



Early Learning
& Care Council
of Australia

ELACCA Submission to NSW IPART Review of early childhood education and care

May 2023



The Early Learning and Care Council of Australia (ELACCA) welcomes the opportunity to submit our response to Issues Paper from the NSW Independent Pricing and Regulatory Tribunal (IPART) review into Early Childhood Education and Care.

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 1,984 long day care services, 310 preschool/kindergarten services and 92 OSHC services, covering every state and territory. They offer one-quarter of all the early learning places in Australia. Together, our members serve 369,770 children and their families, and employ more than 56,700 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.

Response to IPART Issues Paper on its review into Early Childhood Education and Care

This submission builds on ELACCA's engagement with IPART via targeting meetings with our organisation and with our members, and our attendance at the Public Hearing on 15 May 2023.

ELACCA notes this review is occurring concurrently with significant Commonwealth inquiries into early education and care, by the Australian Competition and Consumer Commission (ACCC) and the Productivity Commission (PC), and will relate to and align with their findings.

ELACCA makes the following high-level commentary in response to IPART's review and Issues Paper:

- NSW must maintain commitment to the national law and regulatory frameworks, including National Quality Standard and National Quality Framework
- early childhood teacher to student ratio in NSW is nation-leading, and best practice
- quality and effective inclusion support in early learning and are costly, but offers significant return on investment and the opportunity cost of not investing is prohibitive. Early intervention, and access to quality early learning and care for children experiencing vulnerability and/or disadvantage is vital to uplift children's lifelong education, health and wellbeing outcomes.
- current workforce shortages continue to impact the sector in NSW, and across the country, investment that attracts and retains early childhood teachers and educators, builds and maintains workforce capacity and capability is vital to uplift children's outcomes and support workforce participation – particularly for women.
- we caution against the development of benchmarked fees or prices that supposedly 'reflect costs'. We do not believe that it is possible to set benchmarks effectively, given the wide variability of cost drivers. We maintain that it is exceptionally difficult to identify a single price for a single service in early learning and care, noting that quality costs and varies across geolocation and unique cohorts.

Recommendations

ELACCA recommends the following actions in response to issues highlighted by IPART in their April 2023 Issues Paper:

Access to and choice of quality services

1. Work with the Australian Government to improve transparency for families, with longer term more systemic improvements delivered through the ACCC and PC inquiry processes currently underway, so that families can make informed choices about quality, affordability and inclusion, including:
 - (a) up-to-date information about quality ratings and other quality indicators,
 - (b) easily comparable information about fees charged and family out-of-pocket costs,
 - (c) information about how inclusive a service is and their inclusive practices; and
 - (d) other service inclusions like food and nappies.
2. Ensure timely assessment and rating of services envisaged under the National Quality Framework, including:
 - (a) all services assessed and rated within a 3-year cycle
 - (b) services rated as 'meeting' assessed every 2 years
 - (c) services rated as 'working towards' assessed every 12 months.
 - (d) communication to families on the outcome of assessment and ratings of service/s their child attends in compliance with National Law and Regulations.
3. Prioritise capital funding for quality approved providers to deliver services in areas of need and increase choice for families.

Affordability of services

4. That the design of Government subsidies, should continue to be focused on reducing out-of-pocket costs and minimising access barriers for all families and particularly for low-income families and cohorts experiencing vulnerability and/or disadvantage. ELACCA supports the leveraging Australian Government Child Care Subsidy (CCS) and NSW Start Strong subsidies to reduce out-of-pocket costs for families, regardless of setting.
5. Work with the Australian Government ACCC and PC Inquiries to ensure higher costs of delivery in NSW, relating to teacher ratios, rents/property costs and travel times for families are accommodated to improve and maintain affordability for families living in NSW without reducing qualifications, adult:child ratios or National Quality Standards.

