Australian State Government, the saving could be in the order of $19.3m in the introductory year for the 4 years and 8 months option and the related range option. Over the 62 years of the model, the saving could be in the order of $527.5m.

For the 4 years and 6 months option and the related range option, the South Australian State Government could save in the order of $11.5m in the introductory year. Over the 62 years of the model, the savings from State funding could be in the order of $444.6m.

For the 4 years and 5 months option, the South Australian State Government could save in the order of $8.4m in the introductory year. Over the 62 years of the model, the savings from State funding could be in the order of $412.5m.

If the government sector were to lose its share of the total student reduction in the introductory cohort, school sector savings to parents through private contributions for the 4 years and 8 months option and the related range option could amount to a figure in the order of $1.1m in the introductory year. Over the 62 years of the model, the savings to parents could be in the order of $30.7m.

For the 4 years and 6 months option and the related range option, savings to parents through private contributions could amount to a figure in the order of $0.7m in the introductory year. Over the 62 years of the model, the savings to parents could be in the order of $25.9m.

For the 4 years and 5 months option, savings to parents through private contributions could amount to a figure in the order of $0.5m in the introductory year. Over the 62 years of the model, the savings to parents could be in the order of $24.0m.

The average per capita cost estimates used in the nationally comparable cost/benefit analysis model were based on government school expenditure per student as reported by the state and territory governments. These were calculated in accrual format. The 2004-05 school sector annual costs per student used in the nationally comparable model are $9,203 for primary school students and $10,263 for secondary school students.

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53 Data supplied by the Australian Government Department of Education, Science and Training from NSSC information.
The expenditure calculations in the nationally comparable cost/benefit analysis model reflect only truly recurrent items and exclude depreciation and user cost of capital. However, they are average costs, and do not reflect the excess capacity in any system to incorporate new students without fixed cost increases.

Such a figure would be reflected by the marginal cost to a system, a figure that has proved quite elusive in national literature. Various Senate inquiries have long recognised the nature of marginal costs but there are no national publications in education, including those published by the Productivity Commission that present a table of marginal costs for each jurisdiction.

During the data gathering for the cost/benefit analysis, various amounts were put forward by jurisdictions to indicate marginal costs. However, no one nationally comparable methodology was used. Therefore, as an acceptable rule of thumb across jurisdictions, the approach used in the calculation of the Enrolment Benchmark Adjustment to ‘notional costs’ has been used in this Report. This places notional costs at 50 per cent of average costs.

If notional cost figures are substituted for the cost estimates in the nationally comparable cost/benefit analysis model, the estimated impacts of each of the options on the South Australian government school sector are shown below.

Table 4.m Government sector 13 year savings using modified and notional per capita cost estimates

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Primary</td>
<td>$99</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$7</td>
</tr>
<tr>
<td>Total</td>
<td>$92</td>
</tr>
</tbody>
</table>

These figures in Table 4.m show substantially lower savings for any of the proposed options than would be anticipated using the modified nationally comparable data based on average costs, as demonstrated in Table 4.n below. The variation in savings, created by modelling notional costs, would flow through the cost/benefit model to produce a smaller economic benefit for the government school sector and for South Australia as a whole than would have been projected by the nationally comparable model.


56 The calculations in this table discount for the usual pattern of provision of state and parental resources provided for rolling enrolments. However, they do not discount for the fact that Term 4 enrolments would not be counted in the Australian Government census. Therefore figures may be marginally higher than would actually occur but provide sufficient indication for the purposes of modelling.
Table 4.n Comparison of impact of notional and average figures on costs and benefits for each of the options

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($) million, 2004-05</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total savings for government schools based on nationally comparable figures</td>
<td>$481</td>
<td>$518</td>
<td>$615</td>
<td>$518</td>
<td>$615</td>
</tr>
<tr>
<td>Total savings for government schools based on notional costs</td>
<td>$92</td>
<td>$103</td>
<td>$134</td>
<td>$103</td>
<td>$134</td>
</tr>
</tbody>
</table>

Because each of the options would most likely lead to a reduction in the current practice of younger children completing Reception in a following year, each option would lead to major reductions in students in the Reception year.

Across the government school sector, for the 4 years and 8 months option and the related range option, the reduction in teaching staff required could be in the order of 108 teachers. For the 4 years and 6 months and the related range option, the reduction in teaching staff required could be in the order of 63 teachers. For the 4 years and 5 months and the related range option, the reduction in teaching staff required could be in the order of 45 teachers.

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,519 per student, the salary savings in the first year could range from approximately $12.2m for the 4 years and 8 months option to $7.1m for the 4 years and 6 months option and $5.1m for the 4 years and 5 months option. As many of these savings are associated with the permanent reduction in the size of the Reception cohort, much of them would be ongoing.

Many of these reductions would be permanent. All of these teacher related savings are included in the savings mentioned throughout in the nationally comparable model.

The sector noted, however, that apparent savings from the under-utilisation of capital would not be fully realised. The fixed cost component of capital would largely remain, with few if any savings. However, the sector also noted the opportunity to refurbish Reception spaces so that more contiguity between kindergarten and Reception years could be fostered. This aligns with South Australia State Government policy.

4.3.4 Impact of the options

In any of the options that move from rolling enrolments around 5 years of age, there will be costs, benefits, risks and opportunities for the South Australian government school sector. The overall level of change vis-à-vis the current minimum school starting age would be greatest should the option of 4 years and 5 months be introduced as a common school starting age. The level of change would be less for 4 years and 6 months option and the related range option. The level of change would be least for the 4 years and 8 months option. However, overwhelmingly the level of change is governed by the decreased in the number of children completing a further year in Reception. Thus, each of the options has a relatively similar outcome in terms of overall savings.

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57 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

58 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
For both the 4 years and 5 months option and the 4 years and 6 months and related range options, nominal initial and medium term costs would be borne by the South Australian and Australian governments in providing for an increase in the size of the introductory cohort. These would include costs associated with staffing, infrastructure, administration and related costs in areas such as student transport. These costs would occur at the outset and for each year as the larger cohort progresses through schooling.

However, for each option, substantial savings would occur because the sector would no longer need to support an additional group that represents 43 per cent of a ‘normal’ cohort each year who are in Reception pending a further year in the grade. Even discounting for the pattern of expenditure from the Australian Government, the State Government and parents related to rolling enrolments, these savings are substantial and would occur both up-front and over the long term. In addition, for the 4 years and 8 months option, further savings would occur because the introductory cohort would be smaller than a ‘normal’ cohort.

The principal risks identified by the South Australian government school sector relate to the educational impact of any change from the current procedure. A most salient element of this risk would be the concern related to the loss of the ‘rolling enrolment’ advantage that is currently accompanied by younger children completing Reception in a following year. This is seen as a ‘best practice’ approach to early years services, purposely addressing issues of differentiation and assessment of learning needs through differentiation of provision.

A second identified risk is around the issue of an earlier school starting age for some children. For the South Australian government school sector, 5 years of age is the most appropriate age to enter school. Prior to that age, it is deemed appropriate for children to enjoy the unstructured and caring support of their families, enhanced by access in the year before school to 10 hours of government provided kindergarten. Such an approach is strongly supported by overseas research that is cited by the sector as ‘leading edge’ in the field of early years education.

With a policy of children commencing school at age five, a change to any of the options would mean earlier entry for some children. Although the progressing cohort would on average be slightly older than at present for the 4 years and 8 months option and related range option, about the same for the 4 years and 6 months option and related range option, and slightly younger for the 4 years and 5 months option, the age at which some children would start school would be significantly younger under all options.

Associated with this earlier entry is the proposition that children so affected would move out of small class ratios and stringent infrastructure conditions in prior-to-school provision earlier than under present arrangements. In particular, there was an identified risk that potential industrial pressure could be applied to have class size ratios in Reception that were similar to those in kindergarten. Moreover, for teachers, having children younger upon entry to school was cited as an issue needing to be addressed through professional learning activities. There was a perceived risk that without such professional learning, pedagogy around young children may not be appropriately adjusted.

A substantial risk was identified in the potential loss of the additional resources for the Reception children who are currently provided with additional time in the grade. It was perceived that the funds would revert to both the State and Australian Government Treasuries as they are directly linked to student enrolments. Such a loss of funding to support the transition of children from home to school was seen as highly inappropriate. It was viewed as removing from those children who were identified as having the most need
the differential support provided by further time and small class sizes as they learn the culture and requirements of schooling.

For parents of children so affected, potential to resist strongly the loss of the additional resource mentioned above was cited as a risk. It was considered that parents were generally very supportive of rolling enrolments with the opportunity for further time in Reception. If the opportunity for this additional time were removed, for many parents this would mean less access in terms of time in a government sponsored child support arrangement. For the government school sector, negative reaction around this issue was perceived as a risk.

For some under the 4 years and 8 months option and related range option, and a smaller number under the 4 years and 6 months option and related range option, children would have their entry to school delayed for some months, leaving those parents in the relatively more expensive prior-to-school sector for longer. Similarly, affected parents would have entry of their children to kindergarten delayed for a commensurate time, delaying their own re-entry to the workforce and affecting their family income. In particular, this would delay the entry of affected children to the heavily subsidised year prior-to-school, shifting costs to parents. Parental reaction to these issues was seen to constitute a considerable risk.

For prior-to-school services, the sector identified potential issues associated with some younger children entering the sector as entry at the commencement of the year would displace rolling entry at age 4. This could have implications for pedagogy in kindergartens. In the year prior to introduction of a common minimum school starting age, there could be some children who would receive only two or three terms of kindergarten although arrangements may be made to provide additional time for these children.

The sector also identified some opportunities associated with the options. First among the potential benefits noted by the sector was the perceived possibility of freeing-up resources currently used in the Reception year to better target student needs. Currently, the extra resources provided by completion of Reception by younger children in a following year are institutionally allocated to children who are enrolled in the second half of the Reception year. Children enrolled in the first half of the year are not generally provided with the opportunity for a further year in Reception.

Moreover, for those who go directly to Year 1 at the end of their first year in Reception, children enrolled in Term 2 and most of those enrolled in Term 3 receive only three or two terms in Reception respectively. Under the different arrangements associated with a common minimum school starting age, resources could potentially be better targeted depending upon teaching decisions in relation to identified student need.

The potential associated with freed-up infrastructure resources was also identified as an opportunity. It is current sector policy to make kindergarten and Reception more site contiguous than at present to better facilitate the kindergarten/Reception nexus under the South Australian Curriculum, Standards and Accountability Framework. Refurbishment of freed-up school-based infrastructure would assist in the implementation of this policy.

The administrative ease of operating a single intake each year was cited as an opportunity. For some teachers and school administrators, the single intake notion and the shared approach to training new children in the culture and requirements of school were seen as advantageous. Interruptions to the class programme as new students enter the class were cited as issues associated with rolling enrolments.

Those children who would not be able to access school until the year after their current expectations would be older when they entered school. These are currently the children who would be given up to twenty-one months in Reception. Under a common minimum
school starting age, these children would enter school at an older age and complete a full year in Reception. This tends to conform in a different way to the government school sector philosophy of older entry to school and provides an opportunity for these children to have further time with their parents.

The principal opportunities identified by the government school sector were those that would arise from national commonality. There would be opportunities to achieve a greater level of comparability in relation to student performance data across all states and territories. Schools may find it easier to understand data about students who have transferred across state and territory borders because more students of similar age will be in the same year. Movement between states, especially for families living near border areas, would be facilitated.

4.3.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the current situation is that the year before Year 1 is called Reception. The year prior to Reception is generally called kindergarten, although terms such as pre-school and early learning centres are also used.

No significant costs to the government school sector were identified as likely to arise from a change in nomenclature for either Reception or kindergarten. Cost areas identified included changes in signage, databases and the titles of curriculum documents. The cost implications associated with any change were seen as capable of being contained and managed.

Opportunities and benefits in relation to a common nomenclature were identified by the South Australian government school sector. These primarily related to the positive impacts arising from all states and territories having a common nomenclature for the early years of schooling. Common nomenclature was perceived as highly desirable to assist sector officers and stakeholders participating in national meetings, obviating the need for continual clarification and assisting comparability.

Common nomenclature was seen as likely to greatly assist families as they moved across state and territory borders. Data about students transferred between states and territories could be more readily and accurately interpreted with a common nomenclature.

4.3.6 Conclusion

For the South Australian government school sector, adoption of any of the options would mean a substantial change, not only in the starting age of children but also in the enrolment approach. While there would be obvious savings through the smaller number of children in Reception each year, this approach incorporating rolling enrolments at age 5 and facilitation of younger children completing Reception in a following year has been established in response to perceived ‘best practice’ in early learning support.

For the 4 years and 8 months option, the overall net savings to the sector could be up to $615m, with a figure in the order of $23m to be saved in the first year. For the 4 years and 6 months option and the associated range option, the overall net savings could be in the order of $518m, with a figure in the order of $13m to be saved in the first year. For the 4 years and 5 months option and the associated range option, the overall savings could be in the order of $481m, with a figure in the order of $10m to be saved in the first year.

The major risks associated with moving to a common minimum school starting age relate to the implications in terms of the time of school commencement, the probable demise of
rolling enrolments and the curtailment of young children completing Reception in a following year.

In changing the approach to a common start of year opportunity, it is possible that the enrolment based resources currently provided to young children in Reception might be transferred elsewhere. Consequently there may be increased risks for some children who would commence school at a younger age, and some who may have greater need for support than others. There would be strong educator and parental concerns around these issues.

Parental concerns would be exacerbated by the fact that for some, the entry of their children would be delayed one year, both into kindergarten and into Reception. In the former case, parents would face longer in the higher cost child care sector prior to kindergarten entry.

On the other hand, it was recognised that there could be opportunities for the sector from a move to a common minimum school starting age. Any freed-up and maintained resources, including infrastructure freed-up by the reduction in the completion of Reception in a second year could be used to target extra support for children who might need it. These resources could also be used to support sector policies such as contiguous kindergartens on school sites. The simplicity of a single entry each year was also seen as an opportunity. Moreover, commonality of itself was seen to be of potential benefit to children, parents, teachers and educational administrators alike.

In terms of nomenclature, no significant costs were identified. The sector expressed a significant level of support for national commonality of nomenclature around the early years of schooling. However, the term Reception was favoured for the first year of school.
4.4 South Australian Catholic School Sector

4.4.1 Current situation

The South Australian Catholic school sector has a similar minimum school starting age and rolling enrolment procedure to the government school sector. While this policy is well accepted by the sector, there is considerable variation. Few schools have any Term 4 intake, thus reducing the intake of a number of unfunded children who would have to complete a further year of Reception. Enrolment patterns indicate proportionately more children commence school at the start of the year than in the government school system.

Intending Catholic school students attend government kindergartens prior to school. Thus, the Catholic school sector has little opportunity to identify early learning difficulties. However, communication and cooperation across the sectors is a feature of South Australian school operation and the sector receives information from kindergartens about such issues.

For some children who are not able to enrol until Term 3, only two terms of Reception are provided respectively. These children move directly from Reception to Year 1. On the other hand, other children whose early school experiences indicate they are struggling can do a further year in Reception. While this approach requires additional sector resources, it also provides a level of differentiation that focuses on the learning needs of the children.

The South Australian Catholic school sector is currently growing at a rate of approximately 2 per cent per year. By 2007, there will be an additional secondary school in the southern growth areas of the sector to address population pressures. However, the growth pattern is uneven, with a high proportion of schools in the other areas either at or close to their site capacities.

4.4.2 Implications of the options

For the South Australian Catholic school sector, any of the options for a common minimum school starting age would mean a change from current practice. Advice from the sector is that the introduction of a common minimum school starting age would not in itself end rolling enrolments. However, it is anticipated that parents would take up the lower cost option of starting their children at school at the earliest opportunity. This would result in the majority of enrolments occurring at the start of the year and an actual rather than legislated end to continuous enrolment.

If this occurs, the current practice of having many Reception students complete a further year in the grade would most likely cease. This would make the size of the Reception cohort ‘normal’ after the introductory year of the change, leading to a reduced demand for resources to support the present Reception cohort size. The reduction in resources needed for the additional Reception cohort would be ongoing.

The impact on the size of the introductory cohort is shown at Table 4.0 below. The figures in Table 4.0 include both the impact on the ‘normal’ cohort which would last for 13 years and the permanent decrease in the Reception cohort which would occur because of the decline in the number of children completing a second year in Reception.
Table 4.0 Catholic sector cohort size under nationally comparable assumptions

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 8 months (and 4 years and 5 months to 4 years and 8 months option)</th>
<th>4 years and 6 months (and 4 years and 5 months to 4 years and 6 months option)</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cohort reduction as shown by the nationally comparable model</td>
<td>-1,552</td>
<td>-1,084</td>
<td>-980</td>
</tr>
</tbody>
</table>

Information provided by the Catholic school sector indicates that there is no current internal plan to move from the present policy. However, should this be agreed nationally, the sector would implement the change in one move, in 2010. Should a range option be agreed upon, the South Australian Catholic school sector would move to a policy agreed by the State as a whole.

4.4.3 Cost/benefit modelling

The Table 4.p below shows the cost and benefit implications related to the South Australian Catholic school sector, based on nationally comparable data. The model assumes that the sector would lose its current proportionate share of enrolments. However, should strategies be employed to recruit children, perhaps from the government school sector, to take up excess capacity, the apparent savings would be reduced.

The apparent savings have been discounted to take account of the fact that children who enrol in the second half of the year are provided with fewer resources in that year than those who enrol at the commencement of the year. It should be noted that, while the (+) amounts in Table 4.p are presented as social benefits, they would represent a loss of income to the sector.

Table 4.p Costs and benefits for the South Australian Catholic school sector over 62 years59 based on the modified nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Catholic Primary</td>
<td>$27</td>
</tr>
<tr>
<td>Catholic Secondary</td>
<td>-$10</td>
</tr>
<tr>
<td>Total</td>
<td>$17</td>
</tr>
</tbody>
</table>

For the 4 years and 8 months option and the related range option, the model shows the saving (or loss of income) to the South Australian Catholic school sector over the 62 years of the model could be in the order of $41m. Under the 4 years and 6 months option and the related range option, the model shows the saving (or loss of income) to the South Australian Catholic school sector over the 62 years of the model could be in the order of $24m. Under the 4 years and 5 months option, the model shows the saving (or loss of income) to the South Australian Catholic school sector over the 62 years of the model could be in the order of $17m.

59 The figures are shown over the full period of the model because the reduction in completion of a further year of Reception would be permanent.
Table 4.q Nominal savings by funding sources in the South Australian Catholic school sector by option over the 62 years of the model

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th></th>
<th>4.8 Option</th>
<th>4.6 Option</th>
<th>4.5 Option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overall</td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Primary</td>
<td>$40</td>
<td>$26.1</td>
<td>$9.4</td>
</tr>
<tr>
<td>Secondary</td>
<td>$1</td>
<td>$0.8</td>
<td>$0.2</td>
</tr>
<tr>
<td></td>
<td>$26.8</td>
<td>$17.4</td>
<td>$6.2</td>
</tr>
</tbody>
</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th></th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
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<th>State</th>
<th>Private</th>
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</thead>
<tbody>
<tr>
<td>Catholic sector</td>
<td>$1.6</td>
<td>$1.0</td>
<td>$0.4</td>
<td>$0.2</td>
<td>$0.3</td>
<td>$0.2</td>
<td>$0.1</td>
<td>$0.0</td>
<td>$0.2</td>
</tr>
<tr>
<td></td>
<td>$-0.2</td>
<td>-$0.2</td>
<td>-$0.1</td>
<td>$0.0</td>
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<td>$0.0</td>
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<td>$0.0</td>
<td>$0.0</td>
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</table>

62 year costs based on the nationally comparable model

<table>
<thead>
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<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
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</thead>
<tbody>
<tr>
<td>Catholic sector</td>
<td>$41.7</td>
<td>$26.9</td>
<td>$9.6</td>
<td>$5.1</td>
<td>$23.8</td>
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<td></td>
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<td>$4.6</td>
<td>$0.3</td>
<td>$0.0</td>
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<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
</tbody>
</table>

Table 4.q above shows the saving/cost shares of the Australian Government, the South Australian Government and parents arising from the reduced number of Catholic school sector students in the introductory cohort for the change options. The calculations above are based on the recurrent annual expenditure estimates per student provided by the State Government to the Australian Government Department of Education, Science and Training. Per capita expenditure is averaged but excludes capital and user costs of capital.

The assumption in Table 4.q is that the Catholic school sector would lose its ‘normal’ share of the reduced number of students. All savings shown in the Table would represent loss of income to the sector. All calculations are discounted for the pattern of resourcing that currently relates to rolling enrolments. It is this discount that creates a cost impact in relation to the 4 years and 5 months option*.

In terms of Australian Government grants, the savings could amount to a figure in the order of $1.0m in the introductory year for the 4 years and 8 months option and the related range option. Over the 62 years of the model, the savings could be in the order of $26.9m.

For the 4 years and 6 months option and the related range option, the savings to the Australian Government could be in the order of $0.2m in the introductory year. Over the 62 years of the model, the savings to the Australian Government through reduced grants could be in the order of $16.2m.

For the 4 years and 5 months option, the cost* to the Australian Government could be in the order of $0.2m in the introductory year. Over the 62 years of the model, the saving to the Australian Government through reduced grants could be in the order of $12.1m.

* The figure shows as a cost. During the 13 years the introductory cohort is in Catholic schools, funding procedures would mean that, for the 4 years and 5 months option only in the Catholic sector, the costs of supporting additional students in the cohort would exceed the savings made from the reduction in expenditure on children who previously spent a further year in Reception. Once the additional students in the introductory cohort leave school there are only savings which, over the period of the model make the impact on Australian Government grants a net saving. The negative (cost) for this sector alone is created by the large proportion of funds provided by the Australian Government relative to proportions in the other sectors.
In terms of savings to the South Australian Government, the saving could be in the order of $0.4m in the introductory year for the 4 years and 8 months option and the related range option. Over the 62 years of the model, the saving could be in the order of $9.6m.

For the 4 years and 6 months option and the related range option, the South Australian Government could save in the order of $0.1m in the introductory year. Over the 62 years of the model, the savings from State funding could be in the order of $6.0m.

For the 4 years and 5 months option, the South Australian Government could save in the order of $0.1m in the introductory year. Over the 62 years of the model, the savings from State funding could be in the order of $4.6m.

If the Catholic sector were to lose its share of the total student reduction in the introductory cohort, savings to parents through private contributions for the 4 years and 8 months option and the related range option could amount to a figure in the order of $0.2m in the introductory year. Over the 62 years of the model, the savings to parents could be in the order of $5.1m.

For the 4 years and 6 months option and the related range option, savings to parents through private contributions could be negligible in the introductory year. Over the 62 years of the model, the savings to parents could be in the order of $1.6m.

For the 4 years and 5 months option, savings to parents through private contributions could be negligible in the introductory year. Over the 62 years of the model, the savings to parents could be in the order of $0.3m.

Because each of the options would most likely lead to a reduction in the current practice of younger children having a further year in Reception, each option would lead to major reductions in students in the Reception year. This would have the direct consequence of a smaller staffing requirement for teachers.

Across the South Australian Catholic school sector as a whole, for the 4 years and 8 months option and the related range option, the reduction in teaching staff required could be in the order of 62 teachers. For the 4 years and 6 months and the related range option, the reduction in teaching staff required could be in the order of 43 teachers. For the 4 years and 5 months and the related range option, the reduction in teaching staff required could be in the order of 40 teachers\(^{61}\).

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission\(^ {62}\), with teacher costs of $4,519 per student, the salary savings in the first year could range from approximately $7m for the 4 years and 8 months option to $4.9m for the 4 years and 6 months option and $4.4m for the 4 years and 5 months option. As many of these savings are associated with the permanent reduction in the size of the Reception cohort, much of them would be ongoing. All of these savings are included in the figures shown in Table 4.0 above.

The sector noted, however, that apparent savings from the under-utilisation of capital would not be fully realised. The fixed cost component of capital would largely remain, with few if any savings.

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\(^{61}\) As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

\(^{62}\) Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
4.4.4 Impact of the options

In any of the options that move from rolling enrolments around 5 years of age, there will be costs, benefits, risks and opportunities for the South Australian Catholic school sector. The overall level of change vis-à-vis the current minimum school starting age would be greatest should the option of 4 years and 5 months be introduced as a common school starting age. The level of change would be less for 4 years and 6 months option and the related range option. The level of change would be least for the 4 years and 8 months option. However, because of the dominant effect of the decline in the number of children completing a further year in Reception, there is limited differential impact among the options.

For each option, the most substantial savings would occur because the sector would no longer need to support an additional group each year who are in Reception pending a further year in the grade. Children who are older than the agreed minimum school starting age would most likely commence school at the beginning of the school year, giving them more time in Reception prior to moving to Year 1. Others who are younger than the agreed starting age requirement would start school the year following that in which they currently would expect to start. However, they would complete a full year of Reception and move directly to Year 1 without a further year in Reception.

The principal risks identified by the South Australian Catholic school sector relate to the educational impact of any change from the current procedure. The sector identified the risk that some children may not be ready for school at the single entry point. Having all children enter at the same time could lead to difficulties for teachers in identifying learning issues. In particular, determining the difference between developmental issues and learning issues may be more difficult. In addition, the sector noted that having children in the institution of a school earlier than age 5 may not be appropriate. Moving young children from the caring and supportive, intuitive and less structured play based prior-to-school learning environment to the more formalised learning environment of school could create some concern among parents and educators.

With a policy of children commencing school at age five, a change to any of the options would mean earlier entry for some children. Although the progressing cohort would on average be older than at present for the 4 years and 8 months option and related range option, about the same for the 4 years and 6 months option and related range option, and slightly younger for the 4 years and 5 months option, the age at which some children would start school would be significantly younger under all options.

For teachers, having children younger upon entry to school was cited as an issue needing to be addressed through professional learning activities. There was a perceived risk that without such professional learning, pedagogy around young children may not be appropriately adjusted.

It was noted that there would be a potential loss of resources for the children who currently experience a further year in Reception. Similarly, there would a potential delay in provision of resources for children unable to enter school in the year they would currently anticipate commencing. However, the sector also noted that having children enter at the commencement of the year would bring in resources to the sector earlier than under present arrangements.

For some under the 4 years and 8 months option and related range option, and a smaller number under the 4 years and 6 months option and related range option, children would have their entry to school delayed for some months, leaving those parents in the expensive prior-to-school sector for longer. Similarly, commensurate parents would have entry of
their children to kindergarten delayed for a similar time, delaying their own re-entry to the workforce and affecting their family income. In particular, this would delay the entry of their children into the heavily subsidised year prior to school, shifting costs to parents. Parental reaction to these issues was seen to constitute a considerable risk and the impact on family income was a significant concern to the Catholic sector.

At the same time, the sector also identified some opportunities associated with the options. First among the potential benefits noted by the sector was the perceived possibility of freeing-up resources currently used in the Reception year to better target student needs. Currently, the extra resources provided to facilitate an additional Reception year for many children are institutionally allocated to children who are enrolled in the second half of the Reception year. Children enrolled in the first half of the year are not generally provided with the opportunity for further time in Reception. Moreover, children enrolled in Term 2 and most of those enrolled in Term 3 receive only three or two terms in Reception respectively. Under the different arrangements associated with a common minimum school starting age, resources could potentially be better targeted depending upon teaching decisions in relation to identified student needs.

The potential associated with freed-up infrastructure resources was also identified. The administrative ease of operating a single intake each year was cited as an opportunity. So too was the benefit of having resources for children for the whole year. For some teachers and school administrators, the single intake notion and the shared approach to training new children in the culture and requirements of school were seen as advantageous. Interruptions to the class programme as new students enter the class were cited as issues associated with rolling enrolments.

Those children who would not be able to access school until the year after their current expectations would be older when they entered school. These are currently the children who would be given up to twenty-one months in Reception. Under a common minimum school starting age, these children would enter school at an older age and complete a full year in Reception. This tends to conform in a different way to the Catholic school sector philosophy of older entry to school and provides an opportunity for these children to have further time with their parents.

Other opportunities identified by the Catholic school sector were those that would arise from national commonality. There would be opportunities to achieve a greater level of comparability in relation to student performance data across all states and territories. Schools may find it easier to understand data about students who have transferred across state and territory borders because more students of similar age will be in the same year. Movement between states, especially for families living near border areas, would be facilitated.

**4.4.5 Nomenclature**

In relation to the nomenclature of the early years of schooling, the current situation is that the year before Year 1 is called Reception. The year prior to Reception is generally called kindergarten, although terms such as pre-school and early learning centres are also used.

No significant costs to the Catholic school sector were identified as likely to arise from a change in nomenclature for either Reception or kindergarten. Cost areas identified included changes in signage. The cost implications associated with any change were seen as capable of being contained and managed.

Opportunities and benefits in relation to a common nomenclature were identified by the South Australian Catholic school sector. These primarily related to the positive impacts
arising from all states and territories having a common nomenclature for the early years of schooling. Common nomenclature was perceived as highly desirable to assist sector officers and stakeholders participating in national meetings, obviating the need for continual clarification and assisting comparability.

Common nomenclature was seen as likely to greatly assist families as they moved across state and territory borders. Data about students transferred between states and territories could be more readily and accurately interpreted with a common nomenclature.

4.4.6 Conclusion

For the South Australian Catholic school sector, adoption of any of the options would mean a substantial change, not only in the starting age but also in the enrolment approach. The most substantial of these would most likely be the reduction in rolling enrolments and the differential completion by some students of an additional Reception year.

While there would be obvious savings through the smaller number of children in Reception each year, the reduction in this approach may carry with it risks. The risks may come from parents and teachers who value the current approach. The risks may also come for children who would enter school younger than under the current arrangements.

On the other hand, it was recognised that there could be opportunities for the sector from a move to a common minimum school starting age. Any freed-up and maintained resources, including infrastructure and staffing associated with completion of a second year in Reception could be used to target extra support for children who might need it. The simplicity of a single entry each year, with resources provided for the whole year, was also seen as an opportunity. Moreover, commonality of itself was seen to be of potential benefit to children, parents, teachers and educational administrators alike.

In terms of nomenclature, no significant costs were identified. The sector expressed a significant level of support for national commonality of nomenclature around the early years of schooling.
4.5 South Australian Independent School Sector

4.5.1 Current situation

The South Australian independent school sector has a similar minimum school starting age and rolling enrolment procedure to the other school sectors. However, there is considerable variation in policy across the schools in the sector. Few schools have any Term 4 intake, thus reducing considerably the number of children completing Reception in the following year. Some schools have start-of-year and mid year intakes. Enrolment patterns indicate proportionately more children commence school at the start of school year than in the government school system.

Pre-schools and other forms of early childhood services are a growing feature of the independent school sector. Currently there are 25 operating such services across the 45 primary schools in the sector. These operations do not receive government funding and are seen as a service provided in response to parent demand. Pre-schools are cost effective for parents whose alternative would be child care. Schools benefit from the enrolments that flow from them. Models of pre-school and other early childhood services vary. Some are full time, others are sessional.

For some children who are not able to enrol until Term 2 or Term 3, only three or two terms of Reception are provided respectively. These children move directly from Reception to Year 1. However, for children enrolling in Term 3, this is not the norm. Most children who enrol in the second half of the year complete Reception in the following year. While this approach requires additional sector resources, it also provides a level of differentiation that focuses on the learning needs of the children.

Discussion with sector principals suggested that rolling enrolments were relatively unpopular among both parents and teachers in the sector. The disturbance caused by enrolment of children into classes that are already settled is the major issue, with many children unfunded for part of the year.

4.5.2 Implications of the options

For the South Australian independent school sector, any of the options for a common minimum school starting age would mean a change from current practice. Advice from the sector is that parents would take up the lower cost option of starting their children at school at the earliest opportunity. This would result in the majority of enrolments occurring at the start of the year. That is, children who currently come into school in the second half of the year would be eligible for entry at the commencement of the year, depending on the minimum school starting age to be agreed and implemented.

If this occurs, the current practice of students completing Reception in the following year would most likely cease, leading to a reduced demand for school sector resources to support the present Reception cohort size. The reduction in school sector resources needed for the additional Reception cohort, discounted for the present pattern of resource allocation associated with rolling enrolments, would be ongoing. The impact on the introductory cohort size is shown in Table 4.r below.

For the independent sector, this reduction of school sector resources would be a loss of school sector income from the Australian Government, the State Government and from private sources including fees.
Table 4.r Independent sector cohort size under nationally comparable assumptions

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 8 months (and 4 years and 5 months to 4 years and 8 months option)</th>
<th>4 years and 6 months (and 4 years and 5 months to 4 years and 6 months option)</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cohort reduction as shown by the nationally comparable model</td>
<td>-1020</td>
<td>-818</td>
<td>-740</td>
</tr>
</tbody>
</table>

It is possible that principals would increase the offer of prior-to-school places, especially for children who would be forced to remain in the prior-to-school sector for a year more than their current expectations. However, the apparent net savings in the school sector could not be transferred to the prior-to-school sector as they are generally dependent on the number of children in school at census dates.

Information provided by the independent school sector indicates that there is no current internal plan to move from the present policy. However, should this be agreed nationally, the sector would implement the change in one move in 2010. Should a range option be agreed upon, the South Australian independent school sector would move to a policy agreed by the State as a whole.

4.5.3 Cost/benefit modelling

Table 4.s below shows the cost and benefit implications related to the South Australian independent school sector, based on nationally comparable data.

Table 4.s Costs and benefits for the South Australian independent school sector over 62 years63 based on the modified nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Independent Primary</td>
<td>$54</td>
</tr>
<tr>
<td>Independent Secondary</td>
<td>-$11</td>
</tr>
<tr>
<td>Total</td>
<td>$43</td>
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</tbody>
</table>

For the 4 years and 8 months option and the related range option, the model shows the saving (or loss of income) to the South Australian independent school sector over the 62 years of the model could be in the order of $67m. Under the 4 years and 6 months option and the related range option, the model shows the saving (or loss of income) to the South Australian independent school sector over the 62 years of the model could be in the order of $50m. Under the 4 years and 5 months option, the model shows the saving (or loss of income) to the South Australian independent school sector over the 62 years of the model could be in the order of $43m.

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63 The figures are shown over the full period being modelled because the impact of the reduction of completion of Reception in the following year would be permanent.
Table 4.1 Nominal savings by funding sources in the South Australian independent school sector by option over the 62 years of the model

<table>
<thead>
<tr>
<th></th>
<th>4.8 Option</th>
<th>4.6 Option</th>
<th>4.5 Option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overall costs</td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td><strong>Primary</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$65</td>
<td>$31.6</td>
<td>$12.1</td>
</tr>
<tr>
<td>Secondary</td>
<td>$2</td>
<td>$0.5</td>
<td>$0.2</td>
</tr>
</tbody>
</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th></th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent sector</td>
<td>$2.4</td>
<td>$1.2</td>
<td>$0.5</td>
<td>$0.8</td>
<td>$1.3</td>
<td>$0.6</td>
<td>$0.2</td>
<td>$0.4</td>
<td>$0.9</td>
<td>$0.4</td>
<td>$0.2</td>
<td>$0.3</td>
</tr>
</tbody>
</table>

62 year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th></th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent sector</td>
<td>$66.8</td>
<td>$32.1</td>
<td>$12.3</td>
<td>$22.4</td>
<td>$49.6</td>
<td>$24.9</td>
<td>$9.7</td>
<td>$15.0</td>
<td>$42.9</td>
<td>$22.2</td>
<td>$8.7</td>
<td>$12.1</td>
</tr>
</tbody>
</table>

Table 4.1 above shows the saving shares of the Australian Government, the South Australian State Government and parents arising from the reduced number of independent sector students in the introductory cohort for the change options. The calculations above are based on the recurrent annual expenditure estimates per student provided through the schools Financial Questionnaire to the Australian Government Department of Education, Science and Training. Per capita expenditure is averaged but excludes capital and user costs of capital. The assumption in Table 4.1 is that the independent school sector would lose its ‘normal’ share of the reduced number of students.

Savings in Australian Government grants could amount to a figure in the order of $1.2m in the introductory year for the 4 years and 8 months option and the related range option. Over the 13 years of schooling, the savings could be in the order of $32.1m.

For the 4 years and 6 months option and the related range option, Australian Government grant savings could be in the order of $0.6m in the introductory year. Over the 13 years of schooling, the savings to the Australian Government through reduced grants could be in the order of $24.9m.

For the 4 years and 5 months option, the Australian Government savings could be in the order of $0.4m in the introductory year. Over the 13 years of schooling, the savings to the Australian Government through reduced grants could be in the order of $22.2m.

In terms of impact on the South Australian State Government, the saving could be in the order of $0.5m in the introductory year for the 4 years and 8 months option and the related range option. Over the 13 years of schooling, the saving could be in the order of $12.3m.

For the 4 years and 6 months option and the related range option, the South Australian State Government could save in the order of $0.2m in the introductory year. Over the 13 years of schooling, the savings from State funding could be in the order of $9.7m.

For the 4 years and 5 months option, the South Australian State Government could save in the order of $0.2m in the introductory year. Over the 13 years of schooling, the savings from State funding could be in the order of $8.7m.

If the independent sector were to lose its share of the total student reduction in the introductory cohort, savings to parents through private contributions for the 4 years and 8 months option and the related range option could amount to a figure in the order of $0.8m.
in the introductory year. Over the 13 years of schooling, the savings to parents could be in the order of $22.4m.

For the 4 years and 6 months option and the related range option, savings to parents through private contributions could amount to a figure in the order of $0.4m in the introductory year. Over the 13 years of schooling, the savings to parents could be in the order of $15.0m.

For the 4 years and 5 months option, savings to parents through private contributions could amount to a figure in the order of $0.3m in the introductory year. Over the 13 years of schooling, the savings to parents could be in the order of $12.1m.

Because each of the options would most likely lead to a reduction in the current practice of completion of Reception in the following year for younger children, each option would lead to major reductions in students in the Reception year. This would have the direct consequence of a smaller staffing requirement for teachers.

Across the South Australian independent school sector, for the 4 years and 8 months option and the related range option, the reduction in teaching staff required could be in the order of 21 teachers. For the 4 years and 6 months and the related range option, the reduction in teaching staff required could be in the order of 12 teachers. For the 4 years and 5 months and the related range option, the reduction in teaching staff required could be in the order of 9 teachers.

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,519 per student, the salary savings in the first year could range from approximately $4.6m for the 4 years and 8 months option to $3.7 for the 4 years and 6 months option and $3.4m for the 4 years and 5 months option. As many of these savings are associated with the permanent reduction in the size of the Reception cohort, much of them would be ongoing. These figures are included in the savings mentioned throughout in the nationally comparable model.

The sector noted, however, that apparent savings from the under-utilisation of capital would not be fully realised. The fixed cost component of capital would largely remain, with few if any savings.

### 4.5.4 Impact of the options

In any of the options that move from rolling enrolments around 5 years of age, there will be costs, benefits, risks and opportunities for the South Australian independent school sector. The overall level of change vis-à-vis the current minimum school starting age would be greatest should the option of 4 years and 5 months be introduced as a common minimum school starting age. The level of change would be less for 4 years and 6 months option and the related range option. The level of change would be least for the 4 years and 8 months option. However, because the greatest impact occurs because of the reduction in the number of children doing a second year in Reception, all options would be relatively similar in impact.

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64 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

65 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
For each option, the most substantial savings would occur because the sector would no longer need to support an additional group of children each year who are in Reception pending completion of Reception in the following year. Children who are older than the agreed minimum school starting age would most likely commence school at the beginning of the school year, giving them more time in Reception prior to moving to Year 1. Others who are younger than the agreed starting age requirement would start school the year following that in which they currently would expect to start. However, they would complete a full year of Reception and move directly to Year 1 without the need for a further year in Reception.

The principal risks identified by the South Australian independent school sector relate to the educational impact of any change from the current procedure. The sector identified the risk that some children may not be ready for school at the single entry point. This was cited as particularly important for boys. Having all children enter at the same time could lead to difficulties in determining the difference between developmental issues and learning issues. In addition, moving young children from the caring and supportive, intuitive and less structured play-based prior-to-school learning environment to the more formalised learning environment of school could create some concern among parents and educators.

With a current policy of children commencing school at age 5, a change to any of the options would mean earlier entry for some children. Although the progressing cohort would on average be older than at present for the 4 years and 8 months option and related range option, about the same for the 4 years and 6 months option and related range option, and slightly younger for the 4 years and 5 months option, the age at which some children would start school would be significantly younger under all options.

For teachers, having children younger upon entry to school was cited as an issue needing to be addressed through professional learning activities. There was a perceived risk that without such professional learning, pedagogy around young children may not be appropriately adjusted.

It was noted that there was a potential for a loss of resources to the sector that would normally flow to children who currently complete Reception in a second year. Similarly, there was a potential delay of resource flow for children unable to enter school in the year they would currently anticipate commencing. However, the sector also noted that having children enter at the commencement of the year would bring in resources to the sector earlier than under present arrangements.

For some under the 4 years and 8 months option and related range option, and a smaller number under the 4 years and 6 months option and related range option, children would have their entry to school delayed for some months, leaving those parents in the relatively expensive prior-to-school sector for longer. Similarly, affected parents would have entry of their children to kindergarten delayed for a commensurate time, delaying their own re-entry to the workforce and affecting their family income. In particular, this would delay the entry of children to the heavily subsidised year prior to school, shifting costs to parents. Parental reaction to these issues was seen to constitute a considerable risk.

A further significant risk would relate to schools and students if the implementation process is not managed carefully. It is seen as essential by the sector that implementation occurs over a two to three year period so that schools can absorb and manage the different costs. For many schools, there would need to be an appropriate lead in time to enable them to plan and organise their response. A number of schools have indicated for instance that their Reception classes for 2009 are already full and that adjustments to expectations will have to be carefully managed.
Others have indicated that they would offer early childhood services for younger students who, under a common minimum school starting age would have to wait a further year for entry to school. In such circumstances, resources would not be saved but would be transferred from school sector to prior-to school sector.

The sector also highlighted potential social issues, in particular for students with special needs, which may arise out of the perceived lack of flexibility of a common school starting age. For example, some ‘at risk’ students currently benefit from starting school earlier whereas this may not be possible under a common minimum school starting age. The current system is seen to enable schools to make decisions based on the individual needs of children, whereas a common minimum school starting age at a single point in time would be perceived as allocating resources based on age and regardless of need.

With regard to the staffing costs, the sector highlighted the potential increased demand for teacher aides and provision of counselling services to meet the needs of a younger cohort. This, along with the need to change school programmes and pedagogy pointed to the possible need for additional staffing and professional learning support. Once again, the apparent need for fewer resources would be countered by the need for specialist support services for children entering school at a younger age.

At the same time, the sector also identified some opportunities associated with the options. First among the potential benefits noted by the sector was the perceived possibility of freeing-up resources currently used in the Reception year to better target student needs. Currently, the extra resources provided to cater for completion of Reception in a second year are allocated to children who are enrolled in the second half of the Reception year. Children enrolled in the first half of the year are not generally provided with the opportunity for completion of Reception in the following year. Under the different arrangements associated with a common minimum school starting age, resources could potentially be better targeted depending upon teaching decisions rather than in accordance with age.

The potential associated with freed-up infrastructure resources was also identified. The administrative ease of operating a single intake each year was cited as an opportunity. For some teachers and school administrators, the single intake notion and the shared approach to training new children in the culture and requirements of school were seen as advantageous. Interruptions to the class programme as new students enter the class were cited as issues associated with rolling enrolments.

Those children not be able to access school until the year after their current expectations would be older when they entered school. These are currently the children who would be given up to eighteen months in Reception. Under a common minimum school starting age, these children would enter school at an older age and complete a full year in Reception. This tends to conform in a different way to the independent school sector philosophy of older entry to school. It may be that the independent sector chooses to provide early childhood services for children who would have to wait a further year before entering school.

Other opportunities identified were those that would arise from national commonality. There would be opportunities to achieve a greater level of comparability in relation to student performance data across all states and territories. Schools may find it easier to understand data about students who have transferred across state and territory borders because more students of similar age will be in the same year. Movement between states, especially for families living near border areas, would be facilitated.
4.5.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the current situation is that the year before Year 1 is called Reception. The year prior to Reception is generally called kindergarten, although, in the independent sector, children often attend a pre-school or early learning centre. These organisations offer kindergarten, sometimes called ‘prep’, and child care services. They are attached to independent schools.

No significant costs to the independent school sector were identified as likely to arise from a change in nomenclature for either Reception or kindergarten. Cost areas identified included changes in signage and brochures. The cost implications associated with any change were seen as capable of being contained and managed.

Opportunities and benefits in relation to a common nomenclature were identified by the South Australian independent school sector. These primarily related to the positive impacts arising from all states and territories having a common nomenclature for the early years of schooling. Common nomenclature was perceived as highly desirable to assist sector officers and stakeholders participating in national meetings, obviating the need for continual clarification and assisting comparability.

Common nomenclature was seen as likely to greatly assist families as they moved across state and territory borders. Data about students transferred between states and territories could be more readily and accurately interpreted with a common nomenclature.

4.5.6 Conclusion

For the South Australian independent school sector, adoption of any of the options would mean a change, not only in the starting age but also in the enrolment approach. The most substantial of these would most likely be the reduction in rolling enrolments. In general, the sector would see these changes as positive.

While there would be obvious savings through the smaller number of children in Reception each year, the savings would represent potential loss of income overall. The reduction in rolling enrolments may carry with it risks. The risks could come from parents and teachers who value the current approach. The risks could also come for some children who would enter school younger than under the current arrangements.

On the other hand, it was recognised that there could be opportunities for the sector from a move to a common minimum school starting age. Any freed-up and maintained resources, including infrastructure and staffing associated with completion of Reception in the following year could be used to target extra support for children who might need it. The simplicity of a single entry each year is also seen as an opportunity. Moreover, commonality of itself was seen to be of potential benefit to children, parents, teachers and educational administrators alike.

In terms of nomenclature, no significant costs were identified. The sector expressed a significant level of support for national commonality of nomenclature around the early years of schooling.
Chapter 5: Western Australia

5.1 The State Overview

5.1.1 Current Situation

A minimum school starting age of 4 years and 6 months was introduced in Western Australia in 2002. That is, children must be 5 years of age by 30 June in the year of school commencement. The change to the minimum school starting age represented a major reform and change management process. As part of the reform, the Pre-primary year became full-time, rather than sessional. The change process means that there is now a half-cohort of students in Year 3. The cohorts in the following years are ‘normal’ size cohorts.

Pre-primary is the term used in Western Australia to describe the year before Year 1. The educational service provided in the year before Pre-primary is called kindergarten. Children have to be in school from the beginning of the year in which they turn 6 years and 6 months. This is embedded in 1999 legislation.

If cohort age range approaches in most states and territories were followed, this compulsory age would allow for considerable delay in entry to school. On the face of it, it could allow all children two options for entry between the ages of 4 years and 6 months and 6 years and 6 months. This would be the widest range between minimum school starting age and compulsory age in any state or territory.

It is possible for parents to delay enrolling a child, so that the child is first enrolled in Year 1 with his/her age peers, without being previously enrolled in Pre-primary and/or kindergarten. However this rarely occurs.

The data show that the vast majority of children enter school at the earliest possibility. Demand for early entry into the schooling sector has traditionally been high. Unlike some jurisdictions, there is very little evidence of delay in the school commencement figures for the State. The move from sessional to full time Pre-primary was accompanied by a continuation of this enrolment pattern.

Schools in the Catholic sector and many schools in the independent sector follow government school sector practice regarding the minimum school starting age. The State Government is currently funding both non-government sectors as part of the change management process around the Pre-primary reform. This funding provides additional per capita funding for the difference between actual and usual enrolment as shown by the census data to assist small and single stream schools to manage the introductory ‘half-cohort’ up to and including Year 4.

In 2010, the 2002 half-cohort will be in Year 8, the first year of secondary school. The presence of this ‘half-cohort’ will have implications for the capacity of the total Western Australian school education sector to respond to a possible change in the minimum school starting age.

On the face of it, the move to the establishment of 4 years and 6 months as a minimum school starting age in association with the provision of full-time Pre-primary would reflect a philosophy of schooling that there are advantages for children in being engaged in school-based learning at a relatively early age. An earlier commencement at school, associated with full-time provision, would be regarded as establishing the essential underpinnings for later learning success.
The ‘advantage’ is seen not so much in the fact that the learning is taking place in schools, but rather that attendance at school is the first year every child is guaranteed access to programmes focused on their learning and development. The advantage is most notable for those children who experience educational disadvantage due to a range of factors.

In Western Australia, the introduction of full-time Pre-primary in 2002 means that the State now provides 13 years of schooling, comparable to current or planned provision in all other states and territories. However, the fact that children whose entry is delayed may enter directly into Year 1 means these children would receive 12 years of schooling. Although this occurs for few children, the practice puts Western Australia with Queensland, outside the general practice elsewhere.

The Western Australian Government provides funding for the sessional kindergarten places in government and non-government schools and community kindergartens. There is a widely held view on the part of parents that kindergarten provision forms part of the schooling continuum.

### 5.1.2 Implications of the options

Table 5.a below shows the broad impact of the options for Western Australia. Table 5.a shows the assumption that, for either of the range options, Western Australia would choose to remain with 4 years and 6 months as its minimum school starting age.

<table>
<thead>
<tr>
<th></th>
<th>4 years and 8 months</th>
<th>4 years and 6 months (and 4 years and 5 months to 4 years and 6 months and 4 years and 5 months to 4 years and 8 months)</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage change in cohort size</td>
<td>A decrease of up to 16.0 per cent in the introductory cohort, with these children entering Pre-primary a full year later than under current arrangements. This smaller cohort would then progress through the subsequent years of schooling.</td>
<td>Steet</td>
<td>An increase of up to 7.9 per cent in the introductory cohort, with these children entering Pre-primary a full year earlier than would be possible under current arrangements. This larger cohort would then progress through the subsequent years of schooling.</td>
</tr>
<tr>
<td>Change in age of cohort</td>
<td>Children entering Pre-primary who are up to 2 months older than the oldest children under current arrangements.</td>
<td>Steet</td>
<td>Children entering Pre-primary up to 1 month younger than the youngest children under current arrangements.</td>
</tr>
</tbody>
</table>

Delay trends in the model reflect the pattern of limited delay evident in the Western Australian data. The data indicate that, for the 4 years and 5 months option, 95 per cent of children would be ‘prompt starters’. For the 4 years and 8 months option, the data indicate that 96 per cent of children would be ‘prompt starters’. This is at odds with data from New South Wales and Victoria that indicate a very much reduced prompt starter effect, especially for July birthdays. However, there are no data in Western Australia about likely July birthday enrolments and the sectoral information is that few parents would be likely to delay entry of their children to school.

For Western Australia overall, any change in the current minimum school starting age of 4 years and 6 months would produce either a larger or smaller cohort of students in the year of introduction. A smaller introductory cohort would occur if the option of 4 years and 8...
months were to be agreed upon. If the option of 4 years and 5 months were introduced, the effect would be to increase the size of the introductory cohort. All future cohorts would be ‘normal’ in size.

If change to the minimum school starting age were agreed upon for 2010, the affected cohort would commence Pre-primary in that year and proceed over the 13 years of schooling. There would be implications for the kindergarten cohort in 2009.

For the 4 years and 8 months option, from 2010 to 2014 the total schooling sector in Western Australia would have two reduced cohorts of students, one in the secondary years and one in the primary years. For the 4 years and 5 months option, from 2010 to 2014 schools in Western Australia would have a ‘half-cohort’ in the secondary years from the 2002 reform and a larger cohort from the 2010 reform in the primary years. In real terms, these issues would commence in 2009 with fewer or more children in kindergarten that year in preparation for a new minimum starting age the following year.

For the 4 years and 8 months option, in the year of introduction of a new minimum school starting age and in each year thereafter, some children who under current arrangements can now commence school would be precluded from doing so for a full year. These children would have May or June birthdays. This group of children would complete school and enter the tertiary sector or the workforce one year later than under a minimum school starting age of 4 years and 6 months.

For the 4 years and 5 months option, in the year of introduction of a new minimum school starting age and in each year thereafter, some children who under current arrangements would be unable to commence school would be able to do so a full year earlier. These children would have a July birthday. This group of children would complete school and enter the tertiary sector or the workforce one year earlier than under current arrangements.

The effect of the increase or decrease in enrolments in the first year may fall unevenly. The factors contributing to this include population growth differentials across geographical areas. For all three schooling sectors, for the 4 years and 8 months option, it is likely that many schools located in areas with growing populations would not be substantially affected. Any reduction in the size of the cohort would, in these areas, be balanced by increased student numbers associated with projected population growth. However, in some rural and remote areas where population is static or declining, the option may have implications for staffing and school viability, with flow-on to local economies.

Additional to projected population growth, a number of schools in the Catholic and independent sectors would be likely to access waiting lists so that ‘normal’ enrolments could be approximately maintained. The extent of waiting lists, however, is not known so that their impact on the three sectors cannot be projected. Where schools in the two non-government sectors accepted enrolments for the freed-up places under the 4 years and 8 months option, it is possible that one of its effects could be to further decrease the number of students seeking enrolment in government schools in 2010.

Under the 4 years and 5 months option the effect of an increased cohort may vary among the school education sectors. While the increased introductory cohort size would generate increased staffing and infrastructure requirements in the government sector, in the two non-government sectors it is likely that a proportion of the increase in the size of the introductory cohort could be absorbed without the necessity of a significant level of extra staffing or the need to provide additional infrastructure. The relatively small size of the increased introductory cohort compared to population projections is likely to mean that some schools would be able to absorb the additional students as part of current planning.
Where places could not be made available in non-government sector schools, students would seek enrolment at a government school. The effect would be to increase the relative government sector share of the larger cohort.

Educational arguments in Western Australia in relation to a minimum school starting age focused primarily on the appropriateness and simplicity of 4 years and 6 months. The age of 4 years and 6 months was perceived as one which represents a ‘balance’. In addition, 4 years and 6 months was perceived as one which was relatively straightforward and capable of ready comprehension by parents. This was one of the key understandings drawn from the Pre-primary reform.

The minimum school starting age of 4 years and 6 months was also perceived as having the advantage of aligning relatively well with other states and territories as a mid-point minimum school starting age. In addition, with the introduction of the Prep year in Queensland in 2007 and likely changes in the Northern Territory, Western Australia will be one of three jurisdictions with a minimum school starting age of 4 years and 6 months. This will be the largest number of jurisdictions associated with any of the options.

5.1.3 Cost/benefit modelling

The estimated impacts in the Western Australian schooling sector of each of the options on the size of the cohort and the costs of servicing an increased cohort, or the savings associated with a decreased cohort, are summarised by option in Table 5.b below.

Table 5.b uses nationally comparable cohort and cost and benefit estimates based on the Australian Bureau of Statistics, the Australian Government Department of Education, Science and Training and the Department of Family and Community Services data sets. The figures in Table 5.b discount all economic costs and benefits to 2004-05 dollars in order to realistically demonstrate the value of a younger or older school starting age in macro-economic terms.

The model provides a picture up until the introductory cohort retires from economic life in 2072. This is termed long term. All figures in the model reflect the economic costs and benefits applying to relevant years over that period. For example, school related figures are from 2010 to 2022. Post school education and training are from 2021 to 2030. Employment figures would commence in 2021 and cease in 2072, although they would be permanent beyond that time.

Because the impacts on most elements of the prior-to-school sector are permanent, they too are modelled over the entire period, but would continue. Impacts on kindergarten would be one off and are modelled for 2009. Impacts for vacation and outside school hours care are modelled while the children are in primary school, until 2018. Transition costs are modelled over the first year or so of introduction of the changes.

The model at state level does not include dynamic employment effects produced because of common minimum school starting age and nomenclature. These have been modelled at national level but are not seen to be ‘safe’ at state level. All figures in the model are discounted to 2004-05 dollars.

For Western Australia, kindergarten refers to the year two years prior to Year 1 and is generally referred to in this Report as pre-school. Kindergarten is therefore represented in the Table below within the ‘formal’ component under the ‘Pre-school and childcare’ heading. Pre-primary (the year prior to Year 1) is included under the heading of ‘Primary’.
Table 5.b Long term costs and benefits based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Pre-school and child care</td>
<td></td>
</tr>
<tr>
<td>Formal</td>
<td>$28</td>
</tr>
<tr>
<td>Informal - parents</td>
<td>$35</td>
</tr>
<tr>
<td>Informal - other</td>
<td>$4</td>
</tr>
<tr>
<td>Primary</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>-$101</td>
</tr>
<tr>
<td>Secondary</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>-$64</td>
</tr>
<tr>
<td>Tertiary</td>
<td></td>
</tr>
<tr>
<td>VET</td>
<td>-$3</td>
</tr>
<tr>
<td>University</td>
<td>-$16</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
</tr>
<tr>
<td>$501</td>
<td>$0</td>
</tr>
<tr>
<td>Transition costs</td>
<td>-$0.7</td>
</tr>
<tr>
<td>Total</td>
<td>$384</td>
</tr>
</tbody>
</table>

Table 5.b and Figure 5.a illustrate that, for both of the relevant change options, there are identifiable up-front costs to be paid or savings to be made by the schooling sectors. These, however, are relatively small compared with the discounted present value of the economic benefit or loss that occurs for the affected children, for their parents, and for governments through taxation changes.

Under the 4 years and 8 months option, the total saving to the overall Western Australia schooling sector throughout the 13 years in which the smaller cohort moves through the years of schooling would be in the order of $338m. Discounting for any capital costs, the saving to the schooling sectors in the introductory year would be in the order of $28m.

