



goodstart
early
learning

Goodstart Early Learning's Social Return on Investment Overview

For a dozen years Goodstart has been working with international academics and local experts to track the impacts of quality early learning on children. As we have gathered better data and invested in understanding the impacts, we have improved our quality, educational programs, team training, support, and funding of social inclusion.

We have sought to help governments and the community to understand what we have learned, and the data has informed our advocacy for greater support for quality early learning in the two years before school, especially for our nation's most vulnerable children.

Over the past 12 years, we have welcomed increasing numbers of vulnerable children, including well above sector averages of First Nations children, supported by rising numbers of First Nations educators.

For the first time, with the assistance of our Founding Member, Social Ventures Australia, we have been able to bring our data together to answer some challenging questions and to share what we have learned from the tens of thousands of children who have been busy learning and growing in our centers across the nation.

As a not-for-profit social enterprise, we are for children, not for profit.

Goodstart was created in 2010 by four leading charities to give Australia's children the best possible start in life.

**MISSION
AUSTRALIA**

benevolent SOCIETY

SVA Social
Ventures
Australia

Brotherhood of St Laurence
Working for an Australia free of poverty

Australian owned, every dollar we spend is directed towards helping children reach their full potential with special attention given to early intervention, social inclusion, Reconciliation with First Nations people and innovative play-based learning.

As part of our commitment to quality early learning, Goodstart also pays our educators and teachers above award wages in recognition of the important and demanding work that they do.

We are proud to be a for-purpose organisation.

Why value our social impact?

Goodstart's purpose is for all children to have the learning, development, and wellbeing outcomes they need for school and life.

This social impact study undertaken in partnership with Social Ventures Australia (SVA), establishes a credible valuation of the difference Goodstart makes in the lives of children, families, and the broader community including government. This work puts a value on the far-reaching impact our teachers and educators deliver through their expertise and passion every day in our centres.

The study is focussed on Goodstart's targeted social purpose and impact investments and provides a point-in-time assessment of our overall social impact across 2020.

The first study of its kind in Australia's early learning sector, Goodstart will continue to work with SVA to ensure the valuation and ratio calculation model is replicable on an annual basis. This will enable ongoing reporting, quantitatively, on our social impact each year.

Recognising the challenges and complexity of valuing social impact, SVA has drawn on its significant knowledge and expertise to develop a fit-for-purpose Social Impact Study methodology.

This work is informed by the internationally recognised Social Return on Investment (SROI) framework and delivers an SROI ratio for Goodstart. SVA's methodology uses evidence-based valuations of child and family outcomes and, where evidence is lacking, employs robust and defensible ways to value Goodstart's social investments.

In simple terms, the social impact study is a quantification of Goodstart's social impact considering the investments made by Goodstart and the social and economic outcomes delivered for children, families, and the broader community, including government. As a form of cost-benefit analysis, it is highly technical, informed by an internationally recognised evaluation methodology.

Goodstart delivers benefits to children, families and the communities in two key ways:

1. Outcomes for children and families who attend Goodstart centres.
2. Impact Beyond Goodstart, where we contribute improved outcomes beyond our centres to support all of Australia's children, through research and advocacy that leverages our unique size and scale.

Traditional SROI methodology includes extensive, and unique, data collection using family and educator surveys and other labor-intensive data collection activities to allow the valuation of outcomes.

Due to the COVID 19 pandemic and its impacts on families and the sector more broadly, we did not adopt this component of data collection for this report. This deviation was undertaken intentionally after weighing up the relative costs and benefits with the validity of the approach undertaken in measuring impact tested and validated by key experts in the field to ensure the robustness and defensibility of the approach and findings.

The model has been developed to allow Goodstart to make comparisons with other providers of early learning, to support us in how we describe our impact and to inform investments in the future. It was also designed to ensure that further data collection would be possible.

The Findings

The task we set ourselves was to identify the value and returns of Goodstart's targeted social purpose investments.

