



Early Childhood Australia
A voice for young children

**OUR
VISION:
EVERY
YOUNG
CHILD IS
THRIVING
AND
LEARNING**

**IPART Early Childhood Education and Care – Independent
Market Monitoring Review 2025
Submission from Early Childhood Australia**

July 2025

About us

Early Childhood Australia (ECA) is a not-for-profit, membership-based organisation that was first incorporated in 1938. We work at both the national and local levels, with active State and Territory Committees in each Australian jurisdiction and a National Board of Directors.

Our vision is that every young child is thriving and learning. To achieve this, we champion the rights of young children to thrive and learn at home, in the community, within early learning settings and through the early years of school.

ECA acknowledges the unique place of Aboriginal and Torres Strait Islander peoples in our society, the past and current injustices and realities for them across Australia, and the enduring strength of their cultures and identities.

Find out more at: www.earlychildhoodaustralia.org.au

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Acknowledgement of Country

Early Childhood Australia acknowledges the Traditional Custodians of Country throughout Australia and their continuing connection to land and community. We pay our respect to them and their cultures, and to the Elders both past and present.

Executive Summary

Early Childhood Australia, in consultation with our New South Wales (NSW) Committee and members, puts forward this submission drawing upon our deep knowledge and expertise of the national reform landscape, coupled with our insights across service types and communities.

Understanding the nuance and complexity of supply and demand of the existing early childhood education and care (ECEC) ecosystem is an imperative if a stewarded system is to be realised. Classifying regionality through a measure, with careful consideration of specific cohorts, and overlaid with qualitative data gleaned through community needs analysis, could better reflect actual demand and supply.

Through consultation undertaken with stakeholders what we heard was that where there is little or inconsistent monitoring of supply and demand, with both oversupply and undersupply creating challenges for the delivery of high-quality early childhood education and care.

In communities experiencing undersupply, families are forced to make choices for their children, their own training, study and employment on the basis of the limited options available to them. This can mean staying out of the workforce or working less than they want to, or it can mean patching together multiple care arrangements over the week, or using unregulated care. For the growth and sustainability of regional, rural and remote communities, attracting and retaining a local workforce across sectors and industries is important. The dual benefit of high-quality early childhood education and care provision to support children's outcomes and to enable parental participation in economic activity, cannot be underestimated.

In other parts of the early childhood ecosystem, we see oversupply which it can be argued, can be equally problematic to the viability and subsequent quality of early childhood services. Carrying high vacancy rates in under-utilised rooms and/or across an early childhood service often has knock on effects to staffing, programs and everyday operations. Market corrections, such as the closure of a service, can cause substantial disruption to children, families and educators.

Careful mapping and stewardship of the early childhood ecosystem in NSW is important to see current and future investment in ECEC provision responsive to demand. A priority remains the strengthening of quality in existing services, and ensuring that the establishment of new or expanded ECEC provision is well-considered.

One of the complexities is the interface between NSW Government funded services such as public and community preschool, with Australian Government funded services such as long day care, family day care and outside school hours care. At a local level, expansion in one part of the sector may impact on the viability of another part of the sector, which in turn can impact on the workforce available – for example, if preschool expansion causes long day care to shut down then there will be no birth to 3 years care which may make it difficult to attract or retain teachers in the community. It is important that we understand early childhood education and care as an ecosystem that works in the context of a community.

1. Are the dimensions in Table 2.1 appropriate and at the right level of detail? If not, what improvements could be made?

Early Childhood Australia (ECA), in consultation with our NSW Committee and members, put forward this response.

Classifying regionality through a measure, with careful consideration of specific cohorts, and overlaid with qualitative data gleaned through community needs analysis, could better reflect actual demand and supply. It would also allow the NSW Government to take a different approach to commissioning services, potentially in collaboration with the Australian Government, in areas where the population is too small and too remote to support multiple discrete service offerings (e.g. stand alone preschool, long day care, outside schools hours care).

