



**Playgroup
Australia**

Independent Cost Benefit Analysis of Community Playgroups

Professor Anne Daly
Discipline of Economics
University of Canberra

Greg Barrett
Canberra

Rhiân Williams
Canberra

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Research Summary prepared by Emeritus Professor Anne Daly, Greg Barrett and Rhiân Williams (June 2019).

For more information or to view the full report contact Playgroup Australia.
www.playgroupaustralia.com.au

Who is Playgroup Australia?

Playgroup Australia is the peak body for the state and territory playgroup organisations that support Community Playgroups across Australia. Playgroup Australia promotes the value of play and playgroup for children's development, supporting parents and caregivers, and building social capital in communities.

What are Community Playgroups?

Community Playgroups bring together groups of children aged under five and their parents or caregivers to promote children's play and offer social connection and support to their families. A key feature of Community Playgroups is that they are managed and led by parents and caregivers themselves.

What happens at Community Playgroups?

Both children and adults participate in activities at Community Playgroups. These activities may be based indoors or outdoors and can include music, craft, story-time, snack time, water and sand play, exploring nature and using play equipment. Rather than following a set curriculum Community Playgroups support parents and caregivers to combine activities into routines that work best for them and their children.

Why are Community Playgroups so important to a child's development?

A child's earliest experiences lay the foundation for lifelong brain development, emotional well-being and physical health. The more children can play and explore stimulating surroundings with others, the more they will develop their cognitive and social skills and a stronger sense of their own creative capacity and independence – all of which have been shown to improve participation in formal schooling and overall quality of life.

Why are Community Playgroups so important to parents and caregivers?

Raising children, whilst very rewarding, can also present many challenges. Parents and caregivers may struggle with social isolation or the personal and financial adjustments required and may lack knowledge of the range of services and supports available. Community Playgroups give parents and caregivers the chance to meet and chat about parenting and other shared experiences. This helps to create social networks and connections all while building their skills and confidence.

How many parents and children participate in Community Playgroups?

Community Playgroups are one of Australia's largest volunteer movements. Millions of children, parents and caregivers have shared the benefits of Community Playgroups since they first began in the 1970s.

In 2018, Playgroup Australia reported there were 7560 community playgroups nationally, supported by 8308 volunteers. In total, 285,847 Community Playgroup sessions were held, reaching 110,801 families in 80% of Australian postcodes. At least 100,000 Australian families participate in Community Playgroups each week.



“If you want to be a rock star, just play with your children ... they'll love you even more for it.”

Tyler - Dad from Playgroup
40 Years of Playgroup - Celebrating Our Story of Connecting Communities

Every dollar used by Australia's community playgroups delivers \$3.60 in benefits. This is an excellent result.*

In a recent OECD publication: A ratio below 1 is considered poor, a ratio between 1 and 1 1/2 low, a ratio between 1 1/2 and 2 medium and a ratio above 2 high (Persson & Song 2010:33). For comparison the World Bank (2011:4) estimates benefit cost ratios for Indonesian urban sanitation projects at 1.1 to 2.4, the South Australian Centre for Economic Studies (2010:95) estimates a benefit cost ratio of Opal fuel at 3.7 and PricewaterhouseCoopers (PwC 2019) estimates a benefit cost ratio of early childhood education and care as 2.0.

What is a Cost Benefit Analysis?

Cost Benefit Analysis (CBA) works by placing monetary values on all the costs and benefits associated with a program. This makes it a useful tool to aid decisions about the allocation of resources. CBA looks at the impact of the program on the community as a whole, rather than just focusing on particular individuals or group. Where benefits are greater than costs then it makes good economic sense to invest in a project.

Why do a Cost Benefit Analysis of Community Playgroups?

Government's resources are limited, so when it allocates them to a program those resources cannot be used for any other purpose. It is important to know if resources are being used on economically efficient programs that benefit the whole community. In 2019, Playgroup Australia decided to commission an independent Cost Benefit Analysis to assess the range of economic costs and benefits associated with Community Playgroups.

What did the Community Playgroup CBA find?

Economists Emeritus Professor Anne Daly and Greg Barrett took a rigorous approach to identifying and assigning values to the costs and benefits arising from Community Playgroups. They found that investing in Community Playgroups helps improve health, education and economic outcomes and this provides substantial economic benefits to Australia.

How robust are the Community Playgroup CBA results?

The CBA draws on a range of economic research and uses very conservative estimates of benefits. The economists also applied a sensitivity analysis to further address the risk that the benefits might have been overstated. This found that, even assuming an unrealistically large 50% reduction in benefits, there was still a significant positive return on investment and Community Playgroups remain well worth supporting on economic grounds.

