



Review of early childhood education
and care

Public Hearing 2 Transcript

Monday, 15 May 2023

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

Tribunal Members

The Tribunal members for this review are:

Carmel Donnelly PSM, Chair
Deborah Cope
Sandra Gamble

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The Independent Pricing and Regulatory Tribunal

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Contents

1	Introduction	1
2	Welcome and Acknowledgement of Country	2
3	IPART presentation	3
4	Q & A discussion	7
5	Closing remarks	20

1 Introduction

Mr Andrew Nicholls: Good afternoon everyone, let's make a start. Welcome to today's public hearing for those of you from the early childhood education and care sector, it's great to have so many of you joining today.

My name is Andrew Nicholls, and I'm the CEO of the Independent Pricing and Regulatory Tribunal.

I'll be managing the public hearing today so I'll start with a few housekeeping notes:

- Please keep your microphone muted if possible when you're not speaking to avoid feedback and background noise.
- We encourage you to keep your cameras on if your internet connection is up to it and you're comfortable doing so.
- Please make sure your name and if relevant, organisation, is showing. There are instructions for doing this in the chat box.
- To help with accessibility, we have turned on Zoom captions. There is also a message in the chat on how to turn these on.
- We will be recording today's hearing to allow it to be transcribed. We don't plan to make the recording publicly available, but we will put a copy of the transcript and our presentation slides on our website in a few days.
- Being a public hearing, the media and others present today are free to publish and refer to what is said during this event.
- We also just want to remind everyone that we have a responsibility to ensure a respectful environment today so that everyone feels safe to share their views.

In a moment, IPART's Chair Carmel Donnelly will commence with a welcome. The review team will also give a short presentation on key issues and questions for the review we are keen to get your feedback on, and then we'll open the Q&A session to give everyone the opportunity to have their say and ask questions. The Q&A session is an opportunity to provide comments or feedback on issues that are important to you. Everyone is encouraged to share their views. We'll also ask some questions using MentiMeter throughout the hearing today, which you can answer via your phone or computer, so keep it handy.

I'll now hand over to Carmel.

2 Welcome and Acknowledgement of Country

Ms Carmel Donnelly: Thank you Andrew. As Andrew said, my name is Carmel Donnelly and I'm the Chair of the Independent Pricing and Regulatory Tribunal. With me today are my fellow Tribunal members, Deborah Cope and Sandra Gamble. We're assisted by IPART Secretariat staff including Fiona Towers, Jennifer Vincent and members of the review team.

IPART acknowledges the traditional owners of the lands on which we meet, and the traditional owners of the lands and waters from which we are all joining from today. We pay our respects to their Elders, past and present. We acknowledge the ongoing connection that Aboriginal people have to this land, and recognise Aboriginal people as its original custodians. We would also like to acknowledge any Aboriginal or Torres Strait Island people who are joining today.

I'd like to open by saying that we very much welcome and value your input into our review, and appreciate your time in participating in the hearing today. We thank you all for attending today and are looking forward to a productive hearing.

Our role at IPART is to help the people of NSW get safe and reliable services at a fair price. We are a NSW Government agency, that investigates and gives independent advice on services, prices and other issues across a range of sectors.

The NSW Department of Education is funding new programs to support more children access quality early childhood education and care across the state. To ensure the increased investment results in improved outcomes for children and families, IPART has been asked to review the early childhood education and care sector in NSW. Our review will improve understanding of the sector today, including barriers to accessibility, choice, affordability and supply of quality early childhood services, and ways to improve these across the sector.

I'll now hand over to Liam Young from the review team to provide a bit more information on the review and the key issues we are keen to hear from you about today.

3 IPART presentation

Mr Liam Young: Thank you Carmel.

IPART has been asked to:

- review early childhood services in NSW and report on factors that influence:
 - the supply of services
 - affordability, accessibility and consumer choice
- collect information about current fees, out of pocket costs, and provider costs and revenue
- estimate benchmark prices that reflect the costs of providing quality services to compare fees, and
- recommend ways for the NSW Government to improve the affordability, accessibility and choice of early childhood services.

In doing this, we must consider the diverse needs of families and children, and variety of services in the sector, including across different children and family groups, geographies, types of services and providers, and other issues set out in the Terms of Reference for the review.

We've not been asked to develop, investigate or recommend price regulation or price setting mechanisms.

As part of our review's public consultation process, we published an Issues Paper in April, outlining key issues and questions we're seeking feedback on.

As well as today, you can give feedback on our Issues Paper until Tuesday, the 22nd of May, through our website or NSW Have Your Say with options to:

- complete our survey
- map your experiences
- tell your story, and/or
- make a submission.

We are also engaging directly with the sector, so please feel free to get in contact if you'd like to meet with us, or if you think your region would benefit from a more targeted workshop or site visit with IPART.

The NSW Department of Education monitors, supports and regulates more than 5,800 early childhood services across NSW.

Our review focuses on services for children aged 0 to 12 years, including:

- long day care, family day care and occasional care for children aged 0-5 years
- NSW Department of Education preschool, community and mobile preschool for children aged 3-5 years, and
- out of school hours care, including before and after school care and vacation care for school children up to 12 years old.

These services are provided by for-profit companies, not-for-profit organisations, local councils and the NSW Government. And they're funded by a mix of fees, Commonwealth Government subsidies, and state and local government subsidies through a variety of programs.