The use of the Australian Statistical Geography Standard (ASGS) as a classification of Australia into a hierarchy of statistical areas, and the Accessibility/Remoteness Index of Australia Plus (ARIA+) as a measure of relative geographic remoteness, provide a way to classify areas. ECA understands that there is likely to be a preference for the use of the ASGS and the ARIA+ as an organising frame. However, feedback from stakeholders on the use of the ASGS and the ARIA+ has suggested to ECA that while these are informative they lack the necessary granularity to inform commissioning models.

We suggest that an alternative approach would be to use the Modified Monash Model with its seven categories, combining both population size and geographic remoteness.¹ This would allow for different approaches to be taken in communities that are both small and far from regional centres. This could be overlaid with measures of socio-economic disadvantage, cultural diversity or Aboriginal and Torres Strait Islander representation to allow for more nuanced responses to community needs. A summary of the MMM categories is provided below.

<u>MM 1</u>	Metropolitan areas: Major cities accounting for 70% of Australia's population. All areas categorised ASGS-RA1.
<u>MM 2</u>	Regional centres: Areas categorised ASGS-RA 2 and ASGS-RA 3 that are in, or within 20km road distance, of a town with a population greater than 50,000.
<u>MM 3</u>	Large rural towns: Areas categorised ASGS-RA 2 and ASGS-RA 3 that are not in MM 2 and are in, or within 15km road distance, of a town with a population between 15,000 and 50,000.
<u>MM 4</u>	Medium rural towns: Areas categorised ASGS-RA 2 and ASGS-RA 3 that are not in MM 2 or MM 3 and are in, or within 10km road distance, of a town with a population between 5,000 and 15,000.
<u>MM 5</u>	Small rural towns: All other areas in ASGS-RA 2 and 3.
<u>MM 6</u>	Remote communities: All areas categorised ASGS-RA 4 and islands that are separated from the mainland in the ABS geography and are less than 5km offshore. Islands that have an MM 5 classification with a population of less than 1,000 without bridges to the mainland (2019 Modified Monash Model classification only).
<u>MM 7</u>	Very remote communities: All other areas that are categorised ASGS-RA 5 & populated islands separated from the mainland in the ABS geography that are 5km+ offshore.

¹ Department of Health, Disability and Ageing. (2025, April 10). *Modified Monash Model*. Australian Government. <https://www.health.gov.au/topics/rural-health-workforce/classifications/mmm>

Regardless of the model chosen for classifying communities, there is a need for better monitoring of supply and demand across NSW. Our consultation with stakeholders suggested that there is little or inconsistent monitoring of supply and demand, with both oversupply and undersupply creating challenges for the delivery of high-quality early childhood education and care.

2. Are there any additional data sources or data gaps that we should consider? If so, what are they and how can any data access barriers be overcome?

ECA strongly asserts the importance of local consultation to inform any assessment of supply and demand in regional, rural and remote communities, to adequately reflect actual supply and demand. Understanding the nuance and complexity of supply and demand of the existing early childhood education and care ecosystem is an imperative if a stewarded system is to be realised.

Consultation needs to include:

- Current services available (including informal or unfunded supports)
- Current spare capacity within funded/licensed services;
- Viability and subsequent likelihood of continued ECEC provision,
- Parent/carer and community need,
- Preferences of both prospective and current families accessing ECEC
- Employment gaps – in small communities we often hear that teachers, nurses and other professional groups are unable to return to work from parental leave due to the lack of available ECEC.

For a number of reasons, a model lacking flexibility could miss the necessary nuance required to understand local context and need, and how this might inform considered investment. In some communities, an existing preschool provision, may be understood to address community need, but without carefully consulting with community, it may be missed that birth – 3 education and care is needed and wanted. Or in others where community preschool may already exist, new investment in public preschool provision may have the unintended impact on the viability of the birth – 3 year old provision. Often, small rural communities do not want or need 5 day-per-week services but may need longer days than preschool sessions to fit with work patterns or transport options (preschool children may need to use the school bus).