Thinking firstly about the children and families that attend Goodstart services. If we know that high quality early learning delivers benefits for all children regardless of which high quality service they attend, how could we quantify additional benefits delivered by Goodstart based on the children who attend our services?

The study showed that for every additional dollar Goodstart targeted to our social purpose investments \$5.50 of economic and social value was created for children, families, and community.

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Goodstart invested in
social purpose...

... **\$5.50**
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1 Benefits for children and families attending Goodstart centres

The study has found the social value or social dividend of Goodstart's targeted social investments – measuring outcomes for Goodstart children and families and our community – to be more than \$300 million in 2020, generated from \$55 million total operating expenses for social impact.

The diagram on page 5 provides more detail on how these numbers are calculated.

This social dividend for children and families attending Goodstart is achieved within total benefits of \$1.5 billion generated from \$1.15 billion in costs, for a Whole of Organisation Benefit-Cost Ratio of \$1:\$1.30 as shown below. The diagram below shows the unique value-add achieved by Goodstart's social purpose which leverages our core size and scale as Australia's largest early learning provider.

Some of the investments which deliver this value include:

- Our strong focus on high quality teaching and learning and our approach to ensuring all children, but especially vulnerable children attend enough to make a difference
- The Early Learning Fund – which supports children and families at risk of dropping out of early learning to attend regularly and successfully transition to school
- Our Family Connections Program – so centre teams have the skills and knowledge they need to support families and connect them to more intensive services such as family violence or homelessness services
- Our investment in professional supervision for Centre Directors working in complex communities where children are less likely to attend regularly
- Our commitment to our Reconciliation journey and investments in First Nations Goodstarters to provide a strong culturally safe foundation to support First Nations children across our services.

Benefits delivered for children and families attending Goodstart services

\$1 : \$5.50

Goodstart social investment costs and value only

\$1 : \$1.30

Goodstart social investment costs and value

Goodstart operational, service delivery investment costs and values



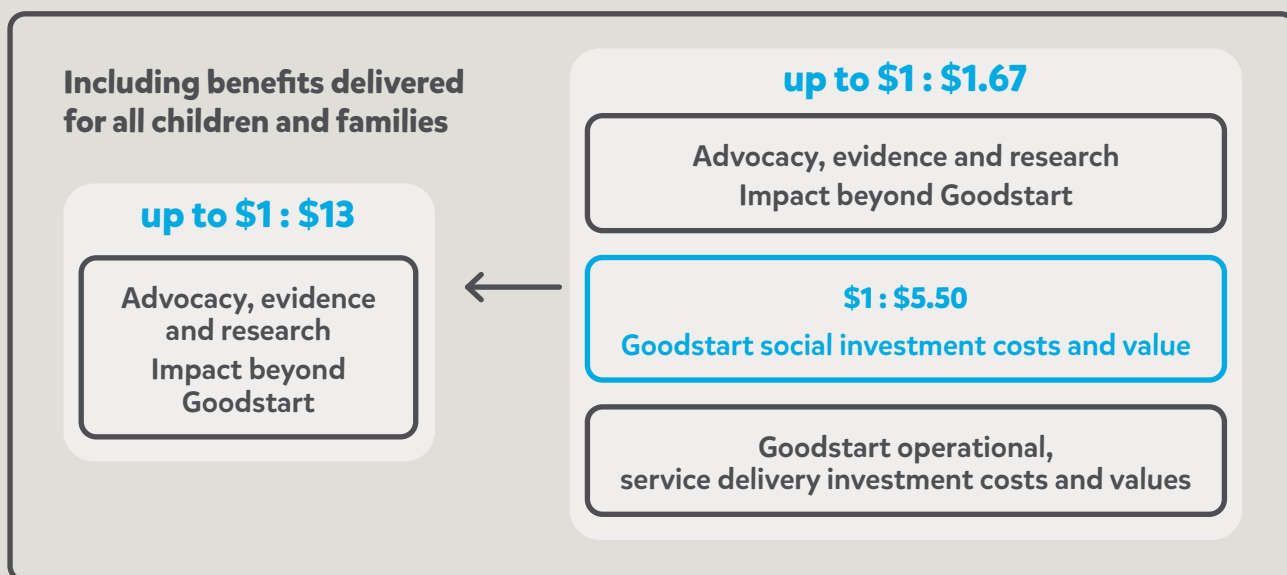
If we were to apply the social return on investment ratio to Goodstart in 2022 using the bespoke investment and valuation methodology created by SVA, we estimate that a value of over \$337m has been delivered. This estimated social dividend represents the total social and economic value of the activities delivered for children, families, government and the broader community. It assumes that the short and medium term outcomes resulting from the 2022 activity are comparable to those from 2020 and that the longer term value of these outcomes also holds constant.