I'll now hand over to Andrew for a Menti ice-breaker.

Mr Nicholls: Thanks Liam – we'll just pause here for a little MentiMeter ice-breaker exercise.

For those who haven't used it before, Menti works like a live poll where you can answer questions from your computer or mobile device.

To access Menti you can either go to the link we have pasted in the chat and enter the code shown on the screen, or you can scan the QR code with your mobile device. And that'll take you to our questions.

I'll just give everyone a minute to open up Menti, and I'll just point out that all answers through Menti are anonymous, and we can't see who has responded or any specific individual's response.

Once you are into Menti, have a go at answering the first 2 questions.

So we can see what areas are represented today, the first question is about what location or area you represent –you can just type in the suburb or local government area.

It looks like we have some people with us today from cross section of a number of parts of the state plus someone with a national representation.

And, for the next question, we're keen to know what types of services you are from or represent. You can select more than one type if you represent multiple service types.

I can see we have people from a good cross section, but no one from Department of Education preschool. Is that right? It looks like a good cross representation. Well, we might move on and go back to Liam to talk about some of the dimensions of the review that we're undertaking.

Mr Young: Thanks Andrew. The first key area we are seeking feedback on is accessibility and choice of services.

Accessibility is about several complex and overlapping factors.

Consumer choice is also closely related to accessibility and is about making sure that families have a meaningful choice about early childhood education and care, including that there are a variety of high quality service providers and types to choose from.

Our review is investigating whether early childhood services are accessible and if families have adequate choice about which services their children attend.

We want to hear about experiences:

- accessing services
- accessing information about services
- inclusivity of services, and
- experiences of discrimination in the sector.

We're also seeking feedback on the affordability of services.

What is and isn't considered affordable will be different across families in NSW. Even families who are in similar financial situations may have differing ideas about what they consider to be affordable, and the amount a family pays for services can vary greatly by service type, provider type, location and the number children attending and number of hours accessed.

As part of our review, we're looking at affordability in terms of:

- the cost of using early childhood services as a percentage of household income
- the cost of using services compared to the additional or potential income that could be gained by using them, and also
- parent perceptions of affordability given that parents consider financial and non-financial factors when making decisions about whether or not they will return to work and/or use early childhood services.

We'll analyse available data on services' fees and subsidies as part of our review, but we also want to hear about what families are paying for services, including other out-of-pocket costs.

As part of our review, we'll estimate benchmark, or standard, prices that reflect the costs of providing quality services and can be used to compare early childhood service fees in NSW.

Estimating benchmarks in such a diverse sector is a complex task. There are no 2 providers that are exactly the same, and a variety of factors can influence total costs of service provision. Some factors we'll consider when we estimate benchmark prices include the:

- types, quality and location of services, and
- age groups and needs of children who attend services.

We want to know what factors are important to families when they compare service prices and think about whether they get value for money for the fees and costs they pay.

We're also seeking feedback on the supply of services.

The majority of early childhood services in NSW are located in major cities. However, the situation in regional, remote and very remote Australia is vastly different, and there are areas where there is a substantial undersupply of services.

As part of our review, we're investigating specific areas in NSW where service supply is either currently falling short, or may do so in future, to better understand the causes and make recommendations to improve the situation.

Cost, demand and workforce availability are 3 key drivers of the supply of early childhood services,

However, drivers of and barriers to supply can differ between service types, for example between a centre-based service and a family day care service, or depending on the type of service provider, for example whether the provider is government-run, for-profit, or not-for-profit.

We want to know more about what drivers of, and barriers to, the supply of services impact a provider's decision to establish or expand a service.

Lastly, we're also seeking feedback on provider costs and revenue in delivering services.

Providers incur costs to deliver early childhood services and generally set their fees to recover these costs. However, different providers may spend different amounts of money to deliver the same service for many reasons, such as the location or the size of a service.

Common cost categories include:

- labour costs
- rental costs
- property maintenance and capital investment costs
- administration and compliance costs, and
- purchases and consumables such as educational material, food, nappies and toys.

We expect costs to vary across providers and services of different size, type, quality rating, location and the age and needs of different groups of children.

We're keen to better understand what costs providers face in providing services and how they may vary or be impacted by other factors.

That brings us to the end of our presentation, thank you for listening. I'll hand back to Andrew to move onto the discussion.

4 Q & A discussion

Mr Nicholls: Great, thanks Liam. Well, now we have the opportunity to hear from you and most of the rest of the session today will be an opportunity for you to either ask us questions, but more particularly for you to give us your views on the different topics you've heard about today, or anything else that you'd like to talk about.

As we go through the process, if you could either ask a question or make a statement in the chat box in Zoom, or you can put your hand up then we'll come to you progressively. If I can ask everybody to try and keep their responses as concise as possible, so we can get through as many people as we can today, noting that we need to finish up at about 1:50pm. Please be assured that whatever comments that you put in the in the chat box, we will be capturing those and including those that as part of the feedback. We may speak to any of you after the session, just to clarify any points, or if you might have a more extensive set of comments to make, we might take those up with you offline after that as well.

Before we jump to the Q&A we might take a quick poll, using Mentimeter, to get a sense of what in the room are the most important issues for you. Again, you can see on the screen the instructions on how to access Mentimeter. You can use that QR code or type in the URL with the number code there, 4698 6483. And what you'll see next is a question about areas of priority, a chance to vote on the things that are of most interest to you. So, you've heard about some of those things just then from Liam; supply of services, accessibility and choice, affordability and prices, and provider cost and revenue. You might have some other things that you'd like to raise, and we will ask you in a moment to fill in what those are as well.

