




**IPART** Independent  
Pricing and Regulatory  
Tribunal | NSW

# 2025 Independent Market Monitoring Review

Methodology Paper webinars – June 2025

Early childhood education and care team





IPART acknowledges the Traditional Owners of the lands where we live and work. Our office is located on Gadigal land and our work touches on Aboriginal lands and waterways across NSW.

We pay respect to their Elders both past and present, and recognise Aboriginal people's unique and continuing cultural connections, rights and relationships to land, water and Country.

# Agenda

- 01 Overview of 2025 Independent Market Monitoring Review

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- 02 Proposed dimensions, key performance indicators (KPIs) and indicators
  - a) Supply of ECEC
  - b) Affordability and accessibility

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- 03 Questions and discussion

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- 04 Proposed dimensions, key performance indicators and indicators
  - a) Workforce, pay and conditions
  - b) Distribution of ECEC service quality

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- 05 Estimating costs

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- 06 Questions and discussion



# What does the 2025 Independent Market Monitoring Review (IMMR) cover?

1. Identifying and reviewing areas in NSW where:
  - there is a shortage of ECEC services
  - there are higher barriers to parents and carers participating in work due to the affordability and accessibility of ECEC
2. Reviewing the state of the NSW childcare sector, including:
  - Workforce
  - Pay and conditions
  - Quality standards
3. Estimating the cost of achieving the objectives of the *Childcare and Economic Opportunity Fund Act 2022*



# Indicative IMMR timeline



# How we propose to review aspects of ECEC

Dimension	Detail
Location	<ul style="list-style-type: none"> <li>• Remoteness category</li> <li>• Statistical Areas Level 2 (SA2) and 3 (SA3)</li> <li>• Travel distance</li> <li>• SEIFA IRSAD and IRSD</li> </ul>
Age of Children (years)	<ul style="list-style-type: none"> <li>• 0-2</li> <li>• 3-5</li> <li>• 6-12</li> <li>• 13+</li> </ul>
Service Type	<ul style="list-style-type: none"> <li>• Long day care</li> <li>• Family day care</li> <li>• Preschool – including community, mobile and NSW Dept. of Education</li> <li>• Outside of school hours care (OOSH)</li> </ul>
Provider Type	<ul style="list-style-type: none"> <li>• Profit</li> <li>• Non-profit</li> <li>• NSW Government</li> </ul>
Priority groups	<ul style="list-style-type: none"> <li>• Aboriginal and Torres Strait Islander</li> <li>• Culturally and Linguistically Diverse (CALD) communities</li> <li>• Disability status</li> <li>• Socio-economic disadvantaged cohorts</li> <li>• Children who are known to child protection systems</li> <li>• Remote or very remote area</li> <li>• Refugees and humanitarian entrants</li> </ul>

# How we propose to review childcare supply

Dimension	Detail
Services	<ul style="list-style-type: none"><li>• Location</li><li>• Service type</li><li>• Provider type</li></ul>
Places	<ul style="list-style-type: none"><li>• Number of licensed places</li><li>• Location</li><li>• Service type</li><li>• Provider type</li></ul>
Population projections	<ul style="list-style-type: none"><li>• Location</li><li>• Age</li></ul>
Demand estimates	<ul style="list-style-type: none"><li>• Location</li><li>• Age</li></ul>

## Demand and supply model – from IMMR 2023

- We assume that the **amount** of ECEC use in areas with high enrolment rates can occur everywhere
- We assume future users will **travel** to the same places as current users for ECEC

# Indicators we propose for supply of ECEC services

KPI	Indicators
<b>S1:</b> Reduce the number of regions identified as undersupplied	a) Number of local areas (SA2) with a demand to supply ratio higher than 1 to 1 by age group, for all services, and all services excluding those with National Quality Framework (NQF) ratings "working towards", and "significant improvement required"
<b>S2:</b> Increase the supply of quality ECEC available in NSW	a) Number of services meeting or exceeding the NQS by service type and provider type and location b) Number of places in services meeting or exceeding the NQS by service type, provider type, and location c) Number of places in services that meet or exceed the National Quality Standard (NQS) per estimated residential child by age group, and location d) Number of places in services that are not meeting the NQS, as a proportion of the entire supply of places by location, and over time e) Ratio of offered places to licenced places in services meeting or exceeding the NQS, by service type and provider type and location



