

14 March 2022

The Hon Matt Kean MP  
NSW Treasurer  
Parliament of the New South Wales  
52 Martin Place  
SYDNEY NSW 2000

Dear Treasurer Kean,

**Re: Urgent Questions about NSW Government's  
Proposed Universal Affordable Childcare**

As you would be aware, the Australian Childcare Alliance (ACA) NSW is the peak body representing the privately-owned early childhood education and care sector serving 1,600 services primarily across New South Wales. Our members collectively employ over 25,000 staff and support over 125,000 families.

We read with interest your public comments in the Sydney Morning Herald on 9 March 2022, "*Canberra should offer universal affordable childcare otherwise NSW will: Kean*" (<https://www.smh.com.au/politics/nsw/kean-feds-should-offer-universal-affordable-childcare-or-nsw-will-20220308-p5a2vc.html>).

In anticipation of the federal election in May 2022, ACA NSW is of the understanding that a Federal Coalition Government will not deviate from its already announced funding system for early childhood education and care. This Commonwealth funding system is based primarily on their Child Care Subsidy which subsidises up to 85% of the fees for the first child and up to 95% of the fees for subsequent children subject to an hourly rate cap and parents' income.

The Federal Labor Opposition has thus far proposed their funding arrangements as leveraging the existing Child Care Subsidy system but subsidising up to 90% (instead of 85%) of fees of children with an hourly rate cap and then subsequently removing the hourly rate cap.

Based on the abovementioned Sydney Morning Herald article, one could conclude that the NSW Government, if going alone, would propose more generous arrangements for the benefit of working parents and families and ultimately the NSW and national economies.

As there is an extremely wide range of understandings of and consequences of what universal affordable childcare mean in practice, ACA NSW urgently seeks answers to 21 questions (see Attachment A).

It is also urgent that we meet and discuss these with you so that we can understand and communicate your intentions to our members who operate over 1,600 services across NSW.

Thanking you in anticipation.

Yours sincerely,



Chiang Lim  
CEO

encl Attachment A – Questions to NSW Treasurer Kean on proposed Universal Affordable Childcare

#	Questions about NSW Government's proposed Universal Affordable Childcare
01	Anticipating the NSW Government's proposed Universal Affordable Childcare, will it be available to all children aged 0-6 years old or will it be restricted to some age groups only?
02	Will NSW's version of universal affordable childcare be available to all children in all ECEC services, or will it be restricted to NSW's community/mobile preschools?
03	<p>To fulfil the NSW Government's proposed Universal Affordable Childcare, will NSW legislation, regulation and/or subordinate restrictions set or limit the range of amounts of NSW Government subsidies?</p> <p>(a) If so, what will the set range of amounts of NSW Government subsidies, and/or</p> <p>(b) What will the limit of the maximum amounts of NSW Government subsidies be?</p>
04	<p>Assuming parents/guardians will continue to utilise the Commonwealth's Child Care Subsidies, will NSW's version of universal affordable childcare mean paying the gap fee set by early childhood education and care (ECEC) services without any limits or restrictions?</p> <p>And if there are to be limits or restrictions:</p> <p>(a) what will these limits be, or</p> <p>(b) what will these restrictions be?</p>
05	For those parents/guardians who are not eligible for the Commonwealth's Child Care Subsidies, will the NSW's version of universal affordable childcare mean such ECEC services' fees will be fully funded or partially funded? And if partially funded, what will the NSW Government's portion of the full fee be?
06	If existing parents/guardians choose to abandon the use of the Commonwealth's Child Care Subsidies, will those parents/guardians' full fees for their children in ECEC services be fully funded by NSW's version of universal childcare? If not, what would the NSW Government portion of the fee be?