We might just kick off by getting you to vote across those 5, it's just what you think is the highest issue. It all seems pretty close, I have to say, based on the votes to date. It seems like accessibility and choice is the highest priority with 15 votes to date, and cost and revenue. These are not definitive. We will of course, discuss all of the issues, but it's just helpful to understand where you see the general issues are.

We might then move to that category called 'other'. What are the other things that you'd like to see as part of the discussion? Whether we get to that today or part of our consideration. So, what are the issues that that that are burning for you all? It looks like workforce; I'm seeing in the chat "workforce shortages". "Quality of educators", "funding", "quality more generally". Someone in the chat has mentioned "over supply of services". "Governance", "the ACCC inquiry", "value and remuneration of workforce".

Ms Donnelly: Andrew, I might just jump in while people are voting and offering comments on the ACCC inquiry. We're obviously very alive to the fact that there are some other inquiries, including the ACCC and the national Productivity Commission. We have been meeting with both of those groups. There's some commonality, and we're going to make sure that we're not adding burden to the sector where there's commonality. But we will have the opportunity to tailor our review to really look at the issues across New South Wales and get into more detail in different parts of New South Wales to those other reviews.

But we're going to be mindful of what is found in the ACCC and other reviews. And if there are other studies or reviews that you're aware of that you think we should be taking into account, we're very happy to be looking at those as well, so that this review is informed by all the other work that's going on in the sector.

Mr Nicholls: Great, thanks Carmel. Some great votes coming in there. "Governance" came up there, a couple of people put a thumbs up for governance. I was just wondering if somebody might want to explain what they meant by 'governance' in this context?

Ms Meg Mendham: Thank you Andrew. Hello everyone! Yes, I put 'governance' up. I'm the CEO of Community Connections Solutions Australia, and we support early childhood providers on the governance and management responsibilities of services. And for us it's actually an unaccounted cost of providing service, because for the vast majority of services they are standalone and operate under a volunteer governance arrangement.

Mr Nicholls: Right, thanks Meg. So, there's a few really meaty topics that have come in here. We'd like to use these as thought starters, you might have seen somebody else put a comment up or put it up yourself. Can I open the floor to some comments or questions? Just drop something in the in the chat or put your hand up, I'll endeavour to come to you in the order in which you put your hands up. What about 'accessibility' as a topic? Yeah, we've got Elizabeth. Great, thank you very much Elizabeth.

Ms Elizabeth Death: Thank you. I'm Elizabeth, I'm the CEO of the Early Learning and Care Council of Australia. And I think that with all of the reviews that are happening across Australia, the ACCC, the PC review, etc., I think one of the most important things that we need to retain is the qualifications, adult-child ratios, and the National Quality Framework, to make sure that we do not wind our quality and outcomes for children backwards. I think that's probably something I'd really like to reinforce, really importantly, at the very beginning.

Mr Nicholls: Great, thank you for that Elizabeth. Let me see there's some support to that view coming in the chat. So, accessibility of services...

Ms Deborah Cope: Andrew, could I ask Elizabeth a question please? There was a bit of discussion around this issue in the session this morning. So, I'm really interested to know how do you think we can manage that dual challenge of the need to maintain enough people with good qualifications in the sector, to make sure you get good quality, care, shortage of staff and shortage of access to people. How can you balance that in a way that actually delivers strength to the sector going forward?

Ms Death: I'd love to respond to that, thanks Deborah. I think that what we see at the moment is we have a puzzle piece, lots of puzzle pieces, I should say. Sometimes people will say that they're not so sure on this one, but skilled migration, considering we have a time lag between someone starting in the sector and getting qualified. We need to make sure that the skilled migration piece of the puzzle is there.

But you also need to make sure that we are making our sector attractive. We need to reinforce, not just to our current workforce, that that they are valued and we want to retain them through the uplift of wages. And we need both Federal and State involvement in supporting those wages. Secondly, we need to make sure that we are seen as an attractive sector that makes a difference to the education and lifelong outcomes of children, from those within the schooling sector who choose early childcare as a career, to those who are already in the sector, to upskill their qualifications and how we can support them to do that.

And we know that we don't have that workforce now. But we also know that to reduce the quality means we reduce the outcomes for children and we can't afford to do that. I'm sure there are a number of people on this call who would love to add to that. But recognising our workforce as being already a valued part of the community, we know that they are essential workers from Covid, we know that they support the economic participation of women. We know that there's a whole range of things that we do well, it's about how do we highlight that and how we value it through wages and conditions as well.

Mr Nicholls: Thanks, Elizabeth. People have commented online on Elizabeth's comments, does anybody want to add to those?

Ms Death: Sorry, I forgot to mention, accelerated degrees for our highly qualified diplomas and our well-experienced diplomas as well.

Ms Cope: Are those sorts of pathways available?

Ms Death: There certainly are. There are accelerated degrees available through a number of different universities in New South Wales, including the University of Wollongong, and they are definitely taking into account the experience of those qualified diplomas. And certainly, our members are seeing that's a definite pathway. They're very keen to get the support from both the New South Wales and Federal Government to support that uplift.

