

Tuesday 10 January 2023

Via email: ipart@ipart.nsw.gov.au

Re: Early Childhood Education and Care Sector – IPART Review

Thank you for the opportunity to provide feedback and commentary on the draft Terms of Reference for the review into the NSW Early Childhood Education and Care sector to be conducted by the Independent Pricing and Regulatory Tribunal (IPART) in 2023.

Local Government and Early Childhood Education and Care

Local Government NSW (LGNSW) is the peak body for local government in the State, representing all 128 NSW general purpose councils as well as a number of related entities. LGNSW supports councils and advocates on their behalf to help strengthen and protect an effective, democratic system of local government across NSW.

Throughout NSW, local government operates more than 300 Early Childhood Education and Care services (ECEC). These services include pre-school, long day care, family day care, mobile care, occasional care, vacation care and outside of school hours care. Many of these services are provided in rural and regional areas where childcare options are extremely limited. Importantly, many council run services across the State specialise in the provision of care for children with additional needs.

The local government sector plays a vital role in the provision of this much needed service and we look forward to fully engaging with IPART's Review.

Purpose of the IPART Review

In June 2022, the NSW Government announced the "[Early Years Commitment](#)", a \$15.9 billion investment over 10 years in the NSW ECEC sector. The proposed reform plan will change the NSW's Government's relationships and responsibilities within the ECEC sector, going beyond just preschool funding and ECEC regulation into funding and shaping outcomes across more ECEC service types.

In an effort to ensure that the investment from this program results in improved outcomes for children and families, the NSW Government has asked IPART to review the current market for existing services in NSW and to recommend ways to improve affordability, accessibility and consumer choice¹.

An Issues Paper will be produced in early 2023 to seek feedback from various stakeholders and user groups.

¹ NSW Government Website: [Early childhood education and care review | Have your say NSW](#)

Before the formal commencement of the review, IPART is seeking feedback on the draft Terms of Reference to ensure their review has an appropriate scope. IPART has indicated that feedback and submissions on the Terms of Reference may result in a recommendation to the Minister for Customer Service to change the Terms of Reference if required.

General Comments:

The draft [Terms of Reference](#) for IPART's review covers early childhood education and care for children from birth to 12 years old across all service types (community and mobile preschool, family day care, long day care, NSW Department of Education preschool, occasional care, and out of school hours care - playgroups are excluded).

LGNSW welcomes the opportunity to provide input at the early planning stages of the Terms of Reference.

We welcome the NSW Government's intention to seek information about "*affordability, accessibility and consumer choice across different children and family groups, geographies, service types and provider types.*" In particular we welcome the goal to obtain information about "*supply shortages and barriers to affordability and accessibility*"². We believe this approach will provide a wholistic picture of the current arrangements, challenges and opportunities within the sector.

Further, we welcome the Review's goal of providing estimate benchmark prices to provide consistency across the sector but allowing flexibility in terms of the needs of different children and family groups, geographies, service types and provider types.

In reviewing the specific draft Terms of Reference, we provide the following feedback.

- 1. At point 2 local government should be explicitly mentioned alongside NSW and Australian Governments in regards to assessing the role and responsibilities of all three levels of Government in the ECEC sector.**

Local government across the state provides more than 300 childcare centres and employs thousands of childcare workers. Councils provide a crucial role in the mix of childcare services offered. In doing so, they are faced with unique challenges and their role should be singled out explicitly rather than grouped in generally with "providers".

² [Draft Terms of Reference - Review of NSW early childhood education and care affordability, accessibility and consumer choice - 2 December 2022 | IPART Page 1](#)

2. **An additional point should be included above #3 to state that “...IPART is to have regard to: 3. *The enrolment of children with additional needs; their placement and financial impacts caused by gaps in funding*”.**

Local government ECEC cares for a high proportion of children with additional needs. This creates flow on affects in terms of their placement and the increasing gaps in funding are leaving many council run centres with a growing shortfall in meeting their costs. Council services cater to a high number of vulnerable families and children with disability – the types of clients often turned away from private ECEC providers. Already councils are widely valued as affordable and high quality childcare providers, offering a critical service to disadvantaged families. In rural NSW, councils are sometimes the only providers of childcare services. In an increasingly difficult economic environment, there is very real concern that some councils may be forced to withdraw from this space, leaving families without the excellent and affordable childcare services they need.

3. It is noted that the Draft Terms of Reference explicitly state that “***IPART will not develop, investigate or recommend price regulation of price setting mechanisms***”, yet the document goes on to state that in developing recommendations, IPART is to have regards to “***#4 Competitive neutrality principles***”. LGNSW would have serious concerns about any move to further perpetuate the myth that local government ECEC services have a commercial advantage when it comes to providing their services. Council run centres provide an important public good, including to vulnerable populations.

Although council run ECEC services receive Child Care Subsidy from the Commonwealth Government at the same rate as ECEC services run by other providers, unfortunately council-run ECEC services were not eligible for the full range of financial support offered to businesses and employees by the state and federal governments during the stay-at-home orders in the previous few years. If financial losses continue, councils will need to make difficult decisions as to whether early childhood education and care provision continues to be the role of local government when demands on other council services escalate during times of crisis. LGNSW advocates that councils do not receive a competitive financial advantage in their running of ECEC services.

4. At current point #5, we would like to see some specific wording included to ensure that IPART explores the notion of **co-location options for facilities** where different care services are provided at the same facility – e.g where long day care and preschool services are co-located. This directly relates to the affordability and accessibility of service provision for both the clients and providers, especially in rural and regional contexts. An exploration of co-location options would provide Government with an informed position for any required changes to legislation or regulations.