In the first year of implementation, a net cost for the prior-to-school sector, including kindergarten, in the order of $18m could be incurred by families and by government. For families, this would include a cost from having to continue to meet the out-of-pocket expenses of prior-to-school provision for those children who, from 2010, would be precluded from entering the schooling sector for a further 12 months. It would also include a cost in terms of informal care. For government, there would be a cost of associated with the provision of additional kindergarten places in 2009. Apart from the one off kindergarten costs, this total net cost would occur every year thereafter and would be indexed. The cost over the 62 year period of the model could be in the order of $307m, discounted to present value. These costs, however, would continue.

A longer term forgoing of income would occur because affected students would enter the workforce one year later than under the 4 years and 6 months minimum school starting age to be in place from 2007. Their parents, too, would have one less year in the workforce. This loss of anticipated income could amount to a figure in the order of $1,029m over the working lives of the individuals, discounted to 2004-05 dollars.
Under the 4 years and 5 months option, the total cost to the Western Australia schooling sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $165m. Discounting for any capital costs, the costs to the schooling sectors in the introductory year could be in the order of $14m.

In the first year of implementation, a net benefit in the order of $5.2m could accrue to families and to government. For families, this would include a saving from no longer having to meet the out-of-pocket expenses of prior-to-school provision for those children who, from 2010, would be able to enter school 12 months earlier. It would also include a benefit that would accrue in relation to reduced need for informal care. In addition, government would save through the reduced number of kindergarten places. Apart from the one off kindergarten benefit, this total net benefit would occur every year thereafter and would be indexed. The benefit could be in the order of $67m over the 62 year period being modelled, discounted to 2004-05 dollars.

A longer term increase in income would occur because affected students would enter the workforce one year earlier than under the 4 years and 6 months minimum school starting age to be in place from 2007. Affected Parents re-entering the workforce 1 year earlier would also have their income increased. This extra income could amount to a figure in the order of $501m over the working lives of the individuals, discounted to 2004-05 dollars. This figure is before income tax that would be paid by these individuals.

5.1.4 Impact of the options

For the 4 years and 8 months option, the nationally comparable model demonstrates that, while there may be up-front savings, there could be substantial economic or opportunity costs over the long term.

For government, the decreased size of the economy arising from the implementation of an older minimum school starting age would lead to consequent tax losses. Although considerably delayed, these losses would strongly outweigh the up-front savings associated with implementation.
The model shows that increased costs in the child care sector would be generated as some children move one year later into the schooling sector. These costs are for the Australian Government in terms of the Child Care Benefit and Rebates, and for affected parents in terms of the requirement to pay fees over and above benefit for a period of 12 months longer than would be the case under present arrangements. Moreover, some parents may also be precluded from re-entering the workforce during this period, thus reducing their overall income potential and government revenue through taxation. For the Western Australia Government there would be savings associated with a one off decrease in the number of kindergarten places required in 2009.

The retention of affected older children in the child care sector for the additional year would exacerbate the current excess demand for places in high population growth areas, creating further cost pressures. Finding places in the child care sector for these older children could mean that some younger children may experience difficulty in gaining entry to the sector.

It should be noted, however, that the costs associated with these places are likely to be lower per capita than for the children entering the prior-to-school sector at the younger end of the age spectrum. These lower costs could translate into higher per capita profits for private providers in the child care sector. The lower costs could translate into lower fees in relation to community child care provision.

While the savings for the school sector would be largely up-front, many costs for other sectors would occur both at the outset and would be permanent. For example, the costs from increased child care fees for parents whose children's birthdays are in May and June would be immediate and would occur for every cohort thereafter. The costs through loss of income to the economy would also be immediate and ongoing. Likewise, the child care costs to government would be immediate and ongoing.

For the affected children, starting school one year later, the lower economic returns come from a reduction of one year in the workforce compared to entry into the workforce under current arrangements. These costs would be in the form of lost potential earnings, with a consequent loss of potential taxation revenue. While these opportunity costs would not occur until a future point, the figure in the model is the current value of the lost earnings and tax revenue.

Under the minimum school starting age option of 4 years and 5 months, the impacts would generally be the obverse of those under the 4 years and 8 months option.

For governments, the increased size of the economy would lead to equivalent tax benefits which, while considerably delayed, would strongly outweigh the up-front costs of implementation stemming from additional funding through government grants.

The model shows potential savings in the child care sector generated as some children move earlier into the schooling sector. However, it is possible that in some areas of high demand there would be few cost savings for the Australian Government in the child care sector as current excess demand could lead to freed-up places being filled. It should be noted that the costs associated with these places, essentially for younger children, are likely to be higher than for the children leaving the sector. These higher costs would be borne substantially by parents. For the Western Australian Government, there would be one-off costs associated with the need for additional kindergarten places in 2009.

For some parents, the 4 years and 5 months option would produce benefits from reduced costs of child care and an increase in disposable income. They would have increased opportunities to use the time formerly devoted to family child care to re-enter the
workforce or to move from part time to full-time employment or take up income imputed leisure activities.

While some of the benefits are clearly downstream effects and costs are largely up-front, many benefits would occur from the outset and many would be permanent. For example, the benefits to affected parents would be immediate and ongoing. Any child care cost savings to the Australian Government would also be immediate and ongoing. However, the costs to the Western Australian Government associated with the provision of additional kindergarten places in 2009 would be one off.

Under the 4 years and 5 months option, there would be a substantial economic benefit arising from a proportion of children entering the workforce one year earlier than they could under the current minimum school starting age. While these earnings would not occur until a future point, the figure in the model is the current value of the earnings.

Irrespective of the particular option that may be agreed upon, the implementation of a nationally common minimum school starting age could have a positive employment effect arising from a reduction in the number of students who may repeat a year as a consequence of transferring across state and territory borders. The nationally comparable model assumes that greater contiguity arising from a common school starting age would likely increase the overall skill level of school leavers as they could have gained the benefit of increased continuity in their schooling. Overall retention rates would be likely to increase, albeit slightly, as students gain the benefits of reduced disruption to schooling arising from inter-state transfers.

There would also be a positive employment effect for parents arising from the introduction of a nationally common school minimum starting age. Parents would benefit from the removal of one of the significant barriers to the mobility of the workforce across state and territory borders. The benefit would come from increased opportunities for employment and possible higher levels of remuneration.
5.2 Analysis of the Issues against the Terms of Reference

The minimum school starting age in Western Australia has been 4 years and 6 months since 2002, associated with the establishment of the Pre-primary year as a full-time rather than sessional year. That is, children are able to start school if they will be 5 years of age by 30 June in the year of commencement.

The cost/benefit analysis involves the consideration of five options, of which three cover the current minimum school starting age in the State. Should any of these latter three options be adopted as the common school minimum starting age, there would be no change for Western Australia.

However, if either the 4 years and 5 months option or the 4 years and 8 months option were adopted, it would be necessary for Western Australia to change the current minimum school starting age. The outcomes that could be associated with either of these options are considered below.

5.2.1 Benefits of proposed changes to school starting age

The minimum school starting age of 4 years and 6 months which accompanies the Pre-primary reform was decided upon for its simplicity and ease of understanding, while decreasing the disparity that existed between Western Australia and most of the other states and territories.

The 4 years and 6 months was perceived as the median minimum school starting age relative to other states and territories to facilitate the smooth transfer of students entering and leaving the State. The decision to have 4 years and 6 months as the minimum school starting age means that, when Queensland introduces its Prep reform in 2007, another Australian jurisdiction will be aligned with the State. As is likely, should the Northern Territory introduce a start of year school entry at 4 years and 6 months from 2006 as a consequence of the current trial, yet another jurisdiction would be aligned with Western Australia.

The scope and scale of the 2002 Pre-primary reform has represented a substantial undertaking. It is one of the most significant changes in education in Western Australia. Any move away from a minimum school starting age of 4 years and 6 months is likely to be perceived as potentially jeopardising the substantial level of support the reform now enjoys. The arguments around 4 years and 6 months have become so pervasive and so compelling across the State that a high level of risk would be associated with a change to any other option.

At the same time, there is recognition across the sectors of the benefits of national commonality. These include the facilitation of cross-state student transfer in and out of schools in Western Australia. Students are likely to have greater continuity in their learning, with benefits arising in relation to increased engagement in schooling, increased retention in school education and increase in the skill level that this produces.

Other benefits of commonality are likely to be associated with a reduction in cross-state friction in the labour market as parents recognise that one of the significant barriers to their employment mobility has been addressed. Indeed, the removal of this barrier is likely to have a positive economic effect by contributing to national capacity to address regionally based skills shortages. This is particularly important for Western Australia, with many industries being based on high skill levels and a mobile workforce.

Of all the options, the 4 years and 6 months option was perceived as catering best for both sides of the educational argument around the issues of the appropriate age to commence...
school. It was perceived by all three sectors as the appropriate balance between the oldest and youngest age options.

The 4 years and 6 months option allows parents who may have been precluded from taking up full or part-time employment to return to the workforce earlier than would be possible under an older minimum school starting age. For some families, the earlier opportunity for their children to commence formal schooling may represent a significant saving to the family budget through relief from child care costs. For families under economic pressure, such as single parent families and families living in socio-economically disadvantaged areas, this earlier opportunity could be a significant benefit from the current arrangements compared to an older minimum school starting age.

The 4 years and 6 months minimum school starting age is viewed across the total schooling sector in Western Australia as enabling children to enter school at a sufficiently early age in order for teachers to identify learning issues and to develop appropriate intervention and support programmes. There is recognition that, for some children, a delay of 12 months in formal school commencement could have significant impacts on their longer term learning. As one aspect, observations were made about the risk posed for children whose screening in schools by Department of Health officers could be delayed for a further 12 months under the 4 years and 8 months option.

There are also arguments in support of 4 years and 6 months that are drawn from concerns about having children commence formal schooling too early. A minimum school starting age of 4 years and 6 months is perceived as ensuring that young children have sufficient time in structured play-based learning in prior-to-school provision and can remain strongly connected to supportive and caring family environments.

With reference to national data that indicate a substantial element of delay for children born in July, 4 years and 6 months is likely to meet the expectations of most parents and the school entry needs of their children.

While the nationally comparable cost/benefit analysis model demonstrates that there are likely to be significant economic benefits arising from the adoption of the 4 years and 5 months option, it also makes clear that substantial economic benefits would arise from the 4 years and 6 months option. However, the scale of the economic benefits decreases as the minimum school starting age moves toward the older end of the age spectrum.

Economic benefits would accrue to children and parents in Western Australia and to the wider Australian economy more from the younger rather than the older minimum school starting age options. Compared to the older age option, the economic benefits to the children who are able to enter school earlier arise from the opportunity they would have for earlier entry into the workforce and the consequent extension of their working lives.

The economic benefits to parents associated with the younger minimum school starting age options arise from the opportunities some would have for the earlier movement of their children out of the relatively expensive prior-to-school sector to the generally lower cost schooling sector. Benefits would accrue to these parents through cost transfers to government, the opportunity for earlier workforce re-entry and the imputed income from increased leisure time. The benefits would flow to the affected parents 12 months earlier than would be possible under the older minimum school starting age option.

A minimum school starting age of 4 years and 6 months is widely perceived in Western Australia as a balanced and reasonable approach to the complex educational, social and economic issues associated with age of school commencement. It addresses, in a simple and readily comprehensible way, issues associated with an appropriate age for school
commencement, parental choice, identification of learning needs and intervention, the nexus between structured play-based and increasingly ‘formal’ learning, and the relationship between schooling and the economics of the family. At the same time, it acknowledges the importance of children experiencing an early childhood that is emotionally secure and developmentally appropriate.

Moreover, a minimum school starting age of 4 years and 6 months is an age ‘tested’ through a recent and major State reform. It is perceived as an age which responds sensibly to educational, social and economic imperatives.

5.2.2 Impact of changes in school cohort size over time

The following analysis of impact is drawn from the nationally comparable cost/benefit analysis model. It is subject to caveats such as the capacity of sectors to absorb any increases associated with a younger minimum school starting age or their ability to maintain a normal cohort size by accessing waiting lists should an older minimum school starting age be agreed upon.

The introduction of the option of 4 years and 8 months as a common minimum school starting age in 2010 could delay the entry to school of 4,018 Western Australian children for a further 12 months. The introduction of the option of 4 years and 5 months as a common minimum school starting age in 2010 could enable an extra 1,957 Western Australian children to enter school one year earlier. For both options, the affected introductory cohort would proceed through the subsequent 12 years of schooling. Following cohorts would revert to a ‘normal’ size.

For the 4 years and 8 months option, the key impact of the decreased size of the introductory cohort would be the potential saving and, for the non-government school sectors, the loss of income associated with reduced government grants to service fewer students. All figures below are discounted to 2004-05 dollars.

For the Western Australian schooling sector, the reductions in expenditure projected over the 13 years of schooling in the nationally comparable model could be in the order of $338m for the 4 years and 8 months option. For the 4 years and 5 months option, costs would be in the order of $165m.

5.2.3 Impact on the range and continuum of child care and education services (including issues around the entry to secondary school)

Should Western Australia move to either a younger or older minimum school starting age, there would be impacts on the range and continuum of child care and early education services.

For the 4 years and 8 months option, children whose 5th birthday falls in May or June would be precluded from enrolling at school for a further 12 months. Consequently, the affected children would remain in the prior-to-school sector. They would generate additional demand for available places in child care and other private and community-based prior-to-school programmes. However, as a one off issue, children whose entry to school is delayed by one year would also have their entry to kindergarten delayed by a year.

For the 4 years and 5 months option, children whose 5th birthdays fall in July would be able to commence school 12 months earlier than under a minimum school starting age of 4 years and 6 months. They would also be able to commence kindergarten one year earlier.

The minimum kindergarten entry age would need to be adjusted accordingly should either of the change options be adopted, so that in 2009 there would be either a smaller or larger cohort depending upon the option. The size of subsequent kindergarten cohorts would be
‘normal’. Thus, one of the impacts of the adoption of either change option would be a time frame in the order of 3 years to plan for the 2009 change.

In relation to the 4 years and 8 months option, should 3 years and 8 months become the minimum kindergarten entry age, those children whose 3rd birthdays fall in May and June would be precluded for a period of 12 months from taking up a funded kindergarten place. This would mean a decrease in kindergarten enrolments in the order of 2,933 in 2009. It is possible that the smaller available kindergarten cohort could lead to corporate providers attempting to ‘backfill’ available kindergarten places by attracting children who may otherwise have enrolled in a government kindergarten.

On the other hand, from 2010, there would be more children in the prior-to-school sector under the 4 years and 8 months option and this effect would be permanent. Impacts of the increased number of children seeking places in the non-kindergarten prior-to-school sector could include extension of existing waiting lists from 2010 in areas of high demand or increase in the take up of available places in low demand areas. With the current general level of over-supply of places in child care in most urban areas, one of the effects of the 4 years and 8 months option could be to increase the overall viability of providers.

The additional funding required in order to service the prior-to-school child care sector under the 4 years and 8 months option may provide an opportunity for private providers to further expand provision in the sector. The additional children retained in the sector would represent the older end of the age spectrum. As mentioned, this older age profile would be represented in all future cohorts and thus may be seen as increasing commercial viability. Additionally, the option may encourage commercial providers to expand kindergarten provision within child care settings, thereby possibly attracting an increased proportion of the market. An impact, however, may be to exacerbate the current shortage of child care workers.

Equally, community-based providers operating on a not-for-profit basis may identify an opportunity to increase the number of available places under the 4 years and 8 months option. However, many of these providers operate in leased facilities where there may be little opportunity to increase places because of limited space. Only in low demand areas, including rural areas, would it be likely that existing infrastructure could accommodate the increased number of children seeking places.

In relation to the 4 years and 5 months option, the nationally comparable model shows that there could be a need for an additional 1,957 places in kindergarten in 2009. This would arise should it be decided to lower the minimum commencement age for kindergarten to 3 years and 5 months. That is, children whose 4th birthdays fall in July would be able to commence kindergarten one year earlier. The additional places in the introductory cohort would provide a temporary employment opportunity for early childhood teachers.

In terms of child care, the loss of older children to school could necessitate a shift into the more expensive under 3 year old provision. Thus, a younger age profile in the prior-to-school sector could lead to an increase in overall fee levels as private and community-based providers seek to recover the costs associated with provision for younger children. However, there is potential that the 4 years and 5 months option may call into question the viability of some child care providers in low demand areas where there is little or no capacity to backfill freed-up places.

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66 If the kindergarten minimum starting age were not lowered in 2009, children with May and June birthdays would need to remain in kindergarten for a further year because in 2010 they would not be eligible to enter school under a 4 years and 8 months minimum school starting age.
The 4 years and 8 months option would have an impact on the provision of vacation care and outside school hours care. With a potential decrease in the size of the introductory Pre-primary cohort in the order of 4,000 children, there would be reduced demand for places in these school-related services. The decrease in the size of the cohort could result in a saving to parents in the order of $8m for vacation and out-of-school hours care over the period the increased cohort was in primary school. This saving for parents would be a loss of income for providers. However, demand for outside school hours care is high and it is likely that waiting lists would reduce the overall impact of the older age option.

The 4 years and 5 months option could also have an impact on the provision of vacation care and outside school hours care. With a potential increase in the size of the introductory Pre-primary cohort in the order of 1,957 children, there could be a slightly increased demand for places in these school-related services. This could exacerbate the current shortage of places in outside school hours care. However, the financial impact of this option on vacation care and outside school hours care is likely to be relatively limited.

Table 5.c Impact on costs and savings for outside school hours and vacation care while the changed cohort is in primary school

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2010 to 2017</th>
<th>2010 to 2072</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside school hours</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>-$0.1</td>
<td>-$0.4</td>
</tr>
<tr>
<td>Vacation care</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>Vacation care</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$1.4</td>
<td>$5</td>
</tr>
<tr>
<td>Outside school hours</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.8</td>
<td>$3</td>
</tr>
<tr>
<td>Vacation care</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.8</td>
<td>$3</td>
</tr>
</tbody>
</table>

The issue of the primary-secondary school interface was canvassed in the context of a common minimum school starting age. One of the views expressed was that the adoption of a common minimum school starting age may provide an opportunity to address, at a future point, a nationally common primary-secondary school interface.

Along with most other states and territories, Western Australia is moving to raise the age at which students can leave school or participate in further training or employment. Under proposed changes it is likely that, by 2008, 17 years of age will be the compulsory participation age.

The effect of a minimum school starting age of 4 years and 8 months would be to make the age profile of Year 11 students older. The impact of this minimum school starting age would be to ‘hold back’ students who under the 4 years and 6 months starting age would have been able to enter work one full year earlier.

On the other hand, the 4 years and 5 months option would have the effect of making the overall age profile of the Year 11 cohort slightly younger. Some students would not turn 17 years of age until Year 12, thus effectively making Year 11 or its equivalent a compulsory year under the proposed leaving age changes.

5.2.4 Impact on child care services and pre-school education

The nationally comparable model shows that for the 4 years and 8 months option, some 4,000 additional places could be needed in Western Australian private and community

67 While these parents would save on vacation care and outside school hours care they would potentially incur the costs of another 12 months of childcare, likely to be substantially greater.
based prior-to-school programmes, private long day care and community-based long day care. These would be the children precluded from school commencement for a further 12 months. The additional places would be permanent from 2010.

There would be an equivalent reduction in the number of kindergarten enrolments, assuming that 3 years and 8 months would become the minimum kindergarten starting age in 2009. This reduction would be for 2009 only.

The model also shows that for the 4 years and 5 months option, up to 1,957 fewer places could be needed in private and community based prior-to-school programmes, private long day care and community-based long day care in 2009. The lost places would be permanent from 2010.

There would be an equivalent increase in the number of children seeking a funded kindergarten place, again assuming that the minimum kindergarten starting age becomes 3 years and 5 months. This increase would be for 2009 only.

For kindergartens, under the 4 years and 8 months option, the number of enrolments would have to be reduced in 2009 to avoid the need to repeat those children who could not enter school under the new minimum school starting age in 2010. As noted above, this reduction would be one-off and limited to 2009 only. The obverse would occur for the 4 years and 5 months option, with additional children in kindergarten in 2009 in preparation for 2010.

<table>
<thead>
<tr>
<th>4 years and 5 months</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2010 to 2017</th>
<th>2010 to 2072</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private long day care</td>
<td>$0.7</td>
<td>$0.7</td>
<td>$0.7</td>
<td>$0.6</td>
<td>$4.9</td>
<td>$17</td>
<td></td>
</tr>
<tr>
<td>Community based long day care</td>
<td>$0.4</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$0.3</td>
<td>$2.5</td>
<td>$9</td>
<td></td>
</tr>
<tr>
<td>Family day care</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$1.4</td>
<td>$5</td>
<td></td>
</tr>
<tr>
<td>Pre-school (Kindergarten)</td>
<td>-2.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal care</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$1.3</td>
<td>$4</td>
<td></td>
</tr>
<tr>
<td>Parental care only to age 5</td>
<td>$1.5</td>
<td>$1.4</td>
<td>$1.4</td>
<td>$1.3</td>
<td>$10.2</td>
<td>$35</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4 years and 8 months</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2010 to 2017</th>
<th>2010 to 2072</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private long day care</td>
<td>-$0.5</td>
<td>-$0.4</td>
<td>-$0.4</td>
<td>-$0.4</td>
<td>-$3.1</td>
<td>-$11</td>
</tr>
<tr>
<td>Community based long day care</td>
<td>-$0.1</td>
<td>-$0.1</td>
<td>-$0.1</td>
<td>-$0.1</td>
<td>-$0.6</td>
<td>-$2</td>
</tr>
<tr>
<td>Family day care</td>
<td>-$0.2</td>
<td>-$0.2</td>
<td>-$0.2</td>
<td>-$0.2</td>
<td>-$1.4</td>
<td>-$5</td>
</tr>
<tr>
<td>Pre-school (Kindergarten)</td>
<td>$4.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal care</td>
<td>-$0.3</td>
<td>-$0.3</td>
<td>-$0.3</td>
<td>-$0.3</td>
<td>-$2.5</td>
<td>-$8</td>
</tr>
<tr>
<td>Parental care only to age 5</td>
<td>-$12.3</td>
<td>-$11.8</td>
<td>-$11.3</td>
<td>-$10.8</td>
<td>-$84.9</td>
<td>-$288</td>
</tr>
</tbody>
</table>

Table 5.d Short, medium and long term impact on costs for child care services

Costs associated with these measures and impacts are shown in Table 5.d above. It should be noted that, while Table 5.d shows the costs for child care over the 62 year period being modelled, they would be permanent. The impact of modelling them to infinity at a discount rate to 2004-05 dollars would add approximately 25 per cent to each area. The costs or benefits associated with adjustments in kindergarten are modelled for 2009 only.

5.2.5 Impact on the government and non-government school sectors

Each of the three Western Australian schooling sectors would be affected by a move to either a younger or older minimum school starting age than the planned 4 years and 6
months. The nationally comparable model demonstrates that the option of 4 years and 8 months would see a decrease in the size of the introductory cohort. For the 4 years and 5 months option, there would be relatively small numbers of children added to the introductory cohort. Under the options proposed, any decrease or increase would occur initially in 2009 in the kindergarten year and would move subsequently through the following 13 years of schooling until the students entered further training, tertiary studies or the workforce.

Should an older minimum school starting age be adopted nationally from 2010, an identified risk for Western Australian children would be to preclude some of them from participation in the school education sector for a further 12 months. For all three sectors, there are likely to be negative impacts if a change in the magnitude of two months were to be made to the minimum school starting age that has been regarded by many as an intrinsic aspect of the 2002 Pre-primary reform.

The 4 years and 8 months option would reduce the opportunities that would exist under the 4 years and 6 months minimum school starting age to make early identification of children with learning difficulties and ensure that appropriate programmes can be implemented to support them.

The major risk of the 4 years and 5 months option identified across the three schooling sectors in Western Australia related to the potential movement away from the current 4 years and 6 months minimum school starting age. While the magnitude of the change would be less than for the 4 years and 8 months option, in a similar way it could impact negatively on the Pre-primary reform and destabilise the certainty that many now identify in relation to the agenda established in 2002 on a broad base of community consensus.

One caveat should be noted in any consideration of the impact on Western Australia schooling overall of a move to either an older or a younger minimum school starting age. The impact of a changed introductory cohort size is unlikely to fall proportionately across the three schooling sectors.

It is possible that, should the 4 years and 8 months option be adopted, a number of non-government schools would be able to access waiting lists in order to maintain their normal ‘cohort’. This could mean that, in some areas, there could be a further although small reduction in the number of students seeking places in government schools.

In relation to the 4 years and 5 months option, it is possible that the additional students would not be enrolled proportionately across the three sectors. Where non-government schools have no capacity to make additional places available, it is likely that there would be increased demand for places in government schools.

5.2.6 Impact on the different roles in funding of primary and secondary schools

The following analysis should be referenced against some important caveats. The data provided by the sectors indicate that, under either of the change options relevant to Western Australia, there are likely to be factors that will reduce the extent of the impact. For example, in relation to the 4 years and 8 months option, schools in areas characterised by high population growth are likely to view the reduced number of students as a relatively minor issue and one that could be readily absorbed into school planning.

Similarly, in relation to the 4 years and 5 months option, many schools will have the capacity to absorb additional numbers without significant impact on staffing or infrastructure. Such caveats would have the effect of reducing savings and costs from those expressed in the nationally comparable model that follows.
The experience in Western Australia from the 2002 Pre-primary reform has indicated that the impacts have tended to be somewhat less than anticipated. However, it should be noted that the 4 years and 8 months option may reduce student enrolments in a small number of independent schools to an extent that may call viability into question.

Table 5.e School sector recurrent saving and cost impacts on the Australian Government, the State Government and private expenditure for both relevant options over 13 years of schooling, based on nationally comparable figures

<table>
<thead>
<tr>
<th></th>
<th>4 years and 8 months option</th>
<th>4 years and 5 months option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Government</td>
<td>$164.9</td>
<td>$14.8</td>
</tr>
<tr>
<td>Catholic</td>
<td>$25.5</td>
<td>$15.5</td>
</tr>
<tr>
<td>Independent</td>
<td>$17.2</td>
<td>$7.3</td>
</tr>
<tr>
<td>Total primary</td>
<td>$207.6</td>
<td>$37.6</td>
</tr>
<tr>
<td>Government</td>
<td>$87</td>
<td>$7.9</td>
</tr>
<tr>
<td>Catholic</td>
<td>$21</td>
<td>$11.8</td>
</tr>
<tr>
<td>Independent</td>
<td>$22</td>
<td>$8.1</td>
</tr>
<tr>
<td>Total secondary</td>
<td>$130.5</td>
<td>$27.7</td>
</tr>
<tr>
<td>Total overall</td>
<td>$338.1</td>
<td>$65.3</td>
</tr>
</tbody>
</table>

The 4 years and 8 months option, if adopted as a common minimum school starting age, would reduce demand for funds from the Western Australian Government and from the Australian Government through recurrent funding and grants to schools. The reduced demand would be generated by the decrease in the size of the introductory cohort in 2010 and in the subsequent 12 years of schooling for the affected students. Thus, the reduced funding impacts would arise for both primary and secondary schooling. After 2022, the demand on governments for funding through recurrent items and grants would return to ‘normal’.

The 4 years and 5 months option, if adopted as a common minimum school starting age, would increase demand for funds from the Western Australian Government and from the Australian Government through recurrent funding and grants to schools. The increased demand would be generated by the increase in the size of the introductory cohort in 2010 and in the subsequent 12 years of schooling for the affected students. Thus, the increased funding impacts would arise for both primary and secondary schooling. After 2022, the demand on governments for funding would return to ‘normal’.

Under the nationally comparable model, the overall school sector savings from the 4 years and 8 months option could be in the order of $338m over the 13 years of schooling, discounted to 2004-05 dollars. The overall school sector cost of the 4 years and 5 months option and the related range option could be in the order of $165m.

In terms of the impact on Australian Government contributions to schooling in Western Australia, the following figures can be extrapolated from the nationally comparable model. The school sector savings to the Australian Government of the 4 years and 8 months option could be in the order of $65m over the 13 years of schooling, discounted to 2004-
05 dollars. The school sector cost to the Australian Government of the 4 years and 5 months option and the related range option could be in the order of $32m.68

The school sector savings to the State Government of the 4 years and 8 months option could be in the order of $236m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the State Government of the 4 years and 5 months option and the related range option could be in the order of $115m.

Funding from private sources, including fees, would include a substantial shift between the prior-to-school sector and the school sector. The school sector saving to families of the 4 years and 8 months option could be in the order of $37m over the 13 years of schooling, discounted to 2004 dollars. The school sector cost to families of the 4 years and 5 months option and the related range option could be in the order of $18m.

It is possible to extrapolate from the 13 year data the recurrent savings and costs that would be incurred by the Australian Government, the Western Australian Government and by parents in 2010. Table 5.f below shows the first year recurrent school sector savings and costs that could be incurred in 2010 for each of the options. The savings and costs are broken down by contributor.

Table 5.f First year school sector recurrent savings and costs to the Australian Government, the State Government and parents for the two relevant options, based on nationally comparable data

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Government</td>
<td>$2.0</td>
<td>$19.2</td>
</tr>
<tr>
<td>Catholic</td>
<td>$2.1</td>
<td>$0.9</td>
</tr>
<tr>
<td>Independent</td>
<td>$1.0</td>
<td>$0.5</td>
</tr>
<tr>
<td>Total</td>
<td>$5.1</td>
<td>$20.6</td>
</tr>
</tbody>
</table>

68 These are school sector costs only and do not take into account the decreased/increased costs associated with one year less or one year more in childcare.

69 While parents save on school contributions and charges, they may incur the cost of an additional 12 months of child care.
would represent a cost to families brought forward by 12 months through the earlier school commencement of affected children\textsuperscript{70}.

\textbf{5.2.7 Impact on staffing}

The impact on staffing of changes to the minimum school starting age in Western Australia is included in the cost measures associated with the nationally comparable model.

Across the Western Australian school sector as a whole, for the 4 years and 8 months option, the reduction in teaching staff required could be in the order of 160 teachers. For the 4 years and 5 months, the increase in teaching staff required could be in the order of 80 teachers\textsuperscript{71}.

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission\textsuperscript{72}, with teacher costs of $4,138 per student, the teacher related savings in the first year could be in the order of $16.6m for the 4 years and 8 months option. The costs in relation to the 4 years and 5 months option could be in the order of $8.1m.

For the older minimum school starting age option, there would be a reduced need for both teaching and non-teaching staff. This reduced staffing need would occur in 2009 in the kindergarten year and as the cohort moved through the subsequent 13 years of schooling. The three sectors indicated that reductions of these magnitudes, considered on a proportional basis by sector, could be generally absorbed and managed.

It was noted that if the 4 years and 8 months option were adopted, there would be increased demand for child care staff. While this demand could be met in many places, in some areas it is possible that any need for additional staff may prove difficult to source.

As the reduced cohort moves into secondary school, one of its impacts could be to provide temporary relief in some difficult-to-staff subject areas. In Western Australia, as in other jurisdictions, these areas include mathematics, the sciences, technology and languages.

For the 4 years and 5 months option, it is possible that in some schools, there would be a need to provide additional staff in response to the increase in student numbers in the introductory cohort and as they move through schooling. However, it should be noted that in many schools likely to be affected by the younger minimum school starting age, the often quite small number of increased students will be absorbed with little discernible impact on staffing. Where the stream is ‘full’ in non-government sector schools, it is unlikely that an additional stream would be formed unless planned for under the school’s projections for growth.

\textbf{5.2.8 Impact on infrastructure}

For the option of 4 years and 8 months, it is possible that some schools may have excess infrastructure due to a small decrease in enrolments. However, it is likely that in many schools additional infrastructure that may have been freed-up by the older age option would be directed toward those students enrolling as part of the normal growth pattern.

\textsuperscript{70} Although these families may be relieved of 12 months of childcare costs.

\textsuperscript{71} As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

\textsuperscript{72} Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
In relation to the 4 years and 5 months option, the analysis indicates that non-government schools would enrol the additional students where they had infrastructure capacity. In the government sector, infrastructure costs could be relatively substantial, with different code requirements for early years classes compared to primary classes and re-location costs as the cohort moves into secondary school.

From data provided by the three sectors it can be extrapolated that the total infrastructure cost over the 14 years from kindergarten to Year 12 for the introductory cohort could be in the order of $13m. Should the non-government sectors be unable to enrol their proportionate shares, the infrastructure cost impact would fall more substantially on the government sector.

5.2.9 Impact on school curriculum (including pre-school\(^{73}\))

For both change options, Curriculum related impacts were perceived as likely to be relatively limited in terms of cost. An increase of two months, or a decrease of one month, in the age profile of the cohort was generally regarded across the three schooling sectors as being well within the capacity of the early years curriculum. Further, it was felt that professional learning costs associated with either an older or a younger minimum school starting age could be contained within sector and school budgets.

A discernible level of concern was expressed about the 4 years and 8 months option in that it could delay for a period of 12 months the early identification of students with learning needs. A view was expressed that later costs could be higher in programmes for children identified at an older age compared to identification opportunities under current arrangements.

An observation was made that the 4 years and 8 months option, by delaying the entry of affected children to formal schooling for a period of 12 months, could have an impact in issues related to the nature of the learning environment in prior-to-school services. One of the impacts could be to encourage all prior-to-school providers and the school sector to work more cooperatively to address issues related to the continuum of student learning over the early years.

5.2.10 Impact on nomenclature for the early years

The view was expressed by each of the schooling sectors in Western Australia that there would be benefits from a common national nomenclature around the early years of schooling. The degree of confusion for students, families, schools and educational administrators associated with the differing nomenclature across the states and territories was noted by each of the sectors.

However, the term Pre-primary for the year before Year 1 was seen by many as appropriate and as enjoying a strong base of public support. This support had been established as a key component of the 2002 reforms. Any change to the term as part of a possible national agenda would need to be carefully argued and managed. Comment was made that Pre-primary was readily understood by parents and described the intent of educational programmes. Any alternatives to the term would need to be simple, readily comprehensible and reflect the continuity of schooling.

The major costs identified as likely to arise from the adoption of a common nomenclature other than Pre-primary related to the costs of broader change management. No substantial

\(^{73}\) For Western Australia, ‘pre-school’ refers to the year two years prior to Year 1 and is generally referred to as kindergarten.
costs were identified by the sectors and it was felt that most could be readily absorbed into planning processes and budgets.

5.2.11 Impact on policy and legislation covering school starting/leaving ages (including the change management lessons)

Western Australia has been at the forefront in exploring policy related to increasing the school leaving age. There is now a State Government commitment to progressively raising the school leaving age so that by 2008 there will be a compulsory participation age of 17 years for all students.

Should the option of 4 years and 8 months be adopted, one of its effects would be to increase the overall age profile of students. The affected students, born in May and June, would have commenced their schooling 12 months later than would be possible under current arrangements. This could result in some students not being able to access alternative pathways as early as they may have should the minimum school starting age have been 4 years and 6 months. However, the issue will not arise until 2021 when the 2010 cohort reaches Year 11. This should provide more than sufficient lead time for investigative and preparatory work to be undertaken.

In relation to the 4 years and 5 months option, its effect would be to lower the age profile of students. This may have an impact on the maturity level of students and is an issue that would need to be monitored as 2021 approaches. One of its impacts would be that a greater proportion of students would not turn 17 years of age until Year 12.

From a management perspective, the clearly preferred option in Western Australia is the current minimum school starting age of 4 years and 6 months by 1 January in the year of commencement. If either of the range options were adopted, Western Australia would retain 4 years and 6 months.

All three schooling sectors emphasised the scope and scale of the 2002 Pre-primary reform. They indicated that any significant change in 2009 and 2010 arising from a minimum school starting age other than 4 years and 6 months carried the risk of undermining the integrity of the Pre-primary reform and of eroding public confidence in the total schooling sector.

5.2.12 Impact on families

Should the current minimum school starting age of 4 years and 6 months be adopted as the basis of a common national minimum school starting age, Western Australian families would have continuing certainty about the arrangements that will apply to the entry of their children into kindergarten and school.

Many families would face additional costs arising from the 4 years and 8 months option through the postponement of participation of their children in formal schooling. Some affected parents may identify risks in terms of the delayed assessment of their children and the inability of their children to access intervention programmes. For a number of parents, there would be continuing costs in the higher fee environment of the prior-to-school sector. Some parents would be precluded for a further year from workforce re-entry, thus affecting family incomes.

Affected families may identify an educational benefit from the 4 years and 5 months option because it would enable the earlier participation of their children in formal schooling rather than remaining in child care. For some affected children, access to earlier identification and intervention may increase their learning outcomes over the longer term.
The nationally comparable cost/benefit model shows that, for the 4 years and 5 months option, there are potential economic benefits of a younger school starting age for the parents of those children who would be able to commence school at a younger age. These parents would benefit from a shift out of the higher cost prior-to-school sector 12 months earlier than is possible under current arrangements. The younger age option may also provide opportunity for affected parents to re-enter the workforce earlier.

For affected parents, in relation to the 4 years and 8 months option, the economic costs projected over 70 years in the nationally comparable model could be in the order of $242m. This would arise because of a delayed opportunity of 12 months to re-enter the workforce or to take up cost imputed leisure activities.

In relation to the 4 years and 5 months option, the projected economic benefits over the 70 years of the model could be in the order of $15m. This benefit would arise from the opportunity taken up by affected parents to re-enter the workforce 12 months earlier or to take up income imputed leisure activities. The benefits would be ongoing.

For children, the discounted loss of economic benefit projected over 62 years in the nationally comparable model could be in the order of $764m for the 4 years and 8 months option. This loss of economic benefits would arise because of contraction in the length of the working lives of the individuals affected by the older school starting age.

The economic benefits for children projected over 70 years in the nationally comparable model arising from the 4 years and 5 months option could be in the order of $372m. These benefits would arise because of extension in the length of the working lives of the individuals affected by the younger school starting age.

5.2.13 Impact on Indigenous students and students with special needs

Across the sectors, the two change options that would impact on Western Australia were viewed as likely to have only limited impact on provision for Indigenous students and students with special needs.

Where the birthdays of Indigenous children fall in May and June, there was a perceived possible impact from the 4 years and 8 months option in terms of them being unable to access formal schooling for a further 12 months compared to the current 4 years and 6 months minimum school starting age. The earlier link to formal schooling made possible by 4 years and 6 months (and 3 years and 6 months for kindergarten) was perceived as a positive opportunity for many of these children and their families and as one of the positive outcomes of the 2002 reform.

At the same time, a minimum school starting age of 4 years and 5 months was perceived as potentially benefiting affected Indigenous students by enabling them to gain even earlier access to formal schooling. It was noted, however, that 4 years and 5 months may have a negative impact. This could arise in specific instances where the children may be separated too early from the supportive and culturally inclusive environment of their families. On the other hand, in circumstances where the child was at risk, earlier entry to school could bring with it both child and family support.

One of the views expressed in relation to students with disabilities and learning difficulties was that, for those children with July birthdays, access to schooling 12 months earlier than would be possible under the 4 years and 6 months minimum school starting age could provide a benefit. This benefit would arise through access to resourced and well structured learning programmes in kindergartens and schools as opposed to ‘care’ that could, for some children, be informal and unskilled.
5.2.14 Impact on school completion, tertiary entrance and entry to the workforce.

The nationally comparable cost/benefit analysis model shows that, over the years of schooling to age 15, a figure in the order of 136,972 student movements occur in and out of Western Australia. In any one year, the magnitude of inter-state movement is in the order of 12,452 students. Only approximately 4,389 of these movements each year, or 48,279 students over the period being modelled to age 15, are to or from Queensland and the Northern Territory. These are the two jurisdictions that, from 2007, will have the same minimum school starting age as Western Australia, assuming that the Northern Territory adopts 4 years and 6 months as an outcome of its current trial.

This means that, if all states and territories remained with their current or planned minimum school starting age, from 2007, 65 per cent of Western Australian movements, or approximately 8,000 students each year, would move to or from a jurisdiction with a different minimum school starting age.

Each time students cross borders there is a risk that they may fall out of alignment with the cohort that they left behind – resulting in them having to ‘skip’ or ‘repeat’ a year of schooling. Many of these students are likely to experience an effect that reduces their level of engagement with and success in schooling.

The nationally comparable model assumes that there will be some effect on school completions arising from the reduction of a barrier to transferability that non-common school starting ages represent. The model assumes that the effect will not occur for every student who transfers from one state or territory to another. The model assumes conservatively that, should a common school starting age be introduced, its effect on school completions will be in the order of a 1 per cent increase in the completion rate for those children who move across state and territory borders. In other words, one in every hundred movements will be more likely to complete school because the minimum school starting age is common on a national basis.

Given the conservative assumptions in the nationally comparable model, it is possible that the adoption of a common minimum school starting age could increase the level of school completion in Western Australia. There could be up to 80 more school completions each year across Western Australian schools. This increased completion rate is likely to be permanent for all subsequent cohorts.

Should either 4 years and 8 months or 4 years and 5 months be adopted as a common minimum school starting age and introduced in 2010, the affected cohort would complete Year 12 in 2022. They would, in fact, begin to enter further training, tertiary education or the workforce from 2021 when some reach the upper compulsory age limit. The flow of the affected cohort under the relevant minimum school starting age options is shown in Table 5g below.
### Table 5g Projected post-school participation of the increase in the Western Australia introductory cohort based on the nationally comparable model

<table>
<thead>
<tr>
<th></th>
<th>4 years and 8 months</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>-481</td>
<td>-481</td>
<td>-481</td>
<td>-481</td>
<td>-481</td>
<td>-276</td>
<td>-276</td>
<td>-276</td>
<td>-276</td>
<td>-276</td>
<td>-276</td>
</tr>
<tr>
<td>University</td>
<td>-4</td>
<td>-14</td>
<td>-368</td>
<td>-1,140</td>
<td>-2,264</td>
<td>-1,296</td>
<td>-1,098</td>
<td>-859</td>
<td>-708</td>
<td>-581</td>
<td></td>
</tr>
<tr>
<td>FT employment</td>
<td>-99</td>
<td>-239</td>
<td>-488</td>
<td>-1,269</td>
<td>-1,563</td>
<td>-1,818</td>
<td>-1,669</td>
<td>-2,130</td>
<td>-2,119</td>
<td>-2,249</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>4 years and 5 months</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>234</td>
<td>234</td>
<td>234</td>
<td>234</td>
<td>234</td>
<td>134</td>
<td>134</td>
<td>134</td>
<td>134</td>
<td>134</td>
<td>134</td>
</tr>
<tr>
<td>University</td>
<td>2</td>
<td>7</td>
<td>179</td>
<td>556</td>
<td>616</td>
<td>631</td>
<td>535</td>
<td>418</td>
<td>345</td>
<td>283</td>
<td></td>
</tr>
<tr>
<td>FT employment</td>
<td>48</td>
<td>116</td>
<td>238</td>
<td>618</td>
<td>761</td>
<td>886</td>
<td>813</td>
<td>1,038</td>
<td>1,032</td>
<td>1,096</td>
<td></td>
</tr>
<tr>
<td>PT employment</td>
<td>464</td>
<td>636</td>
<td>666</td>
<td>686</td>
<td>624</td>
<td>500</td>
<td>526</td>
<td>439</td>
<td>318</td>
<td>368</td>
<td></td>
</tr>
</tbody>
</table>

The long term costs or benefits associated with the affected introductory cohort in relation to further training, university and employment are shown in Table 5.h below.

### Table 5.h Projected long term costs or benefits associated with the Western Australia introductory cohort based on the nationally comparable model

<table>
<thead>
<tr>
<th></th>
<th>4 years and 8 months ($m)</th>
<th>4 years and 5 months ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>$7</td>
<td>-3</td>
</tr>
<tr>
<td>University</td>
<td>$33</td>
<td>-16</td>
</tr>
<tr>
<td>Employment</td>
<td>-$1,029</td>
<td>$501</td>
</tr>
</tbody>
</table>

While there are savings or costs from the respective change options to both the VET and university sectors over the ten years of the model from 2021 to 2030, there are also losses and benefits respectively over the working lives of the affected individuals. Those who commenced school one year later under the 4 years and 8 months option would incur loss of income over their working lives. Those affected students who commenced school one year earlier under the 4 years and 5 months option would accrue additional income over their working lives. All costs and benefits in the Table are discounted to 2004-05 dollars.

While the VET and university sectors would have a substantial period of time to plan for the impact of the affected introductory cohort as it moves out of the schooling sector, it is not possible to predict with certainty the areas of training or further education that would be affected. The only assumption that could be made is that the affected cohort would be likely to impact further training or education in a similar pattern to other exiting cohorts in the years immediately prior to 2021.
5.3 Western Australia Government School Sector

5.3.1. Current situation

The Western Australian government school sector, since 2002, has had a minimum school starting age of 4 years and 6 months. This was part of the reform that established Pre-primary as a universally available, full-time year rather than a sessional year. The reform was introduced by having the 2002 introductory cohort as a ‘half-cohort’. This cohort of students is currently in Year 3 and will complete 13 years of schooling in 2014.

The legislation in Western Australia requires children to commence schooling at the start of the year in which they turn 6 years and 6 months of age. On the face of it, this means that parents have an age range in which they can make decisions about the school commencement age of their children. However, with children whose school entry is delayed beyond initial eligibility generally placed with the age cohort into Year 1, delay means missing a year of school. Consequently, there is little evidence of delay in enrolment past the minimum age.

5.3.2 Implications of the options

The Western Australian government school sector would be affected by two of the options, viz.: 4 years and 5 months and 4 years and 8 months. Table 5.g below shows the projected changed size of the introductory cohort against the relevant options for the Western Australia government school sector. The projections are based on the nationally comparable model.

Table 5.g Projections of change in government sector cohort size under nationally comparable assumptions

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 8 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationally comparable model estimate of change in the cohort size</td>
<td>1,429</td>
<td>-2,933</td>
</tr>
</tbody>
</table>

In considering these cohort figures, the following caveats should be noted.

For the 4 years and 8 months option, it is possible that some schools in the non-government sectors may make places available to children who otherwise would have enrolled in a government school. Where this occurs, its effect would be to further reduce the size of the cohort in the government school sector.

For the 4 years and 5 months option, it is possible that some schools in the non-government sectors may be unable to make places available to some children who otherwise would have been enrolled by them. Where this occurs, its effect would be to further increase the size of the cohort seeking enrolment in the government school sector.

Information provided by the government school sector indicates that, because of the level of planning for and commitment to the Pre-primary changes which incorporate a minimum school starting age of 4 years and 6 months, either of the two change options would involve very significant risk and disruption. The clear preference within the government school sector is for 4 years and 6 months to be the nationally common minimum school starting age. If either of the two range options were agreed upon as the
nationally common minimum school starting age, the Western Australian government school sector would continue with 4 years and 6 months.

5.3.3 Cost/benefit modelling

The cost/benefit analysis modelled in Table 5.h below is based on nationally comparable assumptions. This modelling shows the potential savings and costs to the Western Australia government school sector.

Table 5.h 13 year costs and benefits for the Western Australia government school sector based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>-$80</td>
<td>$0</td>
<td>$165</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$43</td>
<td>$0</td>
<td>$87</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td>-$123</td>
<td>$0</td>
<td>$252</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

Under the 4 years and 8 months option, Table 5.h above shows that the potential nominal saving to the Western Australia government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $252m. Discounting for any capital costs, the potential nominal saving to the government school sector in the introductory year could be in the order of $22m.

Under the 4 years and 5 months option, Table 5.h above shows the cost to the Western Australian government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $123m. Discounting for any capital costs, the cost to the government school sector in the introductory year could be in the order of $11m.

Table 5.i Sources of funding in the Western Australian government school sector by option over the 13 years of schooling

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overall costs</td>
<td>AG</td>
</tr>
<tr>
<td>Primary</td>
<td>$164.9</td>
<td>$14.8</td>
</tr>
<tr>
<td>Secondary</td>
<td>$87</td>
<td>$7.9</td>
</tr>
</tbody>
</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Government sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>$22.3</td>
<td>$2.0</td>
<td>$19.2</td>
<td>$1.1</td>
<td>-$10.9</td>
<td>-$1.0</td>
<td>-$9.3</td>
</tr>
</tbody>
</table>

13 year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Government sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>$252.3</td>
<td>$22.7</td>
<td>$217.0</td>
<td>$12.6</td>
<td>-$122.9</td>
<td>-$11.1</td>
<td>-$105.7</td>
</tr>
</tbody>
</table>

Table 5.i above shows the school sector cost and benefit shares of the Australian Government, the Western Australian State Government and parents arising from the changes associated with the relevant change options. The assumption in Table 5.i is that the sector would enrol or lose its ‘normal’ share of the affected students. For the 4 years and 8 months option, should the sector lose more children than its anticipated normal share to non-government schools, all figures would decrease to a commensurate level. For the 4 years and 5 months option, should the government school sector be required to enrol
children who would otherwise have enrolled in non-government schools, all figures would increase to a commensurate level.

In terms of Australian Government funding for the 4 years and 8 months option, if the government sector were to lose its proportionate share of students from the introductory cohort, the savings to the Australian Government could amount to a figure in the order of $2m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $23m.

For the 4 years and 5 months option, if the government sector were to enrol its normal share of additional students in the introductory cohort, the Australian Government would need to provide additional funding in the order of $1m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $106m.

In terms of State funding for the 4 years and 8 months option, if the government sector were to lose its proportionate share of students from the introductory cohort, the savings to the Western Australian State Government could amount to a figure in the order of $19m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $217m.

For the 4 years and 5 months option, if the government sector were to enrol its normal share of additional students in the introductory cohort, the State Government would need to provide additional funding in the order of $9m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $106m.

In terms of private recurrent income for the 4 years and 8 months option, if the government sector were to lose its proportionate share of students from the introductory cohort, the savings to parents could amount to a figure in the order of $1m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $13m.

For the 4 years and 5 months option, if the government sector were to enrol its normal share of additional students in the introductory cohort, additional private recurrent funding in the order of $0.5m would be anticipated in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $6m.\textsuperscript{74}

The expenditure calculations in the nationally comparable cost/benefit analysis model reflect only truly recurrent items and exclude depreciation and user cost of capital. However, they are average costs, and do not reflect the excess capacity in any system to incorporate new students without fixed cost increases.

Such a figure would be reflected by the marginal cost to a system, a figure that has proved quite elusive in national literature. Various Senate inquiries have long recognised the nature of marginal costs\textsuperscript{75} but there are no national publications in education, including those published by the Productivity Commission that present a table of marginal costs for each jurisdiction.

During the data gathering for the cost/benefit analysis, various amounts were put forward by jurisdictions to indicate marginal costs. However, no one nationally comparable

\textsuperscript{74} In reading this cost benefit analysis, readers need to be aware of the broader context involving cost shifts. For example, while there may be savings to parents in terms of school related costs under the 4.8 scenario, some parents are likely to incur costs associated with an additional year in childcare.

methodology was used. Therefore, as an acceptable rule of thumb across jurisdictions, the approach used in the calculation of the Enrolment Benchmark Adjustment\(^\text{76}\) to ‘notional costs’ has been used in this Report. This places notional costs at 50 per cent of average costs.

If the cost estimates in the nationally comparable cost/benefit analysis model are substituted with notional cost figures, the estimated impacts of each of the options on the Western Australian government school sector are shown below.

**Table 5.j Government sector 13 year savings using notional per capita cost estimates**

<table>
<thead>
<tr>
<th></th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 to 4.6</th>
<th>4.5 to 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>-$30</td>
<td>0</td>
<td>$61</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$11</td>
<td>0</td>
<td>$22</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>-$41</td>
<td>0</td>
<td>$83</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

These figures show lower costs against the 4 years and 5 months option and lower savings against the 4 years and 8 months option than would have been anticipated using the nationally comparable average cost data.

**Table 5.k Comparison of 13 year resource flows under nationally comparable and sector models**

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government school sector</strong></td>
<td><strong>4 years and 5 months based on national</strong></td>
</tr>
<tr>
<td></td>
<td><strong>modelling</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-$123</td>
</tr>
</tbody>
</table>

Over the 13 years of schooling for the introductory cohort, Table 5.k above shows the comparative cost/savings outcomes for the nationally comparable and sectoral figures. Below are projections for the savings or costs associated with staffing and infrastructure in relation to both options. The figures on school staffing are incorporated within the national model. However, figures for staffing of kindergartens and figures associated with capital expenditure are not built into the model.

Across the Western Australian government school sector as a whole, for the 4 years and 8 months option, the reduction in teaching staff required could be in the order of 120 teachers. For the 4 years and 5 months, the increase in teaching staff required could be in the order of 60 teachers\(^\text{77}\).

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\(^{77}\) As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.
For the schooling sector, based on figures for 2002/03 published by the Productivity Commission\textsuperscript{78}, with teacher costs of $4,138 per student, the teacher related savings in the first year could be in the order of $12.5m for the 4 years and 8 months option. The teacher related costs for the 4 years and 5 months option could be in the order of $5.9m.

For the 4 years and 8 months option, from sectoral data, it can be extrapolated that in the introductory year 154 fewer education assistants (FTE) would be needed to service the Pre-primary year. In each of the subsequent three years up to and including 2013, approximately 20 fewer FTE education assistant positions would be required. On the basis of an average annual education assistant salary of $34,100, it can be estimated that there could be a saving in the order of $5.2m from 2010 to 2013. To this should be added a reduction of approximately 90 in the number of kindergarten education assistants required in 2009, representing a further saving in the order of $3m.

For the 4 years and 5 months option, in relation to education assistants, the sector estimated that in the introductory year an additional 77 positions (FTE) would be needed. This would involve additional funding for salaries in the order of $2.6m. In each of the subsequent three years, an additional 10 education assistant positions (FTE) would be needed, involving additional funding in the order of $1m. For the government kindergarten sector, an additional 45 kindergarten teacher (FTE) positions would be required in 2009. This would represent a salary cost in the order of $1.5m.

The Western Australian government school sector identified costs related to infrastructure provision should the option of 4 years and 5 months be adopted. It was estimated that approximately 32 additional classroom would be required in 2009 for the additional kindergarten students at a cost in the order of $5.6m. A different room configuration would be required when the students reached Year 1 in 2011, involving a cost in that year in the order of $3.2m. This accommodation would need to be relocated in 2018 when the students entered secondary school. The relocation cost would be in the order of $0.8m. A figure in the order of $8m could be required to meet new capital and refurbishment requirements. Thus, total facilities costs over the 14 years covering kindergarten to Year 12 could be in the order of $9.6m.

For the 4 years and 5 months option, it could be possible that small schools confronted by declining numbers may gain a temporary benefit from an increase in the size of the introductory cohort. These schools would have excess infrastructure capacity and would be able to readily enrol the additional students.

The sector estimated that the additional students in the government school sector under the 4 years and 5 months option would involve additional funding for school transport in the order of $370,000, over each of the 13 years of schooling. This is an average figure, however, and the costs are likely to be lower in both the earlier and later years of schooling.

\textbf{5.3.4 Impact of the options}

In any of the options that move from 4 years and 6 months, there will be costs, benefits, risks and opportunities for the Western Australian government school sector. The overall level of change would be greatest should the option of 4 years and 8 months be introduced as a common minimum school starting age. The level of change would be less for 4 years and 5 months. Either of the range options would have no impact as the Western Australian government school sector would almost certainly opt for continuation of 4 years and 6

\textsuperscript{78} Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
months as the minimum school starting age. Moreover, neither of these options would be perceived as achieving a common minimum school starting age.

In considering likely impacts from either of the change options, the government school sector stressed that both carried ‘high risk’ coming so relatively soon after the 2002 Pre-primary reform. It was felt that the 2002 reform had been a major initiative by the State Government and that parents and the wider community would not readily accept yet another change, even if attempts were made to justify it on ‘national’ grounds of commonality. The change management process around the 2002 reform had been complex and resource intensive. There is now a broad acceptance of the change currently being implemented and any attempt to modify it would threaten the current broad base of community support and level of trust.

In terms of costs and benefits associated with a change from 4 years and 6 months to 4 years and 8 months, both initial and medium term savings would occur in the government school sector through a decrease in the size of the introductory cohort. These would include savings associated with staffing, infrastructure, administration and related areas such as student transport. These savings would occur at the outset and for each year as the smaller cohort progressed through schooling and into the tertiary sector.

The reduced cohort may enable the government school sector to further extend capital refurbishment programmes and reduce the level of demand for demountable classrooms. In addition, a smaller cohort would be likely to lead to lower maintenance and recurrent costs for utilities as it may be possible to take some facilities off-line. In some schools, the reduced cohort could have the effect of freeing-up learning spaces and assisting schools in class organisation and learning programmes.

It should be noted, however, that many costs associated with infrastructure are fixed costs and any reduction in cohort size is unlikely to impact on these costs. For example, possible savings in the area of student transport would be unlikely to occur in the early primary years. In any event, the reduced patronage may not necessarily translate into a need for a commensurate fewer number of buses as services would generally still need to be maintained.

For the 4 years and 8 months option, it could be possible in some situations that the reduced size of the introductory cohort may raise issues about school viability and consequent flow-on effects into local economies. This scenario could affect some rural and remote schools already confronted by declining populations.

The sector identified one of the major risks of the 4 years and 8 months option as delaying the entry of the affected students to formal schooling by a further 12 months. It was felt that this would jeopardise the capacity of the government school sector to identify learning needs and to establish appropriate intervention programmes. It was observed that any delay in learning needs identification and support may mean higher overall costs during the later years of schooling of the affected children.

It was felt that the parents of some affected children may regard the preclusion of their children from schooling as discriminatory as they would be denied access to programmes that could only be delivered in schools. This included health screening programmes conducted by the Department of Health. Particular concern was expressed in relation to children living in socio-economically disadvantaged communities.