2 Benefits for all children and families

Next, we considered quantifying the benefits delivered beyond those delivered to the children and families that attend Goodstart services. These benefits are substantially delivered through Goodstart's advocacy and research social purpose investments. Noting the complexity in attributing the impact of advocacy and research, the estimated value of advocacy and research outcomes, that Goodstart has created across the sector, benefiting all Australian children and families is around \$700 million giving us a ratio of up to \$1:\$13.00 for the advocacy and research components of our social purpose investments.

When we consider the complete picture of Goodstart's impact for children, families and the community, we can show that Goodstart delivers total benefits of up to \$1.9bn in social and economic value to children, families and the community, including government. This is delivered from a cost base of \$1.14bn giving us a ratio of up to \$1:\$1.67 for all Goodstart investments.

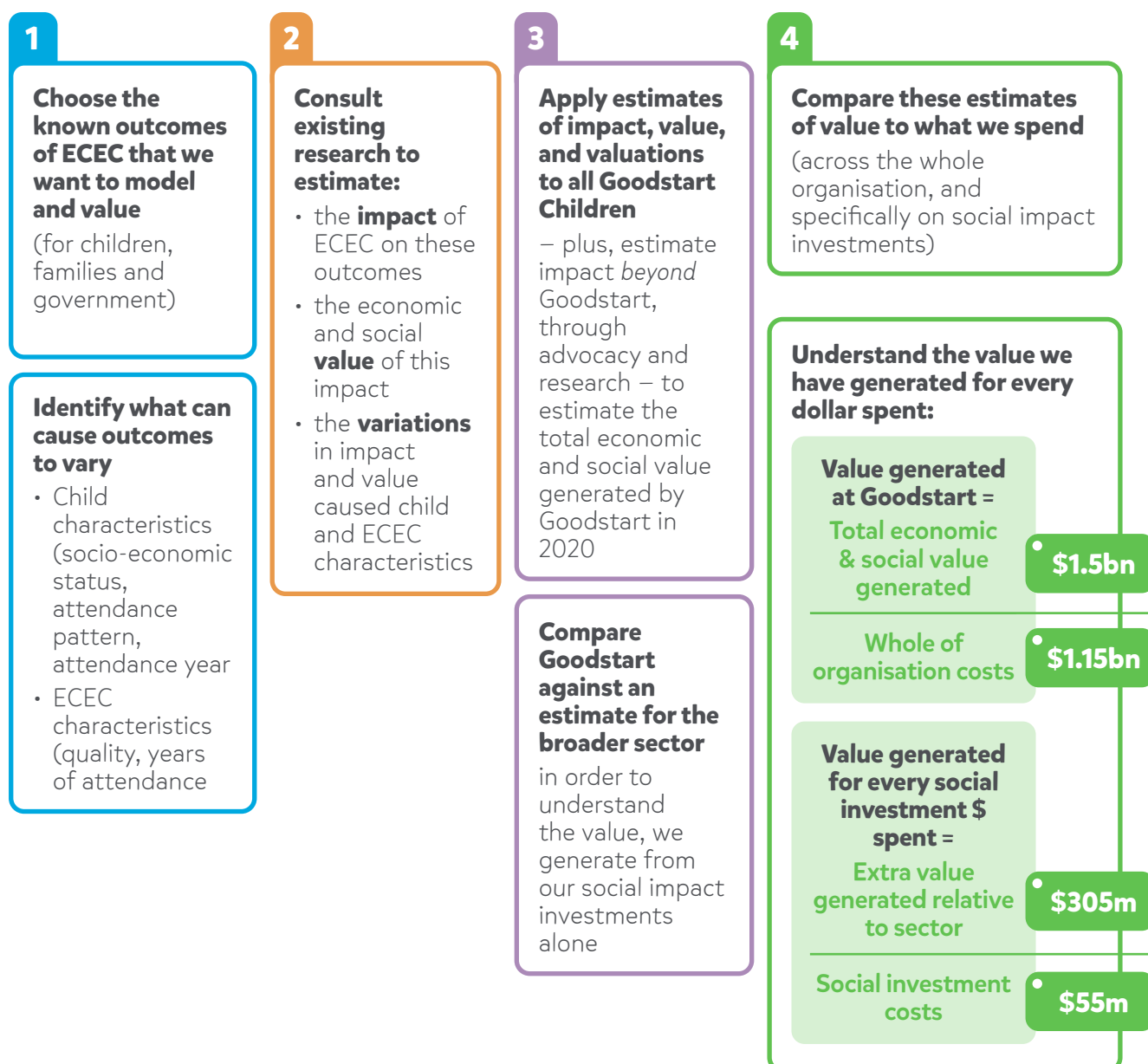
As noted above, estimating advocacy and research benefits are complicated due to the multifaceted interactions and limited external evidence base to draw from. Due to the complex nature of valuing our impact beyond Goodstart, in the main we intend to primarily refer to the cost benefit ratio of 5.50:1.