It is important to consider who is consulted with a view to inform supply and demand of early childhood services. Recent work undertaken by ECA around community needs analyses for regional, rural and remote communities has been educative around how this sophisticated work should be undertaken to ensure that infrastructure and operational investment by government reflects what is currently in place, the actual needs of community, and with a view to the future. ECA heard feedback from stakeholders where it was perceived that the establishment of new services had the potential to impact the wider ECEC ecosystem and potentially impact the viability of existing provision in the area. Understanding challenges and opportunities for ECEC was thought to require particular handling in specifically defined communities, most particularly as an ill-fitting solution was thought to delay the ‘right’ solution.

3. How should supply shortage of ECEC services be defined? Are there other measures that we should consider? For example, considering government targets for ECEC enrolment.

The provision of quality ECEC is clearly important but so too is choice and flexibility. Some families need longer hours of education and care, others prefer their children to attend shorter sessions—as evidenced by the pattern of use across long day care and kindergarten or preschool programs. Some families prefer home-based or flexible models such as Family Day Care (FDC) or in-venue-care. Working families may prefer to access a service co-located with a school or close to either their workplace or home depending on their circumstances. For some communities, programs in which families stay and participate (Families as First Teachers, playgroup and bush kinder) may be an important part of the mix of offerings available. Options for isolated families such as school-of-the-air and mobile services are also important models to foster. A healthy and vibrant ECEC sector recognises the strengths of the complementary education and care types and promotes quality improvement for every service.

Decision-making about universal access in communities that are unserved or underserved should be shared with the community themselves. The needs of unserved and underserved communities are varied. For some communities, meeting operating costs may not be unreasonable, but the capital building and set up costs prohibitive. Here, grant funding would be entirely appropriate to set up a new ECEC service, or expand an existing ECEC service. For other unserved or underserved communities unable to sustain the operating costs, clear intervention is needed to enable children to access their educational entitlement where they live and when it is needed. For these communities, sustained and enduring funding is needed to establish and operate ECEC services. This supports a tiered and nuanced approach to supply-side funding to ensure that unserved and underserved communities are given a voice in the ECEC provision in their communities, and the capacity to establish and maintain ECEC services where there would be none.

ECA supports the co-design of programs with Aboriginal Community Controlled Organisations (ACCOs) who have demonstrated leadership in multi-purpose and integrated models of support for children and families in many First Nations communities. Through the work of organisations such as SNAICC, co-design with ACCOs can be highly contextualised and innovative. Providing sustainable and enduring funding models with partners who are committed to working with ACCOs and communities, families and children is important. Relationships, trust and co-design are processes which take time and commitment is necessary to establish and nurture these partnerships. Partners undertaking this work need to be involved as early as possible to engage in conversation and consultation with community about their needs, hope and aspirations for their children and young people and the place of ECEC within their context.

ECA suggests that consideration is needed for innovative approaches, particularly for rural, remote and isolated families where traditional service models may not be viable or appropriate but children's right to quality early education and care should still be addressed.

4. What is your feedback on the proposed KPIs and indicators for ECEC supply in Table 2.2?

- **S2: Increase the number of places per child of relevant age by service type and location - increase the supply of quality ECEC available in NSW. - Number of places in services that meet or exceed the NQS per estimated residential child by age group (0-5, 6-12), and location (Remoteness level and SEIFA).**

In communities experiencing undersupply, families are forced to make choices for their children, their own training, study and employment on the basis of the limited options available to them. This can mean staying out of the workforce or working less than they want to, or it can mean patching together multiple care arrangements over the week or using unregulated care. For the growth and sustainability of regional, rural and remote communities, attracting and retaining a local workforce across sectors and industries is important. The dual benefit of high-quality early childhood education and care provision to support children's outcomes and to enable parental participation in economic activity cannot be underestimated.

In other parts of the early childhood ecosystem, we see oversupply which it can be argued, can be equally problematic to the viability and subsequent quality of early childhood services. Carrying high vacancy rates in under-utilised rooms and/or across an early childhood service often has knock on effects to staffing, programs and everyday operations. Market corrections, such as the closure of a service, can cause substantial disruption to children, families and educators.

Careful mapping and stewardship of the early childhood ecosystem in NSW is important to see current and future investment in ECEC provision responsive to demand. A priority remains the strengthening of quality in existing services and ensuring that the establishment of new or expanded ECEC provision is well-considered.