One of the major areas of impact of the 4 years and 8 months option was perceived by the government school sector as its likely impact on families. There would be added cost burden on the families of affected children through their retention in the prior-to-school
sector for a further 12 months. Having to remain in the higher cost prior-to-school environment for another year would not be welcomed by many affected parents. Moreover, it would be likely that parents who had planned to return to the workforce once their children commenced full-time schooling would be unable to do so. This would place an extended strain on family budgets.

Another area of likely impact was perceived by the government school sector in prior-to-school provision. The retention of the affected children in prior-to-school services could lead to an added demand for places, especially in geographic areas characterised by current shortfall in provision. This could lead to providers increasing fees, or moving to reduce the number of places for the more expensive, younger end of the age spectrum.

In general, impacts in the area of curriculum were perceived as being manageable. The sector took the view that current curriculum arrangements were well placed to respond to the possibility of an older cohort, should 4 years and 8 months become the minimum school starting age. Teachers would readily adapt their pedagogies. However, it was noted that there could be a possibility of new graduates finding it more difficult to find employment, and that potentially outstanding teachers could be permanently lost to the sector.

For the 4 years and 5 months option, overall the nationally comparable cost/benefit analysis model shows flows of resources (per capita costs) to the government school sector resulting from the larger cohort size. Any costs would continue over the full 13 years of schooling.

It was observed that one of the major impacts of any increase in the size of the cohort would relate to total funding of the school education sector. There was a perceived risk that adjustments may have to be made to the total sector budget in order to fully meet the staffing and infrastructure demands generated by the additional students. However, it was also noted that in many schools the number of students involved would be relatively small. In many instances, schools would be able to enrol the additional students without generating the need for a new class to be formed or for new infrastructure to be provided.

One of the potential advantages of the 4 years and 5 months option was the opportunity that may arise for affected children to commence their schooling 12 months earlier than would be possible with a minimum school starting age of 4 years and 6 months. Some of these children may have learning difficulties that could be identified earlier and appropriate intervention programmes established. Attention was drawn to the opportunities that may arise to address the educational, health and social needs of affected children from disadvantaged communities who would be able to commence schooling 12 months earlier than would be possible under current arrangements. A similar observation was made in respect to children with disabilities.

The sector noted a possible impact from the 4 years and 5 months option when the increased cohort reached the secondary years, generating demand for more specialist teachers in traditionally hard-to-staff subject areas. It was felt, however, that the lead time would be sufficient to plan for such an impact as part of current staffing strategies.

The potential benefits flowing to families from the 4 years and 5 months option were noted by the government school sector. These benefits were perceived as particularly significant where families would gain a financial advantage that would relieve pressure on family budgets and enable a better life style for all family members. This included the opportunity that parents may have to re-enter the workforce earlier than would be possible under current arrangements.
The 4 years and 5 months option was perceived as likely to have few significant impacts on the early years curriculum given the extensive work that has been undertaken in association with the introduction of full-time Pre-primary in 2002. It was felt that early years teachers would readily adjust to a one month change in the minimum school starting age. It was noted that a reduction of one month was unlikely to so significantly extend the age range as to pose major challenges in classroom pedagogy.

Irrespective of the option that may be decided upon as the basis for a nationally common minimum school starting age in 2010, the sector expressed the view that one of the impacts would be to bring benefits in relation to students and families when transferring from one state or territory to another.

Critically, by far the greatest potential negative impact of any of the change options noted was that the change would come on top of a major reform in Western Australia in relation to school commencement. It was felt that the very substantial level of planning and communication undertaken to ensure the effective introduction of universal, full-time Pre-primary provision in 2002 with a minimum school starting age of 4 years and 6 months could be placed at risk by yet another significant change management undertaking. The sector expressed the view that any change would be seen as undermining the integrity of the Pre-primary reform.

5.3.5 Nomenclature

In relation to the nomenclature of the early years of schooling, Pre-primary is the year before Year 1. The year prior to Pre-primary is called kindergarten. Kindergarten is provided on a sessional basis in government schools, with a minimum starting age of 3 years and 6 months. Kindergarten has a take-up in the order of 85 per cent.

The terms kindergarten and Pre-primary have become intrinsically part of the 2002 reform, although both pre-date it. While change in the nomenclature is likely to meet with a negative reaction across the government school sector and in the wider community, this is not considered to be unmanageable with sufficient lead time.

The major costs around any possible change in the nomenclature of the early years of schooling were identified by the sector as being management-related. The sector estimated a cost in the order of $14,000 in the introductory year, dedicated to managing communication between the sector and the community. No other major costs were identified.

Opportunities and benefits in relation to a common nomenclature were identified by the Western Australia government school sector. These primarily related to the positive impacts arising from all states and territories having a common nomenclature for the early years of schooling, especially for the year before Year 1. Common nomenclature was seen as likely to greatly assist families as they moved across state and territory borders.

5.3.6 Conclusion

The implications of either of the relevant options mean a change in the size of the kindergarten cohort in 2009 and in the Pre-primary cohort in 2010 and over the subsequent 12 years of schooling for the affected students. This change would come on top of the reform in 2002 that saw the introduction of a full-time Pre-primary year for students who will be 5 years of age by 30 June in the year of school commencement.

For the 4 years and 8 months option, the smaller cohort passing through the government school sector could give rise to a saving in recurrent expenditure in the order of $252m,
assuming that the full cost for each student could be realised as a saving. Of this amount, a
figure in the order of $22m could be nominally realised by the end of the first year. For the
4 years and 5 months option, the overall costs could be in the order of $123m, with a
figure in the order of $11m to be expended prior to or by the end of the first year.

The major risk identified by the Western Australia government school sector arising from
either of the change options related to the strong likelihood of a negative community
reaction. It was felt that the Pre-primary reform, commenced in 2002, had been a major
change management process that was now well accepted across the wider community. Any
initiative that held the prospect of complicating this reform would, almost certainly, not be
welcomed in Western Australia. Parents, in particular, now viewed 4 years and 6 months as
the agreed and embedded minimum school starting age in the State and any move away
from it would lead to confusion and loss of faith in the 2002 reforms.

In terms of the introduction of a common nomenclature for the early years of schooling,
no significant costs were identified. Across the school sectors in Western Australia, there is
overall acknowledgement of the considerable benefits to families of common
nomenclature across Australia. Indeed, common nomenclature is seen to have the potential
to support greater continuity in terms of curriculum and the ways in which learning
environments are organised.
5.4 Western Australia Catholic School Sector

5.4.1 Current situation

Since 2002, the minimum school starting age in the Western Australian Catholic sector schools has been 4 years and 6 months. In other words, children are eligible for enrolment in Pre-primary if they will turn 5 years of age before 30 June in the year of school commencement. As with the other schooling sectors, children are required to be enrolled at school by the commencement of the year in which they turn 6 years and 6 months. There is a commitment to enrol all Catholic children on the understanding that places are available within existing resources.

The current minimum school starting age was introduced as part of the reform by which Pre-primary became a full-time year of school rather than a sessional year. While there is a considerable degree of local decision making across the sector, broad policy approaches in areas such as the minimum school starting age are determined by the Catholic Education Commission of Western Australia.

5.4.2 Implications of the options

The Western Australian Catholic school sector would be affected by two of the options, viz, the 4 years and 5 months option and the 4 years and 8 months option. Should either of the range options be adopted, the Catholic school sector would retain 4 years and 6 months as the minimum school starting age.

Table 5.1 Projected cohort size for the Catholic sector based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 8 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationally comparable model of change in the cohort size.</td>
<td>338</td>
<td>-694</td>
</tr>
</tbody>
</table>

Table 5.1 above, derived from the nationally comparable cost/benefit analysis model, indicates that the size of the Catholic school sector share of the introductory cohort in 2010 would decrease by 694 students for the 4 years and 8 months option. For the 4 years and 5 months option the cohort would increase by 338 students.

The nationally comparable model has made adjustments to reflect the known percentage of parents in the State who currently enrol their children later than the earliest possible age. The model has also taken account of the projected population growth rates for Western Australia as a whole and the likely Catholic sector share on the basis of current trends. Many schools in the Western Australian Catholic sector are under the same pressure as schools in other sectors in terms of increasing enrolments brought about by population growth in particular geographic areas of the State.

5.4.3 Cost/benefit modelling

Using the cohort size advice provided by the nationally comparable cost/benefit analysis model, the impact of each of the options in terms of costs or savings over the full 13 years of schooling can be demonstrated.
Table 5.m Costs and savings over the 13 years of schooling for the Western Australia Catholic sector, based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catholic Primary</td>
<td>-$12</td>
<td>$0</td>
<td>$25</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Catholic Secondary</td>
<td>-$10</td>
<td>$0</td>
<td>$21</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-$22</td>
<td>$0</td>
<td>$46</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

The calculations in Table 5.m above are based on the recurrent annual cost estimates per student provided by the State Government to the Australian Government Department of Education, Science and Training. The assumption accounts for all eligible students who would normally enrol in Catholic schools.

For the 4 years and 8 months option, the smaller initial cohort of students could lead to reduced recurrent funding. Using the nationally comparable data, the savings could be in the order of $46m over the 13 years of schooling. For the 4 years and 5 months option, the increase in the size of the introductory cohort could require additional funding in the order of $22m over the 13 years of schooling. There would be funding implications from either option for the Western Australian State Government, the Australian Government through grants, and for private sources including fees.

For both relevant options, provided the share of students fell proportionately, the results of changing the minimum school starting age show a substantial potential outflow or inflow of resources from or to the Catholic school sector. However, in terms of the 4 years and 8 months option, it is possible that a number of schools in the sector may be able to maintain enrolments close to those normally anticipated through access to waiting lists. This would have the effect of reducing the outflow of resources from the sector. The experience of the Pre-primary reform, where a significant number of Catholic schools was able to maintain enrolments larger than the predicted half cohort, indicates that the resource outflows from the older age option could be contained substantially.

For the 4 years and 5 months option, because many schools in the sector are currently operating at full capacity, without capital injections the increased flows would be likely to take place in the government school sector rather than in the Catholic school sector, with consequent changes in the proportional long term value of the sectors.

Table 5.n Sources of funding in the Western Australian Catholic school sector by option over the 13 years of schooling

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 years and 8 months</td>
</tr>
<tr>
<td>Overall costs</td>
</tr>
<tr>
<td>Primary</td>
</tr>
<tr>
<td>Secondary</td>
</tr>
</tbody>
</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Catholic sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3.4</td>
<td>$2.1</td>
<td>$0.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$0.4</td>
<td></td>
</tr>
</tbody>
</table>

13 year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Catholic sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$46.5</td>
<td>$27.3</td>
<td>$11.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$7.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-$22.7</td>
<td>-$13.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-$5.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>AG</th>
<th>State</th>
<th>Private</th>
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<td>-$22.7</td>
<td>-$13.3</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>-$5.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-$3.6</td>
</tr>
</tbody>
</table>
Table 5.n above shows the school sector cost and benefit shares of the Australian Government, the Western Australian State Government and parents arising from the changes associated with the relevant change options. The assumption in Table 5.n is that the Catholic school sector would enrol or lose its ‘normal’ share of the affected students.

For the 4 years and 8 months option, should the sector enrol more children than its anticipated normal share, all figures would increase to a commensurate level. For the 4 years and 5 months option, should the sector be unable to enrol children who would otherwise have enrolled in Catholic schools, all figures would decrease to a commensurate level.

In terms of Australian Government funding for the 4 years and 8 months option, if the Catholic school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Australian Government could amount to a figure in the order of $2.1m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $27m. This would be a loss of income to the sector.

For the 4 years and 5 months option, if the Catholic school sector were to enrol its normal share of additional students in the introductory cohort, the Australian Government would need to provide additional funding in the order of $1m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $13m. This would represent additional income to the sector.

In terms of State funding for the 4 years and 8 months option, if the Catholic school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Western Australian State Government could amount to a figure in the order of $0.9m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $12m. This would be a loss of income to the sector.

For the 4 years and 5 months option, if the Catholic school sector were to enrol its normal share of additional students in the introductory cohort, the State Government would need to provide additional funding in the order of $0.4m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $6m. This would represent additional income to the sector.

In terms of private recurrent income for the 4 years and 8 months option, if the Catholic school sector were to lose its proportionate share of students from the introductory cohort, the savings to parents could amount to a figure in the order of $0.4m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $8m. This would be a loss of income to the sector.

For the 4 years and 5 months option, if the Catholic school sector were to enrol its normal share of additional students in the introductory cohort, additional private recurrent funding in the order of $0.2m would be anticipated in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $4m. This would represent additional income to the sector.

In relation to the 4 years and 8 months option, the sector envisaged no scenarios where the potential reduction in the size of the cohort would lead to a reduction in staff. Given the large number of classes at or near the maximum size, the sector suggested that no staff would become surplus to requirements.

In relation to the 4 years and 5 months option, with some 150 schools with a primary component, the average additional potential enrolment would be around 2 students per school. Where schools were able to enrol the additional students they would do so without generating the need for additional teaching or ancillary staff. The students would be
absorbed into existing classes where places were available. The size of the increase under the 4 years and 5 months option would not, of itself, lead to the creation of additional streams in any schools.

Across the Catholic school sector as a whole, for the 4 years and 8 months option, the reduction in teaching staff required could be in the order of 28 teachers. For the 4 years and 5 months, the additional teaching staff required could be in the order of 14 teachers79.

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission80, with teacher costs of $4,138 per student, the teacher related savings in the first year could be in the order of $2.9m for the 4 years and 8 months option. The teachers related costs for the 4 years and 5 months option could be in the order of $1.4m.

No infrastructure costs were identified from the 4 years and 5 months option and no infrastructure savings were associated with the 4 years and 8 months option. The sector noted, however, that under the 4 years and 8 months option, any reduction in income from grants and fees could not be matched by reductions in fixed costs for infrastructure.

The sector expressed the view that, given the projected size of the cohort increase, there would be no discernible impacts in the area of student transport.

5.4.4 Impact of the options

In either of the options that move from 4 years and 6 months, there will be costs, benefits, risks and opportunities for the Catholic school sector in Western Australia. The overall level of change would be greatest should the option of 4 years and 8 months be introduced as a common school starting age. The level of change would be less for 4 years and 5 months. The Catholic school sector would, of course, be unaffected by the introduction of 4 years and 6 months as the common school starting age or by either of the range options.

For either of the relevant change options, however, the size of the impacts are unlikely to be as great as predicted in the nationally comparable model. It should be noted that the Catholic Education Office, in relation to the 4 years and 8 months, indicated that the experience of the 2002 Pre-primary reform showed that the reduction in the number of students seeking enrolment had not been as great as anticipated. Schools that had capacity were able to draw on waiting lists and, therefore, had fewer free places than they had originally projected.

Across the sector, the 2002 cohort was approximately 12 per cent larger than had been anticipated. Should this dynamic apply around the 4 years and 8 months option, it is likely that the reduction in the size of the introductory would be less than projected in the nationally comparable model. It would be unlikely to impact with any significance on class sizes, staffing or required infrastructure.

However, for the 4 years and 8 months option, any decrease in the size of the cohort would fall unevenly across Western Australia Catholic schools. The likelihood of this scenario was canvassed by the sector when the observation was made that some schools saw no change in enrolments arising from the 2002 Pre-primary reform. Under the 4 years and 8 months option, schools located in areas characterised by population increase would

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79 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

80 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
typically access waiting lists to maintain as closely as possible a ‘normal’ cohort size. Additionally, the 8 boarding schools in the sector have waiting lists and would essentially be unaffected by the 4 years and 8 months option.

The view was expressed that schools in some rural and remote areas where population is either static or declining may experience a more discernible impact under the 4 years and 8 months option. It should be noted that, even in these schools, the number of students involved is likely to be small and that, of itself, a slight decrease in the size of the cohort may not necessarily raise issues in relation to school viability. By far the greater implication for the viability of these schools is likely to arise from general population decline in their location.

With regard to the 4 years and 5 months option, the Catholic Education Commission advised that any increase in enrolments arising from the option would be absorbed marginally across schools in the sector. No additional enrolments would be accepted by schools unless they had the staffing and infrastructure to do so. Consequently, it is possible that students otherwise may have enrolled in a Catholic school would seek enrolment in either a government or independent school.

In most instances under the 4 years and 5 months option, the additional number of students in the introductory cohort seeking places would be small, estimated at an average of 2 students per school. Those schools already planning to accommodate an increased population would probably regard the change brought about by a younger minimum school starting age as relatively insignificant. In many instances, schools would be able to enrol the students without impact on planned staffing or infrastructure.

In canvassing the risks associated with a possible change to the minimum school starting age in 2010, the Catholic school sector expressed the view that, irrespective of the age option, the greatest risk would be ‘change-on-change’. The total schooling sector in Western Australia underwent a major change in 2002 around the Pre-primary year and the introduction of 4 years and 6 months as a minimum school starting age. The cohort affected by that change will be in Year 8 in 2010. Any movement away from 4 years and 6 months would almost certainly meet with considerable angst in the wider community and not be supported by Catholic sector parents.

Moreover, should 4 years and 8 months be agreed upon as a common minimum school starting age, the sector would then have two reduced cohorts in its schools. Such a scenario was perceived as posing major funding and management challenges for the sector.

One of the impacts of the 4 years and 8 months option would be a reduction in the level of funding at the individual school level for those schools where the cohort size was smaller. In those instances where the reduction in the number of students had to be absorbed, with no capacity to draw on waiting lists, there would be no opportunity for savings in areas such as staffing and infrastructure. At the same time, the income from grants and private sources would have been reduced. The sector expressed the view that, as for the current Year 3 cohort affected by the Pre-primary reform, compensatory funding would be required for particular schools.

The option of 4 years and 8 months, by delaying school commencement for 12 months for those children with May and June birthdays, was perceived by the sector as having a potential educational risk for some affected children. Under the current 4 years and 6 months arrangements, the sector believes that schools are well placed to make early identification of children with learning difficulties and special needs. Intervention programmes can be established, with the prospect of improved outcomes over time. Any
delay in identification or intervention may involve long term risks for the students in terms of their learning and broader schooling outcomes.

The sector expressed the view that the families of affected children could be significantly disadvantaged by the 4 years and 8 months option. One of the impacts of the option would be to delay by 12 months entry to school of those students whose birthdays are in May and June. The need for the affected families to meet an additional year of child care costs was perceived by the sector as a major risk associated with the option.

The sector also noted that some of the affected parents would be precluded for this period of time from re-entry to the workforce. One of the ‘lessons’ drawn from the Pre-primary reform was the extent to which many families planned future economic activity around the school commencement of their children. Any ‘mid-stream’ change in commencement age arrangements would not be welcomed by these families.

In terms of possible opportunities around the 4 years and 8 months option, the sector expressed the view that some children may benefit from a further year in the prior-to-school sector rather than moving ‘too soon’ into formal schooling. Additionally, the affected children would be older on leaving school and possibly better placed to meet the demands of further study, training or entry into employment. The sector also noted that an impact of a reduced cohort could be a lessening of competition for university places, with students able to gain entry who otherwise may have ‘missed out’.

With regard to the 4 years and 5 months option, the Catholic school sector identified a number of potential risks. It noted that the general impact of the identified ‘risks’ would be lessened by the fact that a number of schools may not be able to enrol the additional students because of infrastructure limitations. Furthermore, with the small number of affected students per school, the option was unlikely to produce major systemic issues. Of far more importance would be the issues of parental perceptions around a ‘change on change’.

In those instances where schools would not be able to enrol the increased number of students in the cohort, there could be a negative reaction in the local community and a discernible level of parental dissatisfaction in not being able to secure a Catholic education for their children. The sector also noted that any inability to enrol additional students would represent a potential loss of income. In a number of instances, children not able to be enrolled would not attempt to seek enrolment at a later date even if places were available and nor may their siblings. This potential income could be permanently foregone.

The sector expressed the view that the 4 years and 5 months would have only a minimal impact on curriculum and pedagogy. In some instances, teachers may have larger classes than may have been anticipated, and the age profile of classes may be generally younger. While some professional learning support may be required, funding for this could largely come from planned activities. There was no perceived need to make changes to the curriculum in order to meet the learning needs of a slightly younger age profile cohort.

The Catholic school sector expressed the view that some of the affected children may benefit from commencing school 12 months earlier than would be possible under current arrangements. In particular, a minimum school starting age of 4 years and 5 months may enable teachers in Catholic schools to make an earlier identification of students with special learning needs and to respond accordingly. Earlier intervention was perceived as being cost effective over the longer term.

One of the potential benefits identified by the sector from the 4 years and 5 months option was a benefit to families. It was noted that affected Catholic families may benefit from the
reduction in prior-to-school costs as their children would be able to commence school 12 months earlier. This earlier school commencement could be especially beneficial where families could have an improved standard of living through a higher level of disposable income. This could come about through a reduction in the amount of family income directed towards payment of fees. Additionally, the affected parents would have the opportunity to re-enter the work force 12 months earlier than would be possible under current arrangements.

An area explored by the sector in terms of possible risk was that of the implications of a change in the minimum school starting age for the primary/secondary school interface. It was felt that the achievement of a common school starting age should be regarded as one of two key elements that generated friction around inter-state transfers.

The other area identified was the problems that are caused for students where they move to or from Western Australia and the other jurisdictions where secondary school commences in Year 7. There could be a risk that the adoption of a common minimum school starting age may raise expectations about reduction in friction around inter-state transfers that could not be met.

The sector also noted that the range options, combined with the continued lack of alignment at the primary/secondary school interface, would lead to a continued high level of friction and dissatisfaction for transferring students, their families and the affected schools.

5.4.5 Nomenclature

The Catholic school sector expressed the view that the achievement of a common nomenclature around the early years of schooling was a desirable objective. Whatever the nomenclature decided upon, it should be both simple and logical. Further, it was felt that the nomenclature should make explicit the purpose of early years learning, consistent with the term Pre-primary in the Western Australian context.

The sector identified a range of costs associated with any change in nomenclature around the early years of schooling. These included the areas of signage, stationery, handbooks, advertising, prospectuses, computer systems, etc. However, these costs were seen as capable of being managed over time.

5.4.6 Conclusion

While both of the relevant change options would impact on Catholic schools in Western Australian, the numbers involved at the individual school level would be relatively small. Should the 4 years and 8 months option be adopted, it is unlikely that the decline in the cohort size of itself would raise issues about viability. Many schools would be able to fill freed-up places by accessing their waiting lists and thus retaining numbers that would move the cohort towards a ‘normal’ size. Indeed, the sector observed that some schools had managed the 2002 Pre-primary reform in a way that had little discernible impact on cohort size, certainly not to the extent anticipated.

Should the 4 years and 5 months option be adopted, the increased demand for places in most schools would be minimal. Only in schools with full streams, and where multi-age class configurations were not possible, is it likely that schools would be unable to enrol the additional students.

However, the sector identified risks that would be likely to arise from any option that leads to a minimum school starting age other than 4 years and 6 months. The state-wide work around the introduction of full-time Pre-primary in 2002 and the adoption of a minimum
school starting age of 4 years and 6 months has been a far-reaching change in Western Australian schooling and continues to impact significantly on the sector. Should either of the change options be adopted, the sector believes that the integrity of the 2002 reforms may be significantly compromised in the eyes of principals, teachers, parents and the wider community.

In relation to a possible change in nomenclature around the early years of schooling, cost areas were identified but not quantified. The sector endorsed the achievement of a nationally common nomenclature, but pointed to the need for simplicity in the terms that may be selected.
5.5 Western Australia Independent School Sector

5.5.1 Current situation

Schools in the Western Australian independent sector have implemented the 2002 Pre-primary reform and have a minimum school starting age of 4 years and 6 months, in line with the government and Catholic sectors. In other words, children are eligible for enrolment in Pre-primary where they will turn 5 years of age before 30 June in the year of commencement. As with the other schooling sectors, children must be enrolled in school at the commencement of the year in which they turn 6 years and 6 months.

There are 145 independent schools in Western Australia. Of these, many have an SES score of less than 110 and operate as single stream schools. The biggest increase in the sector has been that of low-fee schools, mainly in growing suburban areas.

5.5.2 Implications of the options

Under the nationally comparable cost/benefit analysis model, the Western Australian independent school sector would be affected by two of the options, viz, the 4 years and 5 months option and the 4 years and 8 months option. For either of the range options, the independent school sector would continue with 4 years and 6 months as the minimum school starting age.

Table 5.o Projected cohort size for the Independent sector based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 8 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationally comparable model of change in the cohort size.</td>
<td>190</td>
<td>-391</td>
</tr>
</tbody>
</table>

Table 5.o above, derived from the nationally comparable cost/benefit analysis model, indicates that the size of the introductory cohort in 2010 would decrease nominally by 391 students for the 4 years and 8 months option. For the 4 years and 5 months option the cohort would increase nominally by 190 students. The model assumes that the sector would either lose or take up its relative share of the overall cohort change.

The nationally comparable model has made adjustments to reflect the known percentage of parents in the State who enrol their children later than the earliest possible age. The model has also taken account of the projected population growth rates for Western Australia as a whole and the likely independent sector share on the basis of current trends.

With some 130 schools across the sector with a Pre-primary stream, the nominal average decrease in the number of students per school for the 4 years and 8 months option would be approximately 3. For the 4 years and 5 months option, the nominal average increase in the Pre-primary cohort would be no greater than 2 students per school.

5.5.3 Cost/benefit modelling

Using the cohort size advice provided by the nationally comparable cost/benefit analysis model, the impact of each of the options in terms of costs or savings over the full 13 years of schooling can be demonstrated.
Table 5.p Costs and savings over the 13 years of schooling for the Western Australian independent sector, based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Primary</td>
<td>-$8</td>
<td>$0</td>
<td>$17</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Independent Secondary</td>
<td>-$11</td>
<td>$0</td>
<td>$22</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-$19</td>
<td>$0</td>
<td>$39</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

The calculations in Table 5.p above are based on the recurrent annual expenditure estimates per student provided by the State Government to the Australian Government Department of Education, Science and Training. The assumption accounts for all eligible students who would normally enrol in independent schools.

For the 4 years and 8 months option, the smaller initial cohort of students would lead to reduced recurrent funding throughout their school tenure. Using the nationally comparable data, the savings could be in the order of $39m over the 13 years of schooling. For the 4 years and 5 months option, the increase in the size of the introductory cohort could require additional funding in the order of $19m over the 13 years of schooling. There would be funding implications from either option for the Western Australian Government, the Australian Government through grants, and for private sources including fees.

For both relevant options, provided the share of students changed proportionately across the sectors, the results of changing the minimum school starting age show a potential outflow or inflow of resources from or to the independent school sector. However, in terms of the 4 years and 8 months option, it is possible that a number of schools in the sector may be able to maintain enrolments close to those normally anticipated through access to waiting lists. This would have the effect of reducing the outflow of resources from the sector that the model demonstrates.

For the 4 years and 5 months option, because many schools in the sector are currently operating at full capacity, without capital injections some of the increased flow would be likely to take place in the government school sector rather than in the independent school sector, with consequent changes in the proportional long term value of the sectors.

Table 5.q below shows the cost and benefit shares of the Australian Government, the Western Australian Government and parents arising from the changes associated with the relevant change options for the independent school sector. The assumption in Table 5.q is that the independent school sector would enrol or lose its ‘normal’ share of the affected students. For the 4 years and 8 months option, should the sector enrol more children than its anticipated normal share, all figures would increase to a commensurate level. For the 4 years and 5 months option, should the sector be unable to enrol children who would otherwise have enrolled in independent schools, all figures would decrease to a commensurate level.
### Table 5.4 Sources of funding in the Western Australian independent school sector by option over the 13 years of schooling

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Primary</td>
<td>$17.2</td>
<td>$7.3</td>
</tr>
<tr>
<td>Secondary</td>
<td>$22</td>
<td>$8.1</td>
</tr>
</tbody>
</table>

| First year costs based on the nationally comparable model |
|---|---|---|
| AG | State | Private | AG | State | Private |
| Independent sector | $2.3 | $1.0 | $0.5 | $0.9 | -$1.1 | -$0.5 | -$0.2 | -$0.4 |

<table>
<thead>
<tr>
<th>13 year costs based on the nationally comparable model</th>
<th>13 years of schooling</th>
</tr>
</thead>
<tbody>
<tr>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Independent sector</td>
<td>$39.3</td>
</tr>
</tbody>
</table>

In terms of Australian Government funding for the 4 years and 8 months option, if the independent school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Australian Government could amount to a figure in the order of $1m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $15.3m. This would represent a loss of income to the sector.

For the 4 years and 5 months option, if the independent school were to enrol its normal share of additional students in the introductory cohort, the Australian Government would need to provide additional funding in the order of $0.5km in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $7.5m. This would provide additional income for the sector.

In terms of State funding for the 4 years and 8 months option, if the independent school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Western Australian State Government could amount to a figure in the order of $0.5m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $7.4m. This would represent a loss of income to the sector.

For the 4 years and 5 months option, if the independent school sector were to enrol its normal share of additional students in the introductory cohort, the State Government would need to provide additional funding in the order of $0.2m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $3.6m. This would provide additional income for the sector.

In terms of private recurrent income for the 4 years and 8 months option, if the independent school sector were to lose its proportionate share of students from the introductory cohort, the savings to parents could amount to a figure in the order of $0.9m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $16.5m. This would represent a loss of income to the sector.

For the 4 years and 5 months option, if the independent school sector were to enrol its normal share of additional students in the introductory cohort, additional private recurrent funding in the order of $0.4m would be anticipated in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $8.1m. This would provide additional income for the sector.
Across the Western Australia independent school sector as a whole, for the 4 years and 8 months option, the reduction in teaching staff required could be in the order of 16 teachers. For the 4 years and 5 months option, the additional teaching staff required could be in the order of 8 teachers.\(^{81}\)

For the Western Australian independent schooling sector, based on figures for 2002/03 published by the Productivity Commission\(^{82}\), with teacher costs of $4,138 per student, the teacher related savings in the first year could be in the order of $1.6m for the 4 years and 8 months option. Teacher costs in relation to the 4 years and 5 months option could be in the order of $0.8m.

However, under the 4 years and 8 months option, the sector believes that no independent school would be able to reduce full time teaching staff or reduce a class. With an average impact of only 3 children per school, classes and staffing would need to be maintained. Given that 75 per cent of costs are salary costs, the 4 years and 8 months option could have an impact in a number of schools where income would be reduced but where costs would remain fixed. The costs of maintaining staff but with reduced income from government grants and private sources would be a major impact of the older age option. In some low fee schools with high debt levels, even a marginal decline in income could have a significant impact and raise issues about viability.

For independent schools, the 4 years and 5 months option would have limited staffing impacts. The sector expressed the belief that in those instances where the size of a stream increased, schools may allocate additional education assistant hours. No instances were envisaged where an additional teacher would be required, other than where the increased size of the cohort complemented population growth to the extent of enabling another stream to be formed. Where there was no infrastructure capacity to accept additional enrolments, schools would advise parents accordingly.

In relation to its likely impact on student transport, the sector expressed the view that the 4 years and 5 months option would have only very limited consequences. Additional costs would not occur until the later primary years.

### 5.5.4 Impact of the options

In either of the options that move from 4 years and 6 months, there would be some costs, benefits, risks and opportunities for the Western Australian independent school sector.

In canvassing the likely impacts on the independent school sector of a possible change to the minimum school starting age in 2010, the sector put the view that, irrespective of the age option, the greatest risk would be community perception of the change as unnecessarily complicating the 2002 Pre-primary reform. Any movement away from 4 years and 6 months would almost certainly meet with considerable angst in the wider community and not be supported by independent sector parents. Nor would it be welcomed by most schools, given the effort put into making the 2002 reform an effective and successful one.

The sector also noted that, should 4 years and 8 months be agreed upon as a common minimum school starting age, there would be two reduced cohorts at the one time from

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\(^{81}\) As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

\(^{82}\) Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
2010 to 2014. Such an outcome was perceived as highly undesirable in terms of implications for school management and funding.

The independent sector indicated its belief that where schools were able to access waiting lists to compensate for the reduced size of the cohort they would do so. In many instances, the effect of such access would be to maintain the cohort at a ‘normal’ size. There would be no loss of income or under-utilisation of available infrastructure. However, the sector noted that the extent of waiting lists in independent schools in the State has been overstated. Many low-fee schools, the largest group in the sector, do not necessarily have substantial waiting lists.

The independent school sector identified a number of risks that could be associated with the introduction of the 4 years and 8 months option as the nationally common minimum school starting age. The sector made reference to what would probably be a small number of schools where difficulties may arise. It was estimated that, unless supplementary funding were provided as for the Pre-primary reform, up to 6 schools in the sector may become unviable and a further 15 schools would have difficulties in their financial management. Many small low-fee schools carry a significant level of debt and the reduced numbers of students arising from the 4 years and 8 months option could impact on capacity to service that debt.

The sector expressed the view that some of the 21 schools with boarding provision may be affected by the 4 years and 8 months option. While the option may see a reduction in the number of boarders in the cohort, the capacity of schools to reduce costs would be marginal. Many costs associated with boarding provision are fixed costs and there would be little capacity to reduce expenditure in line with the reduced size of the cohort. The sector noted that the possible impact of the older age option on boarding schools could be exacerbated if, at the time, there were an economic downturn. The pattern in the past has been for demand for boarding places to decline, with implications for the financial management and viability of the affected schools.

One strategy in some schools with boarding provision may be to increase the number of overseas students enrolled in the school. The sector expressed the view that, given the fact that the biggest proportion of boarders were senior secondary students, schools would have sufficient time up to 2021 to plan for the impact of the 4 years and 8 months option.

The option of 4 years and 8 months, by delaying school commencement for 12 months for those children with May and June birthdays, was perceived by the independent school sector as having a potential educational risk for some affected children. Under the current 4 years and 6 months arrangements, the sector believes that schools are well placed to make early identification of children with learning difficulties and special needs. Intervention programmes can be established, with the prospect of improved outcomes over time. Any delay in identification or intervention may involve long term risks for the students in terms of their learning and broader schooling outcomes.

Furthermore, the potential for schools to have a decreased income from government grants and private sources under the 4 years and 8 months option may result in a scaling back of specialist programmes and levels of intervention. This could have a wider impact on the introductory cohort as a whole.

The sector felt that the families of affected children could be disadvantaged by the older age option. One of its impacts would be to delay by 12 months entry to school of those students whose birthdays are in May and June. The need for the affected families to meet an additional year of child care costs was perceived by the sector as a major risk associated with the option.
Because some of the affected parents would be precluded for one year from re-entering the workforce, the 4 years and 8 months option was seen as likely to further disadvantage families. The sector expressed the belief that the Pre-primary reform had shown that many families planned future economic activity around the school commencement of their children. Adoption of a yet another minimum school starting age within such a relatively brief period of time would be regarded as ignoring implications for families.

The independent school sector identified some opportunities around the 4 years and 8 months option. The sector expressed the view that some children may benefit from a further year in the prior-to-school sector rather than moving ‘too soon’ into formal schooling. Additionally, the affected children would be older on leaving school so that they may better adapt to the start of their post-school lives.

The sector expressed the view that the 4 years and 8 months option may be welcomed by those in the community who believed that formal schooling should commence at an ‘older’ rather than a ‘younger’ age. The sector noted views in the community in relation to possible benefits for boys from an older age of school commencement.

In relation to the 4 years and 5 months option, the independent school sector indicated that in areas of high population growth in particular, a number of schools in the sector would not have capacity to absorb the increased number of students. The costs involved in providing infrastructure for a ‘temporary’ increase that affected only one cohort would preclude them from enrolling the additional students. Few schools would want to create an additional stream, unless they believed general population growth would mean that places in the stream could be filled over the long term.

However, where schools had places available and where no additional staffing or infrastructure were required, the additional students would be enrolled. Indeed, in many areas, schools would typically regard the additional students as part of the general increase in the student population and would not differentiate them from general population growth. A number of independent schools have undertaken infrastructure development as part of the 2002 Pre-primary reform and this may make it possible for them to enrol a small additional increase.

The sector expressed the view that boarding schools would be largely unaffected by the 4 years and 5 months option. Where they had capacity to enrol the addition students, boarding schools would do so. However, benefits arising from increased income without having to increase expenditure would be marginal.

The 4 years and 5 months option was perceived by the sector as having a number of potential risks should it be agreed upon as a nationally common minimum school starting age. The sector commented that any inability to enrol additional students would represent a potential loss of income at the individual school level. This potential income could be permanently foregone if the families did not seek to enrol their children at a later time when places may have become available.

It was felt that the 4 years and 5 months option would have quite marginal impact on curriculum and pedagogy. In some instances, teachers may have slightly larger classes than usual, and the age profile of classes may be somewhat younger. While some professional learning support may be needed, funding for this could largely come from planned activities. The sector identified no need to make changes to the curriculum in order to meet the learning needs of a slightly younger age profile cohort.

The view was expressed that some of the affected children may benefit from commencing school 12 months earlier than would be possible under current arrangements. The younger
school starting age may enable teachers in independent schools to make an earlier identification of students with special learning needs and implement appropriate intervention programmes.

The sector identified a potential benefit to families from the 4 years and 5 months option. Affected families may benefit from the reduction in prior-to-school costs as their children would be able to commence school 12 months earlier than under current arrangements. While parents pay fees in independent schools, compared to fees in prior-to-school services, the school sector is proportionately a generally lower fee environment. Additionally, the affected parents would have the opportunity to re-enter the work force 12 months earlier than would be possible under current arrangements.

The independent school sector observed that the achievement of a nationally common minimum school starting age was desirable, especially as the population is becoming increasingly mobile. However, it noted that the primary/secondary school interface was a related obstacle for students as they moved from one jurisdiction to another. It was felt that any opportunities that may be provided by a common minimum school starting age to address the primary/secondary school interface issue should be taken.

5.5.5 Nomenclature

The independent sector saw potential benefit in the achievement of a uniform nomenclature across Australia around the early years of schooling. No preference was expressed, other than the term should be simple and readily communicable to parents.

The sector identified few costs associated with any change in nomenclature around the early years of schooling. In the main, the view was that costs could be readily absorbed over time.

5.5.6 Conclusion

The independent school sector in Western Australia would prefer the current 4 years and 6 months option to become the nationally agreed common minimum school starting age. The sector believes that the success of the 2002 Pre-primary reform has been underpinned by the level of parent acceptance of the 4 years and 6 months minimum school starting age. Any change would be viewed negatively by principals, teachers, schools and parents associated with independent sector schools.

The sector believes that, should the 4 years and 8 months option be adopted, those schools with waiting lists would access them to maximise the size of the introductory cohort. However, the sector believes that the extent of waiting lists is somewhat exaggerated. Indeed, the older age option could have implications in terms of viability for some schools and would pose significant financial management issues in others. Schools would look to at least a similar level of funding support as that provided by the State Government to assist with management of the impact of the Pre-primary reform.

Should the 4 years and 5 months option be adopted, its most obvious effect would be to increase the size of waiting lists in areas with strong demand. However, it is not envisaged that any schools would employ additional staff other than education assistants or provide new infrastructure in order to enrol a small temporary increase in the size of one cohort.

Those schools with plans for growth may view the additional students as a relatively small component in their projected numbers and would be able to enrol them without any ‘additional’ provision. Schools with capacity to enrol the additional students would gain a temporary benefit from increased income through government grants and fees.
The concept of a common nomenclature around the early years of schooling was welcomed by the sector. Any common nomenclature should pass the key test of being readily communicable to parents. The view was expressed that few costs would attach to a possible nomenclature change and that, in any event, most would be absorbed over time.
Chapter 6: Tasmania

6.1 The State Overview

6.1.1 Current Situation

The current position in Tasmania in relation to the minimum school starting age was established after review. From 1993 to 1995, a full time universal Preparatory ('Prep') year was introduced for all Tasmanian children. Children had to be 5 years of age on or before January 1 of the Prep year. In 2004, 5 years of age became the compulsory age by which a child must commence full time schooling. In other words, since 2004, all children must attend full time Prep if they have turned 5 years of age by January of that year.

This position is implemented across all of the school education sectors in Tasmania. As a consequence of these arrangements, Tasmania has the oldest cohort of students in the year before Year 1.

The starting age is strictly administered across the three sectors, with a cross-sectoral committee providing advice to the Secretary of the Department of Education on any exemptions. Prior to the reforms, up to 50 per cent of children by-passed Prep because it was not compulsory. They commenced their formal schooling in Year 1. In addition, for many students who did enrol in Prep, poor attendance was a significant issue. Compulsory Prep was introduced in recognition of the need for all students to have an opportunity for 13 years of formal schooling.

One of the key considerations in the alignment of the compulsory and minimum ages for school commencement was to increase the overall attendance rate of 5 year olds at school. The principal educational arguments for a minimum school starting age of 5 years relate to the view that this is the appropriate minimum age at which all children should commence formal schooling. A consequence of the direct nexus between the minimum school starting age and the compulsory age is that there is no opportunity for parents to delay entry of their children to school, as occurs in other states.

Tasmanian children have access to kindergarten (pre-school) in the year prior to Prep. Children are provided with a minimum of 10 hours per week on a sessional basis. While the 10 hours of kindergarten is funded by the Tasmanian Government, schools across the three sectors operate on-site kindergartens.

Ninety-seven per cent of children who are 4 years of age on or before January 1 enrol in a kindergarten. Enrolment of a child younger than 4 years of age is not permitted. Some kindergarten provision is made over 4 half days or more recently over 2 full days. The latter configuration appears to help working parents who access child care services for the other three days. There has been active work undertaken to build child care facilities on school sites, often leased to private providers, to better support working parents.

6.1.2 Implications of the options

For Tasmania, any of the options for a common minimum school starting age would mean a change from current practice. Any option would involve the intake of younger students into Prep and a larger cohort in the introductory year. This larger cohort would then progress through the subsequent years of schooling. Additionally, in 2009 the kindergarten cohort would be affected by any change, with a younger and larger cohort.
For the 4 years and 8 months option and the associated range option, those children whose birthdays fall from January to April would be eligible to enter Prep a full year earlier than under the present arrangements. For the 4 years and 6 months and associated range options, children whose birthdays fall in the first half of the year would be able to enter Prep a full year earlier. For the 4 years and 5 months option, those children whose birthdays fall in July would be further added to the cohort.

Table 6.a shows that, for each option, the introductory cohort would be larger in number. On the face of it, and assuming all eligible children enrol as happens at present, for each additional month from the current 5 years of age, the cohort should be 8.3 per cent larger. Thus for the 4 years and 5 months option, the initial cohort could be 58.1 per cent larger than at present. For the 4 years and 6 months option and the related range option, the cohort could be 49.8 per cent larger. For the 4 years and 8 months option and the related range option, the cohort could be 33.2 per cent larger.

Should the compulsory age be moved to the new minimum school starting age, this would be the case. However, the nationally comparable model used in the Project assumes that the compulsory age will remain as it is. Therefore, it would become possible for some parents to delay the entry of their children to school for one full year. This may have substantial implications for the size of the introductory cohort in both kindergarten in 2009, and Prep in 2010.

Because the compulsory age and the minimum school starting age currently coincide, there are no data from Tasmania that would demonstrate delay in entry of children to school past the minimum age of eligibility. However, data do indicate that, prior to the introduction of a compulsory age of 5 in 2004, delay of this kind was not significant. The older entry age of 5 years brought the age of commencement to a point that appears to be widely accepted as appropriate.

Nevertheless, in light of data in other jurisdictions about increases in delay for younger children, a delay factor may emerge in Tasmania. Evidence from other jurisdictions indicates this is entirely possible. That evidence suggests that, if parents are given the opportunity for a one year delay in the entry of younger children to school, many will choose this option. There are many reasons for this, including perceived current and future immaturity of the child vis-à-vis others in the grade.

The evidence indicates that, provided the child whose entry to school is being delayed is able to enter at Prep and is not asked to enrol at Year 1, thereby losing a year of schooling, some parents will opt for delay. The number of parents who choose to delay entry of their children to school appears to increase the closer children are to birthdays near the minimum school starting cut off age.

If this were to occur in Tasmania under a younger minimum school starting age at a level commensurate with the trends in the national data, rather than the projected 100 per cent prompt starting of children, substantial reductions would occur in the number of prompt starters. The nationally comparable model used in this analysis assumes that, in relation to Tasmania, for the 4 years and 5 months option, 48 per cent of newly eligible children would be prompt starters. For the 4 years and 6 months option and the related range option, it is assumed 52 per cent of newly eligible children would be prompt starters. For the 4 years and 8 months option and the related range option, it is assumed 60 per cent of newly eligible children would be prompt starters.

Assuming these delay factors, for the 4 years and 5 months option the introductory cohort could be up to 28.3 per cent larger. For the 4 years and 6 months option and the associated range option the introductory cohort could be 26.2 per cent larger. For the 4 years and 8
months option and associated range option, the introductory cohort could be up to 20.2 per cent larger.

**Table 6.a  Broad implications in relation to Tasmanian cohort size and age by options**

<table>
<thead>
<tr>
<th>Percentage change in cohort size without delay</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months (and 4 years and 5 months to 4 years and 6 months)</th>
<th>4 years and 8 months (and 4 years and 5 months to 4 years and 8 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>An increase of up to 58.1 per cent in the introductory cohort, with these children entering kindergarten and then Prep a full year earlier than at present. This larger cohort would then progress through the subsequent years of schooling.</td>
<td>An increase of up to 49.8 per cent in the introductory cohort, with these children entering kindergarten and then Prep a full year earlier than at present. This larger cohort would then progress through the subsequent years of schooling.</td>
<td>An increase of up to 33.2 per cent in the introductory cohort, with these children entering kindergarten and then Prep a full year earlier than at present. This larger cohort would then progress through the subsequent years of schooling.</td>
<td></td>
</tr>
<tr>
<td>An increase of up to 28.3 per cent in the introductory cohort, with these children entering kindergarten and then Prep a full year earlier than at present. This larger cohort would then progress through the subsequent years of schooling.</td>
<td>An increase of up to 26.2 per cent in the introductory cohort, with these children entering kindergarten and then Prep a full year earlier than at present. This larger cohort would then progress through the subsequent years of schooling.</td>
<td>An increase of up to 20.2 per cent in the introductory cohort, with these children entering kindergarten and then Prep a full year earlier than at present. This larger cohort would then progress through the subsequent years of schooling.</td>
<td></td>
</tr>
<tr>
<td>Children entering Prep who are up to 7 months younger than the current youngest children.</td>
<td>Children entering Prep who are up to 6 months younger than the current youngest children.</td>
<td>Children entering Prep who are up to 4 months younger than the current youngest children.</td>
<td></td>
</tr>
</tbody>
</table>

Regardless of whether or not delay occurred, the larger cohort would progress through kindergarten, then Prep and then the subsequent 12 years of schooling. If a common minimum school starting age were introduced in 2010, this would mean the larger cohort would be in kindergarten in 2009 and schools from 2010 until 2022. It would reach secondary school in 2017 and college in 2020.

The effect of the increase in enrolments may vary considerably among the school education sectors. The effect could depend on such elements as the size of present waiting lists in the non-government sector. The effect may also depend on the capacity of particular non-government schools to expand to accommodate an increase in the size of the introductory cohort and as it moves through the years of schooling. Local school management decisions in respect of the introductory cohort may also impact on capacity in the non-government sector to absorb the increase.

For example, in the independent sector, it is possible that some schools would decide not to expand infrastructure to accommodate a temporary increase in enrolments. Equally, other independent schools may decide that they would accept enrolments above capacity and would increase infrastructure to ensure that all children seeking a place are provided with one. There are no data to indicate the decisions that independent schools may make in the lead up to 2010.

For Catholic schools, the advice from the Tasmanian Catholic Education Commission is that most schools are operating at capacity and this is unlikely to change by 2010. Few circumstances were envisaged where a school would adjust capacity for a temporary
increase in cohort size. Furthermore, Catholic schools have approved streams of classes in each grade. It is unlikely that approval would be given by the Commission for additional streams to be established unless there were guarantees of the longer term viability of the additional streams. Should such guarantees be available and infrastructure funding provided, however, the Catholic sector indicated it would expand to maintain its normal share of the increased size of the introductory cohort.

Educational arguments around the possibility of a younger minimum school starting age in Tasmania reflect various philosophies. For the government school sector, there is generally a view that the current arrangements around a minimum school starting age of 5 years, aligned to the compulsory age, are working well. However, the sector expressed the view that a move to a nationally common minimum school starting age would bring educational benefits that could advantage Tasmanian students, families and schools.

The Tasmanian Essential Learnings Framework provides for developmental continuity from early learning through into school. As such, the learning needs of the child are able to be assessed and addressed at any age of entry. In particular, however, commonality would mean that, at age-based test points, Tasmanian students would be the same age and would have completed the same number of years of schooling as their counterparts in other jurisdictions.

For the Catholic and independent sectors, there is generally a view that an older minimum school starting age is preferable because children benefit from longer contact with family and from care in a play-based environment. On leaving the prior-to-school sector, children are then perceived as being better placed to cope with the demands of formal schooling. If the compulsory school starting age was maintained at 5 years, any younger minimum school starting age would not accord with this preference. On the other hand, raising the compulsory age would allow a range within which children could be older when they commenced school.

6.1.3 Cost/benefit modelling

The estimated impact of each of the options on the size of the increase in the cohort and the costs of servicing the cohort in the Tasmanian school sector are summarised by option in the Tables 6.b.1 and 6.b.2.

The figures in the Tables emanate from the nationally comparable cost/benefit analysis model. As mentioned above, the available data from Tasmanian schools indicate that there is no delay, both with and without the present compulsory age requirements. However, the analysis below incorporates two scenarios.

Table 6.b.1 incorporates a delay element that represents extrapolation from national trends. These are the Tasmanian data that have been used in the national model for this Project. This Table presents the lower levels of cost and benefit that would be associated with the introduction of any of the options being modelled.

Table 6.b.2 incorporates no delay element. This position represents what could occur should Tasmanian parents brook the national trend and continue to enrol their children as soon as eligible. This Table presents the upper levels of cost and benefit that would be associated with the introduction of any of the options being modelled.

The model itself uses nationally comparable population and cost estimates based on the Australian Bureau of Statistics, the Australian Government Department of Education, Science and Training and the Department of Family and Community Services data sets. The model also discounts longer term economic benefits to present value.
The model provides a picture up until the introductory cohort retires from economic life in 2072. This is termed long term. All figures in the model reflect the economic costs and benefits applying to relevant years over that period. For example, school related figures are from 2010 to 2022. Post school education and training are from 2021 to 2030. Employment figures would commence in 2021 and cease in 2072, although they would be permanent beyond that time.

Because the impacts on many elements of the prior-to-school sector are permanent, they too are modelled over the entire period, but would continue. However, pre-school (kindergarten) costs are modelled as a one off for 2009. Vacation care and outside school hours care costs are modelled while the affected children are in primary school, to 2017. Transition costs are modelled as a one off cost based on $380 per affected student.

The model at state level does not include dynamic employment effects produced because of common minimum school starting age and nomenclature. These have been modelled at national level but are not seen to be ‘safe’ at state level. All figures in the model are discounted to 2004-05 dollars.

Table 6.b.1  Long term costs and benefits based on the nationally comparable cost/benefit analysis model, with delay equivalent to national trends

<table>
<thead>
<tr>
<th>Pre-school and child care</th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Formal</td>
<td>$15</td>
</tr>
<tr>
<td>Informal - parents</td>
<td>$96</td>
</tr>
<tr>
<td>Informal - other</td>
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</tr>
<tr>
<td>Primary</td>
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</tr>
<tr>
<td>Total</td>
<td>-$77</td>
</tr>
<tr>
<td>Secondary</td>
<td></td>
</tr>
<tr>
<td>Tertiary</td>
<td></td>
</tr>
<tr>
<td>VET</td>
<td>-$2</td>
</tr>
<tr>
<td>University</td>
<td>-$12</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
</tr>
<tr>
<td>$405</td>
<td>$377</td>
</tr>
<tr>
<td>Transition costs</td>
<td></td>
</tr>
<tr>
<td>-$0.6</td>
<td>-$0.6</td>
</tr>
<tr>
<td>Total</td>
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</tbody>
</table>

Table 6.b.2  Long term costs and benefits based on the nationally comparable cost/benefit analysis model, with no delay

<table>
<thead>
<tr>
<th>Pre-school and child care</th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
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<td></td>
<td>4.5</td>
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<tr>
<td>Formal</td>
<td>$31</td>
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<td>Informal - other</td>
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<tr>
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<td>Total</td>
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<td>University</td>
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<td>Employment</td>
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</tr>
<tr>
<td>$836</td>
<td>$718</td>
</tr>
<tr>
<td>Transition costs</td>
<td></td>
</tr>
<tr>
<td>-$1.2</td>
<td>-$1.1</td>
</tr>
<tr>
<td>Total</td>
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Figure 6.a.1 Net benefits and costs for Tasmania for each of the options based on nationally comparable data, incorporating national trends in delay
Costs(-)/benefits(+) ($ million, 2004-05)

Figure 6.a.2 Net benefits and costs for Tasmania for each of the options based on nationally comparable data, incorporating no delay
Costs(-)/benefits(+) ($ million, 2004-05)
Figure 6.a.1 shows the net benefits and costs for Tasmania for each of the options with the national trends in delay. Figure 6.a.2 shows the net benefits and costs for Tasmania for each of the options with the no delay.

For each of the options and under national delay or no delay conditions, there would be identifiable up-front costs to be paid by the school sectors. These, however, would be relatively small compared with the discounted present value of the economic impacts of increased income that would accrue to the affected children themselves, to their parents and to governments through taxation. The major difference between Figures 1.a.1 and 1.a.2 is the scale, with the latter being twice the former.

Under the 4 years and 5 months option, the total cost to the Tasmanian schooling sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $139m in the delay scenario. For the no delay scenario, the total cost could be in the order of $286m.

From the first year of implementation, a benefit could accrue to families no longer meeting the costs of prior-to-school provision for those children who would now be able to enter schooling one year earlier. This benefit would occur every year thereafter and would be indexed. The benefit could be in the order of $114m over the period being modelled for the delay scenario. For the no delay scenario, the total benefit could be in the order of $236m.

For the delay scenario, the longer term employment benefits, which would accrue to students after they enter the workforce and to their parents with earlier workforce re-entry, could amount to a figure in the order of $368m over the working lives of the individuals, discounted to 2004-05 dollars. For the no delay scenario, the total benefit could be in the order of $836m.

Under the 4 years and 6 months option and the associated range option, the total cost to the Tasmanian schooling sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $129m, for the delay scenario. For the no delay scenario, the total cost could be in the order of $246m.

From the first year of implementation, a benefit could accrue to families no longer meeting the costs of prior-to-school provision for those children who would now be able to enter schooling one year earlier. This benefit would occur every year thereafter and would be indexed. For the delay scenario, the benefit could be in the order of $114m over the period being modelled, discounted to present value. For the no delay scenario, the total benefit could be in the order of $217m.

For the delay scenario, the longer term employment benefits, which would accrue to students after they enter the workforce and to their parents with earlier workforce re-entry, could amount to a figure in the order of $349m over the working lives of the individuals, discounted to present value. For the no delay scenario, the total benefit could be in the order of $718m.

Under the 4 years and 8 months option and the associated range option, the total cost to the Tasmanian schooling sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $99m for the delay scenario. For the no delay scenario, the total cost could be in the order of $148m.

From the first year of implementation, a benefit could accrue to families no longer meeting the costs of prior-to-school provision for those children who would now be able to enter schooling one year earlier. This benefit would occur every year thereafter and would be indexed. For the delay scenario, the benefit could be in the order of $87m over the period...
being modelled, discounted to present value. For the no delay scenario, the total benefit could be in the order of $144m.

For the delay scenario, the longer term employment benefits, which would accrue to students after they enter the workforce and to their parents with earlier workforce re-entry, could amount to a figure in the order of $268m over the working lives of the individuals, discounted to present value. For the no delay scenario, the total benefit could be in the order of $479m.

6.1.4 Impact of the options

For each of the options, there would be an immediate and significant impact on the Tasmanian State Government in terms of the increased budget appropriation required to enable the additional students to be enrolled in kindergartens and schools. The State Government would need to fund additional places in government kindergartens and schools and provide additional grants to non-government kindergartens and schools. School related appropriations would need to be sustained over a period of 13 years from 2010.

For government schools, the additional appropriations would amount to a 1.5 to 3 per cent increase in the budget, depending on the actual extent of delay. There would be an extra margin of funding for non-government schools. This could have implications for reduced expenditure for other budget sectors or reduction in services in the school education sector.

That said, the nationally comparable cost/benefit analysis model demonstrates that, under each of the options, and for both delay and non delay scenarios, there would be a strong economic benefit arising from a proportion of children entering the workforce one year earlier than they would under the present minimum school starting age. While these earnings would not occur until a future point, the figures in the model reflect the current value of the potential earnings.

As is the practice in such models, the figures represent how, at present and in current dollars, later earnings would be valued. The actual earnings at the time would be much greater in dollar terms than the value in the model. The higher economic returns would come from an extra year in the workforce for those children who would be able to enter school one year earlier.

For each of the options, some affected parents would benefit through reduced costs of child care and an increase in disposable income. They would have increased opportunities to use the time formerly devoted to family child care to re-enter the workforce or to move from part time to full time employment or leisure activities.

For governments, the increased size of the economy would lead to equivalent tax benefits which, while considerably delayed, would be greater than the up-front costs of implementation.

For each of the options, the model shows savings in the child care sector generated as some children move earlier into the school sector. However, it is possible that there would be few cost savings for the Australian Government in the child care sector as current excess demand could lead to freed-up places being filled. Similarly, for the Tasmanian Government, the concurrent move to a younger minimum starting age for kindergarten would be likely to absorb savings made as children move earlier into the schooling sector.