What are the costs of Community Playgroups?

The main costs identified by the CBA are incurred in accommodation costs for community playgroup meetings, volunteer time and costs for resources. Resources include training and support to playgroup committees, materials such as playgroup starter kits, research and promotional activities to attract new members. All these costs mean these resources are not available for other uses in society, so they are included in the cost benefit analysis as a cost to society.

What are the benefits of Community Playgroups?

Community playgroups tackle the diminishing opportunities for play. Doing this whilst offering social support to parents and caregivers means they improve the wellbeing of children, their parents and caregivers and the wider community. The CBA has identified benefits including those associated with play, volunteer employment and children's future employment. The CBA also identified that investing in Community Playgroups frees up resources in health, education, justice and child protection.

Do Community Playgroups represent good value for Australia?

The CBA found that Community Playgroups deliver substantial long-term economic benefits and that those benefits exceed its costs. The Net Present Value of Community Playgroups is \$584.1 million in 2019 dollars. This means that an estimated benefit of \$3.60 is returned for every dollar of cost. Comparatively this is a very high ratio of benefit to cost and shows that the Community Playgroups represent a highly effective use of Government resources.

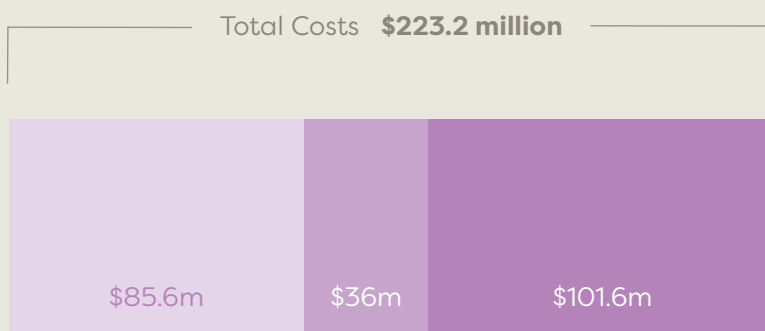
What does the graph show and why are the figures estimated 10 years into the future and discounted by 2%?

The following graph shows the costs and benefits associated with Community Playgroups. They are shown as an estimate from 2019 to 2028, valued in 2019 dollars and discounted by 2%. Ten years is a good timeframe when considering costs and benefits because it gives sufficient time to analyse the future impacts of Community Playgroups. Because a dollar in the future usually buys less than a dollar today, the value of future costs and benefits are reduced by 2% per year.

Costs

Cost Summary: Community Playgroups

2019-2028 Total Present Value
(2019 dollars discounted by 2% over ten years)



Accommodation **\$85.6 million**

Other resources **\$36.0 million**

Coordinators' time **\$101.6 million**

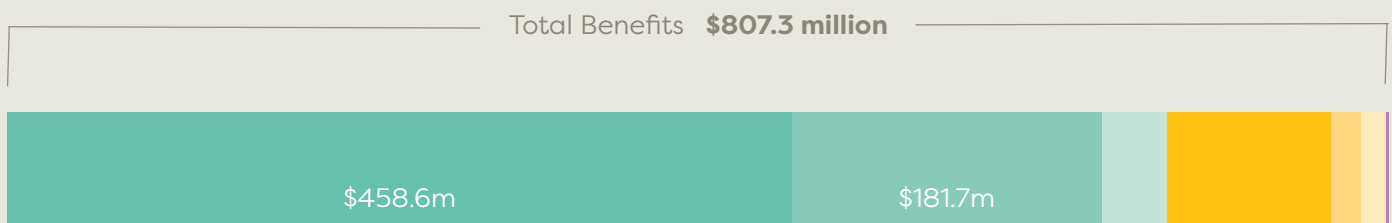
Net Present Value of Community Playgroups

\$584.1 million

Benefits

Benefit Summary: Playgroups

2019-2028 Total Present Value
(2018 dollars discounted by 2% over ten years)



Play **\$458.6 million**

Volunteer Employment **\$181.7 million**

Children's future employment **\$38.5 million**

Education **\$94.4 million**

Health **\$17.98 million**

Justice **\$14.7 million**

Child protection **\$1.3 million**



Playgroup Australia

Level 7, WOTSO Building
490 Northbourne Ave
Dickson ACT 2602

Phone (02) 6103 0173

Email info@playgroupaustralia.com.au

www.playgroupaustralia.com.au

State and Territory Playgroup Organisations

Phone 1800 171 882