

IPART Review: NSW early childhood education and care (ECEC) affordability, accessibility, and consumer choice.

Review of Early Childhood Education and Care
Independent Pricing and Regulatory Tribunal
PO Box K35 Haymarket Post Shop, Sydney NSW 1240

Via Electronic Submission

26 May 2023

Tribunal Members

Catholic Schools New South Wales (CSNSW) is pleased to make this submission to the Independent Pricing and Regulatory Tribunal (IPART) in relation to the *Review of NSW Early Childhood Education and Care (ECEC) Affordability, Accessibility and Consumer Choice*. CSNSW makes this submission with, and on behalf of, Catholic sector providers of ECEC services.

CSNSW and Catholic ECEC providers attended the IPART Public Hearing on 15 May 2023.

CSNSW notes that the IPART Review focuses on services for children aged 0 to 12 years, including:

- long day care, family day care and occasional care (for children aged 0-5 years)
- NSW Department of Education preschool, community, and mobile preschool (for children aged 3-5 years, promoting universal access and priority of care access, and
- before and after school care and vacation care (for school children up to 12 years of age).

CSNSW also notes that the current ECEC reforms in NSW, particularly the universal preschool initiative, when coupled with national reform efforts, represent a once in a generation opportunity to reconceptualise education by strengthening the relationship between early childhood education and school education to support positive outcomes for all children, families, and communities.

In order to achieve the policy ambition of the new reforms, further harmonisation of the Federal and State government legal, regulatory, and funding frameworks across preschool and school jurisdictions is required and must be reimagined from the perspective of the family and the child.

About the Catholic Sector

1. Catholic Church agencies have been determined advocates for access to a holistic education for all children regardless of age or circumstance and have a long tradition in assisting government in meeting community need through tertiary and school education, health care and social services—and early childhood education and care. The Catholic sector's significant footprint makes it the largest non-government employer in Australia.
2. Catholic schools and ECEC providers, as in other service areas, are well-placed to achieve the aims of early childhood education and care provision by conducting services efficiently and effectively and in areas of greatest need. Catholic ECEC providers operate as not-for-profit entities and are registered charities.

Catholic Sector School and ECEC Provision in NSW

- There are 592 Catholic schools in NSW, comprising a diverse range of school types including primary, secondary, special schools and special assistance (flexible learning) schools. Catholic schools are geographically and socio-economically diverse and serve approximately 270,000 (more than 1 in 5) NSW students and their families. CSNSW is the sector authority which acts on behalf of these schools.
- In addition to schools, there are a range of ECEC services conducted by Catholic parishes, school proprietors, welfare agencies and other entities across NSW. The Catholic sector operates 219 ECEC services serving approximately 18, 000 children and their families. **Table 1** below provides a summary of these services by service type. The vast majority of these services are for outside school hours care (176) and are conducted on school sites.

Table 1: Summary of Catholic ECEC Provision¹

Service Type	Total NSW Enrolment	Catholic Provider Services
Long day care and Preschool	61,584 children <ul style="list-style-type: none"> • 3,300 services 	2,500 children <ul style="list-style-type: none"> • 35 services • Serving approximately 3% of children currently in LDC and Preschool in NSW • 715 staff (72% are educators)
Family day care	30,000 children <ul style="list-style-type: none"> • 145 services 	<ul style="list-style-type: none"> • 2 services
Outside school hours care	151,600 children <ul style="list-style-type: none"> • 1,500 services 	14,766 children <ul style="list-style-type: none"> • 176 services • Serving approximately 10% of current NSW students in OSHC

Response to the Review

Background

- The historical legacy of the early childhood education and care sector has resulted in significant differences in the way early learning is provided across the country. Many of the ongoing policy challenges—like the division in responsibilities and focus between the Australian government and states and territories—were established early and have contributed to ongoing fragmentation across the sector.² This fragmentation is further complicated by the complex relationships between government departments at each level, local government, not-for-profit providers such as charities and churches, for-profit providers, and local communities.
- Overall, despite significant past investment, the supply of quality ECEC services continues to lag demand. In part, this has led to a number of policy reforms at Commonwealth and state level being announced in recent months, including the Commonwealth embarking on a new National Early Years Strategy and the new NSW Government recommitting to significant reform of ECEC and universal preschool. There are several reviews, in addition to this IPART review, also underway.