In relation to kindergarten, it would be necessary to enrol younger students in 2009 to have them ready for entry to Prep in 2010. As a one-off event, a significant number of additional
kindergarten places would be needed in 2009, creating both a funding and infrastructure issue. There may also be a demand for additional child care places to complement the sessional kindergarten enrolments.

While some of the benefits would clearly be downstream effects and costs would be largely up-front, many benefits would occur from the outset and many would be permanent. For example, the benefits to those parents able to enrol their children in kindergarten or school 12 months earlier would be immediate and ongoing.

Moreover, these benefits would be further increased by the effects that would arise from national commonality in minimum school starting age, irrespective of the age that may be decided upon. There would be a positive employment impact arising from any reduction in the number of students whose transfer across state and territory borders may have led to repetition of a year of schooling. Greater contiguity arising from a common school starting age would be likely to increase the overall skill level of school leavers as they would have gained the benefit of increased continuity in their schooling.

Overall retention rates would be likely to increase slightly as students gain the benefits of reduced disruption to schooling arising from inter-state transfers. For parents, there would be a positive employment effect from increased contiguity among sectors and states, arising from a reduction in a significant barrier to the mobility of the workforce across state and territory borders.
6.2 Analysis of the Issues against the Terms of Reference

The minimum school starting age in Tasmania is 5 years. That is, children are able to start school if they have turned 5 years of age in the year prior to school commencement. This age is also the compulsory age of schooling. The kindergarten entry age is 4 years by the age of commencement.

The cost/benefit analysis involves the consideration of five options, none of which covers the current minimum school starting age in the State. Should any of the options be adopted as the common minimum school starting age, there would be change for Tasmania. The outcomes that are likely to be associated with any of the options are considered below.

Where figures are provided, the represent both delay and no delay scenarios, providing upper and lower limits to the costs and benefits for the State. However, only the figures that represent the nationally consistent approach to delay have been incorporated into the national model.

6.2.1 Benefits of proposed changes to school starting age

Across the three schooling sectors in Tasmania there is substantial recognition of the benefits that are likely to arise from the adoption of a common school starting age. While there are no compelling reasons within the State itself for change, there is appreciation that benefits would flow to Tasmanian students, teachers, parents and the wider school sector from the adoption of a nationally common minimum school starting age.

Commonality of minimum school starting age is perceived as likely to bring identifiable educational benefits. These include the facilitation of cross-state student transfer in and out of Tasmanian schools. Students are likely to have greater continuity in their learning, with benefits arising in relation to increased engagement in schooling, increased retention in school education and increase in skill level that this produces.

Other benefits of commonality are likely to be associated with a reduction in cross-state friction or blockages in the labour market as parents recognise that one of the significant barriers to their employment mobility has been addressed. Indeed, the removal of this barrier is likely to have a positive economic effect by contributing to national capacity to address regionally based skills shortages.

One of the benefits particularly alluded to was the benefit that would come from Tasmanian students being more closely aligned in terms of age and length of time in schooling to students in other jurisdictions when participating in national assessment and international testing. At present, in relation to age based international tests, many Tasmanian children have one less year of schooling than their mainland counterparts. In national testing, Tasmanian children are generally older at test points.

There are likely to be educational benefits for some Tasmanian children should the common minimum school starting age be younger than 5 years. The educational benefits especially relate to those children who are ‘ready’ for formal schooling but who, under present arrangements, may be approaching their 6th birthday before they are able to commence schooling.

With an increase in the proportion of younger students in the cohort, it is likely that greater account will be taken of their learning needs through the provision of appropriate pedagogies that are advocated during the early years of formal schooling. The structure and
organisation of the Tasmanian Essential Learnings Framework lends itself readily to the level of adjustment required.

For some children who have special and/or additional educational needs, a younger school starting age may offer the prospect of an earlier assessment by trained teachers and the provision of appropriate intervention programmes. However, it should be noted that the Tasmanian Department of Education currently provides services through which these children are identified and supported from birth.

The cost/benefit analysis demonstrates that there are likely to be significant economic benefits arising from the adoption of a younger school starting age. These benefits would be greatest for the 4 years and 5 months option. The would be marginally less for the 4 years and 6 months option and the 4 years and 5 months to 4 years and 6 months range option. The would be substantially less for the 4 years and 8 months option and the 4 years and 5 months to 4 years and 8 months range option.

Economic benefits would accrue to Tasmanian children and parents and to the wider Australian economy. The economic benefits to the children who are able to enter school earlier arise from the opportunity they would have for earlier entry into the workforce and the consequent extension of their working lives. These benefits would be permanent.

The economic benefits to parents associated with a younger minimum school starting age arise from the opportunities some would have for the earlier movement of their children out of the relatively expensive prior-to-school sector to the generally lower cost school sector. Benefits would accrue to these parents through cost transfers, the opportunity for earlier full or part time workforce re-entry and the imputed income from increased leisure time. The benefits flow to these parents 12 months earlier than would be possible under the current minimum school starting age. Economic benefits would be permanent.

6.2.2 Impact of changes in school cohort size over time

The introduction of any of the options for a common minimum school starting age in 2010 would increase the size of the introductory school cohort.

Under nationally comparable assumptions that incorporate the national trend in delay, should the option of 4 years and 5 months be adopted, the cohort would increase by 1,587 students. For the option of 4 years and 6 months, or the 4 years and 5 months to 4 years and 6 months range option, the cohort would increase by 1,475 students. For the 4 years and 8 months option and the related range option, the cohort would increase by 1,133 students.

Under a no delay scenario, should the option of 4 years and 5 months be adopted, the cohort would increase by 3,272 students. For the option of 4 years and 6 months, or the 4 years and 5 months to 4 years and 6 months range option, the cohort would increase by 2,810 students. For the 4 years and 8 months option and the related range option, the cohort would increase by 1,873 students.

These students would enter school one year earlier than is possible under present arrangements. The larger introductory cohort would proceed over the full 13 years of schooling until 2022. Following cohorts, from 2011, would revert to a ‘normal’ size.

The key impact of the increased size of the introductory cohort would be the costs associated with funding educational provision up to and including the completion of tertiary education or training. All costs below are discounted to present value.

For the delay scenario, over the 13 years of schooling, costs for the Tasmanian school sector could be in the order of $139m for the 4 years and 5 months option. The costs
could be in the order of $129m for the 4 years and 6 months option and the related range option. The costs could be in the order of $99m for the 4 years and 8 months option and the related range option.

For the no delay scenario, over the 13 years of schooling, costs for the Tasmanian school sector could be in the order of $286m for the 4 years and 5 months option. The costs could be in the order of $246m for the 4 years and 6 months option and the related range option. The costs could be in the order of $148m for the 4 years and 8 months option and the related range option.

Costs would also extend into the training and tertiary sectors.

Under the delay scenario, for the 4 years and 5 months option, the costs projected between 13 and 18 years from 2010 in the nationally comparable model, discounted to 2004-05 dollars, could be in the order of $14m. For the 4 years and 6 months option and the related range option, the discounted costs could be in the order of $13m. For the 4 years and 8 months option and the related range option, the discounted costs could be in the order of $9m.

Under the no delay scenario, for the 4 years and 5 months option, the costs projected between 13 and 18 years from 2010 in the nationally comparable model, discounted to 2004-05 dollars, could be in the order of $28m. For the 4 years and 6 months option and the related range option, the discounted costs could be in the order of $25m. For the 4 years and 8 months option and the related range option, the discounted costs could be in the order of $16m.

6.2.3 Impact on the range and continuum of child care and education services (including issues around the entry to secondary school)

Should Tasmania move to a younger school starting age, there would be impacts on the range and continuum of child care services. All of the options would mean that children whose 5th birthdays were between 1 January and the date of the agreed common minimum school starting age would be able to move from the prior-to-school to the school sector. Consequently, places in formal prior-to-school provision could be extended to children at the younger end of the age spectrum or expenditure in the sector reduced.

From 2010, freed-up kindergarten places would become available to children who turned 4 years of age between 1 January and the calendar date in the prior-to-school year that corresponds to the date of the common school starting age. In other words, the minimum kindergarten age at entry would become 3 years and 5 months as at January 1, 3 years and 6 months as at January 1, or 3 years and 8 months as at January 1, depending on the option chosen.

In order to guarantee the continuity of children from prior-to-school into schooling, the impacts on kindergarten would need to be managed from 2009. This would involve increasing the size of the kindergarten cohort in that year only so that all eligible children would have full and continuous access to kindergarten provision and then to schooling in 2010. Without increasing the size of the kindergarten cohort in 2009, those children with 4th birthdays between January and the date corresponding to one year before the minimum school starting age would not be eligible for kindergarten in 2009 but would become eligible for school in 2010.

For the 4 years and 5 months option, this would mean an increase in 2009 in the order of 800 (delay) to 1,700 (no delay) full time equivalent kindergarten enrolments. For the 4 years and 6 months option and the related range option, it would mean an increase in the order of 750 (delay) to 1,400 (no delay) full time equivalent kindergarten enrolments. For the 4
years and 8 months option and the related range option, it would mean an increase in the order of 550 (delay) to 950 (no delay) full time equivalent kindergarten enrolments.

On the basis of advice from the government school sector, it can be extrapolated that the total additional kindergarten recurrent costs in 2009 could be in the order of from $3.8m (delay) to $8m (no delay) for the 4 years and 5 months option. The costs could be $3.5m (delay) to $7m (no delay) for the 4 years and 6 months option and the related range option. For the 4 years and 8 months option and the related range option the costs could be $3.4m (delay) to $6m (no delay).

In relation to kindergarten facilities, it is likely that the additional infrastructure needed on school sites from 2010 would be able to be utilised to absorb the additional 2009 kindergarten cohort. In the Catholic school sector, those kindergartens that operate on a single session (half day) basis could be able to offer two sessions, with perhaps additional sessions on Fridays, which are currently used for staff and curriculum development.

However, there could be parallel flow-on effects from any of the options to community, corporate and family long day care provision in 2009. Demand may increase in 2009 to complement sessional kindergarten placements for the additional children who will enter school in 2010. The advice of the prior-to-school sector is that there is little current infrastructure capacity to absorb increased demand of the magnitude arising in 2009 from any of the options. It is unlikely that additional infrastructure would be built as the additional need would be of a temporary nature. In areas of already high demand, therefore, it is likely that many families would find it difficult to secure a formal child care place for their children during 2009.

The increased number of children in the cohort seeking places would occur only for 2009, with the cohort size reverting to normal in 2010. However, with the permanent movement of up to half a year of children into school, the pool of children in the prior-to-school sector would be permanently smaller and younger. It may be that the formal child care sector could have to move further into the more expensive under 3 year old services. Such higher costs involved in provision of long day care services for younger children would be permanent. It is possible that fees to parents could increase to cover the higher per capita costs although these would be parents who are currently not able to access child care services as supply for younger children is limited.

In some areas where there is a declining population of children younger than 4 years of age, the viability of child care services may come into question. In these situations, the loss of older children to the school sector could not be compensated by the availability of younger children. This could affect up to 10 centres located in remote areas of the State. Moreover, even in those centres where younger children were present in the population, some parents may not be able to meet the private contributions required.

Given these issues, there could be an increase in the incidence of unregulated and low quality care in areas where formal care was no longer viable. Comment was made by the prior-to-school sector that there could be a continuing affect on a large number of Tasmanian families who would no longer be able to access quality assured and government regulated child care services for their children. Moreover, parents who place their children in informal and unregistered care would not be entitled to child care benefits.

Nevertheless, there may be potential advantages for a number of parents in particular areas. These advantages would arise from increased opportunity after 2009 to gain kindergarten and child care places for younger children. This could lead to developmental benefits for children through earlier participation in well planned and formalised prior-to-school services.
Each of the options would also have an impact on the provision of vacation care and outside school hours care. There is a potential increase in the size of the introductory Prep cohort of 1,587 to 3,272 children for the 4 years and 5 months option, 1,475 to 2,810 children for the 4 years and 6 months option and related range option and 1,133 to 1,873 children for the 4 years and 8 months option and related range option. These increases would create commensurate increased demand for places in vacation and outside school hours care.

Under the nationally comparable model, the increase in the size of the cohort arising from the options could result in a cost to parents in the order of $1m to $1.5m (delay) to $2m to $3m (no delay) for vacation and outside school hours care. These costs for parents would be potential income for providers.

Table 6.c.1 Impact on savings for outside school hours and vacation care while the decreased cohort is in primary school, incorporating national delay trends

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2010 to 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside school hours</td>
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<td>-$0.1</td>
<td>-$0.1</td>
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Table 6.c.2 Impact on savings for outside school hours and vacation care while the decreased cohort is in primary school, incorporating no delay trends

<table>
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<th>2011</th>
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<td>-$0.1</td>
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</tbody>
</table>

While not of particular focus for Tasmania and not explored as part of the cost/benefit analysis, the issue of the primary-secondary school interface was canvassed by the sectors as being relevant to issues around a common school starting age. A potential benefit was identified that if a common minimum school starting age were to be accompanied by a common primary-secondary school interface, recognised structural barriers inhibiting interstate transfer would have been removed. The benefits arising from a common minimum school starting age were perceived as being strengthened significantly if the primary-secondary school interface issue were to be addressed at some future point.

Tasmania has moved to increase the age at which children can leave school or need to participate in further training or employment. The age requirement for participation in school, training or employment has recently been legislated at 17 years. With younger children able to enter school, the equivalent of Year 11, or for some half of the cohort the equivalent of Year 12, would effectively become a compulsory year. This has major implications for pedagogy, curriculum and engagement of students. However, with the
introduction of the Tasmanian Essential Learnings Framework and the move to pathways planning, the State is well placed to respond to the issues that may arise. In particular, the college system in Tasmania has been developed to facilitate multiple pathways for varying age groups.

### 6.2.4 Impact on child care services and pre-school education

As discussed in the section above, the nationally comparable model shows that for the 4 years and 5 months option, from 1,587 to 3,272 fewer places could be needed in relation to Tasmanian private long day care and community based long day care, family day care, parental care and informal care services in 2010. The model also shows that for the 4 years and 6 months option and the related range option, from 1,475 to 2,810 fewer places could be needed. For the 4 years and 8 months option and the related range option, from 1,133 to 1,873 fewer places could be needed. Unless the number of places for younger children is increased on a commensurate basis, the decreased need for these places would be permanent from 2010.

Costs and savings associated with these measures and impacts are shown in Table 6.d.1 (with national delay trends) and 6.d.2 (without delay trends) below. It should be noted that, while the Tables show the costs over the 62 year period being modelled, they would be permanent. The impact of modelling them to infinity at a discount rate to 2004-05 dollars would add approximately 25 per cent to each area.

**Table 6.d.1 Short, medium and long term impact on costs and benefits for child care services, incorporating national delay trends**

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
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<tbody>
<tr>
<td>2009 2010 2011 2012 2013 2010 to 2017 2010 to 2072</td>
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<tr>
<td>--------------------------------------------------</td>
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</tr>
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<tr>
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<tr>
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</tr>
<tr>
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<td>4 years and 6 months and the related range option</td>
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<td>4 years and 8 months and the related range option</td>
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**Table 6.d.2 Short, medium and long term impact on costs and benefits for child care services, with no delay trends**
### Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
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<td></td>
<td></td>
<td>$9.4</td>
<td>$9.8</td>
<td>$10.3</td>
</tr>
</tbody>
</table>

For kindergartens, the number of places would have to be increased in 2009 to ensure kindergarten provision for those children who could now enter school under the new minimum school starting age in 2010. This increase would be one-off and limited to 2009 only. Kindergarten enrolments would then revert to normal. It is possible that temporary infrastructure provisions for kindergarten places could be found in the school sector infrastructure during 2009.

There is a universal expectation about sessional kindergarten provision and access, with 97 per cent of children attending a kindergarten programme. It is possible that earlier access for younger children into kindergarten would be viewed as a positive initiative by some sections of the community.

### 6.2.5 Impact on the government and non-government school sectors

In Tasmania, each of the three school sectors would be affected by a move to a younger minimum school starting age. The nationally comparable model and the cohort projections provided by the school sectors demonstrate that each of the options would see relatively significant increases in the size of the introductory cohort. Any increase for the school sectors would occur initially in 2010 and would move subsequently through the following 12 years of schooling until the students entered further training, tertiary studies or the workforce.

The major risk identified across the three Tasmanian schooling sectors related to the level of funding required to enrol the increased size of the introductory cohort and to fund educational provision for them over the full 13 years of schooling. Because the current school starting age in Tasmania is not incorporated into any of the options, the impact of
change arising from any of them would be comparatively significant. The costs, though relatively small compared to those signalled for larger jurisdictions, are large in terms of the sector budgets for school education in Tasmania.

Benefits were seen as likely to arise for the Tasmanian schooling sector from national commonality of minimum school starting age. In particular, the extent to which a common minimum school starting age would address a significant barrier to the inter-state movement of students and families was identified.

A key caveat should be noted in any consideration of the impact on Tasmanian schooling overall of a move to a younger minimum school starting age. The impact of an increased introductory cohort size arising from the younger age options is unlikely to fall proportionately across the three school sectors.

Given the limitations identified by the Catholic and independent school sectors in their capacity to absorb the projected increase in the cohort size, it is possible that a significant number of students who otherwise may have sought enrolment in schools in these two sectors will enrol in government schools. Hence, the impact is likely to be substantially greater on the government school sector relative to the Catholic and independent sectors. However, the Catholic school sector in particular signalled a willingness to expand infrastructure to accommodate the larger introductory cohort throughout schooling, provided funding were made available.

6.2.6 Impact on the different roles in funding of primary and secondary schools

For all of the options, if any was to be adopted as a common minimum school starting age, there would be increased demand for funds placed on the Tasmanian State Government and on the Australian Government through grants, and on parents through private contributions including fees. The additional demand would be generated by the increase in the size of the introductory cohort in Prep in 2010 and over the subsequent 12 years of schooling. After 2022, the demand on governments for funding through grants, and on parents, would return to 'normal'.

Table 6.e.1 School sector recurrent cost impacts on the Australian Government, the State Government and private expenditure for each option over 13 years of schooling, based on nationally comparable figures and incorporating national delay trends

| Costs(-)/benefits(+) ($ million, 2004-05) | Overall AG State Private Overall AG State Private Overall AG State Private |
|----------------------------------------|---------------------------|-----------------|---------------------------|---------------------------|-----------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| 4 years and 5 months option            | 4 years and 6 months option and related range option | 4 years and 8 months option and related range option |
| Overall AG State Private               | Overall AG State Private  | Overall AG State Private |
| Government                            | -$63.5                  | -$5.9          | -$54.4         | -$3.2          | -$59.0        | -$5.5         | -$50.6         | -$3.0          | -$45.3        | -$4.2         | -$38.8        | -$2.3          |
| Catholic                              | -$7.8                   | -$4.6          | -$1.7          | -$1.4          | -$7.2         | -$4.3         | -$1.6          | -$1.3          | -$5.5         | -$3.3         | -$1.2          | -$1.0          |
| Independent                           | -$5.6                   | -$1.5          | -$0.7          | -$3.4          | -$5.2         | -$1.4         | -$0.6          | -$3.2          | -$4.0         | -$1.1         | -$0.5          | -$2.4          |
| Total primary                         | -$76.8                  | -$12.1         | -$56.8         | -$8.0          | -$71.4        | -$11.2        | -$52.8         | -$7.4          | -$54.8        | -$8.6         | -$40.5         | -$5.7          |
| Government                            | -$46.1                  | -$4.3          | -$39.5         | -$2.3          | -$42.9        | -$4.0         | -$36.7         | -$2.1          | -$32.9        | -$3.1         | -$28.2         | -$1.6          |
| Catholic                              | -$8.3                   | -$5.3          | -$2.1          | -$1.0          | -$7.7         | -$4.9         | -$1.9          | -$0.9          | -$5.9         | -$3.7         | -$1.5          | -$0.7          |
| Independent                           | -$7.6                   | -$3.3          | -$1.7          | -$2.6          | -$7.1         | -$3.1         | -$1.6          | -$2.4          | -$5.4         | -$2.4         | -$1.2          | -$1.9          |
| Total secondary                       | -$62.0                  | -$12.9         | -$43.3         | -$5.9          | -$57.7        | -$12.0        | -$40.2         | -$5.5          | -$44.3        | -$9.2         | -$30.9         | -$4.2          |
| Total overall                         | -$138.8                 | -$24.9         | -$100.0        | -$13.9         | -$129.1       | -$23.2        | -$93.0         | -$12.9         | -$99.1        | -$17.8        | -$71.4         | -$9.9          |

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Table 6.e.2  School sector recurrent cost impacts on the Australian Government, the State Government and private expenditure for each option over 13 years of schooling, based on nationally comparable figures and incorporating no delay

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>Overall</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>Overall</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
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</thead>
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<tr>
<td>4 years and 5 months option</td>
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<td>-$112.2</td>
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<td>-$9.2</td>
<td>-$5.5</td>
<td>-$2.0</td>
<td>-$1.7</td>
</tr>
<tr>
<td>Independent</td>
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<td>-$1.4</td>
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<tr>
<td>Independent</td>
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<td>-$14.6</td>
<td>-$9.3</td>
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<td>-$163.9</td>
<td>-$29.4</td>
<td>-$118.1</td>
<td>-$16.4</td>
</tr>
</tbody>
</table>

Under the nationally comparable model, the overall cost of the 4 years and 5 months option could be in the order of $139m to $286 over the 13 years of schooling, discounted to 2004-05 dollars. The overall school sector cost of the 4 years and 6 months option and the related range option could be in the order of $129m to $246m. The overall school sector cost of the 4 years and 8 months option and the related range option could be in the order of $99m to $164m.

In terms of the impact on Australian Government contributions to schooling in Tasmania, the following figures can be extrapolated from the nationally comparable model. The school sector cost to the Australian Government of the 4 years and 5 months option could be in the order of $25m to $51m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the Australian Government of the 4 years and 6 months option and the related range option could be in the order of $23m to $44m. The cost to the Australian Government of the 4 years and 8 months option and the related range option could be in the order of $18m to $29m.

The school sector cost to the State Government of the 4 years and 5 months option could be in the order of $100m to $206m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the State Government of the 4 years and 6 months option and the related range option could be in the order of $93m to $177m. The cost to the State Government of the 4 years and 8 months option and the related range option could be in the order of $71m to $118m.

Funding from private sources, including fees, would include a substantial shift from the prior-to-school sector to the school sector. The school sector cost to families of the 4 years and 5 months option could be in the order of $14m to $29m over the 13 years of schooling, discounted to 2004 dollars. The school sector cost to families of the 4 years and 6 months option and the related range option could be in the order of $13m to $25m. The cost to families of the 4 years and 8 months option and the related range option could be in the order of $10m to 16m. However, it must be noted that these costs, while advanced one year, would be offset by greater savings created by shifting from the more expensive prior-to-school sector one year earlier than would be anticipated under current start of school arrangements.
Table 6.f.1 shows the first year recurrent school sector costs that could be incurred in 2010 for each of the options, using the nationally consistent discount for late starters. This is the information used in the national calculations for this project. Shown in Table 6.f.2 are first year recurrent costs without discount for additional late starters. The costs are broken down by contributor.

**Table 6.f.1** First year school sector recurrent costs to the Australian Government, the State Government and parents for each option, based on nationally comparable data with national delay trends

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months and related range option</th>
<th>4 years and 8 months and related range option</th>
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<td>AG State Private</td>
<td>AG State Private</td>
<td>AG State Private</td>
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<td>Independent</td>
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<td>Total</td>
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**Table 6.f.2** First year school sector recurrent costs to the Australian Government, the State Government and parents for each option, based on nationally comparable data with no delay trends

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months and related range option</th>
<th>4 years and 8 months and related range option</th>
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<td>AG State Private</td>
<td>AG State Private</td>
<td>AG State Private</td>
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<tr>
<td>Government</td>
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<td>-$1.3</td>
<td>-$0.8</td>
</tr>
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<td>Total</td>
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<td>-$2.2</td>
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For the Australian Government, recurrent first year costs for the implementation of a common minimum school starting age could range from approximately $1.8m to $3.8m for the 4 years and 5 months option, depending on the trends in late starting. For the 4 years and 6 months option and the related range option, first year costs could range from $1.7m to $3.3m, depending on the trends in late starting. For the 4 years and 8 months option and the related range option, first year costs could range from $1.3m to $2.2m, depending on the trends in late starting. This expenditure and the subsequent Australian Government contribution to the increased size of the introductory cohort reflect the permanent shift in the school sector to a younger school starting age.

For the Tasmanian Government, recurrent first year costs for the implementation of a common minimum school starting age of 4 years and 5 months would range from approximately $8.7m to $17.9m, depending on the percentage of late starting children. For the 4 years and 6 months option and the related range option, first year costs to the State Government could range from $8.1m to $15.4m, depending on the trends in late starting. For the 4 years and 8 months option and the related range option, first year costs could range from $6.2m to $10.2m, depending on the trends in late starting.

In addition, capital costs would be incurred in the order of $4m to $6m. School transport costs would increase by up to $1m.
It should be noted that a proportion of the capital costs would be incurred by the end of 2008 in preparation for the increased size of the 2009 kindergarten cohort. This increased cohort could incur additional recurrent costs for the State Government in 2009 in the range of $3m to $4.5m, depending upon the option selected and the impact of parental decisions around delay.

For parents, the effect of any of the options would be to bring their private costs for schooling forward by 12 months. For the 4 years and 5 months option, these costs would increase by $1.3m to $2.8m in the first year, depending on their decisions in relation to delay. For the 4 years and 6 months option and the related range option, these costs would increase by $1.2m to $2.3m in the first year, depending on parental decisions in relation to delay. For the 4 years and 8 months option and the related range option, these costs would increase by $1m to $1.5m in the first year, depending on parental decisions in relation to delay.

However, the overall impact of these costs to parents would be diminished by the effect of relief from the costs of formal child care. In Tasmania, some of this relief would come in 2009 as affected children would move earlier into sessional kindergarten provision, which is funded by the State Government. For most affected parents, there is likely to be an overall saving in 2009/2010 from any of the options.

6.2.7 Impact on staffing

The impact on staffing of any of the options for a younger minimum school starting age in Tasmania is subsumed in the cost measures incorporated in the nationally comparable model.

For each of the options, it will be necessary to provide additional staffing in response to the increase in student numbers in the introductory cohort and as they move through schooling.

Across the Tasmanian school sector as a whole, for the 4 years and 5 months option the additional teaching staff required could be in the order of 65 to 130 teachers, depending on the incidence of delay. For the 4 years and 6 months and the related range option, the reduction in teaching staff required could be in the order of 60 to 110 teachers, depending on the incidence of delay. For the 4 years and 8 months and the related range option, the reduction in teaching staff required could be in the order of 45 to 75 teachers, depending on the incidence of delay.

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,463 per student, the teacher related savings in the first year could range from approximately $7.3 to $14.5m for the 4 years and 5 months, depending on the cohort size relative to delay. For the 4 years and 6 months option and the related range option, the teacher related savings in the first year could range from approximately $6.7 to $12.3m, depending on the cohort size relative to delay. For the 4 years and 8 months option and the related range option, the teacher related savings in the first year could range from approximately $5.0 to $8.4m, depending on the cohort size relative to delay.

83 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

84 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
It was noted that if any of the options were adopted there would be increased demand for early years teachers and for the further professional development of primary teachers who would be teaching younger children. When the students moved to secondary school, the principal impact on staffing is likely to occur in the current difficult-to-staff subject areas. These areas include mathematics, the sciences, technology and languages.

Planning for increased provision of staffing for the additional students would need to take account of the temporary nature of the impact. The staffing impact in the child care sector would be permanent, although it would only be for one year in kindergarten. In the primary years of schooling, the impact of the addition to the introductory cohort would occur for seven years. For the secondary years, the impact would not occur until 2017 but would then last for six years.

However, it was noted that the training requirements for secondary teachers may prevent those addressing the need in primary years from moving with the cohort to secondary schooling. Additionally, it was noted that while primary trained teachers were available, it was unlikely that they would be able to teach in the kindergarten sector without considerable retraining.

### 6.2.8 Impact on infrastructure

For each of the options, there would be an impact from 2009 generated by the infrastructure requirements of a larger introductory cohort in kindergarten and subsequently in school. Where the increased number of students generated additional teaching spaces and related infrastructure the impact would be felt in the kindergarten year, the 7 years of primary schooling, and the 6 years of secondary schooling. The demand for the increased infrastructure would exist until 2022.

Information provided by the independent school sector indicated that, in general, schools would not absorb the increased number of students in the cohort if there were a need to provide additional infrastructure not already planned. As a consequence, it is possible that the infrastructure demands in the government sector would be greater than would have otherwise been expected should the additional enrolments have fallen proportionately across the three sectors. However, the information from the Catholic school sector is that, should funding become available for infrastructure, the sector would expand to enrol its current proportionate share of the larger introductory cohort.

The implications of the options could be total schooling infrastructure costs ranging from $5m to $7m over the 13 years of schooling, depending on the option decided upon and the level of delay that eventuates.

### 6.2.9 Impact on school curriculum (including pre-school)

Curriculum related impacts arising from a younger minimum school starting age were perceived as being relatively marginal in terms of cost. The recent development and implementation of the Tasmanian Essential Learnings Framework mean that all schools and teachers have access to a curriculum that can be readily adapted to meet the learning needs of each child. The curriculum is perceived as being already suitable should the minimum school starting age become a younger age. This is fostered by the contiguous nature of kindergartens and schools in all three sectors as part of a broader view of learning from birth to 18 years of age.

A particular curriculum related impact that could arise from each of the options may be a need to address the professional learning of primary teachers, some of whose students may be up to 12 months younger than at present. However, while this additional work would be needed for teachers of up to Year 4, there are already substantial professional learning
activities around the pedagogies for the early years. The impact is likely to be one that could be adsorbed readily into already funded approaches.

In relation to curriculum issues in the prior-to-school sector, it is unlikely that any of the options would have a significant impact on approaches in kindergarten or other prior-to-school settings. The structured play-based approaches to learning that strongly characterise provision in kindergarten and other formal prior-to-school settings are perceived as highly flexible and readily adaptable to children who may be up to 12 months younger than is the case under current arrangements.

6.2.10 Impact on nomenclature for the early years

In general, throughout Tasmanian schooling, the view was put that it would be desirable to have a common nomenclature across the country for the early years of schooling. There was recognition of the very significant level of confusion that arises from the differing nomenclature for the early years of schooling across the states and territories.

A view was expressed that a common nomenclature should reflect the philosophy of continuous learning over the early years, including into formal schooling. A suggestion that was perceived as emphasising the continuity of learning was to term the current Prep as Year 1, given that, for almost all students, it is in fact the first year of schooling. While the costs that would arise over the full 13 years were recognised, it was believed that the benefits from simplicity and inter-state commonality would be far greater.

The principal costs identified as likely to arise from the adoption of a common nomenclature that varied from current practice related to the modifications that would be needed to data bases and software, signage and documents. While a significant proportion of the costs would be up-front, it is likely that longer term costs would be absorbed into ongoing management practices.

6.2.11 Impact on policy and legislation covering school starting/leaving ages (including the change management lessons)

The legislation in Tasmania currently makes every parent responsible for their child’s attendance at a government or non-government school where they are 5 years of age as at 1 January. This legislation applies to all school sectors in Tasmania. Children are eligible for a state funded kindergarten place where they are 4 years of age as at 1 January.

Should any of the options be adopted, it could be necessary to change that part of the legislation concerned with school commencement. In Tasmania, the effect of the current legislation is to make the minimum school starting age the same as the compulsory age.

Under any option, the nexus between the compulsory age and the minimum school starting age in Tasmania would be broken. The direct result would be inequity of choice regarding school commencement. For example, with regard to the 4 years and 6 months option, for children born in the first half of a year, there would be choice about whether to enter school early or to delay their commencement for one year until after they had reached 5 years of age. On the other hand, children born in the second half of the year would not be able to delay enrolment but would have to enter school in the year after they turned 5 years of age.

However, this is virtually the current situation across the jurisdictions, except in Western Australia and Queensland. The wording of the Tasmanian legislation means that children

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86 In both Western Australia and Queensland, the practice regarding children whose entry to school is delayed by one year is to place them with their age cohort into Year 1. This is different practice to that
must be in school at the commencement of the year after they have turned 5 years of age. The legislation in most other states is written such that children must be in school at the commencement of the year in which they turn 6 years of age. Both wordings have virtually the same effect.

Another possible outcome could be for the Tasmanian Government to consider maintaining the nexus between the minimum school starting age and the compulsory age. This would mean changing the legislation so that the compulsory age would be the same as the nationally agreed minimum school starting age. While this would ensure enrolment if not attendance in the first year of school, it would not accommodate the educational arguments or parental choice issues that relate to delayed entry to school. Nor would this approach achieve national commonality around the compulsory age that is a parameter of the commencement of schooling.

Should this option be pursued, delay would not be possible. In fact, it would enforce an early age of school commencement argument by virtue of alignment of school entry with the minimum school starting age. As can be seen from the two scenarios being modelled throughout the Tasmanian chapter of this Report, the impact on all of the options would be to virtually double the increase in the size of the introductory cohort above that expected with delay, thus doubling the costs.

The issue of the nexus between the minimum school starting age and the compulsory age is a significant one in terms of politics and management. The compulsory age of 5 years was only very recently introduced. Any change at this stage carries a substantial risk, especially in communicating the reasons to parents.

Nevertheless, there is recognition that the adoption of a minimum school starting age would necessitate change to current practice around school commencement in Tasmania. It was well recognised that Tasmanian children are disadvantaged relative to other children by having fewer years of schooling at international comparative test points, because they commence school at a generally older age. It was also recognised that the current age of school entry disadvantaged many Tasmanian parents and children by reducing their working lives by 12 months.

Subject to funding considerations, the view was generally expressed that, if a change had to be made, the option of 4 years and 6 months would be preferred. It was seen as simple in design and readily communicable to parents and the wider community. Additionally, it represents a mid-point in the year that reflects a median in terms of child development.

While it would involve lower costs for Tasmania, the option of 4 years and 8 months was seen as likely to cause a significant level of national disruption by the majority of jurisdictions having to change. The option of 4 years and 5 months was generally perceived as being too young and as not having the simplicity in design that would attach to the 4 years and 6 months option.

The view was expressed that the range options would not achieve the level of national commonality that would bring sufficient benefits to Tasmanian children to make the change worthwhile.

Should any of the younger age options be adopted as a common minimum school starting age, two additional key management issues were put forward.

operating in Tasmania where the practice would be to ensure children received 13 years of schooling by placing them first into kindergarten, regardless of their age at entry.
For Tasmania, the impacts arising from the adoption of any option would occur in 2009. Children who are already born would be affected by any possible change, with consequent implications for decisions that are already being made by some families. The implication is that, from the commencement of 2006, Tasmania would have a lead time of 3 years in which to plan and prepare for the introduction of a substantially increased cohort in the kindergarten year.

In addition, legislation has recently been introduced in Tasmania to raise the upper range of compulsory participation in schooling, its equivalent, or work to 17 years of age. The younger the age option that may be decided upon, the more likely it would be that some Tasmanian students would find that almost the full 13 years of schooling or its equivalent would virtually be compulsory.

The development of the Tasmanian post compulsory education sector provides a comprehensive pathway approach for all students. However, the introduction of a younger minimum school starting age in 2010 may mean additional consideration of appropriate pedagogy, curriculum and participation opportunities for the full range of young people once this stage is reached.

### 6.2.12 Impact on families

For any of the options, Tasmanian families would face change from the present arrangements. The effect would be to enable some children to move from the prior-to-school sector into the schooling sector 12 months earlier than is currently possible. A direct corollary would be that affected children would be able to enter kindergarten 12 months earlier. Tasmanian families would see change in the prior-to-school sector in 2009 and in the schooling sector in 2010.

Families may identify a benefit arising from the introduction of a younger minimum school starting age through the earlier participation of their children in kindergarten and in formal schooling. Additionally, they may identify benefits in terms of the earlier assessment of their children and, where necessary, the earlier provision of intervention programmes. However, it should be noted that early service provision of this nature is already a feature of Tasmanian children’s services.

The nationally comparable model demonstrates that there would be major economic benefits of a younger school starting age for the parents of those children who would be able to commence kindergarten and school at a younger age. Parents of the affected kindergarten children would benefit from the State Government subsidised kindergarten compared to formal child care.

Parents of the affected Prep children would benefit from a shift out of the higher cost formal child care sector 12 months earlier than is possible under current arrangements. They would be able to take advantage of the generally lower cost school sector and the opportunity for earlier re-entry to the workforce or the take-up of leisure activities.

In the first year of implementation, a benefit could accrue to families whose children are able to move out of the higher cost formal and informal prior-to-school sector 12 months earlier than under current arrangements, depending on the option. Over the full 62 years of the model, incorporating the national trends in delay, this benefit could range from $87m to $114m, depending on the option agreed upon. Over the full 62 years of the model, with no trends in delay, this benefit could range from $144m to $236m, depending on the option agreed upon.
This benefit would be permanent for similarly affected parents in all subsequent cohorts. If modelled permanently, the amounts shown would increase by a further 25 per cent in 2004/05 dollars.

In both the short and long run, income effects would occur because of a younger school starting age. For parents of affected children, the income effects would occur because they could re-enter the workforce or take income imputed leisure one year earlier than under current arrangements. For the affected children, the economic benefits would occur because they would enter the workforce one year earlier than under present arrangements, adding a year to their working lives.

The employment related benefits projected over 62 years in the nationally comparable model could be in the order of from $301m to $621 for children the 4 years and 5 months option and from $79m to $162m for parents, depending on the level of delayed entry to school that occurs. For the 4 years and 6 months option and the related range option, the employment related benefits could be in the order of from $280m to $533m for children and from $84m to $160m for parents, depending on the incidence of delay. For the 4 years and 8 months option and the related range option, the employment related benefits could be in the order of from $215m to $356m for children and from $64m to $106m for parents, depending on the number of late starters. All figures are discounted to 2004-05 dollars.

### 6.2.13 Impact on Indigenous students and students with special needs

In general, the options were perceived as likely to have only minimal impact on provision for Indigenous students and students with special needs. For those Indigenous students whose birthdays fall between 1 January and the agreed minimum school starting age, there was a perceived possible benefit in them being able to commence school 12 months earlier than under the current arrangements. The earlier link to formal schooling was perceived as a positive opportunity for many of these children and their families.

For students with special and/or additional educational needs, one of the views expressed was that access to schooling 12 months earlier than is possible under current arrangements may involve a benefit through access to resourced and well structured learning programmes. A particular benefit may arise through a younger kindergarten entry age where Tasmania has highly developed programmes to identify and support these students.

One of the benefits identified as being closely associated with the current minimum school starting age in Tasmania of 5 years was that children were advantaged in their learning by an older entry into formal schooling. This was cited as particularly the case for many boys. A move to a younger age minimum school starting age was perceived as likely to involve a loss of this benefit for boys as some would be engaged in formal schooling 12 months earlier than under current arrangements.

### 6.2.14 Impact on school completion, tertiary entrance and entry to the workforce

The nationally comparable model shows that, over the years of schooling to age 15, a figure in the order of 5,697 student movements occur in and out of Tasmania. In any one year, the magnitude of inter-state movement is in the order of 518 students. None of these movements is to or from a jurisdiction with the same minimum school starting age as Tasmania.

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87 Data for 2002-03 supplied by the Australian Bureau of Statistics in January 2005 as a result of a special request from the Australian Government Department of Education, Science and Training.
Each time a child crosses borders there is a risk that, because of confusion or age/grade misalignment in part associated with differences in the minimum school starting age between states and territories, they may fall out of alignment with the cohort that they left behind. This may result in them having to ‘skip’ or ‘repeat’ a year of schooling. Many of these students are likely to experience an effect that reduces their level of engagement with and success at schooling.

The nationally comparable model assumes that there will be some effect on school completions arising from the reduction of a barrier to transferability that non-common minimum school starting ages represent. The effect will not occur for every student who transfers from one state or territory to another. The model assumes conservatively that, should a common minimum school starting age be introduced, its effect on school completions would be in the order of a one per cent increase in the completion rate for those students who transfer among jurisdictions. In other words, one in every hundred movements will be more likely to complete school because the minimum starting age is common on a national basis.

Given the conservative assumptions in the nationally comparable model, it is possible that the adoption of a common minimum school starting age could increase the level of school completion in Tasmania. There could be up to 5 more school completions each year across Tasmanian schools. This increased completion rate is likely to be permanent for all subsequent cohorts.

Should a younger common minimum school starting age be introduced than the current 5 years and in Tasmania, the increased cohort would complete Year 12 in 2022. They would, in fact, begin to enter further training, tertiary education or the workforce from 2021 when they are older than the upper compulsory age limit.

The flow of the cohort increase under the relevant minimum school starting age options is shown in Tables 6.g.1 and 6.g.2. The first of these Tables shows the cohort sizes under a nationally comparable model with national trends in delayed entry of children to school. These are the figures included in the national model in this Report. The second Table shows the potential cohort sizes without a delay factor.
Table 6.g.1  Projected post-school participation of the increase in the Tasmanian introductory cohort based on the nationally comparable cost/benefit analysis model, incorporating the national trend in delayed entry to school

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Table 6.g.2  Projected post-school participation of the increase in the Tasmanian introductory cohort based on the nationally comparable cost/benefit analysis model, without delay trends

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</tbody>
</table>

The long term costs and benefits associated with the increased size of the introductory cohort in relation to further training, university and employment are shown in Tables 6.h.1
and 6.h.2. The first Table shows the costs incorporating the national trends in delay. These figures are included in the national model used throughout this Project. The second Table shows the projected costs if there is no delay in Tasmania.

**Table 6.h.1**  Projected long term costs and benefits associated with the increase in the size of the Tasmanian introductory cohort, incorporating national trends in delay

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months</th>
<th>4 years and 8 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>-$2</td>
<td>-$2</td>
<td>-$1</td>
</tr>
<tr>
<td>University</td>
<td>-$12</td>
<td>-$11</td>
<td>-$8</td>
</tr>
<tr>
<td>Employment</td>
<td>$405</td>
<td>$377</td>
<td>$289</td>
</tr>
</tbody>
</table>

**Table 6.h.2**  Projected long term costs and benefits associated with the increase in the size of the Tasmanian introductory cohort, with no trends in delay

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months</th>
<th>4 years and 8 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>-$4</td>
<td>-$4</td>
<td>-$2</td>
</tr>
<tr>
<td>University</td>
<td>-$24</td>
<td>-$21</td>
<td>-$14</td>
</tr>
<tr>
<td>Employment</td>
<td>$836</td>
<td>$718</td>
<td>$479</td>
</tr>
</tbody>
</table>

While there would be costs to both the VET and university sectors over the ten years of the model from 2021 to 2030, there would be substantial benefits over the working lives of the individuals who commenced school one year earlier under the younger age options. All costs and benefits in Tables 6.h.1 and 6.h.2 are discounted to 2004-05 dollars.

Although the VET and university sectors would have a long lead time to plan for the impact of the increased size of the introductory cohort as it moves out of the school sector, it is not possible to predict with certainty the areas of training or further education that would be affected. The only assumption that could be made is that the increased number in the cohort would be likely to take up further training or education in a similar pattern to the rest of the cohort at that time.
6.3 Tasmanian Government School Sector

6.3.1. Current situation

The Tasmanian government school sector established a minimum school starting age from 1995 of 5 years as of January 1 in the year of enrolment. In 2004, these arrangements were made compulsory. This means all children must enter Prep in the year following the year in which they turn 5 years of age.

Intake is generally at the commencement of the school year. Exemptions to the compulsory school starting age may be granted by the Secretary on the recommendation of a cross-sectoral committee.

Currently, based on Australian Bureau of Statistics 2003 data, the government school sector enrols 78 per cent of primary students and 70 per cent of secondary students in Tasmania. Overall, the sector’s share of total enrolments is 74 per cent.

6.3.2. Implications of the options

The Tasmanian government school sector would be affected by each of the options. The following Table 6.i shows the Tasmanian government school sector projections for the increased size of the introductory cohort against the change options. It also shows projections based on the nationally comparable model.

It should be noted that the Tasmanian government school sector uses actual retention figures, created from a transactional data base directly online to schools. These figures are different from the Australian Bureau of Statistics data which uses apparent retention rates. The difference between the two rates can be significant, especially between secondary school and college.

Currently, there is no ‘delay’ in entry because the minimum school starting age and the compulsory age coincide. Data provided at a time prior to 2004 also indicate no delay. These data represent circumstances where there was no legislated requirement for children to enrol in Prep at age 5 years. However, the data do not reveal parental behaviour regarding delay for children who are younger than 5 years of age. It is likely, given trends in other jurisdictions with similar placement procedures and requirements, that, if a younger minimum school starting age were implemented, there would be some tendency to delay the entry of younger children for a year.

Hence, delay has been incorporated for Tasmania within the national model at a rate based on data from other jurisdictions. Should the minimum school starting age become an age that is younger than the compulsory age, it is likely that delay would be more akin to similar scenarios elsewhere. The ‘prompt starter’ assumptions in the national model are 49 per cent for the 4 years and 5 months option, 52 per cent for the 4 years and 6 months option and 60 per cent for the 4 years and 8 months option. Delay is the reciprocal of these figures. However, as with the State overview, at the request of the Tasmanian government school sector, figures are also provided in this sector report that show impacts without delay.
Table 6.i Comparisons of government sector increase in introductory cohort size under sectoral assumptions, nationally comparable delay assumptions and no delay assumptions

<table>
<thead>
<tr>
<th>Numbers of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months (and 4 years and 5 months to 4 years and 6 months option)</th>
<th>4 years and 8 months (and 4 years and 5 months to 4 years and 8 months option)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasmanian Department estimate of the increase in the cohort size</td>
<td>2,963</td>
<td>2,540</td>
<td>1,694</td>
</tr>
<tr>
<td>Nationally comparable model estimate of the increase in the cohort size</td>
<td>1,238</td>
<td>1,151</td>
<td>884</td>
</tr>
<tr>
<td>No delay estimate of the increase in the cohort size</td>
<td>2,552</td>
<td>2,192</td>
<td>1,461</td>
</tr>
</tbody>
</table>

Information provided by the government school sector indicates that there is no current internal plan to move from the present minimum school starting age or the compulsory age. In general, however, if the government school sector were to move to a younger minimum school starting age, it would most likely do so at one point in time, 2010, preceded by a move to a younger minimum starting age in kindergarten in 2009.

The sector observed that a critical outcome of a move to a nationally common minimum school starting age should be the highest possible level of consistency across the jurisdictions, with a distinct preference for a single age rather than a range.

6.3.3. Cost/benefit modelling

The cost/benefit analysis modelled in the introduction and shown in Table 6.b.1 was based on nationally comparable assumptions. This modelling showed the costs to the Tasmanian schooling sector as a whole. Below, the cost implications related to the Tasmanian government school sector are also modelled in Tables 6.j.1 and 6.j.2. The first of these Tables models the impact of an increased introductory cohort based on the national trends in delay, figures that are included in the national model. By way of contrast, the second Table models the impact if there were no delay element.

Table 6.j.1 Costs over the 13 years of schooling for the Tasmanian government school sector, incorporating national trends in delay

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>-$63</td>
<td>-$59</td>
<td>-$45</td>
<td>-$59</td>
<td>-$45</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$46</td>
<td>-$43</td>
<td>-$33</td>
<td>-$43</td>
<td>-$33</td>
</tr>
<tr>
<td>Totals</td>
<td>-$109</td>
<td>-$102</td>
<td>-$78</td>
<td>-$102</td>
<td>-$78</td>
</tr>
</tbody>
</table>
Table 6.j.2  Costs over the 13 years of schooling for the Tasmanian government school sector, without delay

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>-$131</td>
<td>-$112</td>
<td>-$75</td>
<td>-$112</td>
<td>-$75</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$95</td>
<td>-$82</td>
<td>-$54</td>
<td>-$82</td>
<td>-$54</td>
</tr>
<tr>
<td>Totals</td>
<td>-$226</td>
<td>-$194</td>
<td>-$129</td>
<td>-$194</td>
<td>-$129</td>
</tr>
</tbody>
</table>

Under the 4 years and 5 months option, the nationally comparable model shows the cost to the Tasmanian government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of from $109m to $226m, depending on the incidence of delay. Under the 4 years and 6 months option and the related range option, the model shows the cost to the Tasmanian government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of from $102m to $184m, depending on parent choice regarding delay. Under the 4 years and 8 months and related range options, the model shows the cost to the Tasmanian government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of from $78m to $129m, once again depending on the incidence of delay.

Table 6.k  Sources of funding in the Tasmanian government school sector by option over the 13 years of schooling, with and without delay

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5 Option</th>
<th>4.6 Option</th>
<th>4.8 Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 year primary and secondary costs based on the nationally comparable model with delay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall costs</td>
<td>AG State Private</td>
<td>Overall costs</td>
<td>AG State Private</td>
</tr>
<tr>
<td>Primary</td>
<td>-$63.5</td>
<td>-$5.9</td>
<td>-$54.4</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$46.1</td>
<td>-$4.3</td>
<td>-$39.5</td>
</tr>
<tr>
<td>13 year primary and secondary costs based on the nationally comparable model without delay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall costs</td>
<td>AG State Private</td>
<td>Overall costs</td>
<td>AG State Private</td>
</tr>
<tr>
<td>Primary</td>
<td>-$130.9</td>
<td>-$12.2</td>
<td>-$112.2</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$62.0</td>
<td>-$12.9</td>
<td>-$43.3</td>
</tr>
<tr>
<td>First year costs based on the nationally comparable model with delay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AG State Private</td>
<td>-$9.7</td>
<td>-$0.9</td>
<td>-$8.3</td>
</tr>
<tr>
<td>First year school sector costs based on the nationally comparable model without delay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AG State Private</td>
<td>-$20.0</td>
<td>-$1.9</td>
<td>-$17.1</td>
</tr>
<tr>
<td>13 year school sector costs based on the nationally comparable model with delay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AG State Private</td>
<td>-$109.6</td>
<td>-$10.2</td>
<td>-$93.9</td>
</tr>
<tr>
<td>13 year school sector costs based on the nationally comparable model without delay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AG State Private</td>
<td>-$226.0</td>
<td>-$21.1</td>
<td>-$193.7</td>
</tr>
</tbody>
</table>
Table 6.1 above shows the school sector cost shares of the Australian Government, the Tasmanian State Government and parents in funding the additional government sector students in the introductory cohort for the change options. The Table shows the potential school sector cost impacts of both the ‘delay’ and ‘no delay’ size of the introductory cohort.

The assumption in Table 6.1 is that the sector would enrol its ‘normal’ share of the additional students. Should the sector be required to enrol children who would otherwise have enrolled in non-government schools, all figures would increase to a commensurate level.

In terms of Australian Government grants, for the 4 years and 5 months option, the government school sector could receive in the order of an additional from $0.9m to $1.9m in the introductory year, depending on the incidence of delay. Over the 13 years of schooling, the additional amount could be in the order of from $10.2m to $21.1m from Australian Government grants, depending on delay.

If the government sector were to enrol its share of additional students in the introductory cohort, for the 4 years and 6 months option and the related range option, the sector could receive an additional amount in the order of from $0.8m to $1.6m in the introductory year from Australian Government grants, depending on the incidence of delay. Over the 13 years of schooling, the additional amount could be in the order of from $9.5m to $18.1m.

For the 4 years and 8 months option and the related range option, the government sector could receive in the order of an additional from $0.6m to $1.1m in the introductory year from Australian Government grants, depending on the incidence of delay. Over the 13 years of schooling, the additional amount could be in the order of from $7.3m to $12.1m from Australian Government grants.

In terms of State funding, if the government sector were to enrol its normal share of additional students in the introductory cohort, the sector would require an additional amount in the order of from $8.3m to $17.1m in the introductory year for the 4 years and 5 months option, depending on the incidence of delay. Over the 13 years of schooling, the additional amount could be in the order of from $93.9m to $193.7m.

For the 4 years and 6 months option and the related range option, the government sector could require in the order of from $7.7m to $14.7m in the introductory year from State funding, depending on the incidence of delay. Over the 13 years of schooling, the additional amount could be in the order of from $87.3m to $166.3m from State funding.

For the 4 years and 8 months option and the related range option, the government sector could require in the order of from $5.9m to $9.8m in the introductory year from State funding, depending on the incidence of delay. Over the 13 years of schooling, the additional amount could be in the order of from $67.1m to $110.9m from State funding.

In terms of private recurrent income, for the 4 years and 5 months option, the government sector could receive in the order of from $0.5m to $1.0m in the introductory year from private recurrent income, depending on the incidence of delay. Over the 13 years of schooling, the additional amount could be in the order of from $5.5m to $11.3 from private recurrent income.

If the government sector were to enrol its share of additional students in the introductory cohort, for the 4 years and 6 months option and the related range option, the sector could receive an additional amount in the order of from $0.5m to $0.9m in the introductory year from private recurrent income, depending on the incidence of delay. Over the 13 years of schooling, the additional amount could be in the order of from $5.1m to $9.7m.
For the 4 years and 8 months option and the related range option, the government sector could receive in the order of from $0.3m to $0.6m in the introductory year from private recurrent income, depending on the incidence of delay. Over the 13 years of schooling, the additional amount could be in the order of from $3.9m to $6.5m from private recurrent income.

Key local assumptions in relation to annual per capita costs provide the opportunity to further modify the nationally comparable model for the Tasmanian government school sector. The scenario modelled below complies with information supplied by the Tasmanian government school sector. In addition, the approach to the calculation of nominal (marginal) expenditure used throughout the Report is also provided.

The expenditure calculations in the nationally comparable cost/benefit analysis model reflect only truly recurrent items and exclude depreciation and user cost of capital. However, they are average costs, and do not reflect the excess capacity in any system to incorporate new students without fixed cost increases.

Such a figure would be reflected by the marginal cost to a system, a figure that has proved quite elusive in national literature. Various Senate inquiries have long recognised the nature of marginal costs but there are no national publications in education, including those published by the Productivity Commission that present a table of marginal costs for each jurisdiction.

During the data gathering for the cost/benefit analysis, various amounts were put forward by jurisdictions to indicate marginal costs, including those provided by the Tasmanian government sector. However, no one nationally comparable methodology was used. Therefore, as an acceptable rule of thumb across jurisdictions, the approach used in the calculation of the Enrolment Benchmark Adjustment to ‘notional costs’ has been used in this Report. This places notional costs at 50 per cent of average costs.

If the cost estimates in the nationally comparable cost/benefit analysis model are substituted with notional cost figures and with marginal costs figures provided by the sector, the range estimated impacts of each of the options on the Tasmanian government school sector is shown below.

The average per capita cost estimates used in the nationally comparable cost/benefit analysis model were based on government school expenditure per student as reported by the state and territory governments. These were calculated in accrual format. The 2004-05 school sector annual costs per student used in the nationally comparable model are $8,885 for primary and $10,385 for secondary.

Table 6.1 below, based on data provided by the Tasmanian government school sector, shows marginal recurrent costs, reflecting a discounting for the currently available capacity to absorb increased enrolments. These marginal recurrent costs recognise, for example, that not all additional students will lead to additional costs such as those associate with

90 Data supplied by the Australian Government Department of Education, Science and Training from NSSC information.
energy and maintenance. In addition, the increase projected by the Tasmanian government school sector in the cohort size over time for each of the options is included. This cohort size projection is very close to the model that shows a zero delay factor. Total costs for each option, based on cohort size and marginal costs, are also shown.

**Table 6.1  Marginal costs per student and total recurrent costs over the years from 2009 to 2022 by all options based on data supplied by the Tasmanian government school sector**

<table>
<thead>
<tr>
<th>Year</th>
<th>Marginal cost impact</th>
<th>Additional Enrolments</th>
<th>Total cost impact</th>
<th>Additional Enrolments</th>
<th>Total cost impact</th>
<th>Additional Enrolments</th>
<th>Total cost impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>KK</td>
<td>2009</td>
<td>$5,552</td>
<td>2922</td>
<td>$8,111,757</td>
<td>2505</td>
<td>$6,953,712</td>
<td>1676</td>
</tr>
<tr>
<td>PP</td>
<td>2010</td>
<td>$5,392</td>
<td>2963</td>
<td>$15,975,518</td>
<td>2540</td>
<td>$13,694,831</td>
<td>1699</td>
</tr>
<tr>
<td>1</td>
<td>2011</td>
<td>$5,392</td>
<td>2941</td>
<td>$15,856,016</td>
<td>2521</td>
<td>$13,592,390</td>
<td>1686</td>
</tr>
<tr>
<td>2</td>
<td>2012</td>
<td>$5,192</td>
<td>2919</td>
<td>$15,154,998</td>
<td>2502</td>
<td>$12,991,450</td>
<td>1674</td>
</tr>
<tr>
<td>3</td>
<td>2013</td>
<td>$4,647</td>
<td>2899</td>
<td>$13,471,782</td>
<td>2485</td>
<td>$11,548,537</td>
<td>1662</td>
</tr>
<tr>
<td>4</td>
<td>2014</td>
<td>$4,647</td>
<td>2879</td>
<td>$13,379,621</td>
<td>2468</td>
<td>$11,469,533</td>
<td>1651</td>
</tr>
<tr>
<td>5</td>
<td>2015</td>
<td>$4,657</td>
<td>2860</td>
<td>$13,191,768</td>
<td>2452</td>
<td>$11,418,227</td>
<td>1640</td>
</tr>
<tr>
<td>6</td>
<td>2016</td>
<td>$4,657</td>
<td>2844</td>
<td>$13,243,717</td>
<td>2438</td>
<td>$11,353,033</td>
<td>1631</td>
</tr>
<tr>
<td>7</td>
<td>2017</td>
<td>$5,888</td>
<td>2505</td>
<td>$14,747,576</td>
<td>2147</td>
<td>$12,642,204</td>
<td>1436</td>
</tr>
<tr>
<td>8</td>
<td>2018</td>
<td>$5,888</td>
<td>2450</td>
<td>$14,424,737</td>
<td>2100</td>
<td>$12,365,453</td>
<td>1405</td>
</tr>
<tr>
<td>9</td>
<td>2019</td>
<td>$5,895</td>
<td>2398</td>
<td>$14,139,605</td>
<td>2056</td>
<td>$12,121,031</td>
<td>1375</td>
</tr>
<tr>
<td>10</td>
<td>2020</td>
<td>$5,895</td>
<td>2348</td>
<td>$13,843,883</td>
<td>2013</td>
<td>$11,867,527</td>
<td>1346</td>
</tr>
<tr>
<td>11</td>
<td>2021</td>
<td>$5,813</td>
<td>2205</td>
<td>$12,816,510</td>
<td>1890</td>
<td>$10,986,808</td>
<td>1264</td>
</tr>
<tr>
<td>12</td>
<td>2022</td>
<td>$5,813</td>
<td>2114</td>
<td>$12,287,574</td>
<td>1812</td>
<td>$10,533,384</td>
<td>1212</td>
</tr>
</tbody>
</table>

Total costs over 14 years $190,773,063 $163,538,120 $109,212,128

If the cost estimates and the increase in the cohort size used in the nationally comparable cost/benefit analysis model are substituted with those provided by the Tasmanian Department, the estimated impacts of each of the options on the Tasmanian government school sector are shown in Table 6.m.

