



Submission of Draft Terms of Reference for the Review of NSW the Early Childhood Education and Care Affordability, Accessibility and Consumer Choice

Background

Established by Andrew and Nicola Forrest in 2001, Minderoo Foundation is one of Asia Pacific's largest philanthropic organisations. Minderoo's vision is to arrest unfairness and create opportunities to better the world. Thrive by Five is an initiative of the Minderoo Foundation that is campaigning to make our early learning childcare system high-quality and universally accessible. Thrive By Five is led by Jay Weatherill, former Premier of South Australia.

A high-quality early childhood education and care (ECEC) sector is necessary for ensuring all children reach their potential and that parents, particularly women, can participate in work, study, or training; the development of children and participation of parents in the workforce underpins New South Wales productivity.

Thrive By Five welcomes the NSW Government's recently announced Early Years Commitment, a \$15.9 billion investment over 10 years in the NSW ECEC sector. Further, Thrive By Five applauds the Independent Pricing and Regulatory Tribunal (IPART) for assessing the affordability, accessibility and consumer choice in the NSW ECEC sector.

Comment on Terms of Reference

1. Need to include the 'Quality of Service Delivery' in the Terms of Reference

A key reason that the New South Wales Government introduced the Early Years Commitment was to enhance the educational and developmental outcomes of children. The Government stated that *"too many children and families have not had the support they need in these earliest years, with 2 in 5 NSW children already behind in their developmental outcomes when they start school. The NSW Government recognises that early intervention and holistic support is essential to ensuring that no child is left behind"*¹.

Given this focus on child development, it is critically important that IPART also assess the quality of ECEC services, and the relationship of quality with affordability, accessibility, and consumer choice. In doing this, IPART will be able to provide valuable information to inform the NSW Government's prime policy objective of improving the development of children. As IPART would be aware, child development outcomes are significantly influenced by the quality-of-service delivery, particularly the quality of the educational program.

Research has demonstrated that the factor most influential in the quality of ECEC service delivery is the qualifications and competence of staff. However, attracting and retaining quality staff can add to the cost of ECEC services. NSW has some stricter standards than the National Quality Framework, and Thrive by

¹ Early Years Commitment NSW Government 2022. https://education.nsw.gov.au/content/dam/main-education/early-childhood-education/early-years-commitment/Early_Years_Commitment_brochure.pdf



Five believes these are influential in driving better child development outcomes than comparable states and territories.

Recommendation

That 'The quality of ECEC services and their relationship to cost, staffing, service types and geographies NSW Early Childhood Education and Care Workforce and its impact on Quality, Accessibility and Affordability' become a '5th' major item that IPART is required to investigate (page 2).

2. An Explicit Focus on Access to ECEC for Vulnerable Children and Children from Low-Income Families

Thrive by Five is a strong supporter of improved access to high-quality ECEC for vulnerable children and children from low-income families. The relative benefits of participation in high-quality ECEC are greater for these children than their more advantaged counterparts². The recently released Report titled *Deserts and Oases: How accessible is childcare in Australia?*³ by the Mitchell Institute found that ECEC is less accessible in low socio-economic communities.

Having affordable and accessible ECEC allows parents from low-income families to work, which has a strong correlation with child development and the general well-being of the family. The recently released Terms of Reference do not have an explicit focus on the affordability and access to ECEC for vulnerable children and children from low-income families.

However, reports have demonstrated that there are greater for children for vulnerable children and children from low-income families. For example, a 2017 Review of ECEC by the Mitchell Institute found that While all children benefit from high quality early learning, research also shows that children experiencing higher levels of disadvantage benefit the most, and can even catch up to their more advantaged peers (Duncan & Sojourner, 2013; Yazejian, Bryant, Freel, & Burchinal, 2015).

Recommendation

Under the heading on page 2 - 'In conducting the review and developing recommendations, IPART is to have regard to:' - it is recommended that an additional point be added:

- Access to affordable ECEC for vulnerable children and children from low-income families.