Supply of services

6. Future policy development should not compromise quality to enhance affordability, as only quality early learning makes a substantial difference to child development outcomes.
7. Greater investment in meeting workforce costs, including prioritisation of the NSW Childcare and Economic Opportunity Fund for investment in: parity of wages and conditions with Department of Education; financial incentives and scholarships for students to enable pathways to upskill from school-based and other traineeships, to Certificate III, to Diploma and Degree qualifications; financial incentives for providers to engage supernumerary trainees and support upskill from Certificate III to Diploma and Degree qualifications; to provide free TAFE, expand places in university courses and support accelerated pathways.

8. The early learning and care workforce should be:
 - (a) recognised and supported by greater Government investment in wages and recognition to maintain and build on current quality and high standards.
 - (b) promoted and valued as an attractive and impactful career option, including through a targeted campaign like ELACCA's *Big Roles in Little Lives* initiative.

Provider Costs and revenue in delivering services

9. Note the role the large providers of early learning and care (including ELACCA members) play in ensuring financial viability of services in unviable markets, and the cross-subsidisation that occurs of services within providers.
10. Any benchmarking tools or standards are communicated with multiple caveats, and take into account the significant variability in cost of delivering quality early learning and care, including (and not limited to) location, demographic profile, inclusion offering, labour and property costs.
11. That IPART:
 - (a) provide advice to the NSW Government and build clarity and understanding on the variability of cost drivers that underpin reported fees, and the factors and circumstances that influence cost structures in early learning and care.
 - (b) consider the findings and recommendations from the Commonwealth's ACCC Inquiry on what additional options may be desirable, practical and effective.

Access to and choice of quality services

Empowering choice

Universal access to quality early learning and care, delivered by qualified staff in accordance with the Preschool Reform Agreement, National Law and Regulations should be a key offering in all parts of New South Wales.

Key features of early learning and care should include:

- Place-based with no barriers to access due to cost, geographic location, or cultural safety
- Right for every child to access up to 5 days of early learning and care
- Ease of access for all children in the state, regardless of postcode or parental workforce participation
- Planned, intentional and play-based pedagogy in accordance with the Early Years Learning Framework¹
- A quality program that is agile to support each child's developmental trajectory and family workforce requirements and reflects the diversity of the population it services.

As a short-term priority, the NSW Government could work with the early learning sector (providers and peak bodies), and the Australian Government to improve transparency for families, to help them choose the best early learning and care setting for their child and family needs, removing financial and administrative barriers wherever possible.

¹ Australian Government Department of Education [AGDE] (2022). *Belonging, Being and Becoming: The Early Years Learning Framework for Australia (V2.0)*. Australian Government Department of Education for the Ministerial Council.

Longer term, ELACCA would value more systemic improvements delivered through the ACCC and PC inquiry processes currently underway, so that families can make informed choices about quality, affordability and inclusion, including:

- Up-to-date information about quality ratings and other quality indicators
- easily comparable information about fees charged and family out-of-pocket costs
- information about how inclusive a service is and their inclusive practices
- other service inclusions like food and nappies.

Quality

A high-quality early learning and care program is one that is delivered in accordance with the Early Years Learning Framework, National Quality Standard (NQS)² and Preschool Reform Agreement³, delivered by a qualified, valued and high-quality workforce. Importantly, quality early learning and care should improve outcomes for all children, and be universally accessible with additional targeted supports for children and families experiencing vulnerability or disadvantage.

For families to be assured that the early learning and care program is consistently high quality, they need to know that their service of choice is regularly assessed and rated within a regular three-year cycle.

An improved rating and assessment cycle will lift quality more rapidly in conjunction with systemic support for services 'working towards' the NQS. To this end, ELACCA recommends that services rated as 'working towards' be assessed once every 12 months and services 'meeting' be assessed once every 2 years.

NSW's regulation of a higher qualification for teacher predates the National Quality Framework, and means that NSW has a higher proportion of teachers in long day care centres than other states. Without doubt this adds to the cost of running a service, but it also adds significantly to quality. Ensuring and maintaining ratios and qualification standards will support the best possible outcomes for children in NSW, and ensure NSW is playing a leading role in the nation.