**Table 6.m  Government sector 13 year costs and benefits using sector per capita cost and cohort size estimates**

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>-$61</td>
<td>-$52</td>
<td>-$33</td>
<td>-$52</td>
<td>-$35</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$49</td>
<td>-$42</td>
<td>-$28</td>
<td>-$42</td>
<td>-$28</td>
</tr>
<tr>
<td>Totals</td>
<td>-$110</td>
<td>-$94</td>
<td>-$63</td>
<td>-$94</td>
<td>-$63</td>
</tr>
</tbody>
</table>

These figures show slightly lower primary school implementation costs and slightly higher secondary school costs for any of the proposed options than would have been anticipated using the nationally comparable data based on average cost figures.

Table 6.n below shows the cost impact of the options on primary and secondary schooling in the government sector of notional (marginal) cost calculations used throughout this Report. Two sets of figures are shown. The first set relates to the assumption of 3.98 per cent per month delay used in the national model. The second relates to a zero delay assumption.
Table 6.n  Government sector 13 year costs and benefits using notional costs, showing nationally comparable delay and zero delay

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.98 per cent per month delay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>-$25</td>
<td>-$23</td>
<td>-$18</td>
<td>-$23</td>
<td>-$18</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$15</td>
<td>-$14</td>
<td>-$11</td>
<td>-$14</td>
<td>-$11</td>
</tr>
<tr>
<td>Totals</td>
<td>-$40</td>
<td>-$37</td>
<td>-$29</td>
<td>-$37</td>
<td>-$29</td>
</tr>
<tr>
<td>Zero delay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>-$52</td>
<td>-$44</td>
<td>-$30</td>
<td>-$44</td>
<td>-$30</td>
</tr>
<tr>
<td>Totals</td>
<td>-$83</td>
<td>-$71</td>
<td>-$48</td>
<td>-$71</td>
<td>-$48</td>
</tr>
</tbody>
</table>

Table 6.o below draws all of the modelled options together for Tasmania. It shows the overall cost by option associated with:

- the average cost and 3.98 per cent per month delay used in the nationally comparable model and incorporated within the national model
- the marginal costs and cohort size provided by the sector
- the notional (marginal) costs used throughout the Report, calculated against the cohort size with 3.98 per cent per month delay
- The notional (marginal) costs used throughout the Report, calculated against the cohort size with zero delay.

For the Tasmanian government school sector, the Table thus indicates the full range of possible outcomes of a common minimum school starting age for each option, depending on various assumptions. The period of the costs is from 2010 to 2022.

Table 6.o  Comparison of impact of the options on school sector costs using various assumptions and methods.

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost for government schools based on nationally comparable figures</td>
<td>-$109</td>
<td>-$102</td>
<td>-$78</td>
<td>-$102</td>
<td>-$78</td>
</tr>
<tr>
<td>Total cost for government schools based on sector cohort size and marginal cost data</td>
<td>-$110</td>
<td>-$94</td>
<td>-$63</td>
<td>-$94</td>
<td>-$63</td>
</tr>
<tr>
<td>Total cost for government schools based on notional costs @ 3.98 per cent delay</td>
<td>-$40</td>
<td>-$37</td>
<td>-$29</td>
<td>-$37</td>
<td>-$29</td>
</tr>
<tr>
<td>Total cost for government schools based on notional costs @ zero delay</td>
<td>-$83</td>
<td>-$71</td>
<td>-$48</td>
<td>-$71</td>
<td>-$48</td>
</tr>
</tbody>
</table>

Marginal costs for Tasmanian government schools include those items covered in the recurrent school resource package (SRP). The SRP incorporates areas such as per capita grants and miscellaneous items such as staff sickness relief. Schools also receive individual student-based allocations for students identified with special education needs, and costs associated with areas such as contract cleaning, information and communication technologies grants and Student Assistance Scheme grants. These are all included in the sectoral marginal cost calculations.
Based on the cohort sizes projected with delay and without delay, across the Tasmanian government school sector, for the 4 years and 5 months option, the increase in teaching staff required could be in the order of 50 to 100 teachers, depending on the pattern of delay. For the 4 years and 6 months and the related range option, the increase in teaching staff required could be in the order of 46 to 55 teachers, depending on the pattern of delay. For the 4 years and 8 months, and the related range option the additional teaching staff required could be in the order of 35 to 58 teachers, depending on the pattern of delay.

For the Tasmanian government schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,463 per student, the teacher related expenditure in the first year could be in the order of from $5.5m to $11.4m for the 4 years and 5 months option, depending on the pattern of delay. For the 4 years and 6 months option and the related range option, teacher related expenditure in the first year could be in the order of from $5.1m to $9.8m for the 4 years and 8 months option, depending on the pattern of delay. For the 4 years and 8 months option and the related range option, teacher related expenditure in the first year could be in the order of from $3.9m to $6.5m for the 4 years and 8 months option, depending on the pattern of delay.

The Tasmanian government school sector identified a number of associated costs over and above the marginal costs explored in Table 6n above. In terms of infrastructure, the Department identified the likely need for an additional 32 classrooms or equivalent improvements to accommodate the additional enrolments associated with the 4 years and 6 months option. On the basis of a unit cost of $180,000, the Department calculated a figure that could be in the order of $5.7m in 2004/5 dollars. For the 4 years and 5 months option, this figure could be in the order of $6.7m. For the 4 years and 8 months option, the figure could be in the order of $3.8m.

Further, the Tasmanian Department of Transport estimated that there could be bus transport costs in the range of $1m per year for the 4 years and 6 months option. For the 4 years and 5 months option, this could be up to $1.2m per year and for the 4 years and 8 months option the figure could be in the order of $0.65m per year. However, these costs are unlikely to occur in the early years of the change. Rather, as students become more independent in their travel to and from school, there is likely to be an increased demand for provision of bus transport. In the college years, it is likely that this demand would lessen as students make private travel arrangements.

**6.3.4. Impact of the options**

In any of the options that move from 5 years of age, there will be costs, benefits, risks and opportunities for the Tasmanian government school sector. The overall level of change would be greatest should the option of 4 years and 5 months be introduced as a common minimum school starting age. The level of change would be less for 4 years and 6 months or the range option of 4 years and 5 months to 4 years and 6 months. The level of change would be least for the 4 years and 8 months option and the associated range option.

In terms of costs associated with any change from 5 years of age, both initial and medium term costs would be borne by the Tasmanian and Australian Governments in providing for.

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91 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

92 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
an increase in the size of the introductory cohort. These would include costs associated with staffing, infrastructure, administration and related costs in areas such as student transport. Kindergarten costs would occur at the outset, from 2009, but would be one-off. School sector costs would occur from 2010 and for each year as the larger cohort enters and progresses through schooling and into the tertiary sector.

The principal risks identified by the Tasmanian government school sector related to the financial impact of an increased cohort size. The most salient element of this risk was the concern related to the provision of funds to cover costs prior to and during the initial year of any change. The sector identified costs that would fall on the Tasmanian Government for both kindergarten and school provision, without commensurate savings in the prior-to-school sector. The increased demand on educational services generated by the additional students in the introductory cohort in kindergarten and thence in school could impact on the capacity of the sector to deliver quality services.

Risks were identified by the Tasmanian government school sector in relation to the exacerbation of potential teacher shortages, especially as the cohort moved into secondary schooling. Of particular concern were shortages in areas of teaching such as mathematics, the sciences and technology. Teacher shortages were also identified in relation to the younger group of children likely to be in prior-to-school services if a younger minimum school starting age were introduced. Potential implications were identified for teacher training, with a need for planning to ensure that the number of available teachers would be sufficient to meet the increased demand.

Of note was the issue that the child-teacher ratio in kindergarten was much lower than it was in Prep, with a greater availability of teacher aides. This was seen to be of significance, especially for younger children and children with learning difficulties and disabilities. It was also felt that further teacher training would be needed to assist teachers in the development of pedagogies appropriate for a younger cohort of children. Aspects of the training already been incorporated within the Essential Learning Framework would provide a basis for this further work.

Risks were also identified around the possibility of some members of the parent community reacting negatively to a younger minimum school starting age. These parents could view the current arrangements as providing an appropriate age at which children should commence school. In this case, they are likely to view any change to a younger school starting age as commencing formal schooling too early. However, it is likely that these concerns would be lessened should the compulsory age remain at 5 years of age, or even be extended to 6 years of age to provide further choice and align with most other jurisdictions.

Another area of risk concerned the age profile of students as they entered the senior years of schooling and then proceeded into further education, training or employment. Issues of maturity were raised in relation to the expectations placed on students by the organisation and curriculum of senior secondary colleges. It was felt that some younger students may find the unique culture of senior secondary education a difficult transition to make. Issues in this regard could be exacerbated by the recent adoption of 17 years as the compulsory participation age, with, under a younger school commencement, half of the cohort turning 17 years of age in Year 12. Moreover, maturity issues could also be associated with a younger cohort in terms of workforce requirements, including, for Tasmania, the possibility of having to live independently.

Risks were also identified in relation to community perceptions. In particular, there was a risk that the community may perceive a further change to school starting age as an
unnecessary intrusion into arrangements that they both understand and see as working well. However, if a change to a younger minimum school starting age were to be agreed upon, national commonality may be a factor that many in the wider community would identify as potentially beneficial for many students.

Further risks were identified in relation to facilities. Not only would the increase in the size of the introductory cohort place pressure on school facilities, but the impact of the pressure would be likely to change over time. For example, the facilities required for kindergarten and primary children in the early years are different from those that would be needed for those students when they reach secondary school. Furthermore, the observation was made that any significant increase in the size of the introductory cohort would have an eventual impact on senior secondary colleges. There is already a projected increased level of pressure on facilities in most colleges and a change to a younger minimum school starting age would exacerbate this pressure.

Particular risks were identified in relation to the kindergarten and child care sector, both in the year before the introduction of a younger minimum school starting age and thereafter. For kindergarten, the need to find additional one-off places would be significant. One approach could be to reorganise the sessional arrangements so that occupancy of space over the course of a week was maximised. For child care, impacts could be seen in the need to create space in the year before implementation of a younger minimum school starting age in order to provide complementary care for those children who would be able to enter kindergarten one year earlier.

Furthermore, if the child care sector were to turn to younger children to make up the demand shortfall as many children moved to school a year earlier, there may be a need for a significant level of facility renovation in order to meet compliance requirements for younger children.

Some child care centres may see an opportunity to become registered as kindergartens to maintain their presence in the market for older prior-to-school children. The risk in all of this is that there could be pressure to reduce child care standards for licensing purposes.

In terms of benefits, these would accrue to the sector to an extent commensurate with its relative size and budget. Young people would benefit economically from earlier entry to the workforce. Benefits would also accrue to parents as costs shift for them from the prior-to-school sector. It is likely that some places would be freed-up in the high demand child care sector, perhaps allowing parents of younger children to access child care services.

The principal opportunities in the options identified by the government school sector were those that would arise from national commonality. There would be opportunities to achieve a greater level of comparability in relation to student performance data across all states and territories. Schools may find it easier to understand data about students who have transferred across state and territory borders because more students of similar age would be in the same year. Movement between states would be facilitated.

6.3.5. Nomenclature

In relation to the nomenclature of the early years of schooling, the current situation is that the year before Year 1 is called Prep. The year prior to Prep is generally called kindergarten, although terms such as pre-school and early learning centres are also used.

No significant costs to the government school sector were identified as likely to arise from a change in nomenclature for either Prep or kindergarten. Cost areas identified included
changes in signage, databases and the titles of curriculum documents. The cost implications associated with any change were seen as capable of being contained and managed.

Opportunities and benefits in relation to a common nomenclature were identified by the Tasmanian government school sector. These primarily related to the potential positive impacts arising from all states and territories having a common nomenclature for the early years of schooling. Common nomenclature was perceived as highly desirable to assist sector officers and stakeholders participating in national meetings, obviating the need for continual clarification and assisting comparability. Support was expressed for a nomenclature that would affirm continuity of schooling, with a suggestion made that Prep could become Year 1 in recognition of its universality and continuity with the rest of schooling.

Common nomenclature was seen as likely to greatly assist families as they moved across state and territory borders. Data about students transferred between states and territories could be more readily and accurately interpreted with a common nomenclature. Common nomenclature was also seen as likely to facilitate the capacity of schools in the government school sector to make ‘good decisions’ about the year level placement of students transferring from another state or territory.

6.3.6. Conclusion

For the Tasmanian government school sector, adoption of any of the options would mean an additional enrolment of children in the first year of implementation. These additional children would be younger and they would be able to enter school one full year earlier. All subsequent cohorts would have a younger age profile.

The costs of this additional cohort as it moves through the years of schooling are the major costs involved in the options. The following costs are drawn from the national model using average costs but both 3.98 per cent per month delay (as applied in the national figures in this Report) and a zero delay factor. In each case, the figure from the national model with 3.98 per cent per month delay is presented first.

For the 4 years and 5 months option, the overall costs to the government school sector could be between $110m and $226m, with a figure in the order of $10m to $20m to be expended prior to or by the end of the first year. For the 4 years and 6 months option and the associated range option, the overall costs to the government school sector could be from $102m to $194m, with a figure in the order of from $9m to $17m to be expended prior to or by the end of the first year. For the 4 years and 8 months option and the associated range option, the overall costs to the government school sector could be from $78m to $129m, with a figure in the order of from $7m to $12m to be expended prior to or by the end of the first year.

The major risk in moving to a younger minimum school starting age relates to the funding required to staff and accommodate any increase in the size of the introductory cohort. This would include the funding and provision for an additional kindergarten intake in the year before the introduction of a common minimum school starting age. Furthermore, any change to a younger school starting age was identified by the sector as possibly involving risks arising from negative perceptions within the community about the necessity of the change.

On the other hand, the sector recognised that a younger school starting age may enable the earlier identification of learning difficulties and the implementation of intervention programmes. The sector identified benefits that could arise from national commonality so
that the transfer of students across state and territory borders could be more readily facilitated.

In terms of nomenclature, no significant costs were identified. The sector expressed a significant level of support for national commonality of nomenclature around the early years of schooling.
6.4 Tasmanian Catholic School Sector

6.4.1 Current situation

Children are able to enter Tasmanian Catholic schools at the commencement of the year after which they turn 5 years of age. Prep is universal and is compulsory in the year after a child turns 5 years of age.

Universal, non-compulsory sessional kindergarten is provided for 4 year old children in all Catholic primary schools, a condition of their registration. This is fully supported by State Government grants provided at the rate of 0.5 of primary school grants. Some of these kindergarten services operate with two half day sessions in a day, while others have only one morning session.

There are 37 schools in the Catholic school sector, 31 of which have a Prep class. Numbers of students entering Catholic primary schools are increasing. The number of streams (class groupings) in Catholic schools is capped by the Catholic Education Commission. To ensure viability, most Catholic schools are currently operating at capacity and have waiting lists. Some Catholic schools are located on restricted sites where it may be difficult to locate additional demountable accommodation.

Currently, based on Australian Bureau of Statistics 2003 data, the Catholic school sector enrols 14 per cent of primary students and 17 per cent of secondary students in Tasmania. Overall, the sector’s share of total enrolments is 16 per cent.

All modelling for the Catholic school sector shown below is on the basis of the nationally comparable model. The model incorporates a 3.98 per cent per month delay factor on the assumption that a similar number of parents in Tasmania will choose to delay the entry of their younger children to school in a pattern commensurate with most mainland states. Should the delay be less than modelled, both affected cohort figures and costs would increase. With no delay, costs could be double those modelled.

6.4.2 Implications of the options

The Tasmanian Catholic school sector would be affected by each of the options for a common minimum school starting age.

The following Table 6.p shows the Tasmanian Catholic sector projections for the increase in the size of the introductory cohort against the change options. It also shows projections based on the nationally comparable model. Both projections assume that all students in the cohort who would normally apply for enrolment in Catholic schools are enrolled.

Given the restrictions on the capacity of the sector to enrol the additional students, the following discussion is based on what may be nominal figures. Without additional infrastructure, it is likely that any impact on the Catholic school sector would be substantially less than indicated and the impact on the government sector would be greater by a commensurate amount. However, the Catholic school sector indicated that, subject to the provision of funding, it would be willing to add infrastructure to accommodate its current proportionate share of the increased introductory cohort.
### Table 6.1 Comparison of projected changes in cohort size for the Catholic school sector based on nationally comparable and local information

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months (and the 4 years and 5 months to 4 years and 6 months option)</th>
<th>4 years and 8 months (and the 4 years and 5 months to 4 years and 8 months option)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasmanian estimate of increase in the cohort size(^3)</td>
<td>449</td>
<td>385</td>
<td>256</td>
</tr>
<tr>
<td>Nationally comparable model of increase in the cohort size.</td>
<td>223</td>
<td>208</td>
<td>160</td>
</tr>
</tbody>
</table>

The nationally comparable cost/benefit analysis model indicates that the size of the introductory cohort in 2010 would nominally increase by 223 for the option of having the minimum school starting age set at 4 years and 5 months at January 1 of the year of enrolment. The increase in the introductory cohort size for the option of 4 years and 6 months option and the associated range option could be 208, and 160 for the 4 years and 8 months option and the associated range option.

However, initial projections for the Catholic school sector provided by the government school sector indicate that the size of the introductory cohort in 2010 would nominally increase by 449 for the option of having the minimum school starting age set at 4 years and 5 months at January 1 of the year of enrolment. The increase in the introductory cohort size for the option of 4 years and 6 months option and the associated range option could be 385, and 256 for the 4 years and 8 months option and the associated range option.

The difference between the figures represents the element of ‘delay’ built-in to the nationally comparable model. The ‘delay’ factors in the model are 51 per cent for the 4 years and 5 months option, 48 per cent for the 4 years and 6 months option and 40 per cent for the 4 years and 8 months option. These are based on national data. As mentioned previously, there are no direct Tasmanian data on this feature because the minimum school starting age and the compulsory age currently coincide. Earlier data only incorporate enrolment of children who have turned 5 years of age. It can be assumed, however, that delay would occur if the nexus were to be broken and younger children were offered a place in school.

Whichever figure is accepted, as mentioned above, it is likely that, without additional infrastructure, the Catholic school sector would be unable to support a temporary increase in the size of one cohort in particular locations. The figures indicate that the number of children affected by the options would be between 6 to 8 children per school for the 4 years and 8 months option and 11 to 14 children per school for the 4 years and 5 months option. External funding would be needed to provide the infrastructure for these children.

It is sector policy to enrol all Catholic students who seek a place if accommodation is available. However, the pressure on infrastructure in particular locations caused by an increased cohort size will likely mean that some students seeking enrolment would be

\(^3\) On the assumption that the full share of the additional students in the introductory cohort is enrolled in Catholic schools
directed to another school. Depending on location and accessibility, this would most likely be a school in the government sector.

This lack of capacity to enrol students who would normally seek a place in Catholic schools could represent a substantial relative loss of income through State and Australian Government recurrent grants and fees from parents. The relative loss would occur for all options but would be greatest for the 4 years and 5 months option and least for the 4 years and 8 months option and the associated range option. The relative loss from the Catholic sector, in many instances, would be over the full 13 years of schooling and, should it occur, would represent a substantial loss of ‘market share’ to the government school sector.

Should additional infrastructure funding become available, the Catholic school sector would still be faced with difficulties. The probable spread of students across Catholic schools would make it unviable to build infrastructure in all locations. One possible solution could be to build infrastructure on a small number of school sites and bus children to those schools as needed. However, this would only be a possibility in Hobart and Launceston and would not enable the sector to absorb the increased number of students in other parts of the State.

Despite the issue of capacity at the individual school level, for nationally comparable purposes the cost modelling below assumes that the increased cohort proportions would be taken in by the sector. The sector signalled a willingness to address infrastructure issues should funding be available to do so.

### 6.4.3 Cost/benefit modelling

The cost/benefit analysis modelled in the introduction and shown in Table 6.b was based on nationally comparable assumptions. This modelling showed the costs to the Tasmanian schooling sector as a whole. In Table 6.q below, the cost implications related to the Tasmanian Catholic school sector are modelled. The model uses nationally comparable cohort and cost data.

#### Table 6.q Costs over the 13 years of schooling for the Tasmanian Catholic school sector, based on the nationally comparable cost/benefit analysis model, with 3.98 per cent per month delay

<table>
<thead>
<tr>
<th></th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>-$8</td>
<td>-$7</td>
<td>-$6</td>
<td>-$7</td>
<td>-$6</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$8</td>
<td>-$8</td>
<td>-$6</td>
<td>-$8</td>
<td>-$6</td>
</tr>
<tr>
<td>Totals</td>
<td>-$16</td>
<td>-$15</td>
<td>-$12</td>
<td>-$15</td>
<td>-$12</td>
</tr>
</tbody>
</table>

Under the 4 years and 5 months option, the model shows the cost to the Tasmanian Catholic school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $16m. Under the 4 years and 6 months option and the related range option, the model shows the cost to the Tasmanian Catholic school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $15m. Under the 4 years and 8 months option and the related range option, the model shows the cost to the Tasmanian Catholic school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $12m.

If a zero delay were factored into the model, the increased size of the introductory cohort would be similar to the figures provided by the Department for the Catholic school sector. The Costs would be approximately double those shown in Table 6.q.
Table 6.r  Sources of funding in the Tasmanian Catholic school sector by option over the 13 years of schooling
Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th>4.5 Option</th>
<th>4.6 Option</th>
<th>4.8 Option</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>13 year primary and secondary costs based on the nationally comparable model</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall costs</td>
<td>AG</td>
<td>State</td>
</tr>
<tr>
<td>Primary</td>
<td>-$7.8</td>
<td>-$4.6</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$8.3</td>
<td>-$5.3</td>
</tr>
<tr>
<td><strong>First year costs based on the nationally comparable model</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catholic sector</td>
<td>-$1.2</td>
<td>-$0.7</td>
</tr>
<tr>
<td><strong>13 year costs based on the nationally comparable model</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catholic sector</td>
<td>-$16.0</td>
<td>-$9.9</td>
</tr>
</tbody>
</table>

Table 6.r above shows the cost shares of the Australian Government, the Tasmanian State Government and parents in funding the additional Catholic sector students in the introductory cohort for the change options. The assumption in Table 6.r is that the sector would enrol its ‘normal’ share of the additional students. This may be subject to infrastructure provision. Should the sector be unable to enrol children who would otherwise have enrolled in Catholic schools, all figures would decrease to a commensurate level.

In terms of Australian Government grants, for the 4 years and 5 months option, the Catholic school sector could receive in the order of an additional $0.7m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $9.9m from Australian Government grants.

If the Catholic school sector were to enrol its share of additional students in the introductory cohort, for the 4 years and 6 months option and the related range option, the sector could receive an additional amount in the order of $0.7m in the introductory year from Australian Government grants. Over the 13 years of schooling, the additional amount could be in the order of $9.2m.

For the 4 years and 8 months option and the related range option, the Catholic school sector could receive in the order of an additional $0.5m in the introductory year from Australian Government grants. Over the 13 years of schooling, the additional amount could be in the order of $7.1m from Australian Government grants.

In terms of State funding, if the Catholic school sector were to enrol its normal share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $0.3m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $3.8m.

For the 4 years and 6 months option and the related range option, the Catholic school sector could receive in the order of an additional $0.2m in the introductory year from State funding. Over the 13 years of schooling, the additional amount could be in the order of $3.5m from State funding.

For the 4 years and 8 months option and the related range option, the Catholic school sector could receive in the order of an additional $0.2m in the introductory year from State funding.
funding. Over the 13 years of schooling, the additional amount could be in the order of $2.7m from State funding.

In terms of private recurrent income, for the 4 years and 5 months option, the Catholic school sector could receive in the order of an additional $0.2m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $2.4m from private recurrent income.

If the Catholic school sector were to enrol its share of additional students in the introductory cohort, for the 4 years and 6 months option and the related range option, the sector could receive an additional amount in the order of $0.2m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $2.2m.

For the 4 years and 8 months option and the related range option, the Catholic school sector could receive an additional amount in the order of $0.2m from private recurrent income in each year. Over the 13 years of schooling, the additional amount could be in the order of $1.7m from private recurrent income.

On the basis of a sector estimate of $110k per demountable general learning space and associated infrastructure, with an average class size of 30 as is generally required for viability and an average of between 4 and 7 additional students per school, it is possible to calculate potential capital costs. These would be approximately $1m for the 4 years and 5 months option, $0.8m for the 4 years and 6 months option and the related range option, and $0.5m for the 4 years and 6 months option and the related range option.

Funding for these capital costs has not been factored into the model. While the sector indicates a willingness to provide infrastructure, it could only do so if funding from an external source were to become available.

These are average figures and do not take account of the actual schools in which the students would seek enrolment. Nor do the figures take account of the capacity of any schools to accept enrolments without the need for additional infrastructure. However, considering the average number of additional students per school, they provide an indication of the scope and extent of infrastructure demand arising from any of the options.

It should be noted that, while the benefits accrue over the 13 years of schooling, the costs would be largely up-front. However, should the sector schools be unable to enrol any of the additional cohort, the proportion of additional income lost would be income foregone to the sector and would represent a proportionate loss of value for the sector[^94].

### 6.4.4 Impact of the options

In any of the options that move from 5 years of age, there will be costs, benefits, risks and opportunities for the Tasmanian Catholic school sector. The overall level of change would be greatest should the option of 4 years and 5 months be introduced as a common school starting age. The level of change would be less for the 4 years and 6 months option or the range option of 4 years and 5 months to 4 years and 6 months. The level of change would be least for the 4 years and 8 months option or the range option of 4 years and 5 months to 4 years and 8 months.

Without infrastructure expenditure, these impacts, however, would be unlikely to occur in the Tasmanian Catholic school sector. It is probable that any increase in the size of the

[^94]: One caveat needs to be noted here. Many of the Catholic school sites are restricted in size and may not be suitable for expansion in classrooms.
2009 kindergarten cohort or the 2010 Prep year cohort resulting from a younger minimum
school starting age would have to be managed by the Catholic school sector in a way to
contain impact.

Where the additional students could be absorbed into sector schools without affecting
staffing or infrastructure, it is likely that places would be made available. Where this was
not possible, it is likely that families seeking enrolment for their children would be directed
to schools in the other sectors, most probably the government school sector.

This loss of ‘natural’ enrolments would most likely be permanent, extending in many
instances to the enrolment of younger siblings. As pointed out above, the lack of capacity
of the sector to enrol the full increase in the size of the cohort would represent a
significant loss of future income from both government grants and private sources. To
alleviate this loss, the Catholic school sector drew attention to the need for external
infrastructure funding to support its share of the additional students in the introductory
cohort.

The Catholic school sector identified a number of risks associated with a younger
minimum school starting age. Prime among these was the unfunded nature of the
infrastructure requirements necessary to absorb the additional cohort. Without additional
infrastructure, there is a risk that the Catholic school sector would lose a significant
proportion of students who otherwise would have enrolled in Catholic schools. In the
future, some of these students may be enrolled by Catholic secondary schools, again on the
proviso that they had capacity. However, there would be a permanent loss of income over
the 7 years of primary schooling, with likely flow-on into the secondary years. This
potential loss of sector share and income was seen as a major issue by the sector.

Educational risks included the need to adjust pedagogy in the Prep year to better support
the entry of younger children. There was a perceived risk that some teachers may continue
to employ pedagogies that did not extend sufficiently to respond to the learning needs of
younger children. In relation to this there was a risk that transitional funding would not be
available to address teacher professional learning needs. There was also a risk that the
learning outcome requirements for younger children would not be adjusted appropriately.

With the need to keep class sizes around 30 for school viability purposes, the Catholic
sector tends to employ a large number of teacher aides in the early years of schooling. Any
increase in the size of the introductory cohort, and with subsequent younger cohorts,
would be likely to create demand for more teacher aide support. Funding the additional
support would probably impact on school budgets, both in the introductory year and over
following years.

Risks were also perceived in relation to the increased number of students with disabilities
in the introductory cohort, and in each subsequent cohort because of its younger overall
age. The education of these children could be at risk if adequate resources were not
provided. Moreover, given the demands involved in teaching younger children in already
large classes, it was felt that the risk of not identifying any learning or developmental
difficulties might increase.

The sector has few multi-age classes and expressed the view that Catholic parents in the
State are not supportive of multi-ageing as a basis for forming classes. There could be a
risk in terms of community reaction in those instances where schools attempted to
accommodate the increased number of students by having multi-age classes.

One important educational risk was identified in relation to the link between a younger
minimum school starting age and the compulsory age of schooling. Should any of the
options be adopted, it is possible that some parents would decide not to enrol their children in kindergarten but to delay their entry until Prep. The affected children would thus lose the benefits that accrue from engagement in well organised play-based learning in preparation for later formal schooling.

On the other hand, should the compulsory age be raised to conform to other Australian jurisdictions, parents would still be able to enrol their children in kindergarten prior to Prep. If the compulsory age were raised to say 6 years, parents would have an opportunity for delay not available to them under a compulsory age of 5 years.

One of the identified educational risks related to the view that some children, especially boys, needed to be older when they first encountered formal education. The risk was also noted that teachers might find it harder to cope with the broader age range in their classes arising from a younger minimum school starting age if parents were able to delay entry. The risks associated with the availability of funding to provide appropriate pre-service and in-service training in support of teachers in this area were highlighted.

Nevertheless, opportunities arising from a common minimum school starting age were identified by the Catholic school sector. In particular, a younger minimum school starting age was perceived as providing greater opportunities for teachers to make earlier identification of students with learning difficulties. Another potential benefit was seen in the possibility that a move to a younger minimum school starting age may lead to increased focus on issues in early childhood education.

The Catholic school sector also identified opportunities for families. These included reducing the cost burden of child care and increasing opportunities for earlier full time or part time workforce re-entry for parents. For some parents, these opportunities could arise in 2009 should the kindergarten entry age be reduced in that year. Benefits were perceived in relation to the increased disposable family income that affected parents may be able to access. Re-entry to the workforce was also explicitly linked to the benefits that would arise to the State as a whole from increases in productivity.

Benefits associated with national consistency in minimum school starting age featured prominently in sector responses. It was also felt that families would benefit from easier movement between states. The opportunity to develop more reliable comparable data on a national basis was seen as a potentially significant benefit.

6.4.5 Nomenclature

Benefits in relation to a common nomenclature across the nation were identified by the Tasmanian Catholic school sector. Few costs were specifically identified, with none requiring other than internal management, provided sufficient lead time was given.

The main benefit identified related to making the transfer of students from one state or territory to another easier for the student, the family and the school. A common nomenclature for the early years of schooling was perceived as likely to assist the exchange of data about students as they moved between schools in different states and territories.

6.4.6 Conclusion

Any conclusions about the impact of a younger minimum school starting age on the Tasmanian Catholic school sector needs to take account of the current limitations in the capacity of schools in the sector to enrol additional students. The view of the Tasmanian Catholic Education Commission is that the enrolment capacity of individual schools will be the most important criterion in determining the overall sectoral response to a younger minimum school starting age.
Without additional infrastructure, many Catholic schools would have only marginal capacity to enrol additional students in 2010. Therefore, it is likely that a significant proportion of the sector’s normal share of the additional enrolment would seek places in the government school sector. Should this occur, by implication there would be a significant loss of potential revenue to the Catholic school sector in the introductory year and in the years thereafter.

This situation was seen as untenable for the sector, with the express call for external support to provide the infrastructure necessary to enrol and provide for the sector’s share of the increased size of the introductory cohort.

In terms of a possible change in nomenclature, few costs were identified by the Catholic school sector. However, the concept of a nationally common nomenclature around the early years of schooling was one that the sector endorsed.
6.5 Tasmanian Independent School Sector

6.5.1 Current situation

Children are able to enter Tasmanian independent schools at the commencement of the year after they turn 5 years of age. Current arrangements make Prep the first year of formal schooling although independent schools offer prior-to-school provision in the form of kindergarten or early learning centres. Given that 5 years of age is the compulsory age of schooling in Tasmania, the minimum school starting age in the independent school sector aligns with the compulsory age.

The sector has 29 schools plus 5 that are members of the Christian Schools Association. Apart from this Association, all schools make independent decisions about their policies and operations. However, State Government requirements mean that all sectors work in parallel in areas such as minimum school starting age, exemptions and prior-to-school provision.

The State Government funds kindergarten places in the independent sector. Demand for prior-to-school provision is increasing, with many schools offering subsidised child care places. In the school sector, many independent schools have waiting lists. Some independent schools have limited capacity to enrol additional students because of their location on restricted sites.

Currently, based on Australian Bureau of Statistics 2003 data, the independent school sector enrolls 8 per cent of primary students and 13 per cent of secondary students in Tasmania. Overall, the sector’s share of total enrolments is 10 per cent.

All modelling for the independent school sector shown below is on the basis of the nationally comparable model. The model incorporates a 3.98 per cent per month delay factor on the assumption that a similar number of parents in Tasmania will choose to delay the entry of their younger children to school in a pattern commensurate with most mainland states. Should the delay be less than modelled, both affected cohort figures and costs would increase.

6.5.2 Implications of the options

All options for a common minimum school starting age would potentially impact on the independent school sector in Tasmania. Table 6.5 shows the projections for the increase in the size of the introductory cohort against the change options, based on the nationally comparable model. These projections are based on the assumptions that these students would be enrolled in an independent school. They include an estimate that current growth in the sector will be maintained.
Table 6.s Estimated increase in the cohort size for the independent sector

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months (and the 4 years and 5 months to 4 years and 6 months range option)</th>
<th>4 years and 8 months (and the 4 years and 5 months to 4 years and 8 months range option)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasmanian estimate of increase in the cohort size</td>
<td>280</td>
<td>240</td>
<td>160</td>
</tr>
<tr>
<td>Nationally comparable model of increase in the cohort size</td>
<td>126</td>
<td>117</td>
<td>90</td>
</tr>
</tbody>
</table>

The nationally comparable cost/benefit analysis model indicates that the size of the introductory cohort in 2010 would nominally increase by 126 for the option of having the minimum school starting age set at 4 years and 5 months at January 1 of the year of enrolment. The increase in the introductory cohort size for the option of 4 years and 6 months option and the associated range option could be 117, and 90 for the 4 years and 8 months option and the associated range option.

However, initial projections for the independent sector provided by the government school sector indicate that the size of the introductory cohort in 2010 would nominally increase by 280 for the option of having the minimum school starting age set at 4 years and 5 months at January 1 of the year of enrolment. The increase in the introductory cohort size for the option of 4 years and 6 months option and the associated range option could be 240, and 160 for the 4 years and 8 months option and the associated range option.

The differences between the figures represent the element of ‘delay’ built-in to the nationally comparable model. The ‘delay’ factors in the model are 51 per cent for the 4 years and 5 months option, 48 per cent for the 4 years and 6 months option and 40 per cent for the 4 years and 8 months option. These are based on national data. As mentioned previously, there are no direct Tasmanian data on this feature because the minimum school starting age and the compulsory age currently coincide. It can be assumed, however, that delay would occur if the nexus were to be broken.

Whichever figure is accepted, as mentioned above, it is unlikely that the independent school sector would be able to fund additional infrastructure for a temporary increase in the size in one cohort in particular locations. The figures indicate that the number of children affected by the options would be between 2 children per school for the 4 years and 8 months option and 4 children per school for the 4 years and 5 months option.

Depending on the current capacity of each individual school, the impact of the options may vary. With each of the options, there is, in theory, likely to be a larger eligible cohort in the first year of introduction of the change. The extent to which individual schools will adjust enrolment policies in kindergarten in 2009 and in Prep in 2010 in response to the increase in eligible children seeking enrolment will depend, largely, on local decisions around their capacity.

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95 On the assumption that the full share of the additional students in the introductory cohort is enrolled in Catholic schools
However, there are no centrally held data that would show the likely impact at the individual school level. In any event, schools with a seemingly similar capacity may respond differently to an increased cohort. Some may decide not to enrol the children while others may decide to make the necessary staffing and infrastructure adjustments to make places available.

It is possible that small schools in the sector operating multi-age classes may be able to accept additional enrolments, depending on existing class sizes. Similarly, schools with one or more Prep classes may be able to accept additional numbers, depending on available spaces. For these schools there would be an increase in revenue through grants and fees without significant additional costs.

Some larger, multiple-stream schools may consider an additional stream in response to increased demand arising from a younger school starting age. However, they would be cognizant of the fact that the enrolment increase would only be temporary. Moreover, schools with restricted sites and limited capacity to accommodate additional classrooms or those that felt they had reached their optimal size would be unlikely to consider the addition of a stream.

Should a younger minimum school starting age be agreed upon, but the current compulsory age of schooling at 5 years be maintained, there may be a considerable dilemma for some parents in the independent school sector. If they delay entry of their children by skipping kindergarten, they may forgo the opportunity to take up a secured preferential place in the school’s Prep year. On the other hand, should the compulsory age be raised to align with other jurisdictions, parents would have the option of delaying entry and enrolling their children in kindergarten a year later. In this way, they could ensure a place for their children in Prep and have the perceived benefits of a delayed start to formal schooling.

The limitations that exist within the sector on enrolling an increased number of students in kindergarten in 2009 and in Prep in 2010 may mean a number of students will likely seek enrolment in government sector kindergartens and schools. As a consequence, demand for places in government kindergartens and schools could be higher than anticipated on the basis of current share. As the independent school sector share of total Prep enrolments is approximately 7 per cent, the additional students seeking enrolment in the government sector could potentially be increased by up to this magnitude.

### 6.5.3 Cost/benefit modelling

Cohort size and cost per student calculations based on nationally agreed data sets and nationally comparable assumptions have been built into the cost/benefit analysis model. Table 6.8 is based on the cohort size in the nationally comparable model. Delay factors have been incorporated as discussed above.

**Table 6.8 Costs over the 13 years of schooling for the Tasmanian independent sector, based on the nationally comparable cost/benefit analysis model**

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Primary</td>
<td>-$6</td>
<td>-$5</td>
<td>-$4</td>
<td>-$5</td>
<td>-$4</td>
</tr>
<tr>
<td>Independent Secondary</td>
<td>-$8</td>
<td>-$7</td>
<td>-$5</td>
<td>-$7</td>
<td>-$5</td>
</tr>
<tr>
<td>Totals</td>
<td>-$14</td>
<td>$12</td>
<td>-$9</td>
<td>-$12</td>
<td>-$9</td>
</tr>
</tbody>
</table>

The calculations above are based on the recurrent annual cost estimates per student provided by the State Government to the Australian Government Department of
Education, Science and Training. The assumption is that all eligible students who would normally enrol in independent schools will be enrolled.

Any capacity issues that lower the proportional intake from the potential increase in the cohort would lower the figures in Table 6.s. There may also be impacts arising from instances where individual schools may decide to maintain an overall smaller school population even though not all capacity would be fully utilised. There are no data, however, to indicate the possible extent of this response at the individual school level and, therefore, across the sector.

Under the 4 years and 5 months option, the model shows the cost to the Tasmanian independent school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $14m. Under the 4 years and 6 months option and the related range option, the model shows the cost to the Tasmanian independent school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $12m. Under the 4 years and 8 months option and the related range option, the model shows the cost to the Tasmanian independent school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $9m.

If a zero delay were factored into the model, the increased size of the introductory cohort would be similar to the Departmentally provided figures for the independent sector. The Costs would be approximately double those shown in Table 6.s.

Table 6.t Sources of funding in the Tasmanian independent school sector by option over the 13 years of schooling

<table>
<thead>
<tr>
<th></th>
<th>4.5 Option</th>
<th>4.6 Option</th>
<th>4.8 Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 year primary and secondary costs based on the nationally comparable model</td>
<td>Overall costs</td>
<td>Overall costs</td>
<td>Overall costs</td>
</tr>
<tr>
<td>AG</td>
<td>State</td>
<td>Private</td>
<td>AG</td>
</tr>
<tr>
<td>Primary</td>
<td>-$5.6</td>
<td>-$1.5</td>
<td>-$0.7</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$7.6</td>
<td>-$3.3</td>
<td>-$1.7</td>
</tr>
<tr>
<td>First year costs based on the nationally comparable model</td>
<td>AG</td>
<td>State</td>
<td>Private</td>
</tr>
<tr>
<td>Independent sector</td>
<td>-$0.9</td>
<td>-$0.2</td>
<td>-$0.1</td>
</tr>
<tr>
<td>13 year costs based on the nationally comparable model</td>
<td>AG</td>
<td>State</td>
<td>Private</td>
</tr>
<tr>
<td>Independent sector</td>
<td>-$13.2</td>
<td>-$4.8</td>
<td>-$2.4</td>
</tr>
</tbody>
</table>

Table 6.t above shows the cost shares of the Australian Government, the Tasmanian State Government and parents in funding the additional independent school sector students in the introductory cohort for the change options. The assumption in Table 6.t is that the sector would enrol its ‘normal’ share of the additional students. Should the sector be unable to enrol children who would otherwise have enrolled in independent schools, all figures would decrease to a commensurate level.

In terms of Australian Government grants, for the 4 years and 5 months option, the independent school sector could receive in the order of an additional $0.2m in the

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96 Data provided by the Australian Government Department of Education, Science and Training from NSSC information.
introductory year. Over the 13 years of schooling, the additional amount could be in the order of $4.8m from Australian Government grants.

If the independent school sector were to enrol its share of additional students in the introductory cohort, for the 4 years and 6 months option and the related range option, the sector could receive an additional amount in the order of $0.2m in the introductory year from Australian Government grants. Over the 13 years of schooling, the additional amount could be in the order of $4.5m.

For the 4 years and 8 months option, the independent school sector could receive an additional amount in the order of $0.2m in the introductory year from Australian Government grants. Over the 13 years of schooling, the additional amount could be in the order of $3.5m from Australian Government grants.

In terms of State funding, if the independent school sector were to enrol its normal share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $0.1m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $2.4m.

For the 4 years and 6 months option and the related range option, the independent school sector could receive an additional amount in the order of $0.1m in the introductory year from State funding. Over the 13 years of schooling, the additional amount could be in the order of $2.2m from State funding.

For the 4 years and 8 months option, the independent school sector could receive an additional amount in the order of $0.1m in the introductory year from State funding. Over the 13 years of schooling, the additional amount could be in the order of $1.7m from State funding.

In terms of private recurrent income, for the 4 years and 5 months option, the independent school sector could receive an additional amount in the order of $0.5m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $6.0m from private recurrent income.

If the independent school sector were to enrol its share of additional students in the introductory cohort, for the 4 years and 6 months option and the related range option, the sector could receive an additional amount in the order of $0.5m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $5.6m.

For the 4 years and 8 months option, the independent school sector could receive an additional amount in the order of $0.4m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $54.3m from private recurrent income.

On the basis of a sector estimate of $200k per general learning space and associated infrastructure, with an average class size of 25 and an average additional enrolment of 5 students per school, the capital costs could be calculated. These would be approximately $1m for the 4 years and 5 months option. For the 4 years and 6 months option and the related range option, the figure would be in the order of $0.8m. For the 4 years and 8 months option and the related range option, the figure would be in the order of $0.6m.

These are average figures and do not take account of the actual schools in which the students would seek enrolment. Nor do they take account of the capacity of any schools to accept enrolments without the need for additional infrastructure. However, considering the
average number of additional students per school, they provide an indication of the scope and extent of infrastructure demand arising from any of the options.

It should be noted that, while the benefits accrue over the 13 years of schooling, the costs would be largely up-front. However, should the sector schools decide not to enrol any of the additional cohort, the proportion of additional income lost would be income foregone to the sector and would represent a proportionate loss of value of the sector\(^7\).

### 6.5.4 Impact of the options

In any of the options that move from 5 years of age, there will be costs, benefits, risks and opportunities for the Tasmanian independent school sector. The overall level of change would be greatest should the option of 4 years and 5 months be introduced as a common school starting age. The level of change would be less for 4 years and 6 months or the range option of 4 years and 5 months to 4 years and 6 months. The level of change would be least for 4 years and 8 months or the range option of 4 years and 5 months to 4 years and 8 months.

Without infrastructure expenditure, these impacts, however, are unlikely to occur in the Tasmanian independent school sector. It is probable that any increase in the size of the 2009 kindergarten cohort and the 2010 Prep cohort resulting from a younger minimum school starting age would be managed differentially at the individual school level.

Some schools may regard the additional students as a part of the normal projected growth and could accommodate them within current planning. Some schools may decide to accept the additional enrolments and take the view that the additional income over the long term would cover the costs.

Other schools may take the view that they do not wish to make investments in infrastructure or staffing that would be temporary. Accordingly, these schools may decide to not make places available. Still others may take the view that they do not wish to increase class sizes or create an additional stream that would lead to a larger school population. These schools would be unlikely to enrol the additional students. Where students are not able to secure places in independent schools, it is likely that families seeking enrolment for their children would be directed to schools in the other sectors, most probably the government school sector.

The independent school sector identified one of the major risks arising from an increased cohort as the funding demands generated by infrastructure requirements. Without additional infrastructure, there would be a risk that the independent school sector would lose a significant proportion of students who would otherwise have enrolled in independent schools. There could be instances where independent schools may see a loss of potential income over the 7 years of primary schooling. It is possible that this loss of potential income could also affect secondary schools where they were unable to enrol the additional students.

The independent sector expressed the view that many parents are supportive of a generally older age of entry to school. Should any of the options be adopted, it is likely that there would be a negative reaction from within the parent community associated with independent schools. This would be particularly the case if the compulsory age in Tasmania were not changed to accord parents the opportunity to delay the school commencement of their children.

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\(^7\) One caveat needs to be noted here. Some of the independent school sites are restricted in size and may not be suitable for expansion in classrooms.
On the other hand, opportunities were identified by the independent school sector. In particular, a younger minimum school starting age was perceived as providing greater opportunities for teachers to make earlier identification of students with learning difficulties. Another potential benefit was seen in the possibility that a move to a younger minimum school starting age may lead to increased focus on issues in early childhood education.

The independent school sector also identified opportunities for families. These included reducing the cost burden of childcare and the possibility of earlier full or part-time workforce re-entry for affected parents.

Benefits associated with national consistency in minimum school starting age featured prominently in the opportunities canvassed by the independent sector. It was felt that families and students would benefit from easier movement between states. The opportunity to develop more reliable comparative data on a national basis was seen as a potentially significant benefit.

The view was expressed that, if a common minimum school starting age were to be adopted, it should not be either of the range options. The investment in change for national consistency, should it be necessary, would bring greatest benefit where there was a single age as a common basis for all states and territories.

6.5.5 Nomenclature

Benefits in relation to a common nomenclature across the nation were identified by the Tasmanian independent school sector. Few costs were identified, with none requiring other than internal management, provided sufficient lead time was given.

The main benefit identified related to making the transfer of students from one state or territory to another easier for the student, the family and the school. A common nomenclature for the early years of schooling was perceived as likely to assist the exchange of data about students between schools in different states and territories.

6.5.6 Conclusion

Any conclusions about the impact of a younger minimum school starting age on the Tasmanian independent school sector needs to take account of the extent to which schools in the sector would enrol the additional students. The view of the independent school sector is that the position which individual schools will take in 2009 and 2010 would be determined by factors such as infrastructure capacity and the ‘philosophy’ of the school around issues such as class size. The sector holds no data that would provide insights into possible future positions at the individual school level.

Where independent schools, for whatever reason, do not enrol the additional students, it is likely that many of them will enrol in government schools. Should this occur, by implication there would be a loss of potential revenue to the independent school sector in the introductory year and in the years thereafter.

In relation to a possible change to nomenclature around the early years of schooling, no significant costs were identified by the sector. However, the sector expressed support for agreement to be reached on a common nomenclature for the early years of schooling.
Chapter 7: Australian Capital Territory

7.1 The Australian Capital Territory Overview

7.1.1 Current Situation

The current position in the Australian Capital Territory in relation to the minimum school starting age was established over 30 years ago. While 6 years of age is the compulsory age by which a child must commence schooling, children are generally able to enter school in the year in which they turn 5 years of age by 30 April. The position across the sectors is as follows.

The government school sector policy is a minimum school starting age of 4 years and 8 months as at January 1, i.e. turning 5 years of age by 30 April in the year of commencement.

The Catholic school sector in the Australian Capital Territory is covered by the Catholic Education Commission of the Archdiocese of Canberra-Goulburn. The minimum school starting age in the Archdiocese is 4 years and 8 months, i.e. turning 5 years of age by 30 April in the year of commencement.

The independent school sector in the Australian Capital Territory (that is all non government schools other than Catholic systemic schools) has 35 schools that offer a Kindergarten year. Practice in relation to the minimum school starting age varies amongst these schools and no sectoral data are held to describe the extent of the variation. Practices are flexible, with students being enrolled on the basis of local decisions that suit both the school and the family.

In the Australian Capital Territory, Kindergarten is the first year of formal education. With a minimum school starting age of 4 years and 8 months, there is an intentional structural alignment between the readiness of children and the formal curriculum.

Australian Capital Territory children have access to pre-school in the year prior to Kindergarten. Children are provided with a minimum of 10.5 hours per week on a sessional basis, to be increased to 12 hours in 2006. Sessional pre-school is provided by the government sector and funded by the Australian Capital Territory Government.

Approximately 85 per cent of children who are at least 3 years and 8 months of age on or before January 1 enrol in a government pre-school. Generally, pre-school provision is made over 3 half days or over 2 full days. The latter configuration appears to help working parents who access child care services for the other three days and thus are not inconvenienced by transport requirements between services that break their working day.

7.1.2 Implications of the options

Without delay factors, it can be assumed that a one month change to the minimum school starting age will in general represent approximately 8.3 per cent of the total cohort. Thus, adoption of the 4 years and 5 months option would bring about in the order of a 24.9 per cent increase in the size of the introductory cohort. For the 4 years and 6 months option, the anticipated increase in the cohort would be in the order of 16.6 per cent.

With delay characteristics currently occurring in the Australian Capital Territory, the data indicates that these percentages would be reduced to in the order of 22.9 per cent for the 4 years and 5 months option and 15.4 per cent for the 4 years and 6 months option.
However, the Australian Capital Territory data does not provide any guidance on the likely rate of delay for children born in May, June or July. Data from other jurisdictions indicates that this could be substantial, with, for example, up to 70 per cent of children born in July commencing school one full year after they have become eligible. If the delay trends from elsewhere were to be included in the Australian Capital Territory calculations, the figures would be in the order of 10.2 per cent for the 4 years and 5 months option and 7.4 per cent for the 4 years and 6 months option. As the Australian Capital Territory offers a start of year enrolment and placement policies for delayed children similar to those in most other states and territories it is these latter figures that are modelled in the nationally comparable model. Table 7.a shows the broad implications of the options under these assumptions for the Australian Capital Territory.

Table 7.a  Broad implications in relation to Australian Capital Territory cohort size and age by options

<table>
<thead>
<tr>
<th></th>
<th>4 years and 8 months (and 4 years and 5 months to 4 years and 8 months)</th>
<th>4 years and 6 months (and 4 years and 5 months to 4 years and 6 months)</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage change in cohort size</td>
<td>Stet</td>
<td>An increase of up to 7.4 per cent in the introductory cohort, with these children entering Kindergarten a full year earlier than at present. This larger cohort would then progress through the subsequent years of schooling.</td>
<td>An increase of up to 10.2 per cent in the introductory cohort, with these children entering Kindergarten a full year earlier than at present. This larger cohort would then progress through the subsequent years of schooling.</td>
</tr>
<tr>
<td>Change in age of cohort</td>
<td>Stet</td>
<td>Children entering Kindergarten who are up to 2 months younger than the current youngest children.</td>
<td>Children entering Kindergarten who are up to 3 months younger than the current youngest children.</td>
</tr>
</tbody>
</table>

For the Australian Capital Territory overall, any of the change options for a minimum school starting age would produce a larger cohort of students in the school sector in the year of the change. This larger cohort would then proceed through the subsequent 12 years of schooling. If the change were introduced in 2010, the cohort would complete school in 2022. They would move from primary to secondary school in 2017 and to senior secondary school in 2021. Additionally, in 2009 the pre-school cohort would be affected by any change, with a younger and larger cohort needed in that year.

In the year of introduction of a new minimum school starting age and in each year thereafter, a younger group of children would be able to enter school a full year earlier than under the current minimum school starting age. This group of children would complete school and enter the tertiary sector or the workforce one year earlier than under present arrangements.

The effect of the increase in enrolments in the first year may fall unevenly. The factors contributing to this include population growth differentials across geographical areas. Additionally, some parents may make decisions to enrol their children at a younger age to avoid child care costs. Others may delay entry to school if they believe that their children would be advantaged by spending more time in play-based situations at home or in child care.

Should any of the options for a younger minimum school starting age be adopted, one of its implications would be to widen the range between the minimum school starting age and the compulsory age. The current maximum range in which parents can make choices about school commencement is 16 months. This would become 19 months for the 4 years and 5
months option or 18 months for the 4 years and 6 months option or the related range option.

This wider range would provide parents with greater choice about when to enrol their children in school. Thus, for those children who are ready to start school earlier, parents would have the opportunity to enrol them. On the other hand, parents would retain the right to delay the entry of their children if they felt they were not ready, up to the compulsory age of schooling.

The principal educational arguments for a minimum school starting age of 4 years and 8 months relate to the view that this is the appropriate minimum age at which children should commence formal schooling. The view is put that younger children need to engage in less formalised, play-based learning which is most appropriately undertaken in the prior-to-school sector and at home. The provision of government funded places in sessional pre-schools is linked to this view. School, on the other hand, is perceived as the appropriate place where formal learning commences. The continuity between pre-school and Kindergarten is emphasised, including the early identification in pre-schools of children with special and/or additional needs.

However, educational arguments around the possibility of a younger minimum school starting age in the Australian Capital Territory identified a number of potential benefits and opportunities. In particular, a younger minimum school starting age may provide an opportunity for affected children to commence formal schooling earlier, thus establishing the foundations inside the formal curriculum for later learning success. With a younger age profile, there could be benefits for all children from approaches that address the transition from play-based to formal learning.

### 7.1.3 Cost/benefit modelling

The estimated impact of each of the options on the size of the increase in the nationally comparable cohort projections and the costs of servicing the cohort in the Australian Capital Territory school sector are summarised by option in Table 7.b below. The figures in Table 7.b emanate from the nationally comparable cost/benefit analysis model. As mentioned above, the model incorporates a delay factor for Australian Capital Territory children, reflecting the current pattern of delay in the Territory and national data about delay. Should there be more limited delay, as suggested by the Australian Capital Territory Department of Education and Training, the figures shown below could be underestimated.

**Table 7.b** Long term costs and benefits based on the nationally comparable cost/benefit analysis model

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<thead>
<tr>
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<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
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<tr>
<td></td>
<td>4.5</td>
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<tr>
<td><strong>Pre-school and child care</strong></td>
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<tr>
<td>Formal</td>
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<td>Informal - parents</td>
<td>$17.80</td>
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<td>Informal - other</td>
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<td><strong>Primary</strong></td>
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<tr>
<td>Total</td>
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<tr>
<td><strong>Tertiary</strong></td>
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<td><strong>Total</strong></td>
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<tr>
<td>Transition costs</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>$85.17</td>
</tr>
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</table>
The figures cited from the model, above and throughout this report, are projections only. They are based on assumptions, including that policies, behaviours and trends will continue. They should not be taken as exact but as indicative of the scale and direction of change for each of the options.

The nationally comparable model uses cohort and cost estimates based on the Australian Bureau of Statistics, the Australian Government Department of Education, Science and Training and the Department of Family and Community Services data sets. The model also discounts longer term economic benefits to present value in order to demonstrate the current value of a younger school starting age in macro-economic terms.

It should be noted that the model assumes all sectors currently operate on the basis of a common minimum school starting within the Territory. Given that all government schools operate within the regulation and that a substantial number of non-government schools also conform to it, this assumption is reasonable. Moreover, there are no data to demonstrate the level of variation from the assumption.

For each of the options, there would be identifiable up-front costs to be paid by the school sectors. These would, however, be relatively small compared with the discounted present value of the economic impacts of increased employment that would accrue to the affected children themselves, to their parents and to governments through taxation. Figure 7.a shows the net benefits and costs for the Australian Capital Territory for each of the options.