Mr Nicholls: Thanks, Elizabeth. There's a couple of comments online supporting the uplift of the status of the profession. Kim Bertino, or Megan and Dale from Orange, would either or both of you like to comment on your support for that or any ideas you might have?

Ms Kim Bertino: Thank you. Look, I guess I would be in support of what Elizabeth said around the importance of lifting the status and standing of the profession. I think that language is really important as we move away from the pandemic and thinking about our workforces as being in crisis. It is a wonderful profession to work in, the difference that teachers and educators make in the lives of children. And, you know, setting children up for success is so important.

I'd like to bring into the conversation around the profession and the role of early childhood, education and care, particularly in terms of inclusion for all children. That links to that affordability and accessibility position as well, to ensure that our services are of the highest quality. And quality does cost, but quality is really important. So I guess, backing the National Quality Framework and the importance of having high standards through our national quality standards.

Mr Nicholls: Great, thanks Kim. Megan and Dale, were you going to say something?

Ms Megan Dawson: Hi everyone. Yeah, I absolutely agree with all of the comments that are being made. You know, that messaging about the first 3 years of life is so important, yet it kind of gets lost in it all. It's just about raising that status, you know? We feel second, sometimes to teachers in the school education system. It's about raising that status, so that we're seen as just as important. I'm not sure how that can work, whether we're employed by the Government, or I don't know what it will be.

But it's about that recognition that our role is just as important as those as when they get to the school age. In that way, it's about that messaging. We need to get that across somehow so that it's more attractive for people to come to our industry. And you know, that choice between going into a school and coming into early childhood; they get 12 weeks of leave a year, they get paid better than we do, they don't work as long hours. There's some sort of mixed messaging going on.

Mr Nicholls: Great, thanks. I think I've got Meg next.

Ms Mendham: Thank you Andrew. I just wanted to add to... I know we've got a couple of pathways here around accessibility, but I just wanted to narrow it down and stay on the workforce piece. Back to the governance umbrella, it's the responsibility of the management committees that must wear that employer hat.

And particularly in rural and remote communities, where there is a smaller resource pool to actually draw future employees from, incentive programs are really required to attract staff into those communities. We actually have a really effective Department of Education model for teachers, where there's a subsidy for a housing, transport relocation, and travel subsidy per year. There's a whole incentive program there that could actually be overlaid into the early childhood sector immediately.

Second to that, I just wanted to talk about the retention of those staff that these services are already grappling with. Those examples that Megan and Dale from Orange have just talked about. You know, the attraction of moving to other workforce opportunities, whether it be paying conditions, or whether it be further recognition for your training that you've already achieved. That really is something where, from a local community, we would really require the Education Department to invest in workforce strategies that are actually organically grown from these communities, rather than only relying on the incentive program.

Mr Nicholls: Great, thanks Meg. Before I jump to Sandra for any comments, what Victoria's been doing to offer incentives, has that had an impact? Have people seen any impacts from that? Seeing some smiles and nods, so I'm taking that it's a hot issue. Elizabeth?

Ms Death: I think that we're seeing Victoria pull out all stops to build their workforce, because they were the first state to step into the 3-year-old preschool kindergarten environment. They recognised very early on, once they had done their assessment of the need, that they needed tens of thousands of early childhood teachers.

Now, we can't afford to have one jurisdiction taking all of the early childhood teachers across Australia nationally, but we need to learn from what they've done. To learn from the evaluation of their strategies, such as their \$50,000 incentive for some environments, which includes relocation costs, and includes \$25,000 in scholarships to upskill and build their workforce. So, there are a number of different things that they're doing. We need to learn from what has been the most successful in Victoria and bring it back to New South Wales.

Mr Nicholls: Thanks, Julia, did you have a response to that?

Ms Julia Ham: I just wanted to say, living on the cross-border near Albury, which I do, you just don't have a chance. Everyone goes and works in Victoria, and that's happening all the way down the Murray.

Mr Nicholls: Thanks for that Julia, Sandra?

Ms Sandra Gamble: Yeah, hi I'm Sandra Gamble, I'm one of the Tribunal members. I just wanted to get underneath this a little bit more. We've heard in terms of accessibility, that workforce issues mean that often centres are not open for their full capacity. And you know, some of it's about pay and recognition, some of it's also about finding people who are adequately trained. Can you tell us a little bit more about the other things that are either attracting or repelling new people to the industry? Or, in fact, discouraging people that are already there?

Ms Mendham: Look, I'm sure a lot of other people on here have equally as much to say, so we certainly don't want to be hogging the floor. But if we had to put them in order it's recognition – which equals wages and conditions, it's then the workforce capacity within the service. It's around that quality that is required, and the professional development that needs to support that ongoing workforce day in, day out.

And also, I guess it's that incentive to stay in the workforce a lot longer. I'm not actually going to go down the admin-burden perception. We call it "admin responsibility", because those responsibilities actually support the quality of early childhood services. We take a very different narrative than seeing that as a disincentive, we see that as being part of the responsibility. And just to finish with this really short comment, Andrew, this is where the cost of providing the service is not recognised in the current funding models. Because the governance and management and the administration responsibilities are really factored into the funding models. It's more about an appropriate subsidy model around fees, but that part of assessing cost needs to be explored much deeper.

Mr Nicholls: Thanks Meg, Elizabeth did you want to add to that?