Approach and Methodology

The methodology used to value outcomes for Goodstart children and families considers several targeted social investment programs of work focused on our quality, inclusion, and social impact goals. It does not include all investments made within Goodstart likely to deliver a social return but provides a valuation of the benefits Goodstart delivers for children and families and considers the investments made to deliver these outcomes to derive a whole of Goodstart ratio.

The model seeks to determine financial valuations for a series of social and economic outcomes and apply them to all children at Goodstart. The differential value is then estimated by subtracting the value that is likely to be realised by other providers, including providers without Goodstart's social impact investments. A high-level overview of this approach is depicted in the figure below:



The ratio uses research to estimate the social and economic \$ value for children's participation in ECEC and subsequent impact for their families and government. The outcomes used in this calculation are detailed on page 7. This produces a \$ value for participation in early learning for the "average" child. Multipliers are then applied for each Goodstart child that reflect their participation at a Goodstart centre. For example, a child attending an Exceeding NQS centre receives a higher quality multiplier than a child attending a Meeting NQS centre and a child attending two or more days per week receives a higher attendance multiplier than a child attending just one day (steps 1 and 2 in the diagram on page 5). This provides a total \$ value for outcomes delivered as a result of children attending a Goodstart of \$1.5b.

To determine the social purpose component of this, Goodstart's result is measured against a comparison set of children (Government data). This is step 4 in the diagram on page 5. The extra value generated by Goodstart is the \$ value of the social purpose outcomes Goodstart delivers giving us a total of \$305m. The cost side of the ratio is determined by Goodstart's spend on social purpose investments taking into account only the proportion of costs over and above what other providers would spend. For example, all providers focus on inclusive practices so the total spend is reduced in the calculation. Total social purpose costs using this methodology total \$55m.

The social purpose ratio is calculated as \$55m:\$305m or \$1:\$5.50.