Should the rate of delay be closer to that predicted by the Australian Capital Territory government school sector, the scale of both costs and benefits could be substantially greater, in the order of double that shown in Figure 7.a. However, the relativities and shape of the figure would remain the same.

Figure 7.a Net benefits and costs for the Australian Capital Territory for each of the options, and based on nationally comparable data

Costs(-)/benefits(+) ($ million, 2004-05)

Under the 4 years and 5 months option, the total cost to the Australian Capital Territory school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $37m. Discounting for any capital costs, the cost to the school sectors in the introductory year could be in the order of $3m.
In the first year of implementation, a total benefit in the order of $1.1m could accrue within the prior-to-school child care sector. Much of this benefit would accrue to families that no longer had to meet the costs of prior-to-school provision for their children because they could now enter schooling one year earlier. This benefit would occur every year thereafter for the following cohorts and would be indexed. The benefit could be in the order of $23m over the period being modelled, discounted to present value.

Part of this benefit would also be a saving in Australian Government Child Care Benefits and Rebates. However, this benefit could be nominal as the children leaving child care may be replaced by younger children, depending on facilities and regulations.

The Australian Capital Territory Government would have to fund additional pre-school places in 2009 to prepare affected children for school in 2010. The cost of this for the 4 years and 5 months option could be in the order of $0.4m. However, having children in government provided pre-school one year earlier would represent a saving to affected parents over the cost of child care.

The longer term employment benefits, which would accrue to young people after they enter the workforce, could amount to a figure in the order of $105m over the working lives of the individuals, discounted to 2004-05 dollars.

Under the 4 years and 6 months option and the related range option, the total cost to the Australian Capital Territory school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $27m. Discounting for any capital costs, the cost to the school sectors in the introductory year could be in the order of $2.2m.

In the first year of implementation, for the 4 years and 6 months option, a total benefit in the order of $0.8m could accrue within the prior-to-school child care sector. Much of this benefit would accrue to families that no longer have to meet the costs of prior-to-school provision for their children because they could now enter schooling one year earlier. This benefit would occur every year thereafter for the following cohorts and would be indexed. The benefit could be in the order of $20m over the period being modelled, discounted to present value.

Part of this benefit would also be a saving in Australian Government Child Care Benefits and Rebates. However, this benefit may be nominal as the children leaving child care may possibly be replaced by younger children.

The Australian Capital Territory Government would have to fund additional pre-school places in 2009 to prepare affected children for school in 2010. The cost of this for the 4 years and 6 months option could be in the order of $0.3m. However, having children in government provided pre-school one year earlier would represent a saving to affected parents over the cost of child care.

The longer term employment benefits, which would accrue to young people after they enter the workforce, could amount to a figure in the order of $77m over the working lives of the individuals, discounted to 2004-05 dollars.

7.1.4 Impact of the options

The nationally comparable model demonstrates that, under the younger minimum school starting age options, there is a strong economic benefit arising from a proportion of children entering the workforce one year earlier than they would under the present minimum school starting age. While these earnings would not occur until a future point, the figure in the model is the current value of the earnings. As is the practice in such
models, it represents how, at present and in current dollars, later earnings would be valued. The actual earnings at the time would be much greater in dollar terms than the value in the model. The higher economic returns come from an extra year in the workforce for those children now able to enter school one year earlier.

For parents, there would be a positive employment effect from increased contiguity among sectors and states, arising from a reduction in a significant barrier to the mobility of the workforce across state and territory borders. Parents would benefit through reduced costs of child care and an increase in disposable income. They would have increased opportunities to use the time formerly devoted to family child care to re-enter the workforce or to move from part time to full time employment or leisure activities.

For governments, the increased size of the economy would lead to equivalent tax benefits which, while considerably delayed, strongly outweigh the up-front costs of implementation. An immediate effect, however, may be reduced money flows from the Australian Government for Child Care Benefits and Rebates, although this is likely to be balanced by the entry of younger children to child care. For the Australian Capital Territory Government, additional funding would be needed as a one off for sessional pre-school places in 2009, assuming that the pre-school starting age is lowered.

The model shows savings in the child care sector generated as some children move earlier into the school sector. However, it is possible that there would be few cost savings for the Australian Government in the child care sector as freed-up places could be taken by younger children. It is also likely that there could be increased demand for child care places in 2009 as some affected parents take advantage of the earlier pre-school entry age and seek to make ‘full time’ arrangements for the care and supervision of their children.

While some of the benefits would clearly be downstream effects and costs would be largely up-front, many benefits would occur from the outset and many would be permanent. For example, the benefits to parents able to enrol their children in pre-school or school 12 months earlier would be immediate and ongoing.

Moreover, these benefits would be further increased by the effects that would arise from national commonality in minimum school starting age, irrespective of the age that may be decided upon. There would be a positive employment impact arising from any reduction in the number of students whose transfer across state and territory borders may have led to repetition of a year of schooling. Greater contiguity arising from a common school starting age would be likely to increase the overall skill level of school leavers as they would have gained the benefit of increased continuity in their schooling.

Overall retention rates would be likely to increase slightly as students gain the benefits of reduced disruption to schooling arising from inter-state transfers. For parents, there would be a positive employment effect from increased contiguity among sectors and states, arising from a reduction in a significant barrier to the mobility of the workforce across state and territory borders.
7.2 Analysis of the Issues against the Terms of Reference

The minimum school starting age in the Australian Capital Territory is generally 4 years and 8 months. That is, children are able to start school if they will be 5 years of age by 30 April in the year of commencement. The cost/benefit analysis involves the consideration of five options, of which two cover the current minimum school starting age in the Territory. Should either of these options be adopted as the common minimum school starting age, there would be no change for the Australian Capital Territory.

However, if any of the other three options were to be adopted, it would be necessary for the Australian Capital Territory to change the current minimum school starting age. The outcomes that are likely to be associated with each of these options are considered below.

7.2.1 Benefits of proposed changes to school starting age

Across the three school sectors in the Australian Capital Territory there is substantial recognition of the benefits that may arise from the adoption of a common minimum school starting age. While the clear preference is that this age be the current Australian Capital Territory position of 4 years and 8 months, there is recognition that benefits may flow to Australian Capital Territory students, teachers, parents and the wider school sector from a common minimum school starting age.

Irrespective of a particular minimum school starting age, national commonality is perceived as likely to bring identifiable educational benefits. These include the facilitation of cross-state student transfer in and out of Australian Capital Territory schools. Students would be likely to have greater continuity in their learning. Benefits could arise in relation to increased engagement in schooling that would accompany a reduction in inter-state barriers. It is likely that commonality would improve retention rates in school education. With improved retention rates and time at school, it is well documented that there would be an increase in the skill level of young people as they move into the tertiary sector or employment.

Other benefits of commonality are likely to be associated with a reduction in cross-state friction or blockages in the labour market as parents recognise that one of the potential barriers to their employment mobility has been addressed. Indeed, the removal of this barrier is likely to have a positive economic effect by contributing to national capacity to address regionally based skills shortages.

There are likely to be educational benefits for some Australian Capital Territory children should the common minimum school starting age be younger than 4 years and 8 months. These benefits are likely to be greater for the 4 years and 5 months option than the 4 years and 6 months option or the 4 years and 5 months to 4 years and 6 months range option.

The educational benefits especially relate to those children who are ‘ready’ for formal schooling but who, under present arrangements, are not able to commence schooling until 12 months later. With an increase in the proportion of younger students in the cohort, it is possible that greater account will be taken of their learning needs through the provision of appropriate pedagogies which are advocated during the early years of formal schooling. A younger school starting age may act as a stimulus to strengthen the continuity of learning from the prior-to-school sector to the school sector. Additionally, it may lead to reconsideration of emphases in teacher pre-service education and in teacher professional learning programmes.
The Australian Capital Territory provides early intervention programmes in pre-schools and schools for children assessed as having learning or development disabilities. A younger school starting age may offer the prospect of supplementary assessment by trained teachers and the consequent involvement of additional children in early intervention programmes. There are likely to be long term benefits for many of these children arising from early identification and response. In addition, early intervention is likely to be more cost effective than a response that has been delayed.

In addition to the educational benefits, the cost/benefit analysis demonstrates that there would be significant economic benefits arising from the adoption of a younger minimum school starting age. These benefits would be greatest for the 4 years and 5 months option. They would be marginally less for the 4 years and 6 months option and the 4 years and 5 months to 4 years and 6 months range option.

Economic benefits would accrue to Australian Capital Territory children and parents and to the wider Australian economy. The economic benefits to the children who are able to enter school earlier would arise from the opportunity for earlier entry into the workforce and the consequent extension of their working lives.

The economic benefits to parents, associated with a younger minimum school starting age, would arise from the opportunities for the earlier movement of their children out of the relatively expensive prior-to-school sector to the generally lower cost school sector. Benefits would accrue to these parents through cost transfers, the opportunity for earlier workforce re-entry and the imputed income from increased leisure time. The benefits would flow to these parents 12 months earlier than under the current minimum school starting age.

In addition, any movement to a younger school starting age for the Australian Capital Territory would increase the degree of choice that parents have about when their children should start school. This increased choice would not negate the right that some parents currently exercise to delay the commencement of their children’s formal schooling until they are older. On the other hand, it would allow other parents to enrol their children at a younger age.

7.2.2 Impact of changes in school cohort size over time

Under the assumptions in the nationally comparable cost/benefit model, the introduction of the option of 4 years and 5 months as a common minimum school starting age in 2010 is likely to enable an extra 409 Australian Capital Territory children to commence school 12 months earlier in the introductory year. If delay were more limited as predicted by the Australian Capital Territory government school sector, there could be an extra 834 children in the introductory cohort. Subsequent cohorts, while of a ‘normal size’ would enable children with May, June and July birthdays to commence school. Under current arrangements, these children are precluded from school commencement until the following year.

The introduction of the option of 4 years and 6 months, or the related range option, as a common minimum school starting age in 2010, would see an additional 301 Australian Capital Territory children enrolled 12 months earlier in the introductory year if the assumptions in the national model prove correct. However, if delay is limited as projected by the Australian Capital Territory government school sector, the additional students in the introductory cohort could number 534. Subsequent cohorts, while of a ‘normal size’, would enable children with May and June birthdays to commence school.
The increased introductory cohort would proceed through the subsequent 12 years of schooling. The key impact of the increased size of the introductory cohort would be the costs associated with funding educational provision up to and including the completion of tertiary education or training. The projected costs cited in the following discussion are discounted to 2004-05 dollars.

Under the assumptions in the national model, over the 13 years of schooling, costs for the Australian Capital Territory school sector would be in the order of $37m for the 4 years and 5 months option. The costs would be in the order of $27m for the 4 years and 6 months option and the related range option.

If no delay elements occurred, the costs and benefits could be in the order of double those projected here and in the analyses below.

Costs would also extend into the training and tertiary sectors. For the 4 years and 5 months option, the costs projected between 13 and 18 years from 2010 in the nationally comparable model would be in the order of $10m. For the 4 years and 6 months option and the related range option, the costs would be in the order of $7m.

On the other hand, for the Australian Capital Territory there would be economic benefits associated with the introduction of any of the younger age options.

In the prior-to-school sector for the 4 years and 5 months option, the direct savings could be up to $23m over the 13 years of schooling and continuing. For the 4 years and 6 months option and the related range option, the direct savings could be up to $20m over the 13 years of schooling and continuing. These savings would occur for parents whose children could move one year earlier from the prior-to-school sector into school and for governments that no longer pay child care subsidies for the affected children. For the formal child care sector, this could represent potential loss of income.

However, it is likely that the sector would replace this income by enrolling younger children in preparation for an earlier school entry. Thus, the loss of income for the sector would be nominal only. Likewise, the savings to government would be nominal. However, for the affected parents, the savings would be real.

### 7.2.3 Impact on the range and continuum of child care and education services (including issues around the entry to secondary school)

Should the Australian Capital Territory move to a younger school starting age, there would be likely impacts on the range and continuum of child care services. With the movement of children whose birthdays are from May to July for the 4 years and 5 months option, places could be freed-up in child care for children at the younger end of the age spectrum. There would be a similar but smaller effect from the 4 years and 6 months option and the related range option for those children born in May or June.

However, in order to guarantee the continuity of children from pre-school into schooling, the impacts would need to be managed from 2009. This would involve increasing the size of the pre-school cohort in that year so that all eligible children would have full and continuous access to pre-school provision and then to schooling in 2010. Without increasing the size of the pre-school cohort in 2009, those children with 4th birthdays between 30 April and the minimum school starting age would not be eligible for pre-school in 2009 but would be eligible for school in 2010.

For the parents concerned, there would be costs associated with complementary child care arrangements but it is likely that for most families these would have been incurred under current arrangements. Those families who accessed formal child care services at the same
time as their children commenced pre-school would constitute those who may incur child
care costs earlier than at present. However, all affected parents would see their children
move out of the relatively high cost child care environment 12 months earlier than under
present arrangements.

In relation to pre-school facilities, additional infrastructure would be needed to enrol the
temporary increase in the size of the 2009 pre-school cohort. As the increased cohort
would be temporary, there may be opportunities to make use of other community facilities
to cover any shortfall. This would reduce the need for capital expenditure for temporary
accommodation.

From 2010, there would be effects from each of the relevant options on community,
corporate and family long day care provision. There is, under current arrangements, a
relative balance between demand and supply for places in the child care service area of
prior-to-school provision. There could be increased demand for care in 2009 where parents
take advantage of the earlier pre-school enrolment of their children. It is possible,
therefore, that some families may not be able to secure a formal child care place for their
children during 2009. However, from 2010, with possibly two or three months of children
going to school one year earlier, there would be places freed up permanently in child care.

Each of the younger age options would also have an impact on the provision of vacation
care and outside school hours care. Under the nationally comparable model there could be
a short term (7 year) increase in the size of the introductory Kindergarten cohort in the
order of 409 children for the 4 years and 5 months and 301 for the 4 years and 6 months
and related range options. This could lead to increased demand for vacation care and
outside school hours care. The increase in the size of the cohort arising from either of the
change options could result in a cost to parents in the order of $0.7m to $0.8m for vacation
and outside school hours care. This cost for parents would be potential income for
providers. It should be noted that if delay did not eventuated as projected in the national
model, the cohort sizes could double and the costs double as a consequence.

| Table 7.c | Impact on savings/cost for outside school hours and vacation care |
| while the decreased cohort is in primary school |
|
| Costs(-)/benefits(+) ($ million, 2004-05) |
| | 2010 | 2011 | 2012 | 2013 | 2010 to 2017 |
| ACT 4.5 | Outside school hours | -$0.1 | -$0.1 | -$0.1 | -$0.1 | -$0.6 |
| | Vacation care | $0.0 | $0.0 | $0.0 | $0.0 | -$0.1 |
| ACT 4.6 | Outside school hours | -$0.1 | -$0.1 | -$0.1 | -$0.1 | -$0.7 |
| | Vacation care | $0.0 | $0.0 | $0.0 | $0.0 | -$0.1 |

7.2.4 Impact on child care services and pre-school education

As discussed in the section above, changing the regulation to enable a younger cohort of
children to access pre-school in 2009 would have the effect of increasing the size of the
introductory cohort in preparation for an earlier school entry age. However, it would also
enable subsequent cohorts in the pre-school year to return to a normal level, although
younger, from 2010.

For pre-schools, the number of places would have to be increased in 2009 to ensure the
preparation of those additional children who could enter school under the new minimum
school starting age in 2010. This increase would be one-off and limited to 2009 only but
would incur costs in that year.
Costs associated with these measures and impacts are shown in Table 7.d below. It should be noted that, while Table 7.d shows the costs over the 62 year period being modelled, they would be permanent. The impact of modelling them to infinity at a discount rate to 2004-05 dollars would add approximately 25 per cent to each area.

Table 7.d  Short, medium and long term impact on costs for child care services

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<td>Australian Capital Territory</td>
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Given that infrastructure is limited in areas under high demand, the pre-school sector may find it difficult to absorb the temporarily increased numbers in that year. While it may be possible to provide additional pre-school places through the provision of demountable accommodation, child care places may not necessarily be readily available for all children in the increased cohort.

It is unlikely that any registered child care provider would make the investments in infrastructure necessary to meet licensing regulations to accommodate a one year increase in enrolments. Only in low demand areas would existing infrastructure be able to accommodate temporary increases at the level that would arise from each of the options.

Even where providers had capacity for further enrolments under their licenses, they may not necessarily want or be able to enrol an increased cohort. It is likely that they would take account of limiting factors such as staffing issues and community views about appropriate group size. Other providers may respond by temporarily cutting back on provision for younger children in order to accommodate the one year temporary increase in the size of the cohort. Any reduction in programmes for younger children is likely to lead to negative community reactions.

Under all relevant options, after the introductory year, one impact of a younger minimum school starting age could be to shift child care provision toward the higher cost end of the age spectrum. These increased costs could impact negatively on the profitability of private providers and the sustainability of community based providers.

There is a universal expectation about sessional pre-school provision and access. It is possible that earlier access for younger children into pre-school would be viewed as a positive initiative by some sections of the community.
7.2.5 Impact on the government and non-government school sectors

In the Australian Capital Territory, each of the three school sectors would be affected by a move to a younger minimum school starting age. The nationally comparable model and the cohort projections provided by the school sectors demonstrate that the option of 4 years and 5 months, and the option of 4 years and 6 months and the related range option, would see significant increases in the size of the introductory cohort. For the schooling sector, any increase would occur initially in 2010 and would move subsequently through the following 12 years of schooling until the students entered further training, tertiary studies or the workforce.

The major risk identified across the three Australian Capital Territory school sectors related to the level of funding required to enrol the increased size of the introductory cohort and to fund educational provision for them over the full 13 years of schooling. A potential risk was identified in adopting a younger minimum school starting age that was counter to the view which endorsed older commencement of formal schooling. However, it was also noted that an effect of any of the younger age options would be to increase the range of age within which parents would be able to make decisions about school entry.

Benefits were seen as likely to arise for the Australian Capital Territory schooling sector from national commonality of minimum school starting age. In particular, the extent to which a common minimum school starting age would address a significant barrier to the inter-state movement of students and families was identified.

A key caveat should be noted in any consideration of the impact on Australian Capital Territory schooling overall of a move to a younger minimum school starting age. The impact of an increased introductory cohort size arising from the younger age options is unlikely to fall proportionately across the three school sectors. Given the limitations identified by the Catholic and independent school sectors in their capacity to absorb all of the projected increase in the cohort size, it is possible that a number of students who otherwise may have sought enrolment in schools in these two sectors will enrol in government schools. Hence, the impact is likely to be substantially greater on the government school sector relative to the Catholic and independent sectors.

7.2.6 Impact on the different roles in funding of primary and secondary schools

For each of the relevant change options there would be increased demand for funds placed on the Australian Capital Territory Government and on the Australian Government through recurrent funding and grants, and on parents through private contributions including fees. The additional demand would be generated by the increase in the size of the introductory cohort in Kindergarten in 2010 and over the subsequent 12 years of schooling. After 2022, the demand on governments for funding, and on parents, would return to ‘normal’.
Table 7.e  School sector recurrent cost impacts on the Australian Government, the Territory Government and private expenditure for each option over 13 years of schooling, based on nationally comparable figures

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 years and 5 months option</td>
</tr>
<tr>
<td>AG</td>
</tr>
<tr>
<td>Government</td>
</tr>
<tr>
<td>Catholic</td>
</tr>
<tr>
<td>Independent</td>
</tr>
<tr>
<td>Government</td>
</tr>
<tr>
<td>Catholic</td>
</tr>
<tr>
<td>Independent</td>
</tr>
<tr>
<td>Total secondary</td>
</tr>
<tr>
<td>Total overall</td>
</tr>
</tbody>
</table>

Under the nationally comparable model, the overall cost of the 4 years and 5 months option could be in the order of $37m over the 13 years of schooling, discounted to 2004-05 dollars. The overall school sector cost of the 4 years and 6 months option and the related range option could be in the order of $27m. It should be noted that if sector predictions of limited delay eventuate, the cohort size could be approximately double that projected in the national model with the consequence that all costs above would increase in the order of double those shown.

In terms of the impact on Australian Government contributions to schooling in the Australian Capital Territory, the following figures can be extrapolated from the nationally comparable model. The school sector cost to the Australian Government of the 4 years and 5 months option could be in the order of $7.7m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the Australian Government of the 4 years and 6 months option and the related range option could be in the order of $5.6m.

The school sector cost to the Territory Government of the 4 years and 5 months option could be in the order of $24.8m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the Australian Capital Territory Government of the 4 years and 6 months option and the related range option could be in the order of $18.2m.

Funding from private sources, including fees, would include a substantial shift from the prior-to-school sector to the school sector. The school sector cost to families of the 4 years and 5 months option could be in the order of $4.8m over the 13 years of schooling, discounted to 2004 dollars. The school sector cost to families of the 4 years and 6 months option and the related range option could be in the order of $3.5m. These costs would occur one year earlier for affected families compared with present arrangements.

It is possible to extrapolate from the school sector recurrent costs over the 13 years of schooling the recurrent costs that would be incurred by the Australian Government, the Australian Capital Territory Government and by parents in 2010. Table 7.f below shows the first year recurrent school sector costs that could be incurred in 2010 for each of the options. The costs are broken down by contributor.
Table 7.f  First year school sector recurrent costs to the Australian Government, the Territory Government and parents for each option, based on nationally comparable data

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months and related range option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>Territory</td>
</tr>
<tr>
<td>Government</td>
<td>-$0.17</td>
<td>-$1.89</td>
</tr>
<tr>
<td>Catholic</td>
<td>-$0.33</td>
<td>-$0.12</td>
</tr>
<tr>
<td>Independent</td>
<td>-$0.07</td>
<td>-$0.03</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-$0.57</strong></td>
<td><strong>-$2.04</strong></td>
</tr>
</tbody>
</table>

For the Australian Government, recurrent first year costs for the implementation of a common minimum school starting age could range from approximately $0.42m to $0.57m, depending on the option chosen. This expenditure and the subsequent Australian Government contribution to the increased size of the introductory cohort reflect the permanent shift in the school sector to a younger school starting age.

For the Australian Capital Territory Government, recurrent first year costs for the implementation of a common minimum school starting age could range from approximately $1.49m to $2.04m, depending on the option chosen. In addition, there would be related costs in areas such as infrastructure and student transport.

Under the nationally comparable model, the increased cohort could incur additional preschool recurrent costs for the Territory Government in 2009 in the order of $0.3m to $0.4m, depending upon the option selected.

For parents, the effect of any of the options would be to bring their private costs for schooling forward by 12 months. However, the overall impact of these costs would be diminished by the effect of relief from the costs of formal child care. In the Australian Capital Territory, much of this relief would, in fact, come in 2009 as affected children would move earlier into sessional pre-school provision, which is funded by the Territory Government. For most affected parents, there is likely to be an overall saving in 2009/2010 from any of the options. However, for parents, the recurrent first year school sector costs for the implementation of a common minimum school starting age could range from approximately $0.26m to $0.36m, depending on the option chosen.

### 7.2.7 Impact on staffing

The impact on staffing of any of the options for a younger minimum school starting age in the Australian Capital Territory is subsumed in the cost measures incorporated in the nationally comparable model.

For each of the relevant options, it will be necessary to provide additional staffing in response to the increase in student numbers in the introductory cohort and as they move through schooling.

Across the Australian Capital Territory schooling sector as a whole, for the 4 years and 5 months option, the additional teaching staff required could be in the order of 16 teachers. For the 4 years and 6 months option and the related range option, the additional teaching staff required could be in the order of 12 teachers.\(^98\) Should the cohort size predictions of

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\(^98\) As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.
the Australian Capital Territory government sector occur, teacher numbers could be in the order of 34 and 21 for the two options respectively.

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission99, with teacher costs of $4,767 per student, the teacher related costs in the first year could be in the order of $1.9m for the 4 years and 5 months option and $1.7m for the 4 years and 6 months option and the related range option. Should the cohort size predictions of the Australian Capital Territory government sector occur, teacher costs could be in the order of $4m and $2.5m for the two options respectively.

No data were available across each of the three sectors of schooling that would demonstrate the relative sectoral capacities to absorb increased numbers of students without the necessity to provide additional staff. If the additional students could not be absorbed by the non-government school sector, the staffing impact would fall to a greater extent in the government school sector.

It was noted that if any of the younger age options were adopted, there could be increased demand for early years teachers and for the further professional development of primary teachers who would be teaching younger children. Additionally, there would be increased demand in the specialist areas of primary schooling where supply was limited. Noted in particular was the area of languages teaching.

When the larger cohort moved to secondary school, the principal impact on staffing is likely to occur in the current difficult-to-staff subject areas. These areas include mathematics, the sciences, technology and languages.

Planning for increased provision of staffing for the additional students would need to take account of the temporary nature of the impact. The staffing impact in the primary years of schooling would be for 7 years and in the secondary for 6 years. In the secondary years, the impact would not occur until 2017. However, it was noted that the training requirements for secondary teachers may prevent those addressing the need in primary years from moving with the cohort to secondary schooling.

7.2.8 Impact on infrastructure

For each of the relevant options, there would be an immediate impact generated by the infrastructure requirements of a larger introductory cohort. Where the increased number of students generated additional teaching spaces and related infrastructure, the impact would be for the provision of such space and infrastructure over the 7 years of primary schooling. By 2017, the impact would be felt in secondary schools where planning would be required to provide additional space and related infrastructure until 2022.

Additionally, infrastructure requirements would arise in 2009 in response to the increased size of the pre-school cohort. These requirements would impact on community-based, corporate and independent pre-school providers.

Information provided by the Catholic and independent school sectors indicates that, in general, schools in these sectors would not absorb the increased number of students in the cohort if there were a need to provide additional infrastructure that is not already planned. As a consequence, it is possible that the infrastructure demands in the government sector will be greater than would have otherwise been expected should the additional enrolments have fallen proportionately across the three sectors. On the basis of an average calculation,

99 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
the total infrastructure cost implications of the relevant options could be in the order of $0.9m and $1.3m over the 13 years of schooling, depending on the option decided upon.

7.2.9 Impact on school curriculum (including pre-school)

Curriculum related impacts arising from a younger minimum school starting age were perceived as being relatively marginal in terms of cost. The major cost component was perceived as relating to the need to provide further professional learning for primary teachers to support them in meeting the needs of a younger cohort. These costs would principally arise in relation to salary relief payments for teachers to attend professional learning initiatives.

In relation to curriculum issues in the prior-to-school sector, it is unlikely that any of the younger age options would have a significant immediate impact on approaches in pre-school or other prior-to-school settings. The structured play-based approaches that strongly characterise provision in pre-school and other formal prior-to-school settings are perceived as readily adaptable to children who may be up to 3 months younger than is the case under current arrangements.

7.2.10 Impact on nomenclature for the early years

In general, throughout the Australian Capital Territory school sectors, the view was put that it would be desirable to have a common nomenclature across the country for the early years of schooling. There was recognition of some confusion that arises from the differing nomenclature for the early years of schooling across the states and territories. The view was expressed that, if a common nomenclature were adopted, it should reflect the philosophy of continuous learning over the early years, including into formal schooling.

The principal costs identified as likely to arise from the adoption of a common nomenclature that varied from current practice related to the modifications that would be needed to data bases and software, signage and documents. While a significant proportion of the costs would be up-front, it is likely that longer term costs would be absorbed into ongoing management practices.

7.2.11 Impact on policy and legislation covering school starting/leaving ages (including the change management lessons)

The legislation currently makes every parent responsible for their child's attendance at a (government or non-government) school from 6 years of age. While government school policies stress that entry to a government school cannot occur before a child is 5 years of age as at 30 April in the year of enrolment, there is no state-based restriction on the ability of non-government schools to enrol children at a particular minimum age. All children are eligible for a funded sessional pre-school place at 3 years and 8 months of age.

While the change to a younger minimum school starting age would not require amendment of the legislation, it would require a change in the policies and procedures around entry to school and pre-school. No particular issues were perceived as especially arising from a common school starting age other than to respond through appropriate changes to the wording of the regulations.

From a management perspective, the preferred option in the Australian Capital Territory is the current minimum school starting age of 4 years and 8 months by 1 January in the year of enrolment. If the range option of 4 years and 5 months to 4 years and 8 months were adopted, the Australian Capital Territory would retain the status quo.

If a younger age option were adopted as a common minimum school starting age, from a management perspective, the Australian Capital Territory would prefer the option of 4
years and 6 months as it involves lower up-front and longer term costs. Should the range option of 4 years and 5 months to 4 years and 6 months be adopted it is most likely, from a management viewpoint, that the Australian Capital Territory would adopt the 4 years and 6 months position as it is closer to the current position.

Should any of the younger age options be adopted as a common minimum school starting age, two key management considerations were put forward.

First, there would need to be adequate lead time in order to undertake planning and to communicate the change. From the end of 2005 there will only be three years before the 2009 pre-school cohort enrols. This is regarded as the minimum time required for adequate planning to be undertaken. Children who are already born will be affected by any possible change, with consequent implications for decisions that would have been made by many families.

Second, from a management perspective, the view was put that any possible change would be best undertaken on a one-off basis so that it could be introduced in pre-school in 2009 in preparation for a common minimum school starting age in 2010. The possible alternative of the change being phased in over a longer time frame was perceived as likely to create confusion and a significant level of management complexity.

7.2.12  Impact on families

If the current minimum school starting age of 4 years and 8 months were to become the basis of a common national minimum school starting age, Australian Capital Territory families would have continuing certainty about the arrangements that will apply to the entry of their children into school. The continuation of the current minimum school starting age is likely to be perceived as an endorsement of the arguments around the benefits of children commencing formal schooling at an older age.

On the other hand, should a younger minimum school starting age be adopted nationally, it would increase the age range over which parents could elect to send their children to school. Those parents who wished to delay the enrolment of their children would not be disadvantaged. Equally, those parents who wished to enrol their children at a younger age would be likely to identify the opportunity as a benefit to them and their children.

However, should any of the three relevant change options be adopted, there would be an impact on Australian Capital Territory families. An effect of any change option would be to enable some children to move from the prior-to-school sector into the schooling sector 12 months earlier than is currently possible. A direct corollary would be that affected children would be able to enter pre-school 12 months earlier. Australian Capital Territory families would see change in the prior-to-school sector in 2009 and in the schooling sector in 2010.

Families may identify a benefit arising from the introduction of a younger minimum school starting age through the earlier participation of their children in pre-school and in formal schooling. The nationally comparable model demonstrates that there would be major economic benefits of a younger school starting age for many of the parents of those children who would be able to commence pre-school and school at a younger age. Parents of the affected pre-school children would generally benefit from earlier access to the Government subsidised and therefore lower costs of pre-school compared to formal child care.

Many parents of the affected Kindergarten children would be likely to benefit from a shift out of the higher cost formal prior-to-school sector 12 months earlier than is possible under current arrangements. They would be able to take advantage of the generally lower
cost school sector. However, parents of pre-school children who then move into Kindergarten in an independent school may not experience a comparable level of cost relief. Affected parents generally may also identify a benefit in terms of the opportunity provided for earlier re-entry to the workforce or the take-up of leisure.

In the first year of implementation, a benefit in the order of $0.23m could accrue to families whose children are able to move out of the higher cost formal prior-to-school sector 12 months earlier than under current arrangements for all of the relevant options. Over the full 13 years of schooling this benefit could be in the order of $6m for the 4 years and 5 months option. Over the full 13 years of schooling this benefit could be in the order of $1m for the 4 years and 6 months option and the related range option, with a first year benefit of $0.06m. However, this would be a permanent benefit for affected parents in all subsequent cohorts.

In addition, for parents the economic benefits projected over the 62 years of the model could be in the order of $13m for all of the relevant options. These benefits would arise in part from cost transfers to government of an earlier move for some children from the prior-to-school sector. More substantially, they would arise from the opportunity taken up by some parents to re-enter the workforce 12 months earlier or to take up income imputed leisure activities.

For children, the discounted economic benefits projected over the 62 years of the model could be in the order of $78m for the 4 years and 5 months option and $58m for the 4 years and 6 months and related range options. These benefits would arise because of extension in the length of the working lives of the individuals affected by the younger school starting age. The benefits would continue for subsequent cohorts.

7.2.13 Impact on Indigenous students and students with special needs

In general, the younger minimum school starting age options were perceived as likely to have only minimal impact on provision for Indigenous students and students with special needs. As mentioned above, Indigenous children have ready access to facilities and programmes prior to school. Some even attend programmes from 6 months of age. Similarly, students with disabilities and learning difficulties have access to early intervention programmes and support.

A move to a younger age minimum school starting age was perceived as likely to involve a loss of this benefit for boys as some would be engaged in formal schooling 12 months earlier than under current arrangements. However, it should be noted that any of the younger minimum school starting age options, if adopted, would continue to accord parents the right to make decisions about when to enrol their children in Kindergarten, based on considerations that include readiness, up to the compulsory age.

7.2.14 Impact on school completion, tertiary entrance and entry to the workforce

The nationally comparable model shows that, over the years of schooling to age 15, a figure in the order of 76,230 student movements occur in and out of the Australian Capital Territory. In any one year, the magnitude of inter-state movement is in the order of 6,930 students. Only approximately 792 of these movements each year, i.e. 8,712 over the age range to 15 years, is to or from the Victoria, the only jurisdiction with the same minimum school starting age as the Australian Capital Territory.

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100 Data for 2002-03 supplied by the Australian Bureau of Statistics in January 2005 as a result of a special request from the Australian Government Department of Education, Science and Training.
Each time a child crosses borders there is a risk that, because of confusion or age/grade misalignment in part associated with differences in the minimum school starting age between states and territories, they may fall out of alignment with the cohort that they left behind. This may result in them having to ‘skip’ or ‘repeat’ a year of schooling. Many of these students are likely to experience an effect that reduces their level of engagement with and success at schooling.

The nationally comparable model assumes that there will be some effect on school completions arising from the reduction of a barrier to transferability that non-common minimum school starting ages represent. The model assumes that the effect will not occur for every student who transfers from one state or territory to another. The model assumes conservatively that, should a common minimum school starting age be introduced, its effect on school completions would be in the order of a 1 per cent increase in the completion rate. In other words, one in every hundred movements will be more likely to complete school because the minimum starting age is common on a national basis.

Given the conservative assumptions in the nationally comparable model, it is possible that the adoption of a common minimum school starting age could increase the level of school completion in the Australian Capital Territory. There could be up to 61 more school completions each year across Australian Capital Territory schools. This increased completion rate is likely to be permanent for all subsequent cohorts.

Should a younger common school starting age be introduced than the current 4 years and 8 months in the Australian Capital Territory, the increased cohort would complete Year 12 in 2022. They would, in fact, begin to enter further training, tertiary education or the workforce from 2021 when they are older than the upper compulsory age limit. The flow of the cohort increase under the relevant minimum school starting age options is shown in the Table 7.g below.

Table 7.g  Projected post-school participation of the increase in the Australian Capital Territory introductory cohort based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Numbers of Students</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>42</td>
<td>42</td>
<td>42</td>
<td>42</td>
<td>42</td>
<td>41</td>
<td>41</td>
<td>41</td>
<td>41</td>
<td>41</td>
</tr>
<tr>
<td>University</td>
<td>0</td>
<td>1</td>
<td>62</td>
<td>168</td>
<td>186</td>
<td>165</td>
<td>136</td>
<td>106</td>
<td>85</td>
<td>67</td>
</tr>
<tr>
<td>FT employment</td>
<td>0</td>
<td>27</td>
<td>44</td>
<td>71</td>
<td>120</td>
<td>166</td>
<td>182</td>
<td>210</td>
<td>269</td>
<td>240</td>
</tr>
<tr>
<td>PT employment</td>
<td>111</td>
<td>145</td>
<td>158</td>
<td>181</td>
<td>142</td>
<td>130</td>
<td>140</td>
<td>130</td>
<td>100</td>
<td>85</td>
</tr>
</tbody>
</table>

The long term costs and benefits associated with the increased size of the introductory cohort in relation to further training, university and employment are shown in the Table 7.h below.
Table 7.h  Projected long term costs and benefits associated with the increase in the size of the Australian Capital Territory introductory cohort based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>-$1</td>
<td>-$1</td>
</tr>
<tr>
<td>University</td>
<td>-$9</td>
<td>-$6</td>
</tr>
<tr>
<td>Employment</td>
<td>$105</td>
<td>$77</td>
</tr>
</tbody>
</table>

While there are costs to both the VET and university sectors over the ten years of the model from 2021 to 2030, there are substantial benefits over the working lives of the individuals who commenced school one year earlier under the younger age options. All costs and benefits in the Table are discounted to 2004-05 dollars.

Although the VET and university sectors would have a long lead time to plan for the impact of the increased size of the introductory cohort as it moves out of the school sector, it is not possible to predict with certainty the areas of training or further education that would be affected. The only assumption that could be made is that the increased number in the cohort would be likely to take up further training or education in a similar pattern to the rest of the cohort at that time.
7.3 Australian Capital Territory Government School Sector

7.3.1 Current situation

The Australian Capital Territory government school sector established a minimum school starting age over 30 years ago of 4 years and 8 months. This means children are able to enter school at the commencement of the year in which they turn 5 years of age by the 30 April. Children are at least 4 years and 8 months by January 1 of their year of school entry. The compulsory age of schooling in the Australian Capital Territory is 6 years of age. Intake is generally at the commencement of the school year, although some entry occurs throughout the year at the discretion of the school principal.

Currently, the national data indicate that many parents in the states and territories delay entry of their children to Kindergarten beyond the minimum school entry age. In general, the closer the child’s birthday is to the minimum school starting age, the greater the probability of delay.

However, delay in the Australian Capital Territory appears to be less than it is in Victoria, the only other jurisdiction with a comparable minimum school starting age. It is possible that this can be attributed, in part at least, to the fact that Australian Capital Territory children are generally enrolled in well organised government funded pre-schools which many parents regard as the basis for the schooling continuum. As such, they see no reason to delay school commencement.

Currently, based on Australian Bureau of Statistics 2003 data, the government school sector enrols 64 per cent of primary students and 57 per cent of secondary students in the Australian Capital Territory. Overall, the sector’s share of total enrolments is 61 per cent.

7.3.2 Implications of the options

The Australian Capital Territory government school sector would be affected by three of the options, viz: 4 years and 5 months, 4 years and 6 months and the range 4 years and 5 months to 4 years and 6 months. The following Table 7.i shows the Australian Capital Territory government sector projections for the increased size of the introductory cohort against the change options. It also shows projections based on the nationally comparable model. The figures in the nationally comparable model incorporate a higher delay factor. This is especially for the July birthday children, reflecting wider national trends.

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months</th>
<th>4 years and 5 months to 4 years and 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sectoral estimate of increase in the cohort size</td>
<td>625</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Nationally comparable model estimate of increase in the cohort size</td>
<td>262</td>
<td>193</td>
<td>193</td>
</tr>
</tbody>
</table>

Information provided by the government school sector indicates a strong preference for the retention of the present minimum school starting age of 4 years and 8 months. In general, however, if the government school sector were to move to a younger minimum...
school starting age, it would most likely do so at one point in time (2010) and would, if possible, tend to opt for the nearest age to the current 4 years and 8 months. However, as discussed below and detailed in sections 7.2.3 and 7.2.4 previously, the Australian Capital Territory would need to move in 2009 to lower the minimum starting age for pre-school to ensure continuity of service for all children able to enter school in 2010.

7.3.3 Cost/benefit modelling

The cost/benefit analysis modelled in the introduction was based on nationally comparable assumptions. This modelling showed the costs of the total Australian Capital Territory school sector against the options. Below, the cost implications related to the Australian Capital Territory government school sector are also modelled. These costs are based on the national delay factor of 3.98 per cent per month, extrapolated from those sectors where younger children are enrolled.

Table 7.j  Costs over the 13 years of schooling for the Australian Capital Territory government school sector, based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>$14</td>
<td>$10</td>
<td>$0</td>
<td>$10</td>
<td>$0</td>
</tr>
<tr>
<td>Secondary</td>
<td>$12</td>
<td>$9</td>
<td>$0</td>
<td>$9</td>
<td>$0</td>
</tr>
<tr>
<td>Totals</td>
<td>$26</td>
<td>$19</td>
<td>$0</td>
<td>$19</td>
<td>$0</td>
</tr>
</tbody>
</table>

Under the 4 years and 5 months option, the model shows the cost to the Australian Capital Territory government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $26m. Under the 4 years and 6 months option and the related range option, the model shows the cost to the Australian Capital Territory government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $19m.

Table 7.k  Sources of funding in the Australian Capital Territory government school sector by option over the 13 years of schooling

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months and related range option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>13 year primary and secondary costs based on the nationally comparable model</td>
<td></td>
</tr>
<tr>
<td>AG</td>
<td>Territory</td>
<td>Private</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>----------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Primary</td>
<td>$14.24</td>
<td>$1.14</td>
</tr>
<tr>
<td>Secondary</td>
<td>$11.77</td>
<td>$0.94</td>
</tr>
<tr>
<td>First year costs based on the nationally comparable model</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government sector</td>
<td>$2.18</td>
<td>$0.17</td>
</tr>
<tr>
<td>13 year costs based on the nationally comparable model with 3.98% per month delay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government sector</td>
<td>$26.0</td>
<td>$-2.1</td>
</tr>
<tr>
<td>13 year costs based on the sector cohort size assumptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government sector</td>
<td>$67.88</td>
<td>$-5.42</td>
</tr>
</tbody>
</table>
Based on the assumptions in the national model, Table 7.k above shows the cost shares of the Australian Government, the Australian Capital Territory Government and parents in funding the additional government school sector students in the introductory cohort for the change options. The assumption in Table 7.k is that the government school sector would enrol its ‘normal’ share of the additional students.

Should the sector be required to enrol children who would otherwise have enrolled in non-government schools, all figures would increase to a commensurate level. Moreover, should the delay factors in the national model not eventuate, the costs could be more than double those being modelled. Costs associated with a cohort size as predicted by the government school sector are shown in the last row of Table 7.k

In terms of Australian Government grants, the government sector could receive an additional amount in the order of $0.17m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $2.1m. Calculated on the basis of the enrolment projection data advised by the government school sector, the additional amount from Australian Government grants could be in the order of $5.4m.

For the 4 years and 6 months option and the related range option, the government sector could receive in the order of an additional $0.13m in the introductory year from Australian Government grants. Over the 13 years of schooling, the additional amount could be in the order of $1.5m from Australian Government grants. Calculated on the basis of the enrolment projection data advised by the government school sector, the additional amount from Australian Government grants could be in the order of $4m.

In terms of Territory funding, if the government sector were to enrol its ‘normal’ share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $1.9m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $23m. Calculated on the basis of the additional enrolment data advised by the government school sector, the additional amount from Territory funding could be in the order of $59m.

For the 4 years and 6 months option and the related range option, the government sector could receive in the order of an additional $1.4m in the introductory year from Territory funding. Over the 13 years of schooling, the additional amount could be in the order of $17m from Territory funding. Calculated on the basis of the additional enrolment data advised by the government school sector, the additional amount from Territory funding could be in the order of $43m.

If the government sector were to enrol its share of additional students in the introductory cohort, for the 4 years and 5 months option the sector could receive an additional amount in the order of $0.11m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $1.3m. Calculated on the basis of the additional enrolment data advised by the government school sector, the additional amount from private recurrent income could be in the order of $3.4m.

For the 4 years and 6 months option and the related range option, the government school sector could receive in the order of an additional $0.08m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $1m from private recurrent income. Calculated on the basis of the additional enrolment data advised by the government school sector, the additional amount from private recurrent income could be in the order of $2.5m.
Key local assumptions in relation to annual per capita costs provide the opportunity to modify the nationally comparable model for the Australian Capital Territory government school sector. The scenario modelled below complies with information supplied by the Australian Capital Territory Department of Education and Training. When considered in addition to the costs and benefits identified on the basis of the nationally comparable model discussed in the general section above, the two scenarios form a range of both costs and benefits.

The average per capita cost estimates used in the nationally comparable cost/benefit analysis model were based on government school expenditure per student as reported by the state and territory governments\(^\text{101}\). These were calculated in accrual format. The 2004-05 school sector annual costs per student used in the nationally comparable model are $8,676 for primary and $11,222 for secondary.

The expenditure calculations in the nationally comparable cost/benefit analysis model reflect only truly recurrent items and exclude depreciation and user cost of capital. However, they are average costs, and do not reflect the excess capacity in any system to incorporate new students without fixed cost increases.

Such a figure would be reflected by the marginal cost to a system, a figure that has proved quite elusive in national literature. Various Senate inquiries have long recognised the nature of marginal costs\(^\text{102}\) but there are no national publications in education, including those published by the Productivity Commission that present a table of marginal costs for each jurisdiction.

During the data gathering for the cost/benefit analysis, various amounts were put forward by jurisdictions to indicate marginal costs. However, no one nationally comparable methodology was used. Therefore, as an acceptable rule of thumb across jurisdictions, the approach used in the calculation of the Enrolment Benchmark Adjustment\(^\text{103}\) to ‘notional costs’ has been used in this Report. This places notional costs at 50 per cent of average costs.

If notional cost figures are substituted for the cost estimates in the nationally comparable cost/benefit analysis model, the estimated impacts of each of the options on the Australian Capital Territory government school sector are shown below.

### Table 7.1 Government sector 13 year savings using notional per capita cost

<table>
<thead>
<tr>
<th></th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary</strong></td>
<td>-$5</td>
<td>-$3</td>
<td>$0</td>
<td>-$3</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Secondary</strong></td>
<td>-$3</td>
<td>-$2</td>
<td>$0</td>
<td>-$2</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-$8</td>
<td>-$5</td>
<td>$0</td>
<td>-$5</td>
<td>$0</td>
</tr>
</tbody>
</table>

\(^{101}\) Data supplied by the Australian Government Department of Education, Science and Training from NSSC information.


These figures show lower costs against both options than would have been anticipated using the nationally comparable average cost data. Table 7.m below compares the costs. It should be noted that, should sector figures for the increase in the introductory cohort be used, notional costs would more than double, bringing them more into line with the figures in the national model.

### Table 7.m  Comparison of 13 year resource flows under nationally comparable average cost and notional cost models

<table>
<thead>
<tr>
<th>Government school sector costs</th>
<th>4 years and 5 months based on national average cost modelling</th>
<th>4 years and 5 months based on notional cost modelling</th>
<th>4 years and 6 months based on national average cost modelling</th>
<th>4 years and 6 months based on notional cost modelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>-$26</td>
<td>-$8</td>
<td>-$19</td>
<td>-$5</td>
</tr>
</tbody>
</table>

Additional cost areas arising from a younger minimum school starting age were identified by the Australian Capital Territory government school sector. These included the curriculum-related costs associated with the need to provide professional learning support for teachers. These costs were estimated to be in the order of $0.2m over the 11 years to Year 10 for the 4 years and 5 months option and in the order of $0.1m for the 4 years and 8 months option.

Likely cost increases were also identified in relation to non-mainstream programmes that provide support for students with special and/or additional needs. These were estimated as being in the order of $1.1m over the 11 years to Year 10 for the 4 years and 5 months option and $0.7m for the 4 years and 6 months option. Payments for such programmes as the New Arrivals Programme, the ESL Programme and the programmes for Indigenous students would need to be increased to address issues associated with the younger children. No estimate of such costs was provided but these costs would be incurred both at the outset and for subsequent years as the programmes responded to the learning needs of a younger cohort profile. These costs are included in the nationally comparable model.

The Australian Capital Territory government school sector also provided estimates of its potential infrastructure requirements. For each option, the sector estimated that 2 double transportable classrooms would be required, at a total cost in the order of $0.7m, expended by the introductory year.

Across the Australian Capital Territory government school sector as a whole, for the 4 years and 5 months option, the additional teaching staff required could be in the order of 11 teachers. For the 4 years and 6 months and the related range option, the additional teaching staff required could be in the order of 8 teachers. If sector cohort figures eventuate, the required numbers of teachers would be 25 and 12 for the two options respectively.

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,767 per student, the teacher related costs in the first year could be in the order of $1.3m for the 4 years and 5 months option and $0.9m for the 4 years and 6 months option and the related range option. If sector cohort figures

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104 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

105 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
eventuate, the required costs of teachers would be $2.8m and $1.9m for the two options respectively. These projected costs are included in the recurrent cost calculations above.

7.3.4 Impact of the options

In any of the options that move from 4 years and 8 months, there will be costs, benefits, risks and opportunities for the Australian Capital Territory government school sector. The overall level of change would be greatest should the option of 4 years and 5 months be introduced as a common minimum school starting age. The level of change would be less for 4 years and 6 months or the range option of 4 years and 5 months to 4 years and 6 months. The Australian Capital Territory would, of course, be unaffected by the introduction of 4 years and 8 months as the common school starting age or by the range option of 4 years and 5 months to 4 years and 8 months.

In terms of costs associated with any change from 4 years and 8 months, both initial and medium term costs would be borne by the Australian Capital Territory and Australian governments in providing for an increase in the size of the introductory cohort. These would include costs associated with staffing, infrastructure, administration and related costs in areas such as student transport. These costs would occur at the outset and for each year as the larger cohort progresses through schooling and into the tertiary sector and employment.

The principal risks identified by the sector related to the financial impact and management of an increased cohort size. The most salient element of this risk was the concern related to the provision of funds to cover government school sector costs prior to and during the initial year of any change and as the introductory cohort progresses through the subsequent 12 years of schooling.

The principal educational risks identified by the government school sector included those associated with ensuring that the curriculum would be adjusted sufficiently to meet the learning needs of a cohort with a younger age profile. It was felt that because of the strong take up of places in pre-school and the high quality of pre-school provision, that there may need to be a re-focusing in the Kindergarten year on the needs of those children who could be up to 3 months younger, depending on the option. However, the sector also noted that recent work around curriculum in the Territory meant that teachers would be well placed to address such issues.

The sector expressed the view that the 4 years and 5 months option in particular may generate increased demand for early childhood teachers as the introductory cohort passed through the early years of schooling. Planning for this would need to be undertaken in the period leading up to 2010.

The important work undertaken in pre-schools to identify students with special educational needs was noted by the sector. The view was expressed that, should a younger age option be adopted, the sector would need to ensure that early years teachers had the skills and access to resources to enable needs identification to take place. At the same time, the observation was made that some students with special needs, who may be better suited to a prior-to-school setting until older, could commence school ‘too early’ and not gain the advantages of generally lower adult to child ratios.

A further risk concerned the relationship between the minimum school starting age and the compulsory commencement age. Should any of the younger age options be adopted and the compulsory age remain at 6 years, its effect would be to broaden the age range of the introductory and subsequent cohorts. The broader spectrum of ages in any one class could pose risks around ensuring that the learning needs of all children could be met and
different learning approaches organised appropriately. A risk was identified in that boys in particular may be disadvantaged by starting school at a younger age. Also identified was the risk associated with younger children participating in assessments and tests that had been designed with a generally older cohort in mind.

The sector noted that the 4 years and 5 months option especially could place pressure on infrastructure in locations marked by high population growth. As the larger cohort moved through the years of schooling and made transitions from primary to secondary school and then to college, there could be a need to re-locate accommodation or provide purpose-specific temporary facilities or make refurbishments to existing infrastructure.

The principal opportunities identified by the government school sector were those that would arise from national commonality. Irrespective of the minimum school starting age that may be decided upon, there would be opportunities to achieve a greater level of comparability in relation to student performance data across all states and territories. Schools may find it easier to understand data about students who have transferred across state and territory borders because more students of similar age would be in the same year. Movement between states, especially for families living near border areas and for defence force families, would be facilitated.

A change to a younger minimum school starting age was perceived by some as likely to assist the capacity of the school sector to identify and respond early to the needs of students with learning difficulties. A younger cohort was also perceived as possibly enabling the sector to strengthen its focus in professional learning programmes on pedagogies for the early years of schooling. Additionally, opportunities could arise to review the continuum of learning from pre-school to Kindergarten through a stronger ‘early years’ approach.

It was felt that one of the advantages of a younger minimum school starting age could arise as students made the transition from college to university, further training or the workforce. It was suggested that because the age profile of the cohort would be younger, there may be greater encouragement for students to take a ‘gap year’ before taking up further studies or training. There could be significant benefits at a personal level for students and a greater level of readiness for the demands of tertiary study and training. However, the sector noted that the introductory cohort could mean a heightened level of competition for university places, with increased levels of stress during the senior years.

The sector noted that affected families could benefit from the younger age options by relief from child care costs 12 months earlier than under current arrangements. This could enable parents to re-enter the work force, either on a full or part time basis, thus contributing to increased levels of disposable family income.

Overall, the sector expressed the view that any of the younger minimum school starting age options could represent a significant change management process, both in terms of the larger introductory cohort and in terms of the younger age profiles of the introductory cohort and all subsequent cohorts. There would be a need for the government school sector to ensure that the changes, and their implications, were well planned for and effectively communicated to schools and to parents.

### 7.3.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the current situation is that the year before Year 1 is called Kindergarten. The year prior to Kindergarten is called preschool, offered on a sessional basis for 10.5 hours per week, with 12 hours phased in by 2006. No significant costs to the government school sector were identified as likely to arise
from a change in nomenclature for either Kindergarten or pre-school. Cost areas in the
government school sector included changes in signage, databases and the titles of
curriculum documents, the cost implications associated with any change were seen as
capable of being largely contained and managed.

Opportunities and benefits in relation to a common nomenclature were identified by the
Australian Capital Territory government school sector. These primarily related to the
positive impacts arising from all states and territories having a common nomenclature for
the early years of schooling, especially for the year before Year 1. Common nomenclature
was seen as likely to assist families as they moved across state and territory borders. Data
about students transferred between states and territories could be more readily and
accurately interpreted with a common nomenclature.

A benefit arising from a common nomenclature was the extent to which it would assist in
facilitating comparisons of data on a national basis.

7.3.6 Conclusion

For the Australian Capital Territory government school sector, the implications of any of
the relevant change options would mean an additional enrolment of younger children in
the first year of implementation. These additional children would be younger and they
would be able to enter school one full year earlier. All subsequent cohorts would have a
younger age profile.

The costs of the additional cohort as it moves through the years of schooling would be the
major costs involved in the options. For the 4 years and 5 months option, the overall
school sector costs could be in the order of $26m, with a figure greater than $2m to be
expended prior to or by the end of the first year. For the 4 years and 6 months option and
the related range option, the overall government school sector costs would be in the order
of $19m, with approximately $1.6m to be expended prior to or by the end of the first year.

The major risk identified related to the funding required to meet any increase in the size of
the introductory cohort. For either of the younger age options, there may be a need to
ensure that curriculum approaches met the learning needs of a cohort with a younger age
profile and with a greater age range. This could have implications for the pre-school to
school continuum.

On the other hand, a younger minimum school starting age may provide an increased time
range in terms of parent choice as the compulsory age of schooling would be unaffected.
Benefits would also be likely to arise from national commonality so that the transfer of
students across state and territory borders could be more readily facilitated.

In terms of nomenclature, no significant costs were identified. However, any change in
nomenclature around the early years of schooling would be likely to involve costs
associated with changes in data bases, signage and documents.
7.4 Australian Capital Territory Catholic School Sector

7.4.1 Current situation

Children are able to enter Australian Capital Territory Catholic schools at the commencement of the year in which they turn 5 years of age by the 30 April. This means they have to be at least 4 years and 8 months by January 1 of their year of school entry. Catholic schools in the Australian Capital Territory are covered by the Catholic Education Commission of the Archdiocese of Canberra-Goulburn.

This minimum starting age was introduced some 30 years ago, in line with the change made by the government system. Intake is generally at the commencement of the school year, although some entry occurs throughout the year at the discretion of the school principal. The compulsory age of schooling is 6 years of age. The Catholic school sector does not operate pre-schools.

Currently, based on Australian Bureau of Statistics 2003 data, the Catholic school sector’s share of total enrolments is 28.4 per cent.

7.4.2 Implications of the options

The Australian Capital Territory Catholic school sector would be affected by three of the options, viz: 4 years and 5 months; 4 years and 6 months; and, the range from 4 years and 5 months to 4 years and 6 months.

The following Table 7.n shows the nationally comparable model projections for the increase in the size of the introductory cohort against the change options.

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months</th>
<th>4 years and 5 months to 4 years and 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationally comparable model of increase in the cohort size.</td>
<td>112</td>
<td>82</td>
<td>82</td>
</tr>
</tbody>
</table>

The nationally comparable cost/benefit analysis model indicates that the size of the introductory cohort in 2010 would increase by 112 for the option of having the minimum school starting age set at 4 years and 5 months at January 1 of the year of enrolment. For the option of 4 years and 6 months and the related range option the projected increase would be 82. These figures incorporate the delay elements revealed in wider national data.

It would be unlikely that the Catholic school sector could fund additional infrastructure for a temporary increase in the size in one cohort in particular locations. While it is sector policy to enrol all Catholic students who seek a place, the pressure on infrastructure in particular locations caused by an increased cohort size may mean that some students seeking enrolment would be directed to another school. Depending on location and accessibility, this could be a school in the government sector. The lack of infrastructure capacity to enrol some of the additional students in the cohort would place additional
pressure on the government sector, increasing the likely size of the government school sector share of the increase in the cohort.

Lack of capacity to enrol the sector’s proportionate share of the increased cohort could represent a relative loss of income through Australian Government and Territory recurrent grants and fees from parents. The loss would occur in relation to the 4 years and 6 months option, the range option of 4 years and 5 months to 4 years and 6 months, and be greatest for the 4 years and 5 months option. This loss from the Catholic sector, in some instances at least, would be over the full 13 years of schooling.