Ms Death: Yes, just to say that I'm hearing from members that the staff, the early childhood teachers, and the educators, are finding that they can't fulfill their role to the degree or the quality that they want to. They step into this space because they want to make a difference in children's lives. There are many more complex behaviours that they're managing and a whole range of other inclusion support needs that they have. They don't have the funding to engage the staff, and at times, they can't find the staff who will work the inclusion space. Therefore, the people who are supposed to be supporting those through an educational leader role, or the centre director role, are on the floor doing the work that needs to be done.

No one has the time to have programming time, regardless of whether the provider is actually enabling that as best they can. They often are forced into working on the floor and not having the time for preparation, their observations aren't being followed up, they don't have the time to do their job to the degree and the quality that they believe should happen. Therefore, they burn out because they work outside hours. They continually have the pressure of not having enough time to do their job well.

Mr Nicholls: Great, thanks Elizabeth. I noticed earlier in the chat that Laura, you had some comments there about incentives. Did you want to speak to that at all?

Ms Laura Sportelli: Look, it ultimately comes down to who can pay for this retention. We're a local government provider, I don't know if a few of my local government colleagues are on here today, but we're not experiencing issues that are unique. Everyone's experiencing these issues. But I do wonder if there is any consideration that the Government can provide financial incentives for providers to be able to better support retention. One thing that we're currently finding very difficult, probably more so with early childhood teachers than other qualified staff, is we can't seem to match the salaries that are being offered by large private providers to ECTs because they're in such hot demand.

For lack of a better expression, they are being poached or considering multiple opportunities and are probably getting salaries that are not commensurate with their level of experience and knowledge. Community-based providers just can't compete with that. At the end of the day, that's the thing, we want to be able to pay people more, but small local government providers or small community-based providers don't have the profit margin available to us to be able to keep these staff.

So yeah, if there were retention incentives, I know that's something they're doing with trainees at the moment. Previously traineeships were given financial incentives to employers, but I see that that's shifted now. The financial incentives are now aimed at the trainees themselves, where the longer they stick with that traineeship, there's a financial bonus that's payable to them. Maybe we can consider something like that for teachers and educators who are already qualified and working within services.

Mr Nicholls: Great, thanks Laura. Kim?

Ms Bertino: Thanks Andrew. I probably should have introduced myself before, I'm from Big Fat Smile, we're a large provider in the Illawarra and South Coast across term-only long day care, vacation care, and before and after school care. Just on the back of Laura's comment, I think one of the things that we are seeing around workforce is a casualised workforce. Which again, goes to the remuneration and conditions piece. People are choosing to work casual so that they can have more flexibility within their working life and also can obtain a high rate of pay through casual work. I think that's another element that we need to be considering, because a casual workforce does impact the quality provision across services. You know, consistent, capable educators and teachers is what's important in our centres and services.

Mr Nicholls: Thanks for that Kim. I might just turn now a bit more to the question of accessibility, just wondering about accessibility for Aboriginal and culturally diverse families and children. What do you think of their experiences? And what do you think of the barriers? And how can we make care more inclusive? It's probably a multi-barrelled question.

Ms Death: I'm reluctant to speak... I would hope there was somebody on the call who has Aboriginal or Torres Strait Islander background. But I can speak from experience in New South Wales and also in the Northern Territory Government. I can say that as far as inclusivity for Aboriginal and Torres Strait Islander children, it's about the support for Aboriginal controlled organisations and it's also about making sure that there's no financial or administrative barriers that are placed in the way.

So, if we're looking at early childhood across the board, whether it's preschool, or long day care, or outside school hours care, or whatever it is that we're talking about, we can't place the barriers of whether there needs to be work engaged in, whether there is a whole range of other issues... is it accessible? Is it in the local environment? Is it a welcoming and culturally safe environment that those children can enter into? There's a whole range of factors there that need to be considered, and need to be sorted through a funding mechanism to enable people to deliver the services that are culturally appropriate.

But I also think it's really important that we don't just limit that to Aboriginal controlled services and services where children from an Aboriginal and Torres Strait Islander background attend. We need a broader perspective and a broader approach to building the capacity of our whole workforce. Whether it's through a secondment environment where we have people working in remote communities and Aboriginal and Torres Strait Islander services for a period of time to work hand-in-hand and have two-way learning, which builds the capacity of the local service and builds the capacity of those who are visiting. There's a whole range of things that could happen, but funding it is a cost. Requirements to meet particular activity tests in the workforce... they're all major barriers to access.

Mr Nicholls: Thanks Elizabeth. Meg?

Ms Mendham: Thank you. Look, I won't repeat much of what Elizabeth has already stated there. But I guess we're seeing some of the pitfalls of the current funding model, particularly the new Start Strong affordability piece. There needs to be a review for Aboriginal owned and operated services that are operating across multiple sites. They were actually achieving 5 days access to education for these children. Now, if they have children accessing more than one of their sites, they are having to charge the parents a fee because those children can't access the affordability subsidy component of the funding at both of those services. That is a really big pitfall.

I just want to also dig a little bit deeper on the pedagogy and cultural education piece. That does really require some sensitivity and concentration that is led by Aboriginal and Torres Strait Islander educators and services that actually understand and know their local community. We're actually seeing funding restrict the expansion and growth of these services.

Another component of that around access for families, is the fact that transport is seen as a special grants program that is offered every now and again, rather than an add on component which is essential for these services. I mean the statistics prove in Brewarrina and Dalaigur in Kempsey, all of these places, that if you run transport the increase of access and attendance of children is paramount. Yet the funding does not address that, it's a one-off ability.