#	Questions about NSW Government's proposed Universal Affordable Childcare
07	Will NSW's version of universal childcare have an eligibility criterion based on parents' individual or household income? And if yes, what will this eligibility criterion be?
08	<p>Will there be NSW legislation, regulation and/or subordinate restrictions on any ECEC services such that the NSW Government will be able to set or limit services' fees as part of the implementation of NSW's version of universal affordable childcare?</p> <p>(a) If fees are to be set by the NSW Government, what would this set fee be?</p> <p>(b) If fees are to be limited by the NSW Government, what would these limitations be?</p>
09	<p>As labour costs increase every year (including those introduced by Fair Work Commission case decisions), will NSW's universal affordable childcare from the NSW Government guarantee that such cost increases that cause fees to increase will automatically be covered by the NSW Government?</p> <p>And if the NSW Government will not fully cover such increases in labour costs, then to what extent will NSW's universal affordable childcare cover such increases in labour costs and therefore operational costs?</p>
10	<p>As government regulations and other statutory authorities update their regulatory requirements, such changes almost always push up the cost of service delivery. Will such changes that cause increased cost of service delivery and force up fees automatically trigger NSW's universal affordable childcare to compensate such costs?</p> <p>And if the NSW Government will not fully cover such increases in regulatory requirements, then to what extent will NSW's universal affordable childcare cover such increases in regulatory and therefore operational costs?</p>

#	Questions about NSW Government's proposed Universal Affordable Childcare
11	<p>For NSW children with special needs and are enrolled at their early childhood education and care services, will NSW's version of universal affordable childcare fund the additional relevant costs (including the cost of additional and/or specialist staff to accommodate these children's special needs)?</p> <p>And if the NSW Government will not fully cover such increases in additional relevant costs, then to what extent will NSW's universal affordable childcare cover such increases to support NSW's children with special needs?</p>
12	<p>Other than the 5-yearly Review of the National Quality Framework and the impending preschool outcome measures due in 2024, will NSW's version of universal childcare itself impose new requirements on NSW's early childhood education and care services that can increase the cost of service delivery and in turn a fee increase?</p> <p>If so, will the NSW Government universal access funding cover the full cost of these fee increases?</p>
13	<p>What reporting mechanisms will the NSW Government require ECEC services to have so as to ensure the NSW's version of universal affordable childcare is implemented correctly and if there are any costs involved in the preparation of these mechanisms and any training to operate these systems will the NSW Government's universal affordable childcare fund these resulting increased costs?</p>
14	<p>For permanent residents, non-citizens and those who are awaiting for their Australian citizenship yet contribute to the NSW and Australian economies, will NSW's version of universal affordable childcare be available to those parents who have children enrolled in NSW's ECEC services? And if so, such funding be in full or in part?</p>
15	<p>Will there be an eligibility criteria on parents' employment (eg minimum number of hours per week per parent, or the range of individual and/or family income of the child/ren's family) before those parents being able to benefit from NSW's version of universal affordable childcare?</p> <p>(a) If yes, what will that minimum number of hours per week per parent be; and/or</p> <p>(b) What will that range of individual and/or family income be?</p>

#	Questions about NSW Government's proposed Universal Affordable Childcare
16	Will there be an eligibility criteria on parents if one or both decide to take a sabbatical and study instead in anticipation of future better employment options? Would those parents still be able to benefit from NSW's version of universal affordable childcare?
17	If a parent is taking maternity leave or paternity leave, will the NSW Government universal affordable childcare access funding still apply to any children of that family thus ensuring these children are not removed from their early childhood education due to the cost implications for their families?
18	Given that the NSW Government has agreed with the Federal Government on receiving Universal Access Funding subject to Preschool Outcomes Measures beginning in 2024, will the NSW Government's universal affordable childcare fund different service settings differently? For example, long daycare services and community/mobile preschools must employ up to four-degree qualified early childhood teachers while family daycare services do not have to employ any.
19	<p>To measure the success of the NSW Government's universal affordable childcare, how will the NSW Government record:</p> <ul style="list-style-type: none"> <li>(a) the increase in the number of days of children's attendances;</li> <li>(b) the nett increase in the number of parents overall whose children are enrolled in ECEC;</li> <li>(c) the nett increase in the number of working parents whose children are enrolled ECEC;</li> <li>(d) the above three statistics differentiated by long daycare, family daycare, community preschool and mobile preschool settings?</li> </ul>
20	For ECEC services who lease their properties, following the introduction of NSW's version of universal affordable childcare, will there be limits imposed on the amount to be accommodated of landlords' increases in leasing costs?
21	With likely an increase in the number of ECEC services that will enter the market due to NSW's version of universal childcare, thereby causing a decrease in the number of children attending existing ECEC services due to increased competitions, existing costs will still need to be covered despite losing those children to other ECEC services. What limits will NSW's version of universal affordable childcare place on those fee increases due to loss of revenue?