The average increase in students per school would be in the order of 3 students in Australian Capital Territory Catholic sector schools for the 4 years and 5 months option on the basis of the nationally comparable model. For the 4 years and 6 months option, the increase would be in the order of 2 students. It is unlikely, therefore, that the increased size of the cohort would generate a significant level of infrastructure pressure. Students would either be enrolled in existing available places or be advised, if places were not available, to enrol in another Catholic school with available places or in a school in another sector.

### 7.4.3 Cost/benefit modelling

Extrapolating from national data, the impact of each of the options in terms of costs over the full 13 years of schooling can be demonstrated. Table 7.0 below shows costs on the basis of the nationally comparable model.

#### Table 7.0 Costs over the 13 years of schooling for the Australian Capital Territory Catholic school sector, based on nationally comparable information about cohort size

<table>
<thead>
<tr>
<th></th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catholic Primary</td>
<td>-$3</td>
<td>$3</td>
<td>$0</td>
<td>-$3</td>
<td>$0</td>
</tr>
<tr>
<td>Catholic Secondary</td>
<td>-$4</td>
<td>$3</td>
<td>$0</td>
<td>-$3</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-$7</td>
<td>$6</td>
<td>$0</td>
<td>-$6</td>
<td>$0</td>
</tr>
</tbody>
</table>

The costings above are based on the recurrent annual cost estimates per student provided by the Territory Government to the Australian Government Department of Education, Science and Training. The assumption accounts for all eligible students who would normally be expected to enrol in Catholic schools.

The additional students in the initial cohort would require additional recurrent funding throughout their school tenure. Using the nationally comparable data, for the 4 years and 5 months option, the costs could be in the order of $7m over the 13 years of schooling. For the 4 years and 6 months option and the related range option, the costs could be in the order of $6m over the 13 years of schooling. The additional funding would need to be sourced from Australian Government and Territory Government grants, and private sources including fees.

For all relevant options, provided all additional students were enrolled, the results of lowering the minimum school starting age show a substantial potential inflow of resources to the Catholic school sector. However, because many schools in the sector are currently operating at full capacity, without capital injections the increased flows would be likely to take place in the government school sector rather than in the Catholic school sector, with consequent changes in the proportional long term value of the sectors.
Table 7. Sources of funding in the Australian Capital Territory Catholic school sector by option over the 13 years of schooling

**Costs(-)/benefits(+) ($ million, 2004-05)**

<table>
<thead>
<tr>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months and related range option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>AG</td>
<td>Territory</td>
</tr>
<tr>
<td>Primary</td>
<td>-$3.46</td>
<td>-$2.00</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$3.80</td>
<td>-$2.20</td>
</tr>
</tbody>
</table>

| First year costs based on the nationally comparable model |
|---|---|---|---|
| Overall costs | AG | Territory | Private |
| Catholic sector | -$0.53 | -$0.33 | -$0.12 | -$0.10 | -$0.39 | -$0.24 | -$0.09 | -$0.06 |

| Catholic sector | 13 year costs based on the nationally comparable model with 3.98% per month delay |
|---|---|---|---|
| Overall costs | AG | Territory | Private |
| Catholic sector | -$7.3 | -$4.2 | -$1.6 | -$1.5 | -$5.3 | -$3.1 | -$1.2 | -$1.1 |

Table 7. above shows the cost shares of the Australian Government, the Australian Capital Territory Government and parents in funding the additional Catholic sector students in the introductory cohort for the change options. The assumption in Table 7. is that the sector would enrol its ‘normal’ share of the additional students.

In terms of Australian Government grants in relation to the 4 years and 5 months option, if the Catholic sector were to enrol its share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $0.33m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $4.2m.

For the 4 years and 6 months option and the related range option, the Catholic sector could receive in the order of an additional $0.24m in the introductory year from Australian Government grants. Over the 13 years of schooling, the additional amount could be in the order of $3.1m from Australian Government grants.

In terms of Territory Government grants in relation to the 4 years and 5 months option, if the Catholic sector were to enrol its share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $0.12m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $1.6m.

For the 4 years and 6 months option and the related range option, the Catholic sector could receive in the order of an additional $0.09m in the introductory year from Territory Government grants. Over the 13 years of schooling, the additional amount could be in the order of $1.2m from Territory Government grants.

If the Catholic sector were to enrol its share of additional students in the introductory cohort, for the 4 years and 5 months option the sector could receive an additional amount in the order of $0.09 in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $1.5m.

For the 4 years and 6 months option and the related range option, the Catholic school sector could receive in the order of an additional $0.6m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $1.1m from private recurrent income.
Across the Australian Capital Territory Catholic school sector as a whole, for the 4 years and 5 months option, the additional teaching staff required could be in the order of 5 teachers. For the 4 years and 6 months and the related range option, the additional teaching staff required could be in the order of 4 teachers\textsuperscript{106}.

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission\textsuperscript{107}, with teacher costs of $4,767 per student, the teacher related costs in the first year could be in the order of $0.53m for the 4 years and 6 months option and $0.4m for the 4 years and 6 months option the related range option. These projected costs are not included in the recurrent cost considerations above.

Again, these are average calculations and do not take account of the capacity at the individual school level to either enrol the additional students within existing places or to advise students to enrol in a school in another sector.

\textbf{7.4.4 Impact of the options}

In any of the options that move from 4 years and 8 months, there will be costs, benefits, risks and opportunities for the Australian Capital Territory Catholic school sector. The overall level of change would be greatest should the option of 4 years and 5 months be introduced as a common school starting age. The level of change would be less for 4 years and 6 months or the range option of 4 years and 5 months to 4 years and 6 months. The Australian Capital Territory Catholic school sector would, of course, be unaffected by the introduction of 4 years and 8 months as the common school starting age or by the range option of 4 years and 5 months to 4 years and 8 months.

Without infrastructure expenditure, these impacts at their full extent are unlikely to occur in the Australian Capital Territory Catholic school sector. It is probable that any increase in the size of the 2010 Kindergarten year cohort resulting from a younger minimum school starting age would be managed by the Catholic school sector in a way to contain impact.

As discussed previously, where the additional students could be absorbed into sector schools without affecting staffing or infrastructure it is likely that places would be made available. Where this would not be possible, it is likely that families seeking enrolment for their children would be directed to schools in the other sectors, most probably the government sector.

The sector identified any lack of capacity to enrol its proportionate share of the increased cohort size as a major area of risk. Any loss of ‘natural’ enrolments would most likely be permanent, extending in many instances to the enrolment of younger siblings. These children would not have access to schooling based on Catholic values. This could have flow-on effects in areas such as the wider work of the parish where some families could effectively be excluded from a ‘full’ Catholic life. Even where they may be able to find a place for their children in another parish, there could still be an element of disruption. Additionally, where students could not be enrolled in Catholic schools, the lack of capacity of the sector to enrol the full increase in the size of the cohort would represent a significant loss of future income from both government grants and fees.

\textsuperscript{106} As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

\textsuperscript{107} Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
The sector identified significant management issues that could arise if Catholic schools were unable to enrol all Catholic students who sought a place. For example, it may prove extremely difficult to develop appropriate and broadly acceptable criteria against which enrolment decisions could be made. If the response at the school level were to accept additional enrolments by increasing class sizes, this would be perceived by many as disadvantaging the Catholic school sector by increasing the class size ‘gap’ between it and the government school sector.

The Catholic school sector identified a number of educational risks associated with a younger minimum school starting age. It noted that school commencement at a younger age may place undesirable pressure on children who would be better suited by remaining for a further 12 months in a prior-to-school environment focused on play-based development and family care. Teachers would need appropriate professional development to support them as they made the necessary pedagogical adjustments to meet the needs of a younger cohort. It was felt that some boys could be disadvantaged because of maturity issues.

The sector expressed the view that the time was approaching when it would be desirable to review current approaches to the curriculum in pre-school and Kindergarten. It was felt that any move to a younger minimum school starting age may be perceived by some as lessening the need for such a review. This could have implications for the pre-school and Kindergarten continuum. Some concern was also expressed that a larger cohort may raise issues about the availability of an adequate number of early years teachers. Additionally, the pre-service preparation of teachers would need to respond to equipping teachers with the skills to respond to the learning needs of younger children.

Risks were also perceived in relation to students with disabilities or special needs who would be entering school earlier than under current arrangements. The lower adult to child ratios in the prior-to-school sector may mean that these children are advantaged in their development by remaining for a further 12 months in a smaller group situation. By commencing school ‘too soon’ they may not have access to the level of individualised attention required relative to their age.

The risk was also noted that teachers might find it harder to cope with the broader age range in their classes arising from a younger minimum school starting age. It was felt that some parents would delay the school commencement of their children, especially for July birthdays if the 4 years and 5 months option were to be introduced. This would have the effect of increasing the class age range and would represent additional demands on teachers.

The sector noted that a younger minimum school starting age would mean that the affected cohort would be larger when it made the transition from school to university, further training and the workforce. This could mean a heightened level of competition for places, adversely affecting the opportunities that some students may have for worthwhile and engaging careers.

On the other hand, opportunities were identified by the Catholic school sector. A younger minimum school starting age was perceived as providing greater opportunities for teachers to make early identification of students with learning difficulties. It was noted that students from non-English speaking backgrounds would have earlier access to the generally greater resources of the school sector compared to the prior-to-school sector. It was also felt that children would benefit from increased teacher professional dialogue about readiness issues and that there could be a re-focusing on curriculum issues related to learning in the early years.
The Catholic school sector also identified opportunities for families. In particular, a younger minimum school starting age was perceived as increasing opportunities for parents to make decisions about the readiness of their children for schooling. These included reducing the cost burden of child care and opportunities for earlier workforce re-entry for parents. However, the sector noted that any reduction in the size of the pre-school cohort could have a negative impact on some providers and may raise issues about the viability of services.

The sector expressed the view that families would benefit from easier movement between states though a common minimum school starting age, irrespective of the age decided upon. Additionally, given the level of movement between Australian Capital Territory schools and New South Wales schools, any commonality would be widely perceived in the community as a ‘sensible’ reform.

7.4.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the current situation is that the year before Year 1 is called Kindergarten. The year prior to Kindergarten is generally called pre-school and is funded on a 10.5 hour sessional basis by the Australian Capital Territory Government. The government sector is the principal provider of sessional pre-school in the Territory.

Some costs to the Catholic school sector were suggested as likely to be associated with any change in nomenclature. These could be costs associated with changes in signage and databases. No actual cost estimates were provided by the sector.

Benefits in relation to a common nomenclature across the nation were identified by the Australian Capital Territory Catholic school sector. The main benefit identified related to making the transfer of students from one state or territory to another easier for the student, the family and the school. A common nomenclature for the early years of schooling was perceived as likely to assist the exchange of data about students between schools in different states and territories.

7.4.6 Conclusion

Any conclusions about the impact of a younger minimum school starting age on the Australian Capital Territory Catholic school sector needs to take account of the limitations of the schools within the sector to enrol additional students. The view of the Catholic education sector is that the enrolment capacity of individual schools will be the most important criterion in determining the overall sectoral response to a younger minimum school starting age.

Given that many Catholic schools will have only marginal capacity to enrol additional students in 2010, it is likely that, without an injection of funding for infrastructure, a significant proportion of the sector’s normal share of the additional enrolment would seek places in the government school sector. Should this occur, by implication there would be a loss of potential revenue and market share to the Catholic school sector in the introductory year and in the years thereafter.

In terms of a possible change in nomenclature, costs were identified but not quantified by the Catholic school sector.
7.5 Australian Capital Territory Independent School Sector

7.5.1 Current situation

Children are able to enter Australian Capital Territory independent schools at the commencement of the year in which they turn 5 years of age by the 30 April. This means, in general, they are at least 4 years and 8 months by January 1 of their year of school entry.

The minimum starting age of 4 years and 8 months was introduced some 30 years ago, in line with practice in the government school sector, and is generally followed in the independent sector. Intake is generally at the commencement of the school year, although some entry occurs throughout the year at the discretion of the school principal.

There are 16 independent schools in the Australian Capital Territory. Currently, based on Australian Bureau of Statistics 2003 data, the independent school sector enrols 9 per cent of primary students and 18 per cent of secondary students in the Australian Capital Territory. Overall, the sector’s share of total enrolments is 13 per cent.

Territory legislation makes 6 years the compulsory age of schooling.

7.5.2 Implications of the options

The three options that could impact on the sector are the 4 years and 5 months option, the 4 years and 6 months option and the 4 years and 5 months to 4 years and 6 months range option. There are no central data to indicate the extent of differentiation across schools from the current minimum school starting age.

For the independent sector, the following Table 7.q shows the projections for the increase in the size of the introductory cohort against the change options, based on the nationally comparable model. These projections include an estimate that current growth in the sector will be maintained. They also reflect the national data about delay. The national pattern is that the younger the child, the more likely it is that parents will choose to delay enrolment

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months</th>
<th>4 years and 5 months to 4 years and 6 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationally comparable model estimate of increase in the cohort size</td>
<td>35</td>
<td>26</td>
<td>26</td>
</tr>
</tbody>
</table>

Depending on the current practice of each individual school in relation to a minimum starting age, the impact of the three relevant options will vary. However, with any of the options for a younger school starting age, there is, in theory, likely to be a larger eligible cohort within the sector in the first year of introduction of the change. The extent to which individual schools will adjust enrolment policies in 2010 for Kindergarten in response to the increase in eligible children seeking enrolment will depend, largely, on local decisions around their capacity.

Another factor in making decisions about a response to an increased available school entry cohort in 2010 may be considerations around maintaining small class sizes or a smaller
school population. These characteristics are key identifying features of some independent schools and can be the source of parental demand for placement.

It is possible that smaller schools in the sector operating multi-level classes may be able to accept additional enrolments, depending on existing class sizes. Similarly, schools with one or more Kindergarten classes may be able to accept additional numbers depending on available spaces. For these schools there would be an increase in revenue through grants and fees without significant additional costs.

For the 4 years and 5 months option, the nationally comparable data indicate that the average increase per school would be in the order of 1 student. For the 4 years and 6 months option and the related range option, the average increase per school would be in the order of 0.7 students.

There are no sectoral data that show the capacity of individual schools to absorb increased numbers at this level in particular streams. In general, however, a significant proportion of schools have available infrastructure capacity arising from general population decline. Schools with excess capacity would benefit from being able to enrol the additional students to fill available places. These students would attract additional income but few costs. Schools with no current infrastructure capacity to enrol additional students would be unlikely to do so. Some, however, may enrol additional students by increasing class sizes.

Where independent schools are unable to enrol the additional students, there would be a proportionate decline in the sector’s share of enrolments relative to the other two sectors.

### 7.5.3 Costs modelling with amendments based on sector information

Cohort size and cost per student calculations based on nationally agreed data sets and nationally comparable assumptions have been built into the cost/benefit analysis model. The following Table 7.r is based on the cohort size in the nationally comparable model.

**Table 7.r** Costs over the 13 years of schooling for the Australian Capital Territory independent school sector, based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.5</td>
</tr>
<tr>
<td>Independent Primary</td>
</tr>
<tr>
<td>Independent Secondary</td>
</tr>
<tr>
<td>Totals</td>
</tr>
</tbody>
</table>

The calculations above are based on the recurrent annual cost estimates per student provided by the Territory Government to the Australian Government Department of Education, Science and Training. The assumption is that all eligible students who would normally enrol in independent schools will be enrolled. Any capacity issues that lower the proportional intake from the potential increase in the cohort would lower the figures in the Table 7.r.

Under the 4 years and 5 months option, the 13 year costs could be in the order of $4. Under the 4 years and 6 months option and the related range option, the 13 year costs could be in the order of $3m.

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108 Data provided by the Australian Government Department of Education, Science and Training from NSSC information.
Table 7.s Sources of funding in the Australian Capital Territory independent school sector by option over the 13 years of schooling

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months and related range option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>AG</td>
<td>Territory</td>
</tr>
<tr>
<td>Primary</td>
<td>-$1.67</td>
<td>-$0.45</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$2.27</td>
<td>-$0.94</td>
</tr>
</tbody>
</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Independent sector</th>
<th>4 years and 5 months</th>
<th>4 years and 6 months and related range option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>AG</td>
<td>Territory</td>
</tr>
<tr>
<td>Independent sector</td>
<td>-$0.26</td>
<td>-$0.07</td>
</tr>
</tbody>
</table>

13 year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Independent sector</th>
<th>AG</th>
<th>State</th>
<th>Private</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent sector</td>
<td>-$3.9</td>
<td>-$1.4</td>
<td>-$0.6</td>
<td>-$2.9</td>
<td>-$1.0</td>
<td>-$0.4</td>
</tr>
</tbody>
</table>

Table 7.s above shows the cost shares of the Australian Government, the Australian Capital Territory Government and parents in funding the additional independent sector students in the introductory cohort for the change options. The assumption in Table 7.s is that the sector would enrol its ‘normal’ share of the additional students.

In terms of Australian Government grants, if the independent sector were to enrol its share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $0.07m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $1.4m.

For the 4 years and 6 months option and the related range option, the independent sector could receive in the order of an additional $0.05m in the introductory year from Australian Government grants. Over the 13 years of schooling, the additional amount could be in the order of $1.0m from Australian Government grants.

In terms of Territory Government grants, if the independent sector were to enrol its share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $0.03m in the introductory year for the 4 years and 5 months option. Over the 13 years of schooling, the additional amount could be in the order of $0.6m.

For the 4 years and 6 months option and the related range option, the independent sector could receive in the order of an additional $0.02m in the introductory year from Territory Government grants. Over the 13 years of schooling, the additional amount could be in the order of $0.4m from Territory Government grants.

If the independent sector were to enrol its share of additional students in the introductory cohort, the sector could receive an additional amount in the order of $0.16m in the introductory year for the 4 years and 5 months option from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $2m.

For the 4 years and 6 months option and the related range option, the independent school sector could receive in the order of an additional $0.12m in the introductory year from private recurrent income. Over the 13 years of schooling, the additional amount could be in the order of $1.4m from private recurrent income.
Across the Australian Capital Territory independent school sector as a whole, for the 4 years and 5 months option, the additional teaching staff required could be in the order of 1 to 2 teachers. For the 4 years and 5 months and the related range option, the additional teaching staff required could be in the order of 1 teacher. For the schooling sector, based on figures for 2002/03 published by the Productivity Commission, with teacher costs of $4,767 per student, the teacher related costs in the first year could be in the order of $0.17m for the 4 years and 5 months option and $1.3m for the 4 years and 5 months option and the related range option. Projected staffing costs are included in the recurrent cost calculations above.

In relation to infrastructure costs, similar average calculations can be made. Under the nationally comparable model for each of the change options, a demountable classroom would be required at a cost in the order of $0.15m. These projected costs are not included in the recurrent cost calculations above.

### 7.5.4 Impact of the options

In any of the options that move from 4 years and 8 months, there will be costs, benefits, risks and opportunities for the Australian Capital Territory independent school sector. The overall level of change would be greatest should the option of 4 years and 5 months be introduced as a common school starting age. The level of change would be less for 4 years and 6 months option or the range option of 4 years and 5 months to 4 years and 6 months. The majority of Australian Capital Territory independent schools would, of course, be relatively unaffected by the introduction of 4 years and 8 months as the common school starting age or by the range option of 4 years and 5 months to 4 years and 8 months.

It should be noted, however, that there is not necessarily a uniform minimum school starting age across the independent school sector. Individual schools make decisions about the appropriate minimum school starting age, taking into account factors such as their capacity and views of the parent community.

It is probable that any increase in the size of the 2010 Kindergarten year cohort resulting from a younger minimum school starting age would be managed by the independent school sector in a way to contain impact. The impact of the younger age options on the size of the cohort would not be of a magnitude that would, of itself, be likely to cause schools to employ additional teachers or to provide additional infrastructure. Increased numbers would be absorbed where places were available or where decisions were made to increase class sizes. Where places could not be made available, it is likely that students would be included on a waiting list and advised, in the meantime, to seek enrol in another school.

The independent school sector identified a number of educational risks associated with a younger minimum school starting age. The sector noted that there could be implications for Kindergarten teachers in terms of needing to make pedagogical adjustments to meet the needs of a younger cohort. Comment was also made that they may be ‘maturity’ issues associated with a younger cohort. This could be especially relevant to issues around the readiness of boys for formal schooling. Risks were also perceived in relation to students

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109 As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

110 Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
with special needs who would be entering school earlier compared to current arrangements. It was felt that some parents of special needs children may enrol them in school ‘too soon’ rather than retain them in the prior-to-school sector where the lower adult to child ratios may be a key beneficial factor.

Under the younger age options, teachers could find it harder to manage the broader age range in their classes. The view was expressed that some parents may delay the school commencement of their children, especially for July birthdays if the 4 years and 5 months option were to be introduced. This would have the effect of increasing the class age range and would represent additional demands on teachers.

It was felt that a larger introductory cohort may raise issues about the availability of an adequate number of early years teachers. Additionally, the pre-service preparation of teachers would need to ensure that teachers were equipped with the skills to respond to the learning needs of younger children.

The sector noted that a younger minimum school starting age would mean that the affected cohort would be larger when it made the transition from school to university, further training and the workforce. This could mean a heightened level of competition for places, adversely affecting the opportunities that some students may have for worthwhile and engaging careers.

Overall, the sector expressed the view that adoption of a younger age option could represent significant change management issues. There would be a need for the development of adequate projection data at the individual school level in order to ensure effective planning for any increased number of students seeking enrolment in 2010.

On the other hand, opportunities were identified by the independent school sector. A younger minimum school starting age was perceived as providing greater opportunities for teachers to make earlier identification of students with learning difficulties. It was also felt that there could be a re-focusing on curriculum issues related to learning in the early years. This could give added impetus to current work around curriculum reform.

The independent school sector identified opportunities for families. A younger minimum school starting age was perceived as likely to increase opportunities for parents to make decisions about the readiness of their children for schooling. There could be reduced costs in terms of child care. Affected parents would be able to make earlier decisions about possible re-entry to the workforce.

The sector expressed the view that families would benefit from easier movement between states though a common minimum school starting age, irrespective of the age decided upon. This would be a particularly important consideration for the Australian Capital Territory given the relatively large number of defence force families who move in and out of the Territory on a regular basis.

7.5.5 Nomenclature

The current situation in relation to nomenclature around the early years of schooling is that the year before Year 1 is called Kindergarten. The year prior to Kindergarten is termed pre-school. Pre-school provision, sessional for 10.5 hours per week, is largely through the government sector.

No significant costs to the independent school sector arising from a change in nomenclature around the early years of schooling were identified. Issues such as changes in signage were perceived as ones which individual schools would manage in the normal course of their activities. No actual cost estimates were provided by the sector.
Benefits in relation to a common nomenclature across the nation were identified by the Australian Capital Territory independent school sector. The principal benefit concerned the extent to which students would find movement from one state to another generally easier, increasing the continuity of their schooling.

7.5.6 Conclusion

It is likely that a proportion of any increase in the size of the introductory cohort arising from a younger minimum school starting age would be absorbed by the independent school sector without any direct implications for staffing or infrastructure. However, there are no centrally held data to illustrate capacity at the individual school level and to indicate, therefore, the extent to which additional enrolments will be absorbed. Consequently, it is not possible to draw conclusions about the proportion of the increased cohort size that may seek enrolments in the other two sectors because of the unavailability of places in independent schools. It would be unlikely that any independent schools would invest in additional infrastructure given the relatively small average numbers involved and the temporary nature of the increased size of the introductory cohort.

The independent school sector noted a number of risks and opportunities that could be associated with a younger minimum school starting age. A major risk included the need to ensure that curriculum and pedagogy took the fullest possible account of the younger age profile of the introductory and subsequent cohorts. Opportunities were identified in relation to the earlier identification of student needs. Opportunities for affected parents were noted, including relief from child care costs 12 months earlier than under current arrangements.

No significant costs were identified in relation to a possible change in nomenclature around the early years of schooling. While 4 years and 8 months would be the preferred option, it was recognised that there would be significant benefits to children, families and schools from a nationally common minimum school starting age.
Chapter 8: Northern Territory

8.1 The Northern Territory Overview

8.1.1 Current Situation

The current position in the Northern Territory in relation to the minimum school starting age varies across the three schooling sectors.

In the government school sector students are eligible to enrol in the year before Year 1, termed Transition, after they have turned 5 years of age. Transition, which is full-time, allows for a continuous intake, with schools having to offer at least three intake dates. These are, typically, the commencement of the first, second and third terms. Approximately 50 per cent of students enrol at the commencement of Term 1, 25 per cent at the commencement of Term 2, and the final 25 per cent at the commencement of Term 3. The enrolment practice is generally referred to as ‘continuous enrolments’.

There is currently an ‘age of entry policy trial’ involving 10 government sector schools where there is a single intake on the basis of a minimum school starting age of 4 years and 6 months. It is likely that this trial will lead to the universal introduction of this age as the minimum school starting age for all government sector schools in 2006.

In the Catholic school sector, the general practice in relation to the minimum school starting age is that children are eligible to enrol in Transition if they will turn 5 years of age by the 30th June. That is, students are eligible to enrol where they have turned 4 years and 6 months by the commencement of the enrolment year. There is some internal variation in minimum school starting age within the sector. The sector has a single intake approach.

Schools in the independent school sector have generally followed practice in the government school sector. For many schools, there are three intakes over the course of the Transition year, with children eligible for enrolment upon reaching their 5th birthday. Other schools, however, have only one intake. Schools in the sector have signalled their preference for a single intake and this is likely to be common practice across the sector from 2006. The compulsory age legislation requires children to be enrolled in school by the time they turn 6 years of age.

The Northern Territory Government funds an average of 12 hours per week of pre-school in government sector pre-schools. Children are eligible to enrol when they have turned 4 years of age, depending on the availability of places. Indigenous students in remote areas can enrol from their 3rd birthday.

Enrolments are on a ‘continuous basis’, except that pre-schools associated with the 10 age of entry policy trial schools enrol children on the basis of a minimum pre-school starting age of 3 years and 6 months. That is, children can enrol when they will turn 4 years of age by 30 June in the year of pre-school enrolment. Pre-schools are typically located on government primary school sites. Some non-government schools make pre-school provision, funded through fees.
8.1.2 Implications of the options

The nationally comparable model assumes that the minimum school starting age in the Northern Territory, by 2010, will be 4 years and 6 months. Table 8.a below shows the broad impact of the options in the Northern Territory on the basis of this assumption.

The model takes into account a delay element, based on national data about the extent to which families will delay the school commencement of their children beyond the minimum entry age.

Should the 4 years and 5 months option be adopted, it is possible that the projected increase in the size of the cohort could be 2.8 per cent, rather than an increase of 8.3 per cent without the delay element. For the 4 years and 8 months option, the projected decrease in the size of the introductory cohort could be 7.7 per cent, rather than an increase of 16.6 per cent.

<table>
<thead>
<tr>
<th>Table 8.a</th>
<th>Implications for Northern Territory schooling of changed cohort size and age by options</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4 years and 8 months</td>
</tr>
<tr>
<td>Percentage change in cohort size</td>
<td>A decrease of up to 7.7 per cent in the introductory cohort, with these children entering Transition a full year later than would be possible under a minimum school starting age of 4 years and 6 months. This smaller cohort would then progress through the subsequent years of schooling.</td>
</tr>
<tr>
<td>Change in age of cohort</td>
<td>Children entering Transition who are up to 2 months older than the oldest children under a minimum school starting age of 4 years and 6 months.</td>
</tr>
</tbody>
</table>

For the Northern Territory overall, any change in the minimum school starting age of 4 years and 6 months would produce either a larger or smaller cohort of students in the year of introduction. A smaller cohort would occur if the option of 4 years and 8 months were to be agreed upon. If the option of 4 years and 5 months were to be agreed upon, the effect would be to increase the size of the introductory cohort. For the option of 4 years and 6 months or either of the range options, the Northern Territory would be unaffected.

If change were introduced in 2010, the affected cohort would proceed over the 13 years of schooling. In 2023, the total student population in Northern Territory schools would return to a ‘normal’ level.

For the 4 years and 8 months option, in the year of introduction of a new minimum school starting age and in each year thereafter, some children who could enter school under the 4 years and 6 months arrangement would be precluded from doing so for a full year. These children would have May or June birthdays. This group of children would complete school and enter the tertiary sector or the workforce one year later than under the 4 years and 6 months arrangement.
For the 4 years and 5 months option, in the year of introduction of a new minimum school starting age and in each year thereafter, some children who under the 4 years and 6 months arrangement would be precluded from school entry would be able to commence school a full year earlier. These children would have a July birthday. This group of children would complete school and enter the tertiary sector or the workforce one year earlier than under the 4 years and 6 months arrangement.

On the basis of the nationally comparable model, the 4 years and 8 months option would see a decrease in the size of the total introductory cohort of 268 students. Under the 4 years and 5 months option, the cohort would increase by 99 students. The effect of the increase or decrease in enrolments in the first year may fall unevenly. The factors contributing to this include population growth differentials across geographical areas. For example, in some Indigenous communities where population is growing there may be implications under either option for infrastructure and staffing provision. In areas where there is a significant representation of defence force families, the impacts may also be greater.

However, the three schooling sectors noted that the number of affected students under either option would be relatively small and that, in general, schools would be well placed to manage the likely impacts. Indeed, in areas marked by population growth the impacts from either of the change options may well be indiscernible due to the broader impacts of an increased overall student population. Similarly, in areas characterised by either a static or declining population, it would be improbable that the numbers involved at the school level would pose significant management issues.

Educational arguments in the Northern Territory in relation to a minimum school starting age focused primarily on the advantages of universal schooling for 5 year olds. The age of 4 years and 6 months was perceived as one which represented a ‘balance’. On the one hand, 4 years and 6 months, when associated with a single intake, will give parents increased choice about when their children can enrol. On the other, 4 years and 6 months is perceived as ensuring that younger children whose birthdays fall after June would be able to remain in the supportive environments of their families and in pre-school and other play-based care situations. In addition, 4 years and 6 months was perceived as one which was relatively straightforward and capable of ready comprehension by parents.

The minimum school starting age of 4 years and 6 months was also perceived as having the advantage of being aligned with both Queensland, when its Prep reform is finalised in 2007, and with Western Australia. Both of these states cover some 50 per cent of student movements to and from the Territory.

### 8.1.3 Cost/benefit modelling

The estimated impact in the Northern Territory school sector of each of the options on the size of the cohort and the costs of servicing an increased cohort, or the savings associated with a decreased cohort, are summarised by option in Table 8.b.

Table 8.b uses nationally comparable cohort and cost and benefit estimates based on the Australian Bureau of Statistics, the Australian Government Department of Education, Science and Training and the Department of Family and Community Services data sets. The figures in Table 8.b discount longer term economic costs and benefits to present value in order to realistically demonstrate the value of a younger or older school starting age in macro-economic terms.
Table 8.b  Long term costs and benefits based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Benefits/(-)costs ($ millions, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-school and child care</td>
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<td></td>
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<tr>
<td>Formal</td>
<td>$1.43</td>
<td>$0.00</td>
<td>$0.17</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Informal - parents</td>
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<td>$0.00</td>
</tr>
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<td>Informal - other</td>
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<td>Primary</td>
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</tr>
<tr>
<td>Total</td>
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<td>$0.00</td>
<td>$21.50</td>
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<td>Total</td>
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<td>$0.00</td>
<td>$12.99</td>
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<td>$0.00</td>
</tr>
<tr>
<td>Tertiary</td>
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<td>-$51.06</td>
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For each of the change options, there are identifiable up-front costs to be paid or savings to be made by the schooling sectors. These, however, are relatively small compared with the discounted present value of the economic benefit or loss that occurs for the affected children, for their parents and for governments through taxation changes.

Figure 8.a  Net benefits and costs for the Northern Territory for each of the relevant options, based on nationally comparable data

Costs(-)/benefits(+) ($ million, 2004-05)

Under the 4 years and 8 months option, the total saving to the total Northern Territory schooling sector over the 13 years in which the smaller cohort moves through the years of schooling could be in the order of $34.5m. Discounting for any capital costs, the saving to the schooling sectors in the introductory year could be in the order of $3m.

In the first year of implementation, a net cost in the order of $0.9m could occur in the prior-to-school sector. Much of this cost would need to be met by families who would
have to meet the out-of-pocket expenses of prior-to-school provision for those children who, from 2010, would be precluded from entering the schooling sector for a further 12 months. It would also include an imputed cost for informal care. The total net cost would occur every year thereafter and would be indexed. The cost could be in the order of $19.7m over the period being modelled, discounted to 2004-05 dollars.

The costs for the Australian Government are incorporated within the figures above. These costs would arise through increased Child Care Benefit payments as affected children would stay for a further year in the prior-to-school sector.

A longer term forgoing of income would occur because affected students would enter the workforce one year later than under the 4 years and 6 months minimum school starting age. It would also occur because affected parents would need to delay their re-entry to the workforce while their children remained in the prior-to-school sector. This loss of anticipated income could amount to a figure in the order of $67m over the working lives of the individuals, discounted to 2004-05 dollars.

Under the 4 years and 5 months option, the total cost to the Northern Territory schooling sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $13m. Discounting for any capital costs, the costs to the schooling sectors in the introductory year could be in the order of $1m.

In the first year of implementation, a net benefit in the order of $1.4m could accrue to the prior-to-school sector. This includes a saving to parents from no longer having to meet the out-of-pocket expenses of prior-to-school provision for those children who, from 2010, would be able to enter school 12 months earlier. It also includes an imputed benefit that would accrue to parents in relation to reduced need for informal care. This total net benefit would occur every year thereafter and would be indexed. The benefit could be in the order of $3.5m over the period being modelled, discounted to present value.

The savings for the Australian Government are incorporated within the figures above. These savings would arise through decreased child benefit payments as affected children would leave the prior-to-school sector one year earlier than under the 4 years and 6 months minimum school starting age. However, these savings would probably be nominal as the children leaving child care would most likely be replaced by younger children.

A longer term increase in income would occur because affected students would enter the workforce one year earlier than under the 4 years and 6 months minimum school starting age. It would also occur because affected parents could re-enter the workforce 12 months earlier than under the 4 years and 6 months arrangements. This extra income could amount to a figure in the order of $25m over the working lives of the individuals, discounted to present value. This figure is before income tax that would be paid by these individuals.

8.1.4 Impact of the options

For each of the options, there would be an immediate and significant impact on the Northern Territory Government in terms of the increased or decreased budget appropriation arising from the changed size of the cohort.

For the 4 years and 8 months option, the Northern Territory Government would make savings from the reduced number of places in government pre-schools and schools and from lower grants requirements to non-government schools. These savings would occur over a period of 14 years from 2009.

Nevertheless, for the 4 years and 8 months option, the nationally comparable model demonstrates that, while there may be up-front savings, there could be economic or
opportunity costs. For government, the decreased size of the economy arising from the implementation of an older minimum school starting age would lead to equivalent tax losses. Although considerably delayed, these losses would strongly outweigh the up-front savings of implementation.

The model shows increased costs in the child care sector generated as some children move one year later into the schooling sector. These costs are for the Australian Government in terms of the Child Care Benefit and Rebate, and for parents in terms of the requirement to pay fees over and above benefit for a period of 12 months longer than would be the case under the 4 years and 6 months arrangement. Moreover, parents may be precluded from re-entering the workforce during this period, thus reducing their overall income potential and government revenue through taxation.

The retention of affected older children in the prior-to-school sector for the additional year would be likely to exacerbate the current excess demand for child care places in high population growth areas, creating further cost pressures. Finding places in the prior-to-school sector for these older children could mean that some younger children may experience difficulty in gaining entry to the sector.

For 2009, it is likely that the Northern Territory Government would adjust the minimum pre-school entry age. This would avoid the need to repeat some children in pre-school who, in 2010, would not be eligible for school entry. Under the 4 years and 8 months option there would be a reduction in the size of the 2009 pre-school cohort. This would represent a potential one-off saving to the Northern Territory Government.

While the savings in the prior-to-school sector would be largely up-front, many costs would occur both at the outset and would be permanent. For example, the costs from increased prior-to-school fees for parents whose children’s birthdays are in May and June are immediate and would occur for every cohort thereafter. The costs through loss of income to the economy are also immediate and ongoing. Likewise, the child care costs to government are immediate and ongoing.

For the affected children, starting school one year later, the lower economic returns come from a reduction of one year in the workforce compared to entry into the workforce under the 4 years and 6 months minimum school starting age. These costs would be in the form of lost potential earnings and the loss of potential taxation revenue. While these costs would not occur until a future point, the figure in the model is the current value of the lost earnings and tax revenue.

Under the minimum school starting age option of 4 years and 5 months, the impacts would generally be the obverse of those under the 4 years and 8 months option.

From the introductory year and over the subsequent 12 years of schooling, there would be higher costs to the Australian and Territory Governments arising from the increased size of the cohort. There would be costs associated with the cohort as it moved into the university and training sectors. However, for governments the increased size of the economy would lead to equivalent tax benefits which, while considerably delayed, would strongly outweigh the up-front costs of implementation stemming from additional funding through government grants. An immediate effect, however, may be reduced money flows from the Australian Government for child care subsidies.

For the 4 years and 5 months option, the Northern Territory Government would need to fund additional places in government pre-schools and schools and provide additional grants to non-government schools. These appropriations would need to be sustained over a period of 14 years from 2009.
The model shows savings in the child care sector generated as some children move earlier into the schooling sector. However, it is possible that in some areas of high demand there would be few cost savings for the Australian Government in the child care sector as current excess demand could lead to freed-up places being filled. These costs would be borne substantially by parents. The Age of Entry Policy Trial has demonstrated minimal impact on the child care centres associated with the ten trial schools where children are commencing school younger.

In 2009, the Northern Territory Government may have to provide places for an additional group of children who would be newly eligible for school in the following year. This could have infrastructure implications under the Child Care and Protection Act, 2005.

For parents, the 4 years and 5 months option would produce benefits from reduced costs of child care and an increase in disposable income. They would have increased opportunities to use the time formerly devoted to family child care to re-enter the workforce or to move from part time to full time employment or leisure activities.

While some of the benefits are clearly downstream effects and costs would be largely up-front, many benefits would occur from the outset and many would be permanent. For example, the benefits to parents would be immediate and ongoing. Any child care cost savings to the Australian Government would also be immediate and ongoing. However, the Northern Territory Government would incur costs in 2009 in relation to pre-school.

Under the 4 years and 5 months option, there would be an economic benefit arising from a proportion of children entering the workforce one year earlier than they would under the minimum school starting age of 4 years and 6 months. While these earnings would not occur until a future point, the figure in the model is the current value of the earnings.

As is the practice in such models, it represents how, at present and in current dollars, later earnings would be valued. The actual earnings at the time would be much greater in dollar terms than the value in the model. The higher economic returns come from an extra year in the workforce for those children who would be able to enter school one year earlier.

If either of the change options were to be adopted in 2010, the education sectors noted that disruption would inevitably arise from proximity to the Transition reform likely to occur in 2006. Given that the effect would be first felt in pre-school in 2009, it would mean that the Northern Territory would have experienced two major changes in enrolment practice within a space of 4 years. The possibility of this scenario having an unsettling impact on schools, families and the wider community was noted. A clear indication around an agreed minimum school starting age would inform decisions relating to the current age of entry policy trial.

Nevertheless, irrespective of the particular option that may be agreed upon, the implementation of a nationally common minimum school starting age could have a positive employment effect arising from a reduction in the number of students who would repeat a year as a consequence of transferring across state and territory borders.

The nationally comparable model assumes that greater contiguity arising from a common school starting age would likely, albeit marginally, increase the overall skill level of school leavers as they would have gained the benefit of increased continuity in their schooling. Overall retention rates would be likely to increase slightly as students gain the benefits of reduced disruption to schooling arising from inter-state transfers. For children of defence force families in particular, this could be a major benefit.

There would also be a positive employment effect for parents arising from the introduction of a national common school starting age. Parents would benefit from the removal of one
of the significant barriers to the mobility of the workforce across state and territory borders. The benefit would come from increased opportunities for employment and possible higher levels of remuneration.
8.2 Analysis of the Issues against the Terms of Reference

Depending on the outcomes of the current age of entry policy trial, it is probable that from 2006 the minimum school starting age in the Northern Territory will be 4 years and 6 months, based on a single intake. That is, children will be able to start school at the commencement of term 1 if they will be 5 years of age by 30 June. The cost/benefit analysis involves the consideration of five options, of which three cover the current minimum school starting age in the Territory. Should any of these latter three options be adopted as the common school starting age, there would be no change for the Northern Territory.

However, if either the 4 years and 5 months option or the 4 years and 8 months option is adopted, it would be necessary for the Northern Territory to change from the current minimum school starting age. The outcomes that could be associated with either of these options are considered below.

8.2.1 Benefits of proposed changes to school starting age

A minimum school starting age of 4 years and 6 months was perceived across the three schooling sectors as a balanced age in terms of the contested educational arguments around school commencement. Furthermore, it is favoured as a median age across the range of ages in the Australian jurisdictions. It also aligns with the two states from or to which some 50 per cent of Northern Territory students transfer – Queensland and Western Australia.

For those parents who wish their children to commence formal schooling ‘early’, 4 years and 6 months is perceived as offering a sufficient age range within which decisions can be made by the family. Given that 6 years of age is the compulsory age, 4 years and 6 months, combined with a single intake, provides parents with a period during which a decision can be made about school commencement.

The 4 years and 6 months minimum school starting age is perceived as enabling children to enter school at a sufficiently early age in order for teachers to identify learning issues and to develop appropriate intervention and support programmes. There is recognition that, for some children, a delay of 12 months in formal school commencement could have significant impacts on their longer term learning.

During the age of entry policy trial a number of schools reported the earlier entry of children into the pre-school and transition programme provided opportunities to effectively address developmental issues or concerns. Two key considerations for maximising this opportunity emerged during the trial. Firstly, specific and targeted professional development to support teachers’ skills and knowledge in early development indicators and appropriate strategies is essential. Secondly, school administration and management require flexibility to respond to needs. Schools in the trial successfully responded to needs with a variety of initiatives such as accessing specialist staff for non English Speaking background children, positive parenting programmes and home-visiting.

Moreover, the 4 years and 6 months option allows parents who may have been precluded from taking up full or part time employment to return to the workforce earlier than would be possible under an older minimum school starting age. For some families, the earlier opportunity for their children to commence formal schooling may represent a significant saving to the family budget through relief from child care costs. For families under economic pressure, such as single parent families, this earlier opportunity could be a significant benefit from the 4 years and 6 months option compared to an older minimum school starting age.
At the same time, there are arguments in support of 4 years and 6 months which recognise key factors associated with an older minimum school starting age and delayed entry. A minimum school starting age of 4 years and 6 months is perceived as ensuring that young children have sufficient time in play-based learning in prior-to-school provision and can remain strongly connected to supportive and caring family environments.

While the nationally comparable cost/benefit analysis model demonstrates that there are likely to be significant economic benefits arising from the adoption of the 4 years and 5 months option, it also makes clear that substantial national economic benefits would arise from the 4 years and 6 months option. However, the scale of the economic benefits decreases as the minimum school starting age moves toward the older end of the age spectrum.

Economic benefits would accrue to Northern Territory children and parents and to the wider Australian economy more from the younger than the older minimum school starting age options. Compared to the older age option, the economic benefits to the children who are able to enter school earlier arise from the opportunity they would have for earlier entry into the workforce and the consequent extension of their working life.

The economic benefits to parents, associated with the younger minimum school starting age option, arise from the opportunities some would have for the earlier movement of their children out of the relatively expensive prior-to-school sector to the generally lower cost schooling sector. Benefits would accrue to these parents through cost transfers to government, the opportunity for earlier workforce re-entry and the imputed income from increased leisure time. The benefits would flow to the affected parents 12 months earlier than would be possible under the older minimum school starting age option.

In the Northern Territory there is recognition of the benefits of commonality in relation to the minimum age of school commencement.

Commonality of minimum school starting age is perceived as likely to bring identifiable educational benefits. These include the facilitation of cross-Territory student transfer in and out of Northern Territory schools. Students are likely to have greater continuity in their learning, with benefits arising in relation to increased engagement in schooling, increased retention in school education and increase in the skill level that this produces.

As well as immediate benefits for students, there is likely to be a reduction in cross-Territory friction in the labour market as parents recognise that one of the significant barriers to their employment mobility has been addressed. Indeed, the removal of this barrier is likely to have a positive economic effect by contributing to national capacity to address regionally based skills shortages. This is particularly important for the Northern Territory, with a highly mobile population, including defence force families, and strong economic growth.

8.2.2 Impact of changes in school cohort size over time

The following analysis of impact is drawn from the nationally comparable cost/benefit analysis model. It is subject to caveats such as the capacity of sectors to absorb any increases associated with a younger minimum school starting age or their ability to maintain a normal cohort size by accessing waiting lists should an older minimum school starting age be agreed upon.

The introduction of the option of 4 years and 8 months as a common minimum school starting age in 2010 could delay the entry to school of some 270 Northern Territory children for a further 12 months. The introduction of the option of 4 years and 5 months as a common minimum school starting age in 2010 could enable some 100 additional
Northern Territory children to enter school one year earlier. For both options, the affected introductory cohort would proceed through the subsequent 12 years of schooling. Following cohorts would revert to a 'normal' size.

For the 4 years and 8 months option, the key impact of the decreased size of the introductory cohort would be the potential saving and, for the non-government school sectors, the loss of income associated with reduced government grants to service fewer students. All figures below are discounted to present value.

For the Northern Territory schooling sector, the reductions in expenditure projected over the 13 years of schooling in the nationally comparable model could be in the order of $34.5m for the 4 years and 8 months option. For the 4 years and 5 months option, costs would be in the order of $13m.

Savings and costs would also extend into the training and tertiary education sectors. For the 4 years and 8 months option, savings in the sector would be in the order of $1m. For the 4 years and 5 months option, costs in the sector arising from the increased size of the introductory cohort would be negligible. However, these savings and costs, while presented in 2004-05 dollars, would not be realised or incurred until the cohort left school.

For the Northern Territory as a whole there would be child care costs associated with the introduction of 4 years and 8 months option as a common minimum school starting age. In the prior-to-school sector, the direct costs could be to up $19m over the 13 years of schooling and continuing. These costs would be borne by affected parents in the form of fees. They would be borne by the Australian Government in the form of child care benefits.

On the other hand, there would be significant child care savings associated with the introduction of 4 years and 5 months option as a common minimum school starting age. The direct savings could be up to $4m over the 13 years of schooling and continuing. These savings would accrue to affected parents by not having to meet child care fees for a further 12 months. They would nominally accrue to the Australian Government in the form of reduced payments for child care.

While these figures represent savings for affected parents, they represent potential loss of income to providers. However, it is likely that the providers in the prior-to-school sector would replace this income by enrolling younger children. Moreover, there is already unmet demand in some areas. Thus, the loss of income for the sector, and the nominal savings for the Australian Government, would likely not materialise. However, for the affected parents, the savings would be real.

**8.2.3 Impact on the range and continuum of child care and education services (including issues around the entry to secondary school)**

Should the Northern Territory move to either a younger or older minimum school starting age, there would be impacts on the range and continuum of child care services.

For the 4 years and 8 months option, children whose 5th birthdays fall in May or June would be precluded from enrolling at school for a further 12 months. Consequently, the affected children would remain in the prior-to-school sector, generating additional demand for child care and requiring the adjustment of pre-school age of entry.

For the 4 years and 5 months option, children whose 5th birthdays fall in July would be able to commence school 12 months earlier than under a minimum school starting age of 4 years and 6 months. Consequently, the affected children would move out of the prior-to-
school sector, generating decreased demand for available places in child care and requiring the adjustment of pre-school age of entry requirements.

From the 4 years and 8 months option, one of the impacts of the increased number of children seeking child care places could be to extend existing waiting lists in areas of high demand or increase the take up of available places in low demand areas.

Another impact could be a reduction in the number of places in child care for children who are younger than 3 years of age, to make places available for the increased number of 4 year olds. This could occur because the costs of regulated prior-to-school provision for younger children are generally higher than for older children.

The additional funding from parents and government required to service the child care sector under the 4 years and 8 months option may provide an opportunity for private providers to further expand provision in the sector. The fact that the additional children retained permanently in the sector represent the older end of the age spectrum may be seen as increasing commercial viability.

Equally, community based providers operating on a not-for-profit basis may identify an opportunity to increase the number of available places under the 4 years and 8 months option. The numbers involved would, in general, be unlikely to lead to the need for substantial infrastructure expansion. Also, in low demand areas it is likely that existing infrastructure would be sufficient to accommodate the increased number of children seeking places. However, the present difficulties in staffing centres in rural and remote areas could be exacerbated by the increased demand.

Either of the change options would also have an impact on the provision of vacation care and outside school hours care. For the 4 years and 8 months option, the number of places required would decrease while the smaller cohort moved through schooling. For the 4 years and 5 months option, the number of places would increase as the larger cohort moved through schooling. While this would lead to additional costs, as the number of children involved would be quite small, the costs would be in the order of $0.1m. It is unlikely that the viability of any providers would be affected by the smaller numbers arising from the 4 years and 8 months option.

**Table 8.c  Impact on savings for outside school hours and vacation care while the decreased cohort is in primary school**

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The issue of the primary-secondary school interface was canvassed in the context of a common school starting age. One of the views expressed was that the adoption of a common minimum school starting age may provide an opportunity to address, at a future point, a nationally common primary-secondary school interface. This was complicated in the Northern Territory where northern region schools have 8 years of primary schooling and southern region schools have 7 years.

Along with most other states and territories, the Northern Territory has given consideration to increasing the age at which students can leave school or participate in further training or employment. One effect of a minimum school starting age of 4 years
and 8 months would be to make the age profile of students on leaving secondary school older. The impact of this minimum school starting age would be to ‘hold back’ students who, under the 4 years and 6 months starting age, would have been able to enter work one full year earlier.

On the other hand, the 4 years and 5 months option would have the effect of making the overall age profile of the exiting secondary cohort slightly younger. Some students would be able to enter the workforce one full year earlier than under the 4 years and 6 months option, provided they had reached the current leaving compulsory age of 15 years.

8.2.4 Impact on child care services and pre-school education

The nationally comparable model shows that for the 4 years and 8 months option, some 270 additional places could be needed in Northern Territory private long day care, community based long day care and family day care in 2009.

The model also shows that for the 4 years and 5 months option, some 100 fewer places could be needed in private long day care, community based long day care and family day care in 2009. Unless the number of places for 3 year olds was increased on a commensurate basis, the reduced number of places would be permanent from 2009.

For pre-schools, the number of places would have to be increased in 2009 under the 4 years and 5 months option to ensure appropriate preparation of those children who would be able to enter school under the new minimum school starting age in 2010. This increase would be one-off and limited to 2009 only.

For the 4 years and 8 months option, the number of pre-school places would have to be reduced in 2009 to avoid the need to repeat those children who could not enter school under the new minimum school starting age in 2010. This reduction would be one-off and limited to 2009 only.

Table 8.d Short, medium and long term impact on costs for child care services

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Costs associated with these measures and impacts are shown in Table 8.d above. It should be noted that, while Table 8.d shows the costs over the 62 year period being modelled, they
would be permanent. The impact of modelling them to infinity at a discount rate to 2004-05 dollars would add approximately 25 per cent to each area.

The nationally comparable cost/benefit model indicates that the costs associated with the additional formal provision of prior-to-school services for the 4 years and 8 months option could be in the order of $19.7m. These costs would be borne by the Australian Government and by parents.

The nationally comparable cost/benefit analysis model indicates that the savings associated with the reduced demand for formal prior-to-school services for the 4 years and 5 months option could be in the order of $3.5m. These savings would accrue to the Australian Government and to the affected parents through movement into the generally lower fee school environment.

8.2.5 Impact on the government and non-government school sectors

Each of the three Northern Territory schooling sectors would be affected by a move to either a younger or older minimum school starting age than the planned 4 years and 6 months. Under the options proposed, any decrease or increase would occur initially in the school sector in 2010 and would move subsequently through the following 12 years of schooling until the students entered further training, tertiary studies or the workforce.

Should an older minimum school starting age be adopted nationally from 2010, an identified risk for Northern Territory children would be to preclude some of them from participation in the school education sector for a further 12 months. For all three sectors, there are especially likely to be negative impacts if a change in the magnitude of two months were to be made to the minimum school starting age.

The 4 years and 8 months option would reduce the opportunities that would exist under the 4 years and 6 months minimum school starting age to make early identification of children with learning difficulties and ensure that appropriate programmes can be implemented. This is particularly pertinent in areas where access to early childhood services is limited and school or pre-school is the first point of contact with support available to parents.

Another risk that is likely to arise from a move to the older minimum school starting age option would be the reduction of parent choice. Under arrangements likely to be universally in place from 2006, parents would be able to make decisions over a period of 18 months regarding the appropriate time of school enrolment for their children. The effect of the 4 years and 8 months option would be to reduce this range to 16 months.

The major risk of the 4 years and 5 months option identified across the three Northern Territory schooling sectors related to the potential movement away from the planned 4 years and 6 months minimum school starting age. While the magnitude of the change would be less than for the 4 years and 8 months option, in a similar way it could impact negatively on schools and on community perceptions.

One caveat should be noted in any consideration of the impact on Northern Territory schooling overall of a move to either an older or a younger minimum school starting age. The impact of a changed introductory cohort size is unlikely to fall proportionately across the three schooling sectors.

It is possible that, should the 4 years and 8 months option be adopted, some non-government schools would access waiting lists in order to maintain their normal ‘cohort’. This could mean that, in some areas, there may be a further although small reduction in the number of students seeking places in government schools.
In relation to the 4 years and 5 months option, it is possible that the additional students would not be enrolled proportionately across the three sectors. Where non-government schools have no capacity to make additional places available, it is likely that there would be increased demand for places in government schools.

8.2.6 Impact on the different roles in funding of primary and secondary schools

The following analysis should be referenced against some important caveats. The data provided by the sectors indicate that, under either of the change options relevant to the Northern Territory, there are likely to be factors that will reduce the extent of the impact. For example, in relation to the 4 years and 8 months option, schools in areas characterised by high population growth are likely to view the reduced number of students as a relatively minor issue and one that could be readily absorbed into school planning.

Similarly, in relation to the 4 years and 5 months option, many schools would have the capacity to absorb additional numbers without significant impact on staffing or infrastructure. Such caveats would have the effect of reducing savings and costs from those expressed in the nationally comparable model that follows.

The 4 years and 8 months option, if adopted as a common minimum school starting age, would reduce demand for funds from the Australian Government and from the Northern Territory Government through grants to schools. The reduced demand would be generated by the decrease in the size of the introductory cohort in 2010 and in the subsequent 12 years of schooling for the affected students. Thus, the reduced funding impacts would arise for both primary and secondary schooling. After 2022, the demand on governments for funding of schools through grants would return to ‘normal’, although the savings would shift to the VET and university sectors.

Table 8.e School sector recurrent saving and cost impacts on the Australian Government, the Territory Government and private expenditure for both relevant options over 13 years of schooling, based on nationally comparable figures

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 8 months option</th>
<th>4 years and 5 months option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AG</td>
<td>Territory</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>-----</td>
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</tr>
<tr>
<td>Government</td>
<td>$19.22</td>
<td>$2.20</td>
</tr>
<tr>
<td>Catholic</td>
<td>$1.41</td>
<td>$0.96</td>
</tr>
<tr>
<td>Independent</td>
<td>$0.87</td>
<td>$0.57</td>
</tr>
<tr>
<td>Total</td>
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<tr>
<td>Government</td>
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<td>$1.23</td>
</tr>
<tr>
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<td>$0.45</td>
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<tr>
<td>Independent</td>
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<td>$0.74</td>
</tr>
<tr>
<td>Total secondary</td>
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<td>$2.42</td>
</tr>
<tr>
<td>Total overall</td>
<td>$34.49</td>
<td>$6.16</td>
</tr>
</tbody>
</table>

The 4 years and 5 months option, if adopted as a common minimum school starting age, would increase demand for funds from the Northern Territory Government and from the Australian Government through grants to schools. The increased demand would be generated by the increase in the size of the introductory cohort in 2010 and in the subsequent 12 years of schooling for the affected students. Thus, the increased funding impacts would arise for both primary and secondary schooling. After 2022, the demand on
governments for funding through grants would return to ‘normal’ although the costs would shift to the VET and university sectors.

As Table 8.e shows, under the nationally comparable model, the overall savings from the 4 years and 8 months option could be in the order of $35m over the 13 years of schooling, discounted to 2004-05 dollars. The overall school sector cost of the 4 years and 5 months option and the related range option could be in the order of $13m.

In terms of the impact on Australian Government contributions to schooling in the Northern Territory, the following figures can be extrapolated from the nationally comparable model. The school sector savings to the Australian Government of the 4 years and 8 months option could be in the order of $6.2m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the Australian Government of the 4 years and 5 months option and the related range option could be in the order of $2.3m.

The school sector savings to the Territory Government of the 4 years and 8 months option could be in the order of $26.1m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to the Territory Government of the 4 years and 5 months option and the related range option could be in the order of $9.7m.

Funding from private sources, including fees, would include a substantial shift between the prior-to-school sector and the school sector. The school sector savings to families of the 4 years and 8 months option could be in the order of $2.2m over the 13 years of schooling, discounted to 2004-05 dollars. The school sector cost to families of the 4 years and 5 months option and the related range option could be in the order of $0.8m.

It is possible to extrapolate from the 13 year data the recurrent savings and costs that would be incurred by the Australian Government, the Northern Territory Government and by parents in 2010. Table 8.f below shows the first year recurrent school sector savings and costs that could be incurred in 2010 for each of the options. The savings and costs are broken down by contributor.