# Indicators we propose for affordability and accessibility

KPI	Indicator
<b>A1:</b> Reduced net childcare costs for households	a) Out-of-pocket costs
<b>A2:</b> Increase parental workforce participation	a) Hours worked per year by parents (for women and men separately)
<b>AC1:</b> Improved access through increasing number of children attending services in areas identified as needing support	a) Attendance in services by children in identified areas
<b>AC2:</b> Increased participation in services by children from households identified as priorities	a) Proportion of children from priority groups who attend ECEC for 15 hours or more per week (600 hours a year) b) Number of ACCO-led ECEC services c) Number of licensed places in ACCO-led ECEC services
<b>AC3:</b> Children attend ECEC for 15 hours per week for the 2 years before starting formal school, or 600 hours per year	a) Proportion of all children attending ECEC for 15 hours or more per week for the 2 years before starting formal school, or 600 hours per year
<b>AC4:</b> Participation in services by children in regional and remote NSW	a) Attendance in services by children in regional and remote NSW

## For discussion

- Dimensions, KPIs and indicators
  - Are the dimensions appropriate?
  - Any comments on the KPIs/indicators?
  - Other data sources?
  - Gaps/limitations/risks?
- What notable changes have there been since the 2023 IMMR?
- Engagement approaches for information/data collection
  - How best to engage parents, carers and families?
- Any other comments/feedback - is there anything missing?

# How we propose to review ECEC workforce, pay and conditions in NSW

Dimension	Detail
<b>Workforce characteristics</b>	<ul style="list-style-type: none"><li>• Age</li><li>• Gender</li><li>• Qualifications</li><li>• Training relevant to priority groups</li><li>• Length of tenure</li><li>• Years of experience in ECEC</li><li>• Continuing study and professional development</li></ul>
<b>Employment type</b>	<ul style="list-style-type: none"><li>• Permanent – full-time</li><li>• Permanent – part-time</li><li>• Fixed term contract</li><li>• Casual – full-time</li><li>• Casual – part-time</li><li>• Hours worked</li></ul>
<b>Wage</b>	<ul style="list-style-type: none"><li>• By \$ range</li></ul>
<b>Pay (in relation to award)</b>	<ul style="list-style-type: none"><li>• Average wage as % of award</li></ul>
<b>Contract type</b>	<ul style="list-style-type: none"><li>• Permanent full-time</li><li>• Permanent part-time</li><li>• Fixed term</li><li>• Casual full-time</li><li>• Casual part-time</li></ul>



# Indicators we propose for ECEC workforce, pay and conditions

KPI	Indicator
<b>W1:</b> Increase in the number of students or workers becoming qualified educators	a) Completion rate of students studying to be educators and entering ECEC sector
<b>W2:</b> Increase in the number of qualified educators working in the ECEC sector	a) Number of Certificate III qualified staff working in the ECEC sector b) Number of educators per child
<b>W3:</b> Higher rates of staff retention	a) Rates of staff turnover b) Number of staff employed under permanent arrangements c) Reduction in staffing waivers d) Reduction in staff leaving the ECEC sector due pay or conditions or vocational dissatisfaction
<b>W4:</b> Increase in educators that meet needs of priority groups	a) Number of educators with training relevant to priority groups b) Number of educators from priority groups
<b>W5:</b> Increase in the number of trainees and qualified educators and teachers in areas identified as undersupplied (S5 for 2023 IMMR)	a) Number of trainees and qualified educators and teachers in SA2 areas identified as undersupplied
<b>W6:</b> A reduction in the length of time it takes to fill staffing vacancies (S6 for 2023 IMMR)	a) Length of time it takes to fill vacancies