We strongly support the purposeful collection of data that provides a better picture of supply in different areas, but very clearly reflects granularity in terms of regionality as per our previous comments around consideration of models that look to geography and accessibility such as the Modified Monash Model (for instance, able to discern the differences between regional centres and small rurals). We would however strongly recommend that supply is explored by 0-3 and then 3-5 provision. ECA's work in community needs analysis with regional communities has highlighted that if we broadly look at what communities have in terms of provision for children aged birth – 5, what can be missed is gaps in provision. For example, if data is limited to 0-5, a strong preschool footprint in the year/s before formal schooling could be evident and could reflect that communities are served. This could then miss a lack of ECEC provision for children aged from birth – 3. A discerning lens is needed to understand the nuance, actual provision and community need.

5. What is your feedback on the proposed KPIs and indicators for ECEC affordability barriers in Table 2.3?

- **A1: Reduced net childcare costs for households - Out-of-pocket (OOP) costs**
- **A2: Increase parental workforce participation - Hours worked per year by parents (for men and women separately)**

Again, we would have interest in how limited and/or inconsistent provision of ECEC plays out on children's outcomes (learning, development and wellbeing), but also the economic activity of parents/carers, including engagement in training and/or study options.

ECA has heard through stakeholder consultations of families that are not able to refuse or choose not to work (this may be families on farming properties, families who are unable to not work, and families who do not have other supports in the absence of reliable, quality ECEC provision), stories of families using unregulated care, taking children to work, and for farming families, working whilst also caring for their children around farming equipment and environments. A clear provocation throughout such conversations, is who wears the risk here? Clearly where there is a lack of provision, we see children in less than ideal environments and families forced to make seemingly impossible daily decisions. We would argue that economic activity does not always reflect this complexity and further information around where children are while their parents are employed would be of benefit.

6. What is your feedback on the proposed KPIs and indicators for ECEC accessibility barriers in Table 2.4?

- **AC4: Participation in services by children in regional and remote NSW. -**

As discussed previously, this is useful but would not provide the whole picture. It is very hard for families to access ECEC where there is no provision available to them. Stakeholders spoke with ECA about the necessity for solutions at town level and the difficulty in travelling out of remote and rural communities into other townships or regional centres. Mapping where children are attending and travelling to and from would be useful, and identifying the disparity between what we know about actual numbers of children in the remote, rural and regional areas and numbers of children attending and not attending. The pattern of attendance also is highly relevant. If children's access is only one day a week, or via access to a mobile or pack up/pack down service, time accessed and the ECEC provision may look quite different; with quality remaining an important consideration. The opportunities afforded to children should be high quality offerings wherever children live.

One of the complexities is the interface between NSW Government funded services such as public and community preschool, with Australian Government funded services such as long day care, family day care and outside school hours care. At a local level, expansion in one part of the sector may impact on the viability of another part of the sector, which in turn can impact on the workforce available – for example, if preschool expansion causes long day care to shut down then there will be no birth to 3 years care which may make it difficult to attract or retain teachers in the community. It is important that we understand early childhood education and care as an ecosystem that works in the context of a community.

7. What is your feedback on the proposed KPIs and indicators for ECEC workforce, pay and conditions in Table 2.5?

- **W1: Increase in the number of students or workers becoming qualified educators - Completion rate of students studying to be educators and entering ECEC sector**

We are very supportive of the examination of NSW specific data around completion rates of students studying to be educators in the ECEC sector. We would suggest that this would be a valuable measure to explore retention rates at set periods and the service types in which they work to better understand where supports could be built in. ECA is very keen to better understand how different study pathways and modes may impact not just completion, and retention but capability in undertaking the work of early childhood education in services. There are many different pathways and with accelerated degree programs, different modes of study, advanced standing, recognition of prior learning, and other variables. It would be of interest to know how our graduates fair and where support could be provided also to educators in-service to build their capability and feelings of self-efficacy in this important work.