In addition to Start Strong, we need to really look at the equity piece. If you're a family that falls into the category of 'equity' and you are also an Aboriginal family, you don't get any additional money for that. So, if we are really truly committing to improving access for these families, we need to look at the funding model that is reflective of that. Separate to that, we need to really look at support for the governance of these services, so that they continue to grow and expand in being Aboriginal owned and operated services.

Mr Nicholls (IPART): Great, thanks for that Meg. Any comments on that topic? I think we've got a comment online about refugee children and families and their barriers. I wonder if you might touch on that a bit more.

Ms Sportelli: Yeah, that's my comment. I previously worked in a local government area where the largest number of refugees in New South Wales was in our LGA. Although we had managed to get our preschool fees down to as little as \$10 a day, this was simply unaffordable for many of those families. It's really up to the provider, whether or not they're going to waive those fees.

So, within those services that were attracting Start Strong preschool funding, which has had some adjustments made to it this year... that funding is determined by the children that you enrol, and you get subsidies payable when the family has a health care card. But some of these families don't have them. So, the New South Wales preschool funding model does not cater for those children. And separate to that, families that are needing to access long day care, so they can start new lives and gainfully get some employment, they aren't even eligible for CCS. It depends on your category of visa and that sort of thing. So that's clearly a huge issue and something needs to be considered for that as well.

Mr Nicholls: Great, thanks for that Laura. And just before I jump to Deb who has a question, Menti is running in the background. If you've got just a few moments while you're listening to other speakers, jump on, that also helps us capture your feedback that way. As well as what's in the chat and asking these questions. So, there's multiple ways to give us feedback. On that note, I'll pass to Deb with her question.

Ms Cope: My question is around the level of skill, upskilling, and understanding that is necessary in organisations to be able to offer truly accessible and inclusive services... it is quite high, and a lot of centres are relatively small, and some organisations have a number of centres, but they're geographically dispersed. Is there enough work being done? Or are there ways that you can spread that training information support across the whole sector rather than expecting the expertise and the responsibility to rest within individual centres? So, what's the balance there of providing the right sort of support to people so that they can respond to all of the diversity that may come their way?

Ms Gamble: So, another way of putting Deb's question is, to what extent is scale an important factor in being able to make services available? You know, specialty services available?

Ms Cope: And is there enough system wide support to enable smaller organisations to access that expertise when they need it?

Ms Gamble: Andrew, I think Meg's got her hand up again.

Ms Mendham: Look, trying to give a really short answer. Deborah and Sandra, I think scalability is possible. I'll declare a conflict of interest, we have been providing sector support for a number of years, and that program is very effective at being able to support the services on specific pieces of work. And this is also other providers that support on safe sleep practices, or whatever it might be, around pedagogy as well.

But what we are really struggling with is the time. Again, the administration responsibility for the director, and/or the ECT, or the Cert 3, to access backfill and the workforce to access that training. So, it's not always about the training not being accessible. The training might be there, but your pool of resources to enable someone to access that training – that's where the barriers lie in services at the moment. They can't have time off the floor, or there is an expectation that they'll be accessing this training outside of their hours.

And again, this is where I was talking about that cost of governance which isn't taken into account across services when we're looking at training, or working groups, or whatever it might be. There really needs to be an access to a backfill component for those services for that to be successful.

Ms Cope: I'd be interested if there's anybody on the call that's running a service that could talk to me about their experience of problems that they might have experienced in getting access to that support when they need it.

Ms Bertino: I think what we are seeing is children that are enrolled in services... and I know that the not-for-profit sector is overrepresented with children that have additional needs and require additional support.

And when there's a gap in funding, there's some challenges in terms of affordability to provide additional staff to support children's, not just enrolment, but participation and engagement in the early childhood programs and services. So, that that is a real challenge for the sector at the moment around what does true inclusion look like, and the true cost of inclusion for all children under a universal service provision.

Mr Nicholls: Thanks Kim. Would anyone else like to comment to Deb's question? Any providers on the line would like to respond to that question? Renae from Sutherland Council...

Ms Renae Giles: I guess, as a provider from a council, I can certainly comment in regard to the training and the way in which we've done training previously to now, and it really is all about the workforce. We've recently had to run a session on a weekend and pay our staff overtime to be able to be attractive for them to attend. Because being able to pull them off the floor and give them the opportunity to attend professional development within their hours of work is just not feasible, given the workforce.

So, we're really looking at other alternatives in how to do that. That for us is now looking at Saturday training and paying them overtime to attend and have that as an attractive piece that they are at least incentivised to actually feel like they want to be a part of it. Because professional development continues to be a major factor in the quality of what's delivered.

Ms Pearl Sachinwalla: Yeah, hi. Look, I work in a community-based preschool and that issue about inclusion, support, and the funding... we have found this year that we aren't receiving as much funding because of the cohort of children we have in our inclusion program. Yet, our centre has decided to subsidise the wages of the Inclusion Support teacher to make sure that we can provide that. Now, we're very fortunate that we can do that this year, that we have that little bit of a pool of funds that we can use. But that's not going to last forever.

