Two preschool initiatives: fee reductions for families and a capital works program for regional areas

The power of preschool to build deep foundations for children’s learning is well known, and the NSW Government has a major agenda of reform to boost preschool participation. For 2013, the Government has announced immediate measures that will address two important barriers to preschool participation: affordability for families and the physical supply of places in regional areas. By reducing fees for 2013 and by funding a program to construct preschool facilities in areas of high unmet need, the Government is laying the groundwork for change in future years. Consultation will begin shortly on longer term reform of preschool funding for 2014 and beyond.

$20 million for fee reductions

For some time, affordability of early childhood education has been an issue for NSW families as they try to make space in tight household budgets for preschool fees.

To address this, the Government will immediately distribute $20 million to reduce fees for families with a 4 or 5 year old child in a community-based preschool in 2013. The money will go out to preschool services as a funding boost, and it must be passed on to eligible families as fee reductions (or as a rebate if fees have been prepaid).

Services will be required to write to parents to tell them of the fee reduction initiative, how the reduction will be passed on, and how much they will have to pay.

Eligibility for fee reductions

Under the current funding system, 787 community-based preschools receive NSW Government subsidies. All families in NSW with a child in one of these preschools who will be 4 or 5 on or before 31 July 2013 can expect to receive a reduction in fees. The focus on 4 to 5 year olds is a condition of Commonwealth funding under the National Partnership and is in line with the Government’s commitment to boost preschool participation in the year before school.

Timing

This is a one-off measure effective from Term 2 for the remainder of 2013.

Targeting

The Government funds preschools based on levels of need in the local government area where the preschool is located. The extra funding for fee reductions will be distributed in the same way. Parents in the most disadvantaged areas can expect the largest fee reductions.
Impact of fee reductions

- Average daily fees in NSW will fall from around $32 to $24: up to 26 per cent.
- Average reductions will be greater where family incomes are lower.
- Fees in Western Sydney as a whole will fall by up to 28%, but fee reductions will vary across local government areas. For example, fees will fall up to 30% in Penrith, 31% in Blacktown and 36% in Campbelltown.
- Reductions will be up to 50% across regional and rural areas.
- Up to 105 preschools will be able to reduce their average daily fees to between $5 and $10.
- Up to 61 preschools will be able to reduce their average daily fees to below $5.
- Up to 42 preschools in very remote and disadvantaged areas will be able to reduce their fees to zero.
- The level of fee reduction for a particular family will depend on the fees charged by the preschool. Fees are not set by the Government, and vary from service to service. Preschools within the same local government area may charge different fees depending on their own business model and operational characteristics, and on the characteristics of the children who attend.
- Figures are based on the August 2012 census and many services may have new enrolment numbers.

$5 million in capital works

There are areas in rural and regional NSW where children are missing out on preschool because of a lack of facilities, and where the market cannot respond effectively to demand because of local economic conditions.

In such cases, the most effective remedy is to provide funds to support creation of new places. The Government will make $5 million available for capital works for this purpose, targeted at projects where it can be shown that the level of need is high and that construction would be an effective response.

Eligibility

Funding will be prioritised to rural and regional areas with the greatest unmet need for preschool places.

Timing

Consultation will begin immediately and the initial round of applications will open this year.