- **W3: Higher rates of staff retention - Reduction in staff leaving the ECEC sector due to pay or conditions or vocational dissatisfaction.**

Evidence from frontline services confirms that educator wages, workforce stability, lack of professional support and regulatory consistency are the keystones upon which accessibility, affordability, and quality all rest. Addressing remuneration first will enable the sector to stem attrition, rebuild quality, and meet the aspirations of children and families across NSW.

- **W4: Increase in educators that meet needs of priority groups - Number of educators with training relevant to priority groups**

Early Childhood Australia are strong proponents for high quality pre- and in-service delivery of study, training and professional learning. Various reviews of ECEC provision have highlighted where opportunities exist to build capability in the ECEC workforce and across service types. Any consideration of high quality ECEC needs to consider what is in place, and what is needed, in different service types and settings. The children attending different models of ECEC are children who belong in families and communities. They are children who will enter formal schooling and the disparate approaches to supporting early childhood educator capability should not impact children's learning, development and wellbeing. There is a willingness from the sector to engage in impactful professional learning, but often the stretch of workforce shortages and churn, make it difficult, particularly for whole-of-service professional learning.

Evidence of where capability exists in our sector in NSW for working with 'priority groups' would certainly be of value if this was to inform further opportunities for early childhood professionals to develop, embed and sustain high quality professional practice with positive outcomes for children's learning, development and wellbeing. ECA would also assert that ideally every service should be an inclusive setting for children and families, including those from 'priority groups'. Consideration of how this could be achieved through funded professional learning would be worthwhile.

8. What is your feedback on the proposed KPIs and indicators for ECEC quality standards in Table 2.7?

- **New KPI: More experienced ECEC workforce - New indicator: Percentage of staff with greater than 5 years of experience**

The use of time in sector would be useful, but also being able to splice this data to include relevant variables, such as qualification level, study pattern – full time/part time, normal duration/accelerated program, role in service, age group, service type, location of service (e.g. regionality), and paid at or above award. Having greater visibility over how experienced early childhood professionals are would have value, but particularly if we are able to derive some initial conclusions which could be further explored. If we can better understand the type of environments and conditions which impact educators decisions to stay or go, the NSW government may be better positioned to act accordingly.

- **Q3: Improved quality ratings, particularly for ECEC services delivering services to priority groups - Percentage of services at each quality rating by service type, provider type and location**

The proposed KPIs and indicators for ECEC quality standards seem reasonable, understanding that existing data sources are likely to be employed to inform a snapshot of quality across the sector. However, inconsistencies in how the National Quality Framework may be applied should be addressed. In a recent submission to the NSW Parliamentary Inquiry, ECA NSW provided examples from their regional networks of inconsistencies in the assessment and rating process. Services raised that contacts from the regulator could be infrequent, and the nature of them seemingly attended to minor technical aspects, whilst not always noticing or acknowledging quality practice. The use of the quality ratings seems reasonable, but the sector and government must feel assured in their accurate reflection of the everyday practice of services.

- **New KPI: A more stable supply of quality ECEC - New indicator: Percentage of services experiencing a reduction in quality rating since 2023 IMMR**

Additional to comments above, it is likely not enough to view the data without context to better understand why a quality rating may be reduced. And whether there may be some contestability from services around the reasonableness of this and whether the quality of everyday practice is adequately reflected. It may be an entirely reasonable 'reduction' in rating, but any view of this data should be informed by what this could be attributed to.

- **New KPI: More frequent ratings for ECEC services - New indicator: Average length of time since last assessed**

We support greater resourcing for the regulatory authority to better enable regular and meaningful contact with early childhood services. Responsiveness also is important and we support the driving out of bad actors in the early childhood sector. We do also however advocate for an approach which builds quality by coming alongside services with clarity, high expectation and support.

9. Are the cost categories that we propose to estimate costs for appropriate? If not, why not and what alternative cost categories do you suggest?

We understand that the cost categories that are proposed to estimate costs to meet unmet demand for ECEC (including ACCO services) via additional places include the:

- cost of lifting the quality of places at services where improvement is required to meet the NQS

- cost of expanding and/or new services

But that these costs will be updated and informed by:

- the 15% wage increase for ECEC workers announced by the government in November 2024
- consumer price index (CPI) updates
- updated costs for rent and other expenses
- splitting OOSH costing for morning and afternoon sessions.