¹ This data has been sourced from Catholic providers, the Australian Children’s Education & Care Quality Authority (ACECQA) National Register and preliminary data provided by the NSW Department of Education.

² See: <https://www.thefrontproject.org.au/early-childhood-education-and-care/history-in-australia#:~:text=The%20roots%20of%20Australia's%20ECEC,began%20to%20follow%20soon%20after.>

7. In a similar way to Catholic schools being strong partners with governments and families in the national education endeavour, Catholic ECEC providers are committed to contributing positively to the ECEC policy and service landscape, responding collaboratively to the challenges we face.

Response to Key Issues Raised in the IPART Issues Paper Relating to Affordability, Accessibility and Consumer Choice

8. The Catholic Sector provides the following comments in relation to the areas raised in the IPART Issues Paper:

Access to and parental choice of services

9. Catholic education supports parental choice as a fundamental principle. In essence, this means parents have the right to choose the most appropriate education and care option for their children. The availability of such choice is the hallmark of a free and pluralistic society and supported in international and Australian law. Governments, therefore, have a responsibility to ensure parental choice is real and meaningful and this holds true in the ECEC space as much as it does in relation to schooling.
10. For over 200 years, the Catholic education sector has delivered on the aspiration and promise of parental choice in schooling. It has a demonstrated commitment to providing affordable and high-quality options to a broad range of families across NSW (and nationally) with a strong footprint in metropolitan, regional, rural, and remote areas and across all socio-economic groups.
11. The Catholic sector is equally committed to ensuring equitable access to high quality ECEC services across NSW. Currently, this provision is mainly located in metropolitan and regional communities due to a range of barriers such as access to capital and regulatory constraints. Some of these challenges are outlined in more detail below.

Inclusivity and Meeting Diverse Needs

12. Catholic ECEC provides services to a broad cross-section of families. On average, approximately 20% of children enrolled in Catholic sector ECEC services are from language backgrounds other than English, 7% are of Aboriginal and/or Torres Strait Islander backgrounds, and 6% have identified additional needs.
13. In some Catholic ECEC services in Western Sydney, more than 50% of children can come from language and cultural backgrounds other than English, with Aboriginal enrolments as high as 20% and more than one in five coming from low-SES backgrounds.
14. CatholicCare Broken Bay has a range of initiatives in place to better meet the needs First Nations families including employing an Aboriginal Community Engagement Officer who works closely with their ECEC services, the establishment of a Reconciliation Action Plan working group and a workforce strategy focusing on building their First Nations workforce.
15. Mater Dei in Camden NSW is a specialist Catholic ECEC setting catering for children with developmental delays and/or diagnosed disabilities. Of the 36 children enrolled, 100 per cent have moderate to complex additional needs.³
16. In order to respond to the needs of families many Catholic ECEC services will provide wrap around care or extended hours rooms (open 7am-6pm) 50 weeks of the year. CatholicCare which runs services in the northern suburbs of Sydney and up into the Central Coast reports utilisation of their extended hours rooms between 85 to 90%, demonstrating a strong demand among their families for such support.

³ Mater Dei receives referrals from a variety of health professionals (such as paediatricians), neighbouring ECE services, and mainstream schools. The service is approved for up to 22 children, however, its risk assessment based on the high needs of children has capped enrolments at 12 children per day. It also employs higher ratios, with 8 educators rostered each day to support those 12 children.