Inclusion

ELACCA members have a strong commitment to inclusion and invest in measures to ensure, as much as possible, that all children and families can access and participate in early learning. We know that this is patchy across the sector, and that not all services have the funding, capacity or capability to adequately support children experiencing vulnerability and/or disadvantage.

ELACCA supports the consideration of a service level funding model to assist with the additional costs of inclusion, delivering local inclusion capability uplift, outreach and other service level solutions. This approach would recognise that some children, particularly those with multiple vulnerability risk factors, need additional funding to be adequately supported.

The NSW Government could consider a model similar to the Victorian Government's School Readiness funding model⁴, which allocates funding based on the level of need of the children

² Australian Children's Education & Care Quality Authority [ACECQA] National Quality Standard (revised 2018).
<https://www.acecqa.gov.au/nqf/national-quality-standard>

³ <https://federalfinancialrelations.gov.au/agreements/preschool-reform-agreement>

enrolled in the service and augments that funding with access to allied health and wrap around supports.

ELACCA has advocated to the Commonwealth Government for increased support and investment in the Inclusion Support Program, to close the gap between the cost of providing inclusion, and Commonwealth funding received, and to build a workforce that supports *every child* to learn and develop to their potential.

Asset planning

ELACCA recommends NSW undertake regular asset mapping to inform future provision of early learning and care services, taking into account a mixed model approach for provision and targeting government investment for new infrastructure in consultation with local government and the sector.

Supply of Services

Workforce

The highest value intervention to improve workforce supply is to improve pay and conditions for early childhood teachers and educators. ELACCA supports pay parity of early childhood teachers and educators with relevant staff in primary schools.

Fully funded degree-qualified early childhood teachers would be a welcome and high value intervention from the NSW Government, coupled with joint State and Federally funded educators. It is vital that the early learning and care workforce is paid at a rate commensurate with their skills and experience.

Further, important interventions can be taken by investing in:

- Ongoing professional development for all teachers and educators to support continuous improvement, and funded release time – ELACCA welcomes the Federal Government’s \$72m professional development funding in the 2023-24 Budget⁵, as a starting point
- Additional funded release time for teachers to plan and program.
- Incentives and scholarships, particularly targeted to hard-to-employ locations, or areas of high population growth (for example, west of Sydney)
- Intensive funded mentoring programs that provide wrap-around support, particularly for beginning teachers and educators
- Employment wellbeing support, including access to Employee Assistance Programs for all teachers and educators, regardless of setting (in line with the ACECQA 10-year workforce plan recommendation).

In addition, better pathways, accelerated and innovative uplift programs for Diploma-qualified educators to progress through to teacher qualifications with financial and wrap-around support, such as the current accelerated program offered through the University of Wollongong and co-designed with ELACCA. The importance of linking the scholar, provider and university is crucial, therefore partnerships with employers are vital for qualification completion and retention in the sector.

⁵ Australian Government (May 2023), [2023-23 Budget - Department of Education](#)

The current workforce shortage has impacted the capacity of providers to employ early childhood teachers.

ELACCA recommends the NSW Government consider the following initiatives to support the attraction and retention of the early learning workforce:

- A public campaign that demonstrates and values early years educator and teacher roles, promoting the importance of a career in early learning and care such as ELACCA's recent *Big Roles in Little Lives* campaign⁶
- School-based traineeships and internships, and free TAFE courses for post-school students.
- Expansion of technical colleges, with a greater emphasis on pathways into early learning and care careers, including pathway to translate from vocational to tertiary qualifications
- Intensive Initial Teacher Education (ITE) degrees where students are able to work and study
- Funding and scholarships to support paid placements of staff attaining or upskilling qualifications (noting Bachelor of Education degrees require 80 days of placement and Master of Teaching degrees require 60 days of placement)
- Authorising and funding providers to pay educators and teachers to complete their paid placements as part of their employment
- Support through funding for early childhood teachers to work in, experience and learn from, regional and remote placement opportunities
- Fast tracked visa sponsorship opportunities for educators and teachers, and support for international teachers, through funding, with IELTS and LANTITE costs and tutoring, as well as an induction program focused on the Australian context so educators and teachers are work-ready
- Mentoring programs for pre-service and beginning teachers.