Early Childhood Australia is cognisant of how challenging this work is, most particularly in seeking to work through the cost of delivery where there is presently no or limited ECEC. We know and have heard from stakeholders that the cost of ECEC delivery and provision in regional, rural and remote areas is significantly higher than in metropolitan and outer metropolitan areas. Workforce remains an ongoing issue and where providers may seek to capitalise on initiatives that build local workforce, they often need to also recruit and seek to retain educators from out of the region. The cost of, and lack of housing, further compounds the challenge. Where providers are able to, and there is an imperative to secure staff, modest incentives or subsidies may be offered by providers. This should be considered a workforce cost that is unique to regional, rural and remote NSW.

The cost of expanding early childhood service delivery where there is some early childhood footprint requires community needs analysis and an approach which looks for opportunities to consolidate and integrate service provision where appropriate, without disrupting existing provision. It is our view that expansion of preschool should be considered, so as not to tip over the local long day care or community preschool, in an effort to increase places. Viability for regional, rural and remote services is often tenuous for reasons such as low and/or fluctuating numbers of children and workforce challenges. A holistic view of the early childhood ecosystem at town and regional level would better inform investment. In some small communities, it may be that there is existing infrastructure in place, but due to low numbers of children, operational costs are needed for the service to operate with any surety. Where services may be apart or separate from a school site, there is still the opportunity to examine whether places may be added.

We encourage the Australian and NSW Governments to actively explore opportunities for co-investment into regional, rural and remote communities which see a preschool and long day care provision at town level. Where community needs analysis and service mapping demonstrate opportunity for co-location and integration of ECEC services with school settings, there can be additional benefits, such as workforce benefits such as shared professional learning, collegiate support and potentially strengthening children's safety and safeguarding. Early Childhood Australia would though encourage the NSW Government to be alert to concerns from the sector around any potential 'schoolification' of early childhood settings positioned on school sites.

Early Childhood Australia would argue for the cost of inclusion, embedded and sustained, supported by workforce initiatives such as professional learning, access to coaching and mentoring, and complemented by informative support and content from allied health and health professionals. With delays for families seeking allied health and health assessments, and therapeutic support, early childhood services often work to fill this gap, complemented by access to the Inclusion Support Program and inclusion support provided through preschool. Services may operate with higher ratios where they can, pay for additional professional learning and support, or simply do the best they can

with the resources that they have. This in turn can further contribute to workforce fatigue and churn.

We put forward that the actual cost of inclusion should be considered in any provisioning model, most particularly when any expansion of ECEC services in NSW to address persistent and chronic undersupply, will likely welcome into ECEC cohorts of children and families who have long been shut out from ECEC. Some of these children and families may have higher levels of need, compounded by regionality and other circumstances. ECA would be happy to expand further.

Conclusion

Early Childhood Australia values investment in children and the provision of high-quality early childhood education and care wherever children live. Current provision of ECEC occurs not yet within a system, instead within a market which responds to areas and communities where viability is most assured. Where we see oversupply in growth corridors and undersupply in rural and remote communities, a lack of coordination is immediately evident. And where we see undersupply or an ECEC solution that is not supported by community, children and families are not well-served. Early Childhood Australia would argue that whilst quantitative data is useful and can provide a snapshot of the current status of early childhood education and care provision, that wherever possible, qualitative data is equally informative. And that opportunities for system stewardship exist to understand demand, and better reflect supply. The role and particular strengths of the Commonwealth, states/territories and local government to undertake stewarding of an ECEC system remain a live conversation, and one which ECA believed is important and timely.

Early Childhood Australia as the national peak body for early childhood (birth – 8), and with our knowledgeable, experienced and local NSW Committee (with regional networks), is uniquely positioned to engage in a more expansive conversation around how demand and supply could be best reflected, and with consideration also to the national reform agenda. We are very happy to expand on our comments, to provide illustrative case studies, and/or to consult further consultation with our membership across NSW to test thinking and provide currency and immediacy in insights from the field as this important work progresses. We thank you for this opportunity to contribute.