# How we propose to review the distribution of ECEC service quality

Dimension	Detail
Quality rating of service	<ul style="list-style-type: none"><li>• NQF/NQS rating</li></ul>
Frequency of rating	<ul style="list-style-type: none"><li>• Length of time since last assessed</li></ul>
Staffing profile	<ul style="list-style-type: none"><li>• Staff retention</li><li>• Staff employment type (contract)</li><li>• Years of experience</li></ul>
Staffing waivers	<ul style="list-style-type: none"><li>• Waivers in force</li></ul>
Service price	<ul style="list-style-type: none"><li>• Price of service</li></ul>

# Indicators we propose for a high-quality ECEC sector

KPI	Indicator
<b>Q1:</b> Higher proportion of permanent educators (full-time and part-time)	a) Proportion of permanent educators (full-time and part-time)
<b>Q2:</b> More experienced ECEC workforce	a) Percentage of staff with greater than 5 years of experience
<b>Q3:</b> Increased proportion of qualified staff per child (Q2 for 2023 IMMR)	a) Percentage of staff at each qualification level by service type, provider type and location
<b>Q4:</b> Improved quality ratings, particularly for ECEC services delivering services to priority groups (Q3 for 2023 IMMR)	a) Percentage of services at each quality rating by service type, provider type and location
<b>Q5:</b> A reduction in the proportion of services not meeting minimum standards (Q4 for 2023 IMMR)	a) Proportion of services meeting minimum standards or above
<b>Q6:</b> A more stable supply of ECEC	a) Percentage of services experiencing a reduction in quality rating since 2023 IMMR
<b>Q7:</b> More frequent ratings for ECEC services	a) Average length of time since last assessed



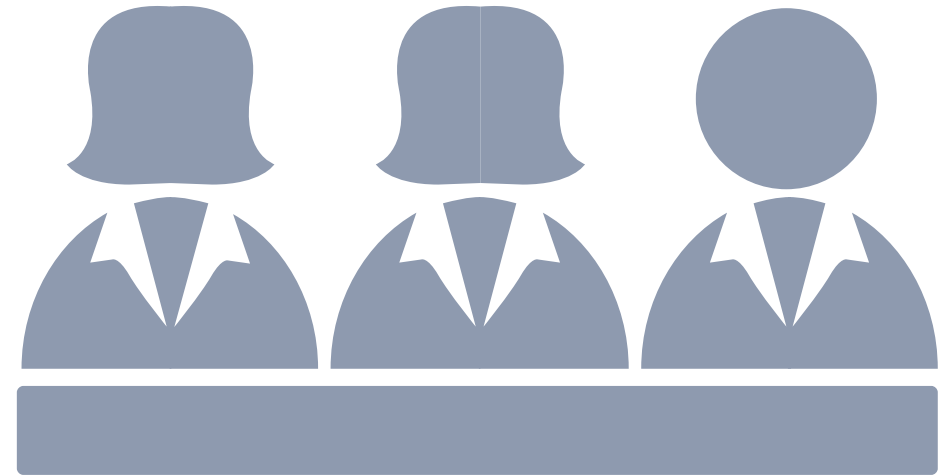
## How we propose to estimate costs

- We propose to estimate and report on the 'estimated amount', required to achieve the objective of the *Childcare and Economic Opportunity Fund Act 2022* (CEOF Act) and otherwise fund the Board using the following cost categories:
  - Cost to meet to address supply shortages of quality ECEC via additional places
  - Cost of initiatives/programs and incentives funded by the Fund under the CEOF Act
  - Administrative costs of implementing the CEOF Act

## For discussion

- Dimensions, KPIs and indicators
  - Are the dimensions appropriate?
  - Any comments on the KPIs/indicators?
  - Other data sources?
  - Gaps/limitations/risks?
- Estimating costs
  - Other cost categories?
  - Updated provider cost data?
- Other changes since 2023
  - What notable changes have there been since the 2023 IMMR?
- Engagement approaches for information/data collection
  - How best to engage parents, carers and families?
- Any other comments/feedback
  - Is there anything missing?

## Next steps and contacts



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