And sometimes that idea of the funding that we receive is based on each individual child and trying to access funding when we don't have diagnoses, etc., is quite a burden, and these children need it as much as the other children. But to find staff to be able to write the applications, do the observations, all of that, that is a real cost burden. Now we're very fortunate, we prioritise our inclusion programs. But how long we can do that for without the appropriate funding is a question that we don't have an answer to as yet.

So, I think it's a big part of what we do, and we get lots of families who have been turned away from other services, because they can't meet their needs, and they've come to us. And you know we're also at capacity. So, there's a real need for that inclusion support to be expanded in some way, shape or form.

Mr Nicholls: Great, thank you very much Pearl. Julia?

Ms Ham: Andrew, I just thought I'd tell you about ECA New South Wales. We have got a Reconciliation Symposium on in Hobart. It's in the beginning of June for 2 days, and we're offering up to \$3,000 for accommodation, airfares, and registration, and we are getting no one. And when I ask centres, look this is a free trip to Tassie, you know this is fantastic, they just say "we cannot cover people to give them time away to do that".

Mr Nicholls: Thank you for that comment. Yeah, it says something doesn't it? Thank you, Julia. Any other comment on those questions? What about the question of upskilling? I saw that Pamela, you had some comments on that in the meeting chat, did you want to add to that?

Ms Pamela West: I did. I think it just echoes basically what everyone's being saying. You know, I've got ECTs that are in training at the moment, and I'm one of them. But I can't book in my practical experience because of that time, that length of time away off the floor. Also, yes, there is funding around supporting being able to be on prac, but that's still not enough to pay the bills for working families, and I think that needs to be something that's considered. Also, we need to be able to have the workforce to replace these people, myself included.

But we also need to be able to support that practical component and maybe think about having it so that you can do it in the workplace and still be able to get paid. Consider the years of experience, the other qualifications, and upskilling that these educators have been participating in for a long time in regard to getting their degrees and that kind of thing.

Mr Nicholls: Great, thanks for that Pamela. Any other questions on this topic or any other? We've got about 10 min left for the Q&A session, so please come forward with any questions or comments that you might have.

Ms Cope: Andrew, there's been a couple of questions or comments in the chat around the oversupply of services, and we've heard about under supply of services in some areas. But I would be interested in a little bit more detail about what that issue is of oversupply.

Ms Sportelli: I'm happy to provide a comment. And clearly speaking from a Sydney metro perspective, in many pockets in Sydney there is clearly a saturation of services. And by that I mean that there are far more services than are actually needed. So, because some new providers are able to easily establish new services without really giving any consideration to supply and demand, that has a flow on effect for the existing services that we can't... we don't have fully utilised services. But it also relates to what I was saying earlier that we're now spreading out less workers across more services, and the services that can afford to entice people to come over, they can do that.

And so that also impacts. If we've got more services opening, but not enough staff entering or maintaining employment within the sector, then that clearly is one of the things that impacts our ability, our workforce issues. So, I feel like, and again, it could be just an issue with Sydney, but supply and demand does immediately impact workforce. Which it certainly is in our case, anyway. We've got certain pockets of the LGA where services are opening up, private providers are now able to access capital funding that's being offered by the State government to increase the number of spaces. But yeah, it's having a flow on effect for existing providers as well.

Mr Nicholls: Great, thanks Laura. So, I think, Carmel, you had your hand up, and then I'll go to Julia and Meg.

Ms Donnelly: Yeah, thanks, Andrew. I actually had a question for Laura, just to clarify with what your what you were just outlining about oversupply services. Could I just double check with you, what types of services you're talking about? Because I know it might be different for preschool, or long day, and not many people are mentioning family day care too. So, I'd be just interested in whether there's oversupply in just particular types of services.

Ms Sportelli: So, the oversupply, and particularly in our area, is more around long day care. I would suggest that there's probably an undersupply of OSHC in our area. I couldn't tell you about the demand for family day care. So, we're a provider of family day care, OSHC, and long day care, and I wouldn't say that there's huge demand for family day care in the area. But yeah, definitely an oversupply of long day care.

Mr Nicholls: Great, thanks Laura. Julia?

Ms Ham: I'm just going to tell a little story about a town, and Meg, you can jump in here because I know you know this town as well, it's called Jerilderie. So, it's a little regional town, it's got a brand-new long day care centre. It's beautiful, thank you Start Strong Funding, amazing. However, because it now has a long day care centre, that preschool is no longer getting the Start Strong subsidies payment to keep it. It's only a small town and that's worrying me a lot.

But now they've been really harassed by recruiting people who are charging up to \$11,000 for them to get staff to start them. And this is a tiny little centre and that's a huge amount of money. It's just really concerning me that this is happening in our industry.

Mr Nicholls: Thanks Julia. Meg?

Ms Mendham: Yeah, thanks Julia. Andrew, I'll just cover a couple of things. Just in response to your comments Julia, it's about that supply and demand. The service that you're describing is something that we've raised with the department as well, where the small rural communities they might be established under a community preschool model accessing Start Strong funding, their licenses are at 20 or less so they are eligible for the safety net funding, they then have demand in the community to expand into birth to 3 years and then access CCS.

We don't like to talk about long day care and preschool, we like to talk about children and funding that can subsidise those children and age groups. I think we really should think about the language that we use. But unfortunately, this is happening in many of the rural communities at the moment. You increase the licence numbers, you are then ineligible for that flag for safety net funding, which then is actually the viable part of the service to then go on and deliver other types of services to those communities. And I guess it feeds into the supply and demand, I agree.