17. CSNSW has also developed a resource, *Early Years: Foundations for Learning*, to support schools and ECEC services work with families to support early learners' literacy and numeracy skill development. It aims to bridge the gap between prior to school learning and school with a focus on transition. The resource provides specific resources for Aboriginal and Torres Strait Islander families and families with children with additional needs and the educators who work with them – see: <https://www.csnsw.catholic.edu.au/foundationsforlearning/>

Affordability of Services

18. Catholic sector providers are acutely aware that the cost of early childhood education and care is preventing many families from accessing quality early learning experiences for their children and in some cases preventing them from working and/or causing them to work less than they want or need to. Moreover, Catholic providers recognise that families who do enrol their children are making significant financial sacrifices to do so.
19. Analysis of ABS statistics by the Minderoo Foundation's *Thrive by Five Initiative* has found that Education costs are one of the fastest-rising household costs with preschool and primary school education costs increasing by 135% since March 2003.⁴ The *Front Project* analysis and the findings of Noble and Hurley also show that the proportion of disposable income families are putting towards ECEC services is unacceptably high (between 15 and 19%) and more than double the rate of international benchmarks.^{5 6}
20. While Catholic ECEC providers strive to cater for lower income families by situating services in lower SES areas and making fees as affordable as possible, the rates of take up in many communities from low-income families is variable.
21. Catholic ECEC providers are appreciative of the NSW Government's \$5 billion Childcare and Economic Opportunity Fund designed to boost access to, and the affordability of, early childhood education and care services for NSW families and children, noting that the ambition of the Fund is, in part, to help providers drive down their fees for families. The Catholic sector looks forward to more detailed consultation on the operation and governance of the Fund.

Supply of Services

22. The Catholic sector is aware of gaps in provision across NSW and, in many cases, these gaps are reflected in our own footprint which is largely concentrated in metropolitan and regional areas.
23. In areas where we do have services, some Catholic providers, particularly in regional areas, note that they cannot always meet demand and have long waitlists. In some instances, the places exist but staff shortages mean that the places cannot be offered to families.
24. Mater Dei is also struggling to meet demand and receives, on average, five to six enquiries per week for children with developmental delays and/or diagnosed disabilities that they cannot provide places for.

Provider Costs

Infrastructure: Planning and Development Costs

25. The process and costs associated with building new services is onerous and expensive and regulatory requirements are often overly burdensome.

⁴ <https://thrivebyfive.org.au/news/>

⁵ The Front Project (2021). Work and play: Understanding how Australian families experience early childhood education and care. Statistics based on a qualitative survey of 1695 parents.

⁶ K Noble & P Hurley (2021). Counting the cost to families: Accessing childcare affordability in Australia.

26. A significant barrier faced by Catholic education and ECEC providers when trying to build new services, particularly on school sites is the arduous approval process for Child Care Facilities. For example, under the current State Environmental Planning Policy, pre-Kindergarten does not meet the definition of school-based childcare and the approval pathway is instead through the submission of a Development Application (DA) with local council.
27. Many existing school sites do not meet the Development Control Plans in relation to the parking required for a Child Care Facility and some schools find it challenging to meet indoor and outdoor space requirements. As a specific example, it is common for a Development Control Plan (DCP), to require 1 car park per staff member and 1 per six children. This means a 60-place pre-Kindergarten service will require at least 16 dedicated car parks – which will be a barrier for many schools - Public, Catholic, and Independent.
28. Moreover, we believe there is an opportunity to review how the current space requirements of 3.25sqm indoor space and 7sqm outdoor space are met for pre-Kindergarten services that are located on school sites. Shared playgrounds, libraries and gardens could provide an efficient use of resources and an opportunity to enrich learning and build strong transition pathways for children.
29. We would welcome an opportunity to further discuss how planning instruments and approval pathways could be amended to ensure an effective delivery of pre-Kindergarten on school sites.