Outcomes and drivers

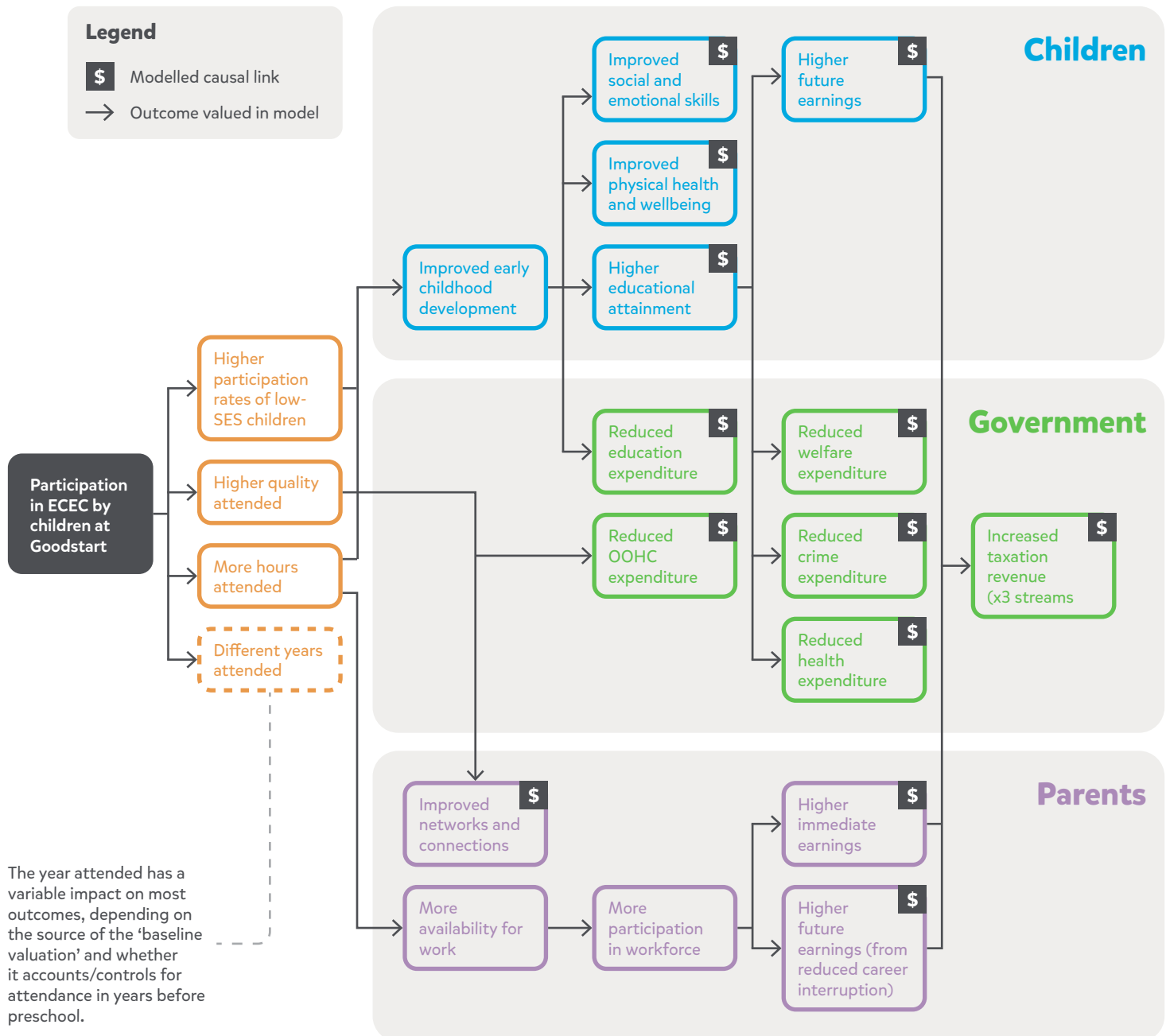
The study identifies, quantifies and values outcomes for three key beneficiaries which have been established by the existing evidence base:

- **For children** – supporting their learning, development, health and well-being outcomes
- **For parents** – supporting their workforce participation and connection to supports within their community
- **For government** – reductions in spending across a variety of sectors and increased taxation revenues



Outcomes based on children's participation at a Goodstart centre

These outcomes depend on the participation of each individual child at Goodstart, and – in the model – data includes the socio-economic status for every unique child, their attendance pattern, the quality of the centre they attended and the number of years they have attended (in the year before school or otherwise). This reflects the best available research to quantify the benefits and impact of participation in early learning as outlined in the diagram below.