Incentives to study, support for supervision arrangements and ensuring pedagogical quality are vital pieces of the puzzle. Workforce initiatives should be strongly informed by engagement with educators, teachers, peak bodies, Indigenous and culturally and linguistically diverse communities.

There are opportunities to explore and scale-up existing innovative programs and approaches to building workforce supply, including upskill and uplift programs. This particularly includes successful initiatives developed through industry-university partnerships, for example, the *From the Ground Up* and *ITE Boost* programs co-designed with ELACCA and various Australian universities, including the NSW Government-supported initiative between ELACCA and the University of Wollongong. ELACCA notes that our bespoke program co-designed with the Queensland University of Technology, *From the Ground Up*, was recently profiled as case study by the Australian Government⁷.

Innovative programs for targeted or hard to reach communities should also be considered, for example recognising and harnessing culturally safe practices through scholarships for the Indigenous workforce. Scholarships, professional development and a two-way learning exchange for Indigenous and non-Indigenous workforce could be explored.

For consideration, the Victorian Government has taken steps towards addressing the workforce issues through multiple training and support initiatives for early childhood professionals. These

⁶ Early Learning and Care Council of Australia (2022), *Big Roles in Little Lives - ELACCA*, <https://elacca.org.au/big-roles-in-little-lives/>

⁷ Australian Government (15 February 2023), *Early childhood case studies, Case Study: From the Ground Up* <https://www.education.gov.au/child-care-package/case-studies/case-study-ground>

include scholarships, employment incentives, financial and career supports, education pathways and mentoring. This suite of initiatives will no doubt support and uplift the early learning and care workforce⁸.

Affordability of services

Fees at an individual service level vary to reflect local market conditions, and multiple cost drivers.

From the perspective of large providers, fees vary between individual services and broadly reflect local market conditions and cost drivers. This includes conditions, such as demand, competition, demographics of the community and other factors, such as occupancy, age and condition of infrastructure. Local cost drivers that contribute to differences in fees charged across services also include property and staffing costs.

Large providers generally set fees at a service level with a view to maximising affordability for families, and responding to local market competition and service viability.

Cross-subsidisation will often occur across a service, with the birth-two age group often costing a service more to run than a preschool age group. Lower fees charged for preschool aged children in NSW also reflect investments made by the State Government in supporting the costs for preschool.

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

Provider costs and revenue in delivering services

Large providers play an important role in ensuring financial viability of services and ensure supply in unviable markets, with cross-subsidisation occurring across services. Universal base funding and targeted funding would allow smaller providers to establish services and minimise risk in less attractive markets.

With regard to the estimated price benchmark proposed by IPART, ELACCA recommends that this is applied and communicated with extreme caution and multiple caveats. 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.

As IPART has noted, the ACCC is currently analysing costs incurred by providers of early learning and care as part of their inquiry. 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
- staff: child ratios
- extra staffing required to include children with additional needs
- enrolment numbers

⁸ <https://www.vic.gov.au/training-and-support-early-childhood-professionals>

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- property costs (including leasing and maintenance)
 - administration and compliance costs
 - consumables (food, nappies, educational resources).

While some of these are easily measured and identifiable (property costs), others are less obvious (staffing requirements). Within a strict regulatory framework, providers are required to maintain age group specific adult:child ratios at all times. Due to strict (and very necessary) 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 can be dynamic and complex, and challenges efforts to maintain optimum efficiency. In particular, the increased use of casual staff (due to sector-wide workforce shortages) to meet ratios comes at a cost. Noting that casual relief staff sourced through an agency are usually charged at a significantly higher cost than permanent employees.

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.

Next steps

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 continuing to contribute to the IPART review at relevant points.

ELACCA values the opportunity to contribute this submission to the IPART's review, and to participate in the Public Hearing, we look forward to continuing to engage with IPART over the coming months. To this end, we would be pleased to facilitate further opportunities for direct consultation with our CEO members.

Please contact Elizabeth Death, CEO, [REDACTED]

Thank you for considering our submission.



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