3. Comparison of Government, Community and Private Providers

The Terms of Reference do not make explicit reference to comparing the accessibility, affordability, profit derived from and quality of public, not-for-profit and private ECEC providers. As IPART notes in the Terms of Reference, the Australian Competition and Consumer Commission (ACCC) is inquiring into the costs of operating childcare, including employees' wages and property costs; the level of competition in the childcare market; the level of demand and supply; and prices charged to consumers, including any impacts of government policy. A focus of the ACCC Inquiry will be to examine ECEC offered by different types of

² Quality is the Key to ECEC in Australia. Mitchell Institute 2017

³ Deserts and oases: How accessible are childcare in Australia? Mitchell Institute.
<https://www.vu.edu.au/sites/default/files/how-accessible-is-childcare-report.pdf>



operators. . Minderoo welcomes this review by the ACCC. Hopefully, some information from the ACCC Review will be delivered in time for IPART to use in its review.

Given the amount of funding that the NSW Government is contributing to ECEC, IPART should consider if quality, accessibility, and affordability of ECEC are being delivered by all types of providers, whether public, not-for-profit or private, including the profits derived by ECEC providers who receive NSW Government funding to ensure appropriate reinvestment to drive long term improvement and sustainability of ECEC services.

Recommendation

Under the heading on page 2 - 'In conducting the review and developing recommendations, IPART is to have regard to:' - it is recommended that an additional point be added:

- **Any differences in access, affordability and 'public value' delivered by different types of operators (government, not-for-profit and for-profit providers).**

4. Early Childhood Education and Care Workforce

Our ECEC workforce are in crisis, with high turnover, staff shortages and stress. The shortage of qualified educators and teachers is forcing the closure of rooms and in some cases entire ECEC services.

This was demonstrated by the recently released National Quality Framework (NQF) Performance Report⁴ which found that the percentage of ECEC services given a workforce waiver from the National Quality Framework standard (because they cannot attract suitable staff) has increased markedly compared to previous years. 8.5% of all services hold a staffing waiver, up from 6.7% in 2021. 15% of long day care services hold a staffing waiver (up from 11% in 2021). To make the crisis worse, the early childhood and primary initial teacher training degree completion numbers continue to decline⁵.

The high turnover of staff disrupts the educator/child relationship, directly impacting the quality of learning programs and potentially undermining the long-term benefits of ECEC and reducing the confidence that parents and other stakeholders have in the system.

There is little hope of improvement without strong intervention. ACECQA Employment Projections in 2019 for the five years to May 2024 predicted that Australia's children's education and care sector will require approximately 24,000 additional educators (a 12% increase) and 7,000 additional teachers (a 16% increase). This is much higher than the 7.8% growth expected across the whole economy.

Given the impact of the workforce on improving affordability, accessibility and consumer choice, it is recommended that matters related to a suitable and sustainable ECEC workforce be given greater prominence in the Terms of Reference.

⁴ NQF Annual Performance Report <https://www.acecqa.gov.au/sites/default/files/2022-12/NQF%20Annual%20Performance%20Report%202022%20FINAL.pdf>

⁵ ACECQA Workforce Strategy Public Consultation Document. https://www.acecqa.gov.au/sites/default/files/2022-01/ConsultationTenYearNationalWorkforceStrategy_May2021.pdf



Recommendation

That The 'NSW Early Childhood Education and Care Workforce and its impact on Quality, Accessibility and Affordability' become a '6th' major item that IPART is required to investigate; rather than being just a consideration that IPART is required to have regard to (TOR - dot point 9 page 2 - The state of the sector, including workforce supply and pay and conditions and service quality standards).

Contact

Thank you for the opportunity to make a submission to this Inquiry.

Minderoo Foundation would welcome the opportunity for further engagement with the Committee.

Please contact Jay Weatherill, Director, Thrive By Five [REDACTED]

if you have any queries with this submission.