**Table 8.f First year school sector recurrent savings and costs to the Australian Government, the Territory Government and parents for the two relevant options, based on nationally comparable data**

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
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<td>AG</td>
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<td>Government</td>
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<td>Catholic</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$0.51</strong></td>
<td><strong>$2.26</strong></td>
</tr>
</tbody>
</table>

For the 4 years and 8 months option, there could be savings to the Australian Government in the order of $0.5m in the introductory year. For the 4 years and 5 months option, the cost to the Australian Government from the increased size of the cohort could be in the order of $0.2m in the introductory year.

For the Northern Territory Government, the 4 years and 8 months option could lead to savings in the order of $2.3m in the introductory year. For the 4 years and 5 months option, the cost to the Northern Territory Government from the increased size of the cohort could be in the order of $0.8m in the introductory year.

Either of the options would have an impact on private recurrent income received by schools, principally in the form of fees and contributions. For the 4 years and 8 months
option, there could be a reduction in private recurrent school income in the order of $0.15m in the introductory year. This would represent a saving to families until the affected children commenced school. For the 4 years and 5 months option, there could be an increase in private recurrent income to schools in the order of $0.05m in the introductory year. This would represent a cost to families brought forward by 12 months through the earlier school commencement of affected children.

8.2.7 Impact on staffing

The impact on staffing of both of the relevant options is subsumed in the cost measures incorporated in the nationally comparable model. In other words, the staffing costs discussed below are included in the costs and savings incorporated in the nationally comparable model.

Across the Northern Territory schooling sector as a whole, for the 4 years and 8 months option and the related range option, the reduction in teaching staff required could be in the order of 11 teachers. For the 4 years and 5 months option, the increase in teaching staff required could be in the order of 4 teachers.\(^{111}\)

For the schooling sector, based on figures for 2002/03 published by the Productivity Commission\(^{112}\), with teacher costs of $4,566 per student, the teacher related savings in the first year could be in the order of $1.2m for the 4 years and 8 months option. For the 4 years and 5 months option, the teacher related costs could be in the order of $0.5m.

All sectors indicated that reductions of this magnitude, considered on a proportional basis by sector, could be absorbed and readily managed through current staffing practices. However, all sectors also pointed out that this magnitude was at the upper end of expectations because the loss of many students would not impact staffing requirements.

It was noted that if the 4 years and 8 months option were adopted, there would be a need to adjust the pre-school entry age in 2009 to avoid the need for additional pre-school teachers and teacher aides.

As the reduced cohort moves into secondary school, one of its impacts could be to provide temporary relief in some difficult-to-staff subject areas. In the Northern Territory, as in other jurisdictions, these areas include mathematics, the sciences, technology and languages.

Where the stream is ‘full’ in non-government sector schools, it is unlikely that an additional stream would be formed unless there were guarantees about its longer term viability. If additional classes in the non-government sectors were not formed, the additional staffing requirement could fall disproportionately on the government school sector.

8.2.8 Impact on infrastructure

For the option of 4 years and 8 months, it is possible that some schools may have excess infrastructure due to a small decrease in enrolments. However, it is likely that in a number of schools additional infrastructure that may have been freed-up by the older age option would be directed toward those students enrolling as part of the normal growth pattern.

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\(^{111}\) As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

\(^{112}\) Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
In relation to the 4 years and 5 months option, the analysis indicates that, calculated on an average basis and at a demountable classroom unit cost of $0.15m, the additional infrastructure cost could be in the order of $0.8m in the introductory year. If the need for infrastructure were to occur in remote locations, the overall costs could be considerably higher. On the other hand, if the students fell evenly across Territory schools, they may generate no infrastructure requirements.

For the government sector, assuming that the pre-school starting age is adjusted in 2009, there could be increased infrastructure costs in 2009. However, it is likely that the increased size of the 2009 pre-school cohort would be largely managed through adjustments to sessional arrangements, minimising impact on available infrastructure.

Again, however, these are average calculations and do not reflect the capacity of schools in the three schooling sectors to absorb additional student numbers without additional infrastructure provision.

The age of entry policy trial 2004-5 highlighted the need for all schools to examine their current infrastructure and capacity to provide quality early learning environments. The trial demonstrated that current stock reflects a diverse range of contexts, designs, conditions and school improvement plans. There is a strong requirement for school management to receive information about the standards and features of quality early learning environments.

These infrastructure costs are not included in the costs and savings incorporated in the nationally comparable model.

8.2.9 Impact on school curriculum (including pre-school)

Curriculum related impacts arising from the introduction of either the 4 years and 8 months option or the 4 years and 5 months option were perceived as likely to be relatively limited in terms of cost. An increase of two months, or a decrease of one month, in the age profile of the cohort were generally viewed as being well within the capacity of the Northern Territory curriculum. Professional learning programmes would be well placed to support teachers without the need for the development of specific initiatives.

One of the possible impacts of the 4 years and 8 months option was the limitations that could be placed on the early identification of students with learning needs. The fact that the affected students would be precluded from commencing school for a further 12 months was perceived as likely to increase the need for sustained intervention in their later schooling. The observation was also made that an older minimum school starting age may require a closer level of liaison between prior-to-school providers and schools around the needs of these students.

A major benefit of the age of entry policy trial during 2004-5 has been that many teachers have taken the opportunity to reflect on appropriate play-based, student centred pedagogy and curriculum. The trial supported teachers and schools through professional development modules. The evaluation of the trial has demonstrated that the student centred, outcome focused approach mandated in the Northern Territory Curriculum Framework strongly supports evidence-based, quality early years pedagogy and curriculum. In order to build teaching capacity and public support for a start of year single entry, a significant investment will be required for professional development and public communication.
8.2.10 Impact on nomenclature for the early years

Across the three Northern Territory schooling sectors, the view was expressed that there would be benefits from a common national nomenclature around the early years of schooling. Comment was made on the degree of confusion for students, families, schools and educational administrators associated with the differing nomenclature across the states and territories.

In the Northern Territory context, the term Transition for the year before Year 1 was seen by many as appropriate and as enjoying a solid base of public support. However, some expressed the view that the retention of the term should not preclude the Territory considering the benefits of a common nomenclature that may involve another term. In all of the argument around nomenclature, the view most consistently put was that it should be simple, readily comprehensible and reflect the continuity of schooling.

The major costs identified as likely to arise from the adoption of a common nomenclature other than Transition related to the changes that would be needed to signage and documents.

8.2.11 Impact on policy and legislation covering school starting/leaving ages (including the change management lessons)

Should the option of 4 years and 8 months be adopted, one of its effects would be to increase the overall age profile of students. This could result in some students not being able to access alternative pathways as early as they may have should the minimum school starting age have been 4 years and 6 months. However, the issue will not arise until 2021 when the 2010 cohort reaches Year 11. This leaves more than sufficient lead time for investigative and preparatory work to be undertaken.

In relation to the 4 years and 5 months option, its effect would be to lower the overall age profile of students. This may have an impact on the maturity level of some students and is an issue that would need to be monitored as 2021 approaches.

While a change to an older or younger minimum school starting age would not require amendment of the legislation, it would require a change in the regulations and procedures around entry to school, and pre-school, in the government sector.

From a management perspective, the preferred option in the Northern Territory is a minimum school starting age of 4 years and 6 months by 1 January in the year of commencement. If either of the range options were adopted, the Northern Territory would continue to plan around work in relation to the current trial on the basis of 4 years and 6 months.

8.2.12 Impact on families

Subject to the outcomes of the current age of entry policy trial, if the planned minimum school starting age of 4 years and 6 months were to become the basis of a common national minimum school starting age, most Northern Territory families would have continuing certainty about the arrangements that will apply to the entry of their children into school.

Should the option of 4 years and 8 months be adopted nationally, one of its effects would be to decrease the age range over which parents could elect to send their children to school. For some parents, the effect could be to preclude the entry of their children to school for a further 12 months.

Affected families would face additional costs arising from the 4 years and 8 months option through the postponement of participation of their children in formal schooling. Some
affected parents may identify risks in terms of the delayed assessment of their children and
the inability of their children to access school-based intervention programmes. For affected
parents, there could be continuing costs in the higher fee environment of the prior-to-
school sector. Some parents would be precluded for a further year from workforce re-
entry, thus affecting family incomes.

Should the option of 4 years and 5 months be adopted, it would increase by one month the
age range over which parents could elect to send their children to school. Those parents
who wished to enrol their children at a younger age would be likely to identify the
opportunity as a benefit to them and to their children. Those parents who wished to delay
the enrolment of their children would not be disadvantaged.

Affected families may identify an educational benefit from the 4 years and 5 months option
because it would enable the earlier participation of their children in formal schooling rather
than having to remain in a combination of pre-school and child care. For some affected
children, earlier access to school-based identification and intervention may increase their
learning outcomes over the longer term.

The nationally comparable cost/benefit model shows that, for the 4 years and 5 months
option, there are potential economic benefits of a younger school starting age for the
parents of those children who would be able to commence school at a younger age. These
parents would benefit from a shift out of the higher cost prior-to-school sector 12 months
erlier than is possible under the 4 years and 6 months arrangement. The younger age
option may also provide opportunity for affected parents to re-enter the workforce earlier.

In relation to the 4 years and 8 months option, in the first year of implementation, costs in
the order of $0.3m could be incurred by families whose children would be unable to move
out of the higher cost formal prior-to-school sector for a further 12 months than under
current arrangements. Over the 13 years of schooling this cost could be in the order of
$19m. This cost would be permanent for affected parents in all subsequent cohorts.

In addition, the affected parents could incur costs arising from delayed re-entry to the
workforce. The imputed long term cost arising from the older minimum school starting
age could amount to a figure in the order of $17m. While this cost is calculated across the
62 years of the model, it would be associated with all future cohorts while the agreed
minimum school starting age was in place.

For the children unable to commence school for a further 12 months than under current
arrangements, a cost would be incurred from their contracted participation in the
workforce. This longer term employment cost could be in the order of $50m over the
working lives of the individuals, discounted to 2004-05 dollars. This cost would be
associated with all future cohorts.

Under the 4 years and 5 months option, in the first year of implementation, a benefit of
$0.3m could accrue to families whose children are able to move out of the higher cost
formal prior-to-school sector 12 months earlier than under current arrangements. Over the
full 13 years of schooling the benefit could be in the order of $2m. This benefit would be
permanent for affected parents in all subsequent cohorts.

In addition, there would be a benefit to affected parents arising from earlier re-entry to the
workforce of $0.2m in the introductory year. The imputed long term benefit arising from
the younger minimum school starting age could amount to a figure in the order of $1m.
This benefit would be associated with all future cohorts.

For the children able to commence school 12 months earlier than under current
arrangements, an economic benefit would accrue through their extended participation in
the workforce. This longer term employment benefit could be in the order of $19m over the working lives of the individuals, discounted to 2004-05 dollars. This benefit would be associated with all future cohorts.

8.2.13 Impact on Indigenous students and students with special needs

In general, both of the relevant change options were perceived as likely to have only minimal impact on provision for Indigenous students and students with special needs.

For those Indigenous students whose birthdays fall in May and June, there was a perceived possible impact from the 4 years and 8 months option in terms of them being precluded from access to formal schooling for a further 12 months compared to the planned 4 years and 6 months minimum school starting age. The earlier link to formal schooling made possible by 4 years and 6 months was perceived as a positive opportunity for many of these children and their families, with opportunity for earlier access to a full Transition year. A major benefit likely to arise from the current age of entry policy trial would not occur under the older minimum school starting age.

Equally, a minimum school starting age of 4 years and 5 months was perceived as potentially benefiting affected Indigenous students by enabling them to gain even earlier access to formal schooling. This, combined with arrangements for earlier commencement of pre-school, could have significant benefits for some affected Indigenous students, particularly in remote and regional areas where access to children’s services is often limited or non-existent.

On the other hand, a view was put that 4 years and 5 months may have a negative impact. In particular instances, it could separate Indigenous children ‘too soon’ from the supportive and culturally inclusive environment of their families. However, as for parents generally, Indigenous parents would be able to make decisions about when their children should commence schooling up to the compulsory age.

For students with disabilities and learning difficulties, one of the views expressed was that, for those children with July birthdays, access to schooling 12 months earlier than would be possible under the planned 4 years and 6 months minimum school starting age could provide a benefit. This benefit would arise through access to resourced and well structured learning programmes as opposed to ‘care’.

A contrary view was expressed which indicated that the ratio of adults to children in the prior-to-school sector may mean the level of support and intervention could be less in the schooling sector. In this view, the 4 years and 8 months option may be preferable as a minimum school starting age for children with disabilities.

8.2.14 Impact on school completion, tertiary entrance and entry to the workforce

The nationally comparable cost/benefit analysis model shows that, over the years of schooling to age 15, a figure in the order of 75,500 student movements occur in and out of the Northern Territory. In any one year, the magnitude of inter-state movement is in the order of 6,900 students. Only approximately 3,400 of these movements each year, i.e. approximately 37,300 over the age range to 15 years, is to or from Western Australia and the Queensland.

Assuming that the current age of entry policy trial leads to a Territory-wide minimum school starting age of 4 years and 6 months based on a single intake, Western Australia and

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113 Data for 2002-03 supplied by the Australian Bureau of Statistics in January 2005 as a result of a special request from the Australian Government Department of Education, Science and Training.
Queensland will be the two jurisdictions that, from 2007, will have the same minimum school starting age as the Northern Territory. This means that, if all states and territories remained with their current or planned minimum school starting age, from 2007 almost 50 per cent of Northern Territory movements, or approximately 3,500 students each year, will be to or from a jurisdiction with a different minimum school starting age.

Each time students cross borders there is a risk that, because of confusion or age/grade misalignment in part associated with differences in the minimum school starting age between states and territories, they may fall out of alignment with the cohort that they left behind. This may result in them having to ‘skip’ or ‘repeat’ a year of schooling. Many of these students are likely to experience an effect that reduces their level of engagement with and success in schooling.

The nationally comparable model assumes that there will be some effect on school completions arising from the reduction of a barrier to transferability that non-common minimum school starting ages represent. The model assumes that the effect will not occur for every student who transfers from one Territory or territory to another. The model assumes conservatively that, should a common minimum school starting age be introduced, its effect on school completions would be in the order of a one per cent increase in the completion rate for those students who transfer among jurisdictions. In other words, one in every hundred movements will be more likely to complete school because the minimum starting age is common on a national basis.

Given the conservative assumptions in the nationally comparable model, it is possible that the adoption of a common minimum school starting age could increase the level of school completion in the Northern Territory. There could be up to 35 more school completions each year across Northern Territory schools. This increased completion rate is likely to be permanent for all subsequent cohorts.

Should either 4 years and 8 months or 4 years and 5 months be adopted as a common minimum school starting age be introduced in 2010, the affected cohort would complete Year 12 in 2022. They would, in fact, begin to enter further training, tertiary education or the workforce from 2021 when some reach the upper compulsory age limit. The flow of the affected cohort under the relevant minimum school starting age options is shown in the Table 8.g below.
Table 8.g  Projected post-school participation of the increase in the Northern Territory introductory cohort based on the nationally comparable model

<table>
<thead>
<tr>
<th>4 years and 8 months</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
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<td>28</td>
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</tbody>
</table>

The long term costs or benefits associated with the affected introductory cohort in relation to further training, university and employment are shown in the Table 8.h below.

Table 8.h  Projected long term costs or benefits associated with the Northern Territory introductory cohort based on the nationally comparable model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
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<td>Employment</td>
</tr>
</tbody>
</table>

While there are savings or costs from the respective change options to both the VET and university sectors over the ten years of the model from 2021 to 2030, there are also losses and benefits respectively over the working lives of the affected individuals. Those who commenced school one year later under the 4 years and 8 months option would incur loss of income over their working lives. Those affected students who commenced school one year earlier under the 4 years and 5 months option would accrue additional income over their working lives. All costs and benefits in Table 8.h are discounted to present value.

Although the VET and university sectors would have a long lead time to plan for the impact of the affected introductory cohort as it moves out of the schooling sector, it is not possible to predict with certainty the areas of training or further education that would be affected. The only assumption that could be made is that the affected cohort would be likely to take up further training or education in a similar pattern to other exiting cohorts in the years immediately prior to 2021.
8.3 The Northern Territory Government School Sector

8.3.1 Current situation

Depending on the outcomes of the current Transition trial, the Northern Territory government school sector by 2010 will have a minimum school starting age of 4 years and 6 months based on a single intake. It is likely that the minimum pre-school starting age from 2009 will be 4 years and 6 months and that the relativities in commencement age for Indigenous children in remote locations will be maintained.

Given that the compulsory age of schooling is 6 years of age, from 2010 parents will have an 18 month age range in which they will be able to make decisions about the school commencement age of their children.

8.3.2 Implications of the options

The Northern Territory government school sector would be affected by two of the options, viz: 4 years and 5 months and 4 years and 8 months. Table 8.i below shows the Northern Territory government school sector projections for the changed size of the introductory cohort against the relevant options. It also shows projections based on the nationally comparable model.

<table>
<thead>
<tr>
<th>Number of affected students</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 years and 8 months</td>
</tr>
<tr>
<td>The Northern Territory government school sector estimate of change in the cohort size</td>
</tr>
<tr>
<td>Nationally comparable model estimate of change in the cohort size</td>
</tr>
</tbody>
</table>

The difference in the size of the projected changes to the introductory cohort can be attributed to differences in assumptions about delay. In the Northern Territory calculations, current patterns of delay have been taken into account. However, with rolling enrolments and a starting age that does not see young children offered an early start to school, the current delay data in the Territory do not provide an indication of delay under a start of year intake. Extrapolating from other data elsewhere that indicates delay under these circumstances, the national model builds in a 3.98 per cent per month delay factor. Thus the national model figures are considerably less than those projected from Territory data. Should this element of delay not eventuate as assumed, the size of the change in the introductory cohort would be bigger and so too would the costs as it progressed through school.

In considering the cohort figures in Table 8.i, the following caveats should also be noted.

- For the 4 years and 8 months option, it is possible that some schools in the non-government sectors may make places available to children who otherwise would have enrolled in a government school. Where this occurs, its effect would be to further reduce the size of the cohort in the government school sector.
• For the 4 years and 5 months option, it is possible that some schools in the non-government sectors may be unable to make places available to some children who otherwise would have been enrolled by them. Where this occurs, its effect would be to further increase the size of the cohort seeking enrolment in the government school sector.

Information provided by the government school sector indicates that, at the individual school level there would not generally be significant implications for management at the school level from either of the change options. However, should either option be adopted, there is likely to be substantial disruption and confusion given the proximity of the change to the probable introduction in 2006 of 4 years and 6 months as the universal minimum school starting age in the Territory.

The clear preference within the government school sector is for 4 years and 6 months to be the common minimum school starting age. If either of the two range options were agreed upon as the national common minimum school starting age, the Northern Territory government school sector would adopt 4 years and 6 months.

8.3.3 Cost/benefit modelling incorporating sectoral information

The cost/benefit analysis modelled in Table 8.j below is based on nationally comparable assumptions. This modelling shows the potential savings and costs to the Northern Territory government school sector.

<table>
<thead>
<tr>
<th></th>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Primary</td>
<td>-$7.14</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$3.97</td>
</tr>
<tr>
<td>Total</td>
<td>-$11.11</td>
</tr>
</tbody>
</table>

Under the 4 years and 8 months option, Table 8.j above shows that the potential nominal saving to the Northern Territory government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $30m. Discounting for any capital costs, the potential nominal saving to the government school sector in the introductory year could be in the order of $2.6m.

Under the 4 years and 5 months option, the Table 8.j above shows the cost to the Northern Territory government school sector over the 13 years in which the larger cohort moves through the years of schooling could be in the order of $11m. Discounting for any capital costs, the cost to the government school sector in the introductory year could be in the order of $1m.
Table 8.k Sources of funding in the Northern Territory government school sector by option over the 13 years of schooling

Costs(-)/benefits(+) ($ million, 2004-05)

<table>
<thead>
<tr>
<th>13 year primary and secondary costs based on the nationally comparable model</th>
<th>Overall costs</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
<th>Overall costs</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>$19.22</td>
<td>$2.20</td>
<td>$16.06</td>
<td>$0.96</td>
<td>-$7.14</td>
<td>-$0.82</td>
<td>-$5.96</td>
<td>-$0.4</td>
</tr>
<tr>
<td>Secondary</td>
<td>$10.69</td>
<td>$1.23</td>
<td>$8.93</td>
<td>$0.53</td>
<td>-$3.97</td>
<td>-$0.45</td>
<td>-$3.31</td>
<td>-$0.2</td>
</tr>
</tbody>
</table>

First year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Territory sector</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2.60</td>
<td>$0.30</td>
<td>$2.17</td>
<td>$0.13</td>
<td>-$0.97</td>
<td>-$0.11</td>
</tr>
</tbody>
</table>

13 year costs based on the nationally comparable model

<table>
<thead>
<tr>
<th>Territory sector</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$29.91</td>
<td>$3.4</td>
<td>$25.0</td>
<td>$1.5</td>
<td>-$11.1</td>
<td>-$1.3</td>
</tr>
</tbody>
</table>

13 year costs based on sectoral cohort projections and nationally comparable costs

<table>
<thead>
<tr>
<th>Territory sector</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$53.67</td>
<td>$6.15</td>
<td>$44.83</td>
<td>$2.68</td>
<td>$30.89</td>
<td>$3.54</td>
</tr>
</tbody>
</table>

Table 8.k above shows the school sector cost and benefit shares of the Australian Government, the Territory Government and parents arising from the changes associated with the relevant change options. The assumption in Table 8.k is that the sector would enrol or lose its ‘normal’ share of the affected students. For the 4 years and 8 months option, should the sector lose more children than its anticipated normal share to non-government schools, all figures would decrease to a commensurate level. For the 4 years and 5 months option, should the government school sector be required to enrol children who would otherwise have enrolled in non-government schools, all figures would increase to a commensurate level.

In terms of Australian Government funding for the 4 years and 8 months option, if the government sector were to lose its proportionate share of students from the introductory cohort, the savings to the Australian Government could amount to a figure in the order of $0.3m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $3.4m. Calculated on the basis of the enrolment projections advised by the government school sector, the saving to the Australian Government could be in the order of $6.2m.

For the 4 years and 5 months option, if the government sector were to enrol its normal share of additional students in the introductory cohort, the Australian Government would need to provide additional funding in the order of $0.1m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $1.3m. Calculated on the basis of the enrolment projections advised by the government school sector, the additional amount required from Australian Government funding could be in the order of $3.5m.

In terms of Territory funding for the 4 years and 8 months option, if the government sector were to lose its proportionate share of students from the introductory cohort, the savings to the Northern Territory Government could amount to a figure in the order of $2.2m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $25m. Calculated on the basis of the enrolment projections advised by the
government school sector, the saving to the Territory Government could be in the order of $44.8m.

For the 4 years and 5 months option, if the government sector were to enrol its normal share of additional students in the introductory cohort, the Territory Government would need to provide additional funding in the order of $0.8m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $9.3m. Calculated on the basis of the additional enrolment data advised by the government school sector, the additional amount required from Territory funding could be in the order of $25.8m.

In terms of private recurrent income for the 4 years and 8 months option, if the government sector were to lose its proportionate share of students from the introductory cohort, the savings to parents could amount to a figure in the order of $0.1m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $1.5m. Calculated on the basis of the additional enrolment data advised by the government school sector, the saving to parents could be in the order of $2.7m.

For the 4 years and 5 months option, if the government sector were to enrol its normal share of additional students in the introductory cohort, additional private recurrent funding in the order of $0.05m would be anticipated in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $0.6m. Calculated on the basis of the additional enrolment data advised by the government school sector, the additional amount from parents could be in the order of $1.5m.

The average per capita cost estimates used in the nationally comparable cost/benefit analysis model were based on government school expenditure per student as reported by the state and territory governments. These were calculated in accrual format. The 2004-05 school sector annual costs per student used in the nationally comparable model are $13,040 for primary and $16,334 for secondary.

The expenditure calculations in the nationally comparable cost/benefit analysis model reflect only truly recurrent items and exclude depreciation and user cost of capital. However, they are average costs, and do not reflect the excess capacity in any system to incorporate new students without fixed cost increases.

Such a figure would be reflected by the marginal cost to a system, a figure that has proved quite elusive in national literature. Various Senate inquiries have long recognised the nature of marginal costs but there are no national publications in education, including those published by the Productivity Commission that present a table of marginal costs for each jurisdiction.

During the data gathering for the cost/benefit analysis, various amounts were put forward by jurisdictions to indicate marginal costs. However, no one nationally comparable methodology was used. Therefore, as an acceptable rule of thumb across jurisdictions, the approach used in the calculation of the Enrolment Benchmark Adjustment to ‘notional costs’ has been used in this Report. This places notional costs at 50 per cent of average costs.

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If notional cost figures are substituted for the cost estimates in the nationally comparable cost/benefit analysis model, the estimated impacts of each of the options on the Northern Territory government school sector are shown below.

**Table 8.m Government sector 13 year savings using notional per capita cost estimates**

<table>
<thead>
<tr>
<th>Costs (-)/benefits (+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government school sector</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>-$3</td>
<td>$0</td>
<td>$8</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Secondary</td>
<td>-$2</td>
<td>$0</td>
<td>$4</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td>-$5</td>
<td>$0</td>
<td>$12</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

These figures show lower savings against the 4 years and 5 months option and lower costs against the 4 years and 8 months option than would have been anticipated using the nationally comparable data.

**Table 8.n Comparison of 13 year resource flows under nationally comparable average cost and notional cost models**

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Government school sector</th>
<th>4 years and 5 months based on national average cost modelling</th>
<th>4 years and 5 months based on notional cost modelling</th>
<th>4 years and 8 months based on national average cost modelling</th>
<th>4 years and 8 months based on notional cost modelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>-$11</td>
<td>-$5</td>
<td>$30</td>
<td>$12</td>
</tr>
</tbody>
</table>

Over the 13 years of schooling for the introductory cohort, Table 8.n above shows the comparative cost/savings outcomes for the nationally comparable average cost and notional cost figures. The costs impact for the 4 years and 5 months option created by modelling notional costs is considerably reduced as is the saving impact for the 4 years and 8 months option.

Based on the nationally comparable model and calculated on an average basis, approximately 212 fewer students would be enrolled in the introductory cohort under the 4 years and 8 months option. For the 4 years and 5 months option, the government sector would need to enrol a further 78 students in the introductory year.

Across the Northern Territory government school sector as a whole, for the 4 years and 8 months option, the reduction in teaching staff required could be in the order of 9 teachers. For the 4 years and 5 months option, the increase in teaching staff required could be in the order of 4 teachers.\(^{116}\)

For the government schooling sector, based on figures for 2002/03 published by the Productivity Commission\(^{117}\), with teacher costs of $4,566 per student, the teacher related savings in the first year could be in the order of $1m for the 4 years and 8 months option. For the 4 years and 5 months option, the additional teacher costs in the first year could be

\(^{116}\) As a consistent rule of thumb across the Project, the number of teachers is a function of the change in cohort size divided by a class size of 25. While the class size for the first year of school may be less or greater than 25 in practice, it should be noted that the approach takes an average impact for each student rather than a marginal impact. Overall, the method is likely to overestimate the actual impact on teacher numbers.

\(^{117}\) Productivity Commission figures were sourced from the Ministerial Council on Education, Employment, Training and Youth Affairs (unpublished), National Schools Statistical Collection 2003, Melbourne; Australian Bureau of Statistics 2004, Schools Australia 2003, Cat. no. 4221.0.
in the order of $0.36m. The estimates in relation to teacher salary savings and costs are incorporated in the analysis above.

It should be noted that the calculations in relation to the impact of the options on teacher numbers have been made on an average basis. It is likely that the impact of the change options would not necessarily, across the sector as a whole, lead to either the reduction or increase in staff numbers indicated on the basis of average calculations.

The Northern Territory government school sector expressed the view that the 4 years and 5 months option would be unlikely to generate a need for additional infrastructure. Schools with no capacity to enrol additional students would advise the affected students to seek enrolment in another school. The number of students involved in the increased cohort would be so small that existing infrastructure would be managed to absorb the additional numbers. This would also apply to pre-school, where existing infrastructure would be sufficient to enrol the additional number of children.

8.3.4 Impact of the options

In any of the options that move from 4 years and 6 months, there will be costs, benefits, risks and opportunities for the Northern Territory government school sector. The overall level of change would be greatest should the option of 4 years and 8 months be introduced as a common minimum school starting age. The level of change would be less for 4 years and 5 months. Either of the range options would have no impact as the Northern Territory government school sector would almost certainly opt for 4 years and 6 months.

In terms of costs and benefits associated with a change from 4 years and 6 months to 4 years and 8 months, both initial and medium term nominal savings would accrue to the Northern Territory Government through a decrease in the size of the introductory cohort. These would include savings associated with staffing, infrastructure, administration and related areas such as student transport. These savings would occur at the outset and for each year as the smaller cohort progresses through schooling and into the tertiary sector. The adoption of 4 years and 8 months would mean that the 2009 pre-school cohort would be affected. It would be likely that the pre-school starting age would become 3 years and 8 months, with consequent impacts arising for the prior-to-school through the reduced size of the introductory cohort.

The sector perceived the 4 years and 8 months option as having a potential impact in the area of student readiness for schooling. One of the views expressed was that the older school commencement age may increase the likelihood that a greater proportion of students would in fact be ready for the more formal aspects of school education. This could lead to some within the community supporting the option irrespective of the challenges associated with ‘change-on-change’.

One of the observations made about a longer term impact of an older minimum school starting age was that some students would be older when they left school and entered university, further training or employment. The potentially greater maturity at this stage was seen as a possible benefit arising out of the older age option.

One of the areas explored by the government school sector in relation to the impact of the 4 years and 8 months option was its potential to negatively affect disadvantaged families. Any exacerbation of family disadvantage was perceived as likely to make some issues around schooling more difficult to address. In particular, reference was made to children living in poverty who, under the 4 years and 8 months option, may be precluded for a further 12 months from the educational and social advantages of engaging in schooling.
It was felt that parents and teachers in remote areas where there was no pre-school provision may feel that they had limited access to early learning facilities. As a consequence, their children could suffer even greater disadvantage by having to wait longer to commence schooling. Where child care centres were available, they may come under increased pressure from overcrowding, with extended waiting lists.

Another risk identified was the possibility that the presentation and organisation of the curriculum could become more formalised, with a move away from play-based learning and a focus on children’s developmental needs. Concern was also expressed that through reduced funding, the reach of programmes at the school level may not be as great and that students with educational needs may not have the current level of access. There was a perceived risk that children with special needs and from non-English speaking backgrounds could be disadvantaged by delayed contact with support programmes.

The 4 years and 8 months option could pose management issues in relation to staffing, with a need to ensure that teachers were not disadvantaged in terms of their employment conditions. It was felt, however, that such impacts could be minimised with appropriate planning up to 2009 and 2010. Concern was expressed that a smaller cohort may mean reductions in professional learning opportunities for teachers.

For the 4 years and 5 months option, it was felt that early years teachers would readily adjust to a one month change in the minimum school starting age. It was noted that a reduction of one month was unlikely to significantly extend the age range as to pose major challenges in classroom pedagogy.

One of the potential advantages of the 4 years and 5 months option was the opportunity that may arise for affected children to commence their schooling 12 months earlier than would be possible with a minimum school starting age of 4 years and 6 months. Some of these children would be likely to have learning difficulties that could then be identified earlier and appropriate intervention programmes established. Additionally, their parents may gain relief from the generally higher cost prior-to-school sector 12 months earlier than under the 4 years and 6 months minimum school starting age.

However, a number of risks were also identified as potentially being associated with the option of 4 years and 5 months. In particular, there was concern that some children could be ‘too young’ for the more formal setting of school and would lose the advantages that may accrue from remaining in pre-school, child care and immediate family care. Children ‘not ready’ may be enrolled, with consequent negative impacts on their educational and social development.

There was concern that the increased size of the cohort could place pressure on infrastructure in some areas where there was a growing population. It was noted that some schools may come under enrolment pressure whereas schools in other areas may experience no noticeable impact. Additionally, it was felt parents could perceive that an increase in the cohort size may mean more demands on teachers and resources, with less individualised attention. Comment was made that care would need to be exercised to ensure that longitudinal data sets were not misinterpreted because of aberrations arising from a younger age profile.

It was noted that unless the pre-school commencement age were adjusted, there could be a decline in pre-school enrolments, with consequent staffing and service viability implications.

Irrespective of the option that may be decided upon as the basis for national commonality of minimum school starting age in 2010, the sector expressed the view that one of the
impacts would be to bring benefits in relation to those students and families who transfer from one state or territory to another. It was noted that a significant proportion of movements into and from the Northern Territory involve children of defence force families. They would be major beneficiaries of national commonality.

Critically, by far the greatest potential impact of any of the change options noted was that the change would come on top of a major reform in the Northern Territory in relation to school commencement. It was felt that the changes likely to emerge from the current trial of a single intake based on 4 years and 6 months could be significantly jeopardised if either of the change options were adopted. There would, in all probability, be a decline in public confidence in those with responsibility for decision making in school education.

8.3.5 Nomenclature

No significant costs to the government school sector were identified as likely to arise from a change in nomenclature for either Transition or for pre-school. Any cost areas identified included changes in signage, databases and the titles of curriculum documents. The cost implications associated with any change were seen as capable of being contained and managed. However, some potentially adverse impacts were identified in relation to data collection, analysis and software.

Opportunities and benefits in relation to a common nomenclature were identified by the Northern Territory government school sector. These primarily related to the positive impacts arising from all states and territories having a common nomenclature for the early years of schooling, especially for the year before Year 1. Common nomenclature was seen as likely to greatly assist families as they moved across state and territory borders.

8.3.6 Conclusion

Overall, for the Northern Territory government school sector, the implications of either of the relevant options mean a change in the size of the Transition cohort in 2010 and over their subsequent 12 years of schooling for the affected students. This change would come on top of the likely reform in 2006 that would see the introduction of a single intake for Transition and a minimum school starting age of 4 years and 6 months. The change would affect the 2009 pre-school cohort, with the likelihood that the pre-school commencement age would adjusted in line with the minimum school starting age.

For the 4 years and 8 months option, the smaller cohort passing through the government school sector could give rise to a saving in recurrent expenditure in the order of $30m, assuming that the full cost for each student could be realised as a saving. Of this amount, a figure in the order of $2.6m could be nominally realised by the end of the first year. For the 4 years and 5 months option, the overall costs could be in the order of $11m, with a figure in the order of $1m to be expended prior to or by the end of the first year. For the pre-school sector, savings and costs would occur in 2009.

The major risk identified by the Northern Territory government school sector arising from either of the change options relates to possible impact on the outcomes of the current trial to implement a single Transition intake combined with a minimum school starting age of 4 years and 6 months. Any change in 2010 that was not consistent with the outcomes of the trial could have significant implications for schools, families and the wider community.

In terms of the introduction of a common nomenclature for the early years of schooling, no significant costs were identified. Support was expressed for the introduction of a common nomenclature.
8.4 The Northern Territory Catholic School Sector

8.4.1 Current situation

The minimum school starting age in the Northern Territory Catholic sector schools is 4 years and 6 months. That is, children are eligible to enrol where they will turn 5 years of age by 30 June. There is a single intake in Transition at the commencement of the school year. As with the other schooling sectors, the compulsory age of schooling is 6 years. There is a commitment to enrol all Catholic children on the understanding that places are available within existing resources.

The Catholic school sector does not provide pre-school services. However three schools, located in the Darwin area, operate early learning centres. Children are eligible for enrolment where they have turned 4 years of age. Enrolment is available on a full day basis, although families make decisions in association with the centre about the sessions that their children will attend. Enrolment is funded through fees.

8.4.2 Implications of the options

The Northern Territory Catholic school sector would be affected by two of the options, viz, the 4 years and 5 months option and the 4 years and 8 months option. Should either of the range options be adopted, the Catholic school sector would most likely adopt 4 years and 6 months as this will be universal across the sector from 2007.

Table 8.0  Projected cohort size for the Catholic sector based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationally comparable model of change in the cohort size.</td>
<td>-36</td>
<td>13</td>
</tr>
</tbody>
</table>

Table 8.0 above, derived from the nationally comparable cost/benefit analysis model, indicates that the size of the Catholic school sector share of the introductory cohort in 2010 could decrease by 36 students for the 4 years and 8 months option. For the 4 years and 5 months option, the cohort could increase by 13 students.

The figures in the national model are calculated on the basis of the present pattern of delay evident in the Northern Territory schooling sector. These data do not provide any evidence about delay trends for children with July birthdays. Should delay of children with July birthdays be greater than the present national pattern, the numbers associated with the 4 years and 5 months option could be somewhat smaller than the projections above.

The model has taken account of the projected population growth rates for the Northern Territory as a whole and the likely Catholic sector share on the basis of current trends.

8.4.3 Cost/benefit modelling

Using the cohort size advice provided by the nationally comparable cost/benefit analysis model, the impact of each of the options in terms of costs or savings over the full 13 years of schooling can be demonstrated.
Table 8.p  Costs and savings over the 13 years of schooling for the Northern Territory Catholic sector, based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th></th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catholic Primary</td>
<td>-$0.52</td>
<td>$0.00</td>
<td>$1.41</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Catholic Secondary</td>
<td>-$0.30</td>
<td>$0.00</td>
<td>$0.82</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total</td>
<td>-$0.82</td>
<td>$0.00</td>
<td>$2.23</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

The calculations in Table 8.p above are based on the recurrent annual cost estimates per student provided by the Territory Government to the Australian Government Department of Education, Science and Training. The assumption accounts for all eligible students who would normally enrol in Catholic schools.

For the 4 years and 8 months option, the smaller initial cohort of students would lead to reduced recurrent funding throughout their school tenure. Using the nationally comparable data, the savings could be in the order of $2.2m over the 13 years of schooling. For the 4 years and 5 months option, the increase in the size of the introductory cohort could require additional funding in the order of $0.8m over the 13 years of schooling. There would be funding implications from either option for the Australian Government and the Northern Territory Government through grants, and for private sources including fees.

For both relevant options, provided the share of students fell proportionately, the results of changing the minimum school starting age show a potential outflow or inflow of resources from or to the Catholic school sector. However, in terms of the 4 years and 8 months option, it is possible that a number of schools in the sector may be able to maintain enrolments close to those normally anticipated through access to waiting lists. This would have the effect of reducing the outflow of resources from the sector.

For the 4 years and 5 months option, because many schools in the sector are currently operating at full capacity, it is likely that most of the increased number of students in the affected cohort could be enrolled without implications for staffing or infrastructure. Only in those schools with full streams would it be likely that students would be advised to enrol in another school.

Table 8.q  Sources of funding in the Northern Territory Catholic school sector by option over the 13 years of schooling

<table>
<thead>
<tr>
<th></th>
<th>Overall costs</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
<th>Overall costs</th>
<th>AG</th>
<th>Territory</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 year primary and secondary costs based on the nationally comparable model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4 years and 8 months</td>
<td>4 years and 5 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catholic sector</td>
<td>$0.19</td>
<td>$0.13</td>
<td>$0.05</td>
<td>$0.01</td>
<td>-$0.07</td>
<td>-$0.05</td>
<td>-$0.02</td>
<td>$0.00</td>
</tr>
<tr>
<td>13 year costs based on the nationally comparable model</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catholic sector</td>
<td>$2.23</td>
<td>$1.4</td>
<td>$0.6</td>
<td>$0.2</td>
<td>-$0.8</td>
<td>-$0.5</td>
<td>-$0.2</td>
<td>-$0.1</td>
</tr>
</tbody>
</table>
Table 8.q above shows the school sector cost and benefit shares of the Australian Government, the Northern Territory Government and parents arising from the changes associated with the relevant change options. The assumption in Table 8.q is that the Catholic school sector would enrol or lose its ‘normal’ share of the affected students. For the 4 years and 8 months option, should the sector enrol more children than its anticipated normal share, all figures would increase to a commensurate level. For the 4 years and 5 months option, should the sector be unable to enrol children who would otherwise have enrolled in Catholic schools, all figures would decrease to a commensurate level.

In terms of Australian Government funding for the 4 years and 8 months option, if the Catholic school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Australian Government could amount to a figure in the order of $0.13m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $1.4m.

For the 4 years and 5 months option, if the Catholic school were to enrol its normal share of additional students in the introductory cohort, the Australian Government would need to provide additional funding in the order of $0.05m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $0.5m.

In terms of Territory funding for the 4 years and 8 months option, if the Catholic school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Northern Territory Government could amount to a figure in the order of $0.05m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $0.6m.

For the 4 years and 5 months option, if the Catholic school sector were to enrol its normal share of additional students in the introductory cohort, the Territory Government would need to provide additional funding in the order of $0.02m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $0.2m.

In terms of private recurrent income for the 4 years and 8 months option, if the Catholic school sector were to lose its proportionate share of students from the introductory cohort, the savings to parents could amount to a figure in the order of $0.01m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $0.2m.

For the 4 years and 5 months option, if the Catholic school sector were to enrol its normal share of additional students in the introductory cohort, negligible additional private recurrent funding would be anticipated in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $.01m.

Given the relatively small number of students involved in the 4 years and 5 months option and inability to project where they would seek enrolment in 2010, it is not possible to estimate sector staffing or infrastructure costs. As indicated, the sector advised that it is likely that there would be no cost impacts in staffing or infrastructure from the younger age option.

8.4.4 Impact of the options

In either of the options that move from 4 years and 6 months, there will be costs, benefits, risks and opportunities for the Northern Territory Catholic school sector. The overall level of change would be greatest should the option of 4 years and 8 months be introduced as a common school starting age. The level of change would be less for 4 years and 5 months. The Northern Territory Catholic school sector would, of course, be unaffected by the
introduction of 4 years and 6 months as the common school starting age or by either of the range options.

For either of the options, however, the size of the impacts are unlikely to be as great as predicted in the nationally comparable model. If schools in the Catholic sector were able to enrol students from waiting lists in order to compensate for the decline in the size of the cohort, the sector would not experience the projected level of impact. Information from the sector indicates that this is the most likely outcome of any move to an older minimum school starting age.

With regard to the 4 years and 5 months option, the number of affected students would be relatively small and there would be minimal impact at the school level. However, any pressure on infrastructure in particular locations caused by an increased cohort size could mean that some students seeking enrolment may be directed to another school, possibly in another sector. Where this occurred, it would decrease marginally the relative size of the Catholic school sector should the 4 years and 5 months option be adopted.

The Catholic school sector identified a number of risks that may be associated with the introduction of the 4 years and 8 months option as the nationally common minimum school starting age. This principally concerned the possible impact on families arising from children having to remain for a further 12 months in the prior-to-school sector. This delay could adversely affect families who may have already planned around the higher level of disposable income and the possibility of workforce re-entry. Furthermore, increased demand for places in child care could mean some families not being able to access appropriate care for their children, leading to extended waiting lists and the increased incidence of unregulated care.

The view was expressed that a ‘smaller’ cohort may result in uneconomic class groupings as the cohort moved through the 13 years of schooling. This could lead to some schools attempting to cut back on some programmes in order to address the funding constraints.

The 4 years and 8 months option was perceived by the sector as likely to affect the possibility of students with learning difficulties or special needs being identified at the most ‘appropriate’ age. A delay of 12 months in school commencement for affected children could adversely impact on their later schooling.

The sector identified possible benefits for boys as one of the opportunities that may arise from the older age option. Comment was made that some boys may be better suited to an older age of school commencement and that the 4 years and 8 months option would tend to better accommodate some of the current arguments in the boys education agenda area.

In relation to the 4 years and 5 months option, the principal risk was that relating to the possibility that younger children would be enrolled who were not ‘ready’ for school. Children with 5th birthdays in July may find it difficult to adjust to the formality of the school setting. This could have later impacts on their engagement in learning and connectedness to schooling. Comment was made that students with special needs may be disadvantaged by the earlier commencement of formal schooling. There could be a possibility that resources may be more directly accessible in the prior-to-school sector, including the lower child to adult ratios that apply.

Another area of risk related to the expectations that may be placed on younger children by families to achieve at the level of older Transition students. This could impact on some teachers as they attempted to respond to expectations that may not align with the readiness of the affected children.
However, a number of opportunities likely to be associated with the 4 years and 5 months option were also identified. In particular, the presence of younger children in the cohort may lead to a re-focusing on how the early years curriculum could be best adapted to underpin continuity from prior-to-school settings to the more formal school setting. The strengthening of pedagogy around early years learning may be a longer term benefit from the option.

The sector expressed the view that the younger age option may benefit affected parents by enabling them to move 12 months earlier from the generally high cost prior-to-school sector to the lower cost environment of the school sector. Depending on how the preschool commencement age was managed in 2009, there could be some easing of pressure in areas characterised by high demand for child care places. In areas with lower levels of demand it is likely that child care providers would extend places to younger children. These places would probably involve higher fee levels for parents arising principally from the lower adult to child ratios for younger children.

Irrespective of the option that may be decided upon, should it be other than 4 years and 6 months it is likely that there would be a discernible level of parental dissatisfaction. This could arise from a change from the directions likely to be brought about by the current Transition trial.

8.4.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the first year of schooling is termed Transition. The Catholic school sector expressed the view that there would be advantages in the adoption of a nationally common nomenclature. Should a common nomenclature be agreed upon, it would be best to keep it both simple and logical.

The sector identified a range of costs associated with any change in nomenclature around the early years of schooling. These included the areas of stationery, syllabus documents, handbooks, advertising, prospectuses, computer systems, etc. By-and-large, however, these costs were perceived as being manageable from within established funding arrangements.

8.4.6 Conclusion

Any conclusions about the impact of a younger minimum school starting age on the Northern Territory Catholic school sector needs to be cognizant of the reality that at the individual school level the number of students involved will be small. Should the 4 years and 8 months option be adopted, few schools would lose more than 2 students. Many of these schools would be able to fill these places by accessing their waiting lists and thus retaining a ‘normal’ cohort size.

Should the 4 years and 5 months option be adopted, the increased demand for places in most schools would be minimal. Calculated on an average basis, few schools would have more than 1 additional student seeking enrolment. Only in schools with full Transition streams, where multi-age class configurations were not possible, is it likely that schools would be unable to enrol the additional students.

Thus, for either of the change options, it is likely that the sector overall would be relatively unaffected. However, the sector identified risks that are likely to arise from any option that leads to a minimum school starting age other than 4 years and 6 months. Current practice in the Catholic education sector enjoys wide endorsement by Catholic parents and any change would be viewed negatively.
The sector preference is for the retention of Transition as the term to describe the year before Year 1. In terms of a possible change in nomenclature around the early years of schooling, cost areas were identified but not quantified.
8.5 The Northern Territory Independent School Sector

8.5.1 Current situation

Northern Territory independent sector schools base Transition enrolment on a minimum school starting age of 4 years and 6 months. That is, children are eligible to enrol in the year in which they will turn 5 years of age, provided this is by 30 June. Although there are generally separate intakes at the commencement of the first three terms, some schools have only a single intake. Sector schools have expressed their preference for a single intake and are moving in that direction. As with the other schooling sectors, the compulsory age of schooling is 6 years.

A number of independent schools offer services for children in the year prior to Transition. In 2004, some 120 children were enrolled in independent pre-schools. These places are funded by private sources including fees.

8.5.2 Implications of the options

Under the nationally comparable cost/benefit analysis model, the Northern Territory independent school sector would be affected by two of the options, viz, the 4 years and 5 months option and the 4 years and 8 months option. For either of the range options, the independent school sector would adopt 4 years and 6 months.

Table 8.t Projected cohort size for the independent sector based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Number of affected students</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationally comparable model of change in the cohort size.</td>
<td>-20</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 8.t above, derived from the nationally comparable cost/benefit analysis model, indicates that the size of the introductory cohort in 2010 would decrease nominally by 20 students for the 4 years and 8 months option. For the 4 years and 5 months option the cohort would increase nominally by 8 students. The model assumes that the sector will either lose or take up its relative share of the overall cohort change.

The figures in the national model are calculated on the basis of the present pattern of delay evident in the Northern Territory schooling sector. To this pattern has been added the national pattern for July birthdays. Should delay of children with July birthdays be less than the present national pattern, the numbers associated with the 4 years and 5 months option could be greater than the projections above.

The model has taken account of the projected population growth rates for the Northern Territory as a whole and the likely independent sector share on the basis of current trends.

With some 10 schools across the sector delivering a Transition year, the nominal average decrease in the number of students per school for the 4 years and 8 months option would approximate 2. For the 4 years and 5 months option, the nominal average increase in the Transition cohort would be approximately 1 student per school.
8.5.3 Cost/benefit modelling

Using the cohort size advice provided by the nationally comparable cost/benefit analysis model, the impact of each of the options in terms of costs or savings over the full 13 years of schooling can be demonstrated.

**Table 8.s** Costs and savings over the 13 years of schooling for the Northern Territory independent sector, based on the nationally comparable cost/benefit analysis model

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4.5</th>
<th>4.6</th>
<th>4.8</th>
<th>4.5 - 4.6</th>
<th>4.5 - 4.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>-0.32</td>
<td>0.00</td>
<td>0.87</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Secondary</td>
<td>-0.55</td>
<td>0.00</td>
<td>1.48</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>-0.87</td>
<td>0.0</td>
<td>2.35</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

The calculations in Table 8.s above are based on the recurrent annual cost estimates per student provided by the Territory Government to the Australian Government Department of Education, Science and Training. The assumption accounts for all eligible students who would normally enrol in independent schools.

For the 4 years and 8 months option, the smaller initial cohort of students would lead to reduced recurrent funding throughout their school tenure. Using the nationally comparable data, the savings could be in the order of $2m over the 13 years of schooling. For the 4 years and 5 months option, the increase in the size of the introductory cohort could require additional funding in the order of $1m over the 13 years of schooling. There would be funding implications from either option for the Australian Government and the Northern territory Government through grants, and for private sources including fees.

For both relevant options, provided the share of students fell proportionately, the results of changing the minimum school starting age show a potential outflow or inflow of resources from or to the independent school sector. However, in terms of the 4 years and 8 months option, it is possible that a number of schools in the sector may be able to maintain enrolments close to those normally anticipated through access to waiting lists. This would have the effect of reducing the outflow of resources from the sector.

**Table 8.t** Sources of funding in the Northern Territory independent school sector by option over the 13 years of schooling

<table>
<thead>
<tr>
<th>Costs(-)/benefits(+) ($ million, 2004-05)</th>
<th>4 years and 8 months</th>
<th>4 years and 5 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall costs</td>
<td>AG Territory Private</td>
<td>AG Territory Private</td>
</tr>
<tr>
<td>Primary</td>
<td>0.87</td>
<td>0.57 0.24 0.06</td>
</tr>
<tr>
<td>Secondary</td>
<td>1.48</td>
<td>0.74 0.30 0.44</td>
</tr>
<tr>
<td>First year costs based on the nationally comparable model</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AG Territory Private</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent sector</td>
<td>0.12</td>
<td>0.08 0.03 0.01</td>
</tr>
<tr>
<td>13 years costs based on the nationally comparable model</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AG Territory Private</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent sector</td>
<td>2.35</td>
<td>1.3 0.5 0.5</td>
</tr>
</tbody>
</table>

Table 8.t above shows the cost and benefit shares of the Australian Government, the Northern Territory Government and parents arising from the changes associated with the
relevant change options for the independent school sector. The assumption in Table 8.1 is that the independent school sector would enrol or lose its ‘normal’ share of the affected students. For the 4 years and 8 months option, should the sector enrol more children than its anticipated normal share, all figures would increase to a commensurate level. For the 4 years and 5 months option, should the sector be unable to enrol children who would otherwise have enrolled in independent schools, all figures would decrease to a commensurate level.

In terms of Australian Government funding for the 4 years and 8 months option, if the independent school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Australian Government could amount to a figure in the order of $0.08m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $1.3m.

For the 4 years and 5 months option, if the independent school sector were to enrol its normal share of additional students in the introductory cohort, the Australian Government would need to provide additional funding in the order of $0.03m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $0.5m.

In terms of Territory funding for the 4 years and 8 months option, if the independent school sector were to lose its proportionate share of students from the introductory cohort, the savings to the Northern Territory Government could amount to a figure in the order of $0.03m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $0.5m.

For the 4 years and 5 months option, if the independent school sector were to enrol its normal share of additional students in the introductory cohort, the Territory Government would need to provide additional funding in the order of $0.01m in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $0.2m.

In terms of private recurrent income for the 4 years and 8 months option, if the independent school sector were to lose its proportionate share of students from the introductory cohort, the savings to parents could amount to a figure in the order of $0.01m in the introductory year. Over the 13 years of schooling, the figure could be in the order of $0.5m.

For the 4 years and 5 months option, if the independent school sector were to enrol its normal share of additional students in the introductory cohort, negligible additional private recurrent funding would be anticipated in the introductory year. Over the 13 years of schooling, the additional amount could be in the order of $0.2m.

Given the relatively small size of the decreased or increased introductory cohort, it is unlikely that there would be staffing or infrastructure implications at the individual school level from either of the change options.

However, in relation to the 4 years and 8 months option, the sector noted that most costs associated with infrastructure are fixed. Difficulties could be posed for schools by having to maintain excess infrastructure but with a reduced income from grants and fees. It was felt however, that the overall level of under-utilisation arising from the option would be relatively modest.

8.5.4 Impact of the options

In either of the options that move from 4 years and 6 months, there will be costs, benefits, risks and opportunities for the Northern Territory independent school sector. The overall level of change would be greatest should the option of 4 years and 8 months be introduced.
as a common school starting age. The level of change would be less for 4 years and 5 months. The Northern Territory independent school sector would, of course, be unaffected by the introduction of 4 years and 6 months as the common school starting age or by either of the range options.

Under both change options, however, the size of the impacts is unlikely to be as great as predicted in the nationally comparable model. In terms of absolute numbers, the nationally comparable cost benefit analysis model shows that the decrease or increase in the size of the independent school sector in the Northern Territory would be small. Consequently, the impacts of the options are likely to be relatively limited and readily manageable.

The independent school sector identified a number of risks that could be associated with the introduction of the 4 years and 8 months option as the nationally common minimum school starting age. The decrease in funding through grants and fees could impact on some schools, especially when it is considered that they would have no capacity to reduce fixed costs. There is a number of small schools in the sector that may be affected.

Another possible affect of the 4 years and 8 months option could be to increase demand for places in independent sector pre-schools. The additional costs for parents associated with increased time in prior-to-school provision were noted by the sector. It was felt that, by children remaining in the prior-to-school sector for a further 12 months, there could be a negative impact on the level of disposable income. Furthermore, affected parents would have to delay by one year their possible re-entry to the workforce.

The independent school sector expressed the view that a ‘smaller’ cohort associated with the older age option may see some schools having to maintain a smaller class grouping over the 13 years of schooling. As the costs of this grouping would be higher than those where all places were filled, schools could compensate by reducing funding in some programme areas.

With regard to the 4 years and 5 months option, the number of affected students would be relatively small and there would be minimal impact at the school level.

The principal risk that could possibly be associated with the younger age option concerned those children with July birthdays who may not be ‘ready’ for school. These children would lose the advantage of the less formal pre-school and other prior-to-school services and may find the greater formality of school to be overly challenging.

Another area of risk related to the expectations that may be placed on younger children by families to achieve at the level of older Transition students. This could impact on some teachers as they attempted to respond to expectations that may not align with the readiness of the affected children.

However, a number of opportunities were also identified in relation to the 4 years and 5 months option. In particular, the presence of younger children in the cohort may lead to a re-focusing on how the early years curriculum could be best adapted to underpin continuity from prior-to-school settings to the more formal school setting. The option may provide an opportunity to review the early years curriculum.

Under the 4 years and 5 months option, affected parents could benefit by being able to move 12 months earlier from the generally high cost prior-to-school sector to the lower cost environment of the school sector. Depending on how the pre-school minimum commencement age were managed, there could be a freeing-up of places in the prior-to-school sector, with the possibility of more child care places being made available to younger children.
The independent school sector expressed the view that there is a broad basis of acceptance in the Northern Territory of 4 years and 6 months as the minimum school starting age. Furthermore, the general move toward a single intake based on this age appears to enjoy substantial community and school support. The single intake concept has reinforced acceptance of 4 years and 6 months as the ‘appropriate’ minimum school starting age. Any move away from 4 years and 6 months as the minimum school starting age in the Northern Territory is likely to be viewed in a negative light by the independent school sector and by families associated with its schools.

8.5.5 Nomenclature

In relation to the nomenclature of the early years of schooling, the first year of schooling is termed Transition. The independent school sector expressed the view that there would be advantages in the adoption of a nationally common nomenclature. Should a common nomenclature be agreed upon, it would be best to keep it both simple and logical.

The sector identified a range of costs associated with any change in nomenclature around the early years of schooling. These included the areas of stationery, curriculum documents, advertising, prospectuses, computer systems, etc. In the main, the view was that costs in such areas could be readily absorbed over time.

8.5.6 Conclusion

The analysis shows that the Northern Territory independent school sector would, in all likelihood, be largely unaffected by the introduction of either an older or a younger minimum school starting age in 2010. Under the 4 years and 8 months option, small schools may be impacted by the loss of enrolments and accompanying decline in income. Should the 4 years and 5 months option be adopted, schools located in areas with a declining population may have an opportunity to increase school viability through increased income from grants and fees.

While the sector identified few ‘internal’ risks associated with either of the change options, it noted that any adoption of an older or younger minimum school starting age in 2010 would be viewed by the wider community in a largely negative light. The option of 4 years and 6 months is strongly supported as a simple and common sense balance between arguments for older and younger age of school commencement.

The independent school sector expressed the view that any costs associated with a possible change in early years nomenclature would, in general, be able to be absorbed over time. The sector expressed support for the achievement of a simple and readily comprehensible national nomenclature for the early years of schooling.