



Early Learning  
& Care Council  
of Australia

# Submission in response to NSW IPART Draft Terms of Reference

10 January 2023



---

The Early Learning and Care Council of Australia (ELACCA) values the opportunity to contribute to the finalisation of Terms of Reference for the Independent Pricing and Regulatory Tribunal (IPART) review of NSW early childhood education and care affordability, accessibility, and consumer choice.

## About ELACCA

The Early Learning and Care Council of Australia (ELACCA) was established to promote the value of quality early learning and care as an integral part of Australia's education system.

Our 19 CEO members include some of the largest early learning providers in the country, representing both not-for-profit and for-profit services.

ELACCA members operate 1,997 long day care services, 321 preschool/kindergarten services and 69 OSHC services, covering every state and territory. They offer over one-quarter of all the early learning places in Australia. Together, our members serve 336,000 children and their families, and employ more than 53,000 staff.

As well as promoting the value of quality early learning and the need for greater public investment, ELACCA advocates for the right of all children to access quality early learning and care, particularly children facing disadvantage. We do this by drawing on the knowledge and practical experience of our members and representing their views to decision makers in government, the media and the public.

## Feedback on proposed Terms of Reference for IPART review

ELACCA welcomes the elevated focus on the role and importance of the early learning and care sector, with numerous, concurrent reviews underway federally and across states and territories. Access to quality and affordable early learning and care, benefits us all – children, families, and the economy.

We applaud the NSW Government's \$15.9b Early Years Commitment to improve accessibility, affordability, quality and safety outcomes. ELACCA's CEO and NSW Subcommittee enjoy a productive and collaborative relationship with senior officials in the Department of Education, to support and engage in reform as it is implemented.

ELACCA broadly supports the directions set out in the draft Terms of Reference for the IPART review, and particularly, the commitment to avoid duplication of effort for the sector, with the Australian Government's ACCC inquiry into the price of childcare. ELACCA notes that in addition to the ACCC inquiry and Productivity Commission inquiry, our members that operate in multiple states are also participating in similar data collection exercises in Victoria (DET Cost of Quality Kindergarten project) and South Australia (Royal Commission into Early Childhood Education and Care). Every effort to minimise burden and duplication on providers is appreciated.

With regard to the proposed action to 'Estimate benchmark prices that can be used as a standard to measure and compare ECEC fees', ELACCA recommends that this is reconsidered or applied with extreme caution. There is high likelihood of perverse outcomes of benchmark prices, that may not fully account for the cost of quality. Due to the variety of costs associated with early learning and care in different settings, for children with different abilities and vulnerabilities, as well as service type, it is difficult to quantify a benchmark price.

Out-of-pocket fees for families should never be a barrier to early learning and development – yet the input costs that drive fees are largely beyond the control of providers. Some of these costs have been climbing quickly over the last few years – quite apart from the heavy cost impact of the COVID-19 pandemic.

Fees for services are determined by a range of factors, principally:

- educator and teacher qualifications
- award wage rates and enterprise agreements
- professional development and backfill costs
- adult:child ratios
- extra staffing required to include children with additional needs
- enrolment numbers
- property costs
- administration and compliance costs
- consumables (food, nappies, educational resources).

There are structural reasons for the high proportion of fixed costs (and de facto fixed costs) in early learning and care services. While some of these are easily identifiable (property costs), others are less obvious. Staffing requirements are a case in point. Within a framework of (necessarily) tight regulation, providers are required to maintain regulatory adult:child ratios – differing across age groups – at all times.

Due to strict ratios, the arrival of one additional child on a given day can require the attendance of an additional educator/teacher for the entire session. Staffing in services is therefore highly dynamic and complex, and challenges efforts to maintain optimum internal 'efficiency'. In particular, the use of casual staff to meet ratios comes at a cost, especially when staff are sourced through an agency (at a significantly higher per unit cost than permanent staff).

The vast range of cost drivers include but are not limited to: rent/land costs, staffing, profile/vulnerability of cohort, extent of head office support, service type and geographical location.

Further, we suggest the following amendments to the Terms of Reference for consideration:

- Greater emphasis on the provision of quality early learning and care. Though it is correct that quality is already regulated in the sector, the cost of delivering a quality program should be explicitly noted and recognised. For example, the safety and wellbeing of our youngest and vulnerable children and the importance of degree qualified teachers in delivering a quality program that provides the foundations for children's success in life, education, health and work.
- More explicit acknowledgement on the cost and benefits of ECEC for vulnerable cohorts of children. Children from disadvantaged backgrounds often have the most to gain from access to quality early learning settings, including opportunities for early intervention. Inclusion of children with additional needs is cost-intensive, but vital for their development, with a significant return on investment for the state.
- A commitment to regular briefings to the sector, in addition to the Department. This could be on a quarterly basis, or as deemed appropriate.

The commitment from the NSW Government to an accessible, affordable and quality early education and care sector is welcomed by ELACCA, and we look forward to contributing to the IPART review at relevant points. To this end, we would also be happy to host a consultation session with our CEOs to share their insights and ideas.

For further information, or to arrange a consultation session, please contact:

██████████ Policy Manager – ELACCA

e: ██████████ ██████████

or

██████████ Chief Executive Officer – ELACCA

e: ██████████ ██████████



Early Learning  
& Care Council  
of Australia

[elacca.org.au](http://elacca.org.au)