I can't remember how many years ago it was, and Liam you might recall, where the local council planning actually did a review, and we didn't see a real significant change in the sense of the demographic and the responsibility that local council has around supply and demand. It was kind of like we don't regulate fish and chip shops, we're not regulating anyone else. But we're talking about children and quality here, and the cost of that. And what also feeds into that is the local council opportunities that are taken around the re-tendering of council assets that have been historically seen as part of the community asset pool.

We are seeing community long-standing quality services being pushed out of the provider space, because tendering is opening up. And we also see that through the Department of Education, particularly for OSHC, for mobile children's services, where there's no one else to really supply in those communities. Yet they are having to conform through a quite a robust, tendering process, which comes down to cost a lot of the time. Which then the impact is basically based around the impact of quality.

And just the last thing to talk about is the funding model. And we really need to start talking about the funding model for education, not long day care, or family day care, or out of school hours. It's around a collaborative model that, regardless of the service type, the family can access subsidies to support the fees that services need to charge because they have to remain a viable business. And there just doesn't seem to be the flexibility with state and national funding to interact carefully there. So, I think you know, that's a much bigger conversation. But if we're talking about valuing education for children, then we need to not keep pushing everyone into inclusion support or disability funding, or Start Strong funding, or safety net funding, because it's actually precluding services from expanding.

Mr Nicholls: Thanks Meg. Carmel, did you have any questions or comments?

Ms Donnelly: Well, yes, thank you very much for that Meg and also others. I wanted to invite people to help us put together some case studies, the Jerilderie one for instance, but there may well be others. I'm very interested in this experience of where a provider is looking to expand, or does expand, or there's an increased supply, and then, through interaction with the subsidies, it becomes not financially viable. Or that families are finding that, in fact, they've lost some support because of changing arrangements. That sort of unintended consequence that would help us demonstrate where maybe the system... different parts of the system funding model or other rules, may be at cross purposes. And those case studies, I think, would be very valuable.

So, I'm going to suggest, that we might follow-up with some people around some of these examples of what's happened. But also, I invite you, if you're putting in a submission, to give us some examples that just demonstrate what's really happening in practice. That's very helpful, so thank you.

Mr Nicholls: Thanks Carmel. Thanks to those on the chat who are offering up case studies. Elizabeth?

Ms Death: Thanks Andrew. I think one thing that we haven't talked about is the importance of some base funding, or cost subsidisation, in environments where services just will not be financially sustainable. And people talk about the childcare deserts, which was a report that has many holes in it, but you know, people reference it. The reality is that there are some environments where services are desperately needed, but the providers cannot provide a sustainable service. Because either the numbers of children aren't there, or it's the area that they're in, etc.

And I think there needs to be some really strong consideration about how you support those services. Whether you support a large provider who can cross-subsidise across services and making sure they can be supported to deliver in those environments, or whether it's a small provider who needs a base level of funding to be able to remain in that environment. We just haven't cracked that nut yet. And the budget-based funded service delivery that used to happen at the national level, at the Australian Government level, that was terribly flawed. But the Child Care Subsidy is even worse.

We need to make sure that we have that support for all children, who have a right of access regardless of what their postcode is, what their parents do, where they live, and what their particular developmental needs might be. So that every child has that base funding, so that proportionate universality-based funding to ensure every child has access to a service, and then the proportional piece to target that extra funding, for whether it's a geolocation or the children's needs.

Mr Nicholls: Great. Thank you, Elizabeth. Well, that's probably a good point to bring our Q&A session to a close unfortunately. It's been a terrific session and we've heard a lot of great points, but we've probably barely touched the surface I suspect, in terms of all the range of things that we're interested in for our review. So, very happy to engage with you all, whether it's case studies, or in other ways, through submissions, or follow-up conversations. We're very much happy to hear from you all.

We've certainly captured the questions, and we've captured the chat. We'll be looking at those things thoroughly as well as we undertake this review in coming weeks and months. So, thank you again for your attendance today, and I might now hand you over to our Chair, Carmel, to close the hearing.

5 Closing remarks

Ms Donnelly: Thanks, Andrew. And look, let me add my thanks, and thank you on behalf of IPART for making the time. And it's been a very constructive discussion. It's been very helpful, and we will take into account everything that has been said today, as well as Andrew said in the chat.

A transcript and link to the recording of today's hearing will be available on our website in a few days. As mentioned earlier, we are also seeking feedback on our Issues Paper until Monday, the 22nd of May, which you can provide through our website or NSW Have Your Say.

We'll consider all feedback received today and on our Issues Paper to inform the next stages of our review and our Interim Report, which we'll publish in August 2023. Our review process will involve ongoing engagement with the community and sector, including opportunities to provide feedback on our Interim Report, and at a second public hearing, before we make our final recommendations in December 2023.

If you would like to talk to someone at IPART about our Early Childhood Education and Care review, you are welcome to contact Jennifer Vincent or Jessica Clough, whose contact details are on this slide. We are also interested in any feedback you have about today's sessions and will put up a quick poll about how our online public hearings and consultation could be improved for you. So, if you can stick around for another minute or two to complete that, that would be much appreciated.

Mr Nicholls: Thanks, everyone. And before you close Menti there is an opportunity to give this feedback there. So, feel free to jump on to Menti and just give us that feedback. We really encourage it. And once you've done that, feel free to log off from the meeting. Thanks.