Capital Funding

30. While some capital (infrastructure) funding is available through the Commonwealth and NSW governments, the availability of capital funding remains a key barrier to expanding services to areas of unmet need and supporting the ambition of the NSW reforms and parental choice.
31. Moreover, the process for applying for capital assistance through existing capital funds is time consuming, lengthy, and costly with one provider citing application preparations costs as high as \$250,000. Providers also cite a lack of transparency and poor communication around the approval process. Some providers have noted that they have received no communication regarding their applications.
32. In relation to the NSW Government's Universal Preschool initiative, the Catholic sector is deeply appreciative of the commitment to provide \$60 million for non-government schools to build or upgrade preschool services on school sites, however this will be insufficient to meet demand for services across the sector. Moreover, current legislation prevents school providers using school funds (recurrent government funding and parent school fees) to fund preschool provision, so they are limited in their ability to contribute funds to support preschool provision. CSNSW is currently working with the NSW regulator to get greater clarity around these issues to support sector engagement with this important reform.

Workforce Challenges

33. While both the Commonwealth and NSW State Governments have announced increased investment in attracting and retaining the early childhood education and care workforce, it remains one of the most significant short- and longer-term barriers to increasing quality ECEC provision.
34. While welcoming government investment, the Catholic sector is also implementing its own strategies to address workforce challenges, for example:
 - a. St Nicholas' Early Education has established its own training centre at Maitland in the NSW Hunter region and supports school-based apprenticeships and work experience programs within its services. It is also working with an external RTO to increase Certificate III qualifications for its staff.

- b. CathWest innovation College at Mount Druitt (an innovative senior secondary school focussed on vocational education) also provides school-based apprenticeships, including to Ambrose Early Learning the Catholic ECEC provider in the Parramatta diocese.

A Note on the NSW Department as Regulator and Provider of Services

35. The Catholic sector has a very good relationship with the NSW Department of Education in relation to regulation, funding and policy. Consultation on the ECEC reforms to date has been open and transparent, noting that the recent change of government has led to reduced clarity around some elements of the reforms.
36. A key issue, however, relates to the multiple roles the Department plays in the ECEC space. In addition to being the regulator, the Department also operates services in the same market as those it regulates. Currently, the NSW Department operates 101 preschools on school sites across NSW with a commitment to increase this number by a further 100. In this sense, it is also a competitor. A key risk for non-government providers is that this competition is on unequal terms. The potential inequalities of concern arise from differences in tax treatment, education legislation and regulation, differences in the need to provide a return on investment, and other related cost advantages.

Closing Comments

37. Catholic education (schools and ECEC providers) welcomes the significant ECEC reforms under way and, in particular, the ambition that these services meet children's and families' needs by being high quality, accessible and affordable.
38. In order to meet the bold vision of the current reforms and ensure a more seamless and integrated learning and care continuum (from birth through to school) for our youngest learners and their families, greater harmonisation across all levels of government and regulatory regimes is needed. The lack of harmonisation comes into sharp relief when early learning services are co-located with schools, creating significant disincentives for closer collaboration between the two sectors.
39. The current fragmentation across the ECEC and schooling sectors, results in a range of discontinuities for children and their families:
 - a. Discontinuity of provision of education and care services from birth
 - b. Discontinuity of the required conditions and protective factors for wellbeing and education of children
 - c. Confusion for families, and
 - d. Problems for the supply and quality of the workforce.⁷
40. Catholic education firmly believes that the vision for NSW should be an integrated early childhood system of services for children where 'integrated' means that care and education are inseparable and where there are closer relationships and a more seamless and transition across settings and into school.
41. CSNSW and Catholic ECEC providers would welcome the opportunity to elaborate on the issues raised in this submission, particularly those that relate to the current barriers to achieving greater affordability, accessibility, and parent choice.

⁷ <https://reimaginingchildhood.com/app/uploads/2018/10/reimagining-childhood.pdf>

List of Catholic ECEC Providers across NSW



[St Nicholas Early Education](#)



[Sydney Catholic Early Childhood Services](#)



[Ambrose Early Learning and School Age Care](#)



[CatholicCare Broken Bay Children's Services](#)



[CatholicCare Wollongong Children's Services](#)



[St Joseph's Family Services](#)



[Mirrabrook Early Learning Centre](#)



[Mary Baily House](#)



[Kincoppal Rose Bay Early Learning Centre](#)



[Maronite Sisters Montessori Preschool](#)



[Mater Dei Early Childhood Education](#)