Outcomes for children and families beyond Goodstart

These outcomes do not depend directly on the experiences of individual children but does include outcomes that add value to the broader sector and ecosystem (e.g., advocacy or research outcomes).

Key Model Limitations

As mentioned earlier, to maintain an achievable scope for this project, while laying a foundation for future improvements, there are limitations to this analysis. The following key limitations should be noted alongside interpretation of the above results:

- The model has not captured all outcomes (e.g., outcomes for educators, for improved family relationships) nor considered all drivers that are important to achieving outcomes in the ECEC sector (e.g., community socio-economic status, other vulnerabilities such as having a disability).
- While it leverages established approaches to valuation, the overall model uses a bespoke and unique method which cannot be readily compared to existing research or analyses. The model has been tested with experts in the field however verification of the model in an academic sense would require primary research.
- The ECEC sector is extensively researched and yet several key questions remain inconclusively answered, particularly related to effect sizes and when effects can be negative. A result is that assumptions are required for every outcome we have considered.

To estimate the impact of Goodstart's advocacy work, we have considered all the key funding and investment announcements made by Governments to which Goodstart has contributed, assigned them a value that represents the marginal benefit to society of investment in ECEC, and estimated Goodstart's percentage 'contribution' of the outcome drawing particularly on where we have made "unique" contributions due to our size, scale, and unique dataset.

Testing of Approach and Methodology

In consideration of the limitations discussed above and inherent limitations in economic modelling, we sought advice and feedback from individuals with deep expertise in early learning and / or impact measurement. Our critical friends provided invaluable feedback and input to the methodology and approach that has been taken on board in the final valuation.

Next Steps

This analysis is the first step in Goodstart's efforts to improve our understanding of the social and economic value we produce. It is intended to help build the case for investment in high quality early learning for all children and help us to quantify the positive impact Goodstarters make every day.

From this platform we will deepen our understanding, improve where possible and apply the lessons learned including:

- Goodstart will revisit and repeat this analysis in future years to develop a longitudinal and year on year trend view of the value we generate
- We can seek to engage in research with a primary or secondary purpose of enhancing the accuracy and validity of the model e.g., consideration of Early Years Toolbox results, AEDC (Australian Early Development Census) results, and centre ERS (Environmental Rating Scales) ratings alongside participation data to improve our understanding and the evidence base of the impacts of quality and attendance for children's outcomes
- Seek to expand the outcomes and outcome drivers considered to broaden the scope and uses of the mode.

For further information, including a briefing and copy of the technical report, please contact research@goodstart.org.au.

There were many contributors to the development of Goodstart's first Social Impact Study. Special thanks go to Nick Perini, Jack Coghlan and Marcela Giralda Uribe from SVA for leading this work. We would also like to pay special thanks to Dan Cloney, Rachel Christie, Cherie Pereth, Gianni Taranto and Dr Stacey Fox for reviewing this work as our critical friends. Many Goodstarters also contributed their expertise and knowledge about targeted social purpose investments and the outcomes Goodstart delivers for children. Thanks is also extended to the contributors listed below:

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|-------------------|----------------|-----------------|------------------|
| • Lisa Palethorpe | • Sonia Harris | • Simone Miller | • James Barbeler |
| • Cath Tisdell | • Marie Stuart | • Kelly Millar | • David Morrison |
| • Suzy Tamone | • Luba Torban | • John Cherry | • Tim Cochrane |
| • Penny Markham | • Sue Smedley | • Kate Liley | • Myra Geddes |
| • Alma O'Donnell | • Melody Ingra | • Sandie Wong | • Leona Olsen |

Goodstart Early Learning acknowledges all Traditional Custodians across Australia and recognises First Nations peoples' continued cultural and spiritual connection to the land, sky and waterways that surround us. We pay our respects to Elders